

BARNSELY METROPOLITAN BOROUGH COUNCIL

Report of the Chief Executive

Sheffield City Region Devolution Agreement – ratification of the proposal

1. Purpose of report

- 1.1. To seek full Council approval of the Sheffield City Region “SCR” Devolution Agreement. To detail the proposed terms of the agreement and the implications for the Barnsley borough.

2. Recommendations

- 2.1. It is recommended that Council:
 - a) Note the work that has taken place since the ‘deal’ was proposed in October 2016 – in particular those matters detailed in section 4.
 - b) Note and take into account that an online consultation exercise took place from the 2nd December to the 15th January– including the summary of this consultation detailed in section 5 and appendix C.
 - c) Endorse the devolution agreement set out at Appendix A.
 - d) Delegate authority to the Chief Executive (in full consultation with the Leader of the Council) to consent to an enabling order.

3. Introduction

- 3.1. On 2nd October 2015, Sheffield City Region (“SCR”) political and business leaders secured an *in-principle* Devolution Agreement (“the Proposal”) with the Chancellor of the Exchequer. The Proposal involves the significant devolution of power and funding from Whitehall to local leaders in the City Region including £900m of additional funding which would, if the proposal is ratified, be made available from April 2016.
- 3.2. The Proposal covers a range of themes including skills and employment; housing, planning and public assets; innovation, advanced manufacturing and business growth and transport. The Proposal also includes elements of fiscal devolution (retained business rates) and changes to City Region-level democratic structures. Specifically, the Proposal makes clear that any ‘deal’ is contingent upon:

The Sheffield City Region Combined Authority [adopting the] model of a directly elected city region Mayor over the Combined Authority's area with the first elections in May 2017. The existing Sheffield City Region Combined Authority will also be strengthened with additional powers.¹

3.3. The terms of the proposal require formal ratification by the SCR Combined Authority ("CA") by the end of March 2016. Members of the SCR CA have also agreed to seek formal ratification of the Proposal at local authority-level prior to this date. To inform these decisions, a consultation exercise was undertaken. A summary of this consultation exercise is included at section 5 below and in Appendix C.

4. Work undertaken since the deal was signed

4.1. Since signing the Proposal, a body of work has been undertaken to take forward the different elements and commitments within this document. This includes the development of a mobilisation / implementation plan to ensure that the commitments made within the Proposal are realised.

4.2. Key elements of this progress are summarised in below, with additional detail included in the table at Appendix B. Included within this is progress made by City Region partners and Government:

- **Overview - Funding confirmation:** subject to the ratification of the Proposal, the SCR will receive its first £30m 'gain-share' payment in April 2016. Furthermore, through the Spending Review the SCR has received indicative confirmation of its £310m Growth Deal award between 2016 and 2021.
- **Governance - legislation:** the Cities and Local Government Devolution Act 2016 ("the 2016 Act") received Royal Assent on 28th February 2016. The 2016 act provides significant additional flexibility, particularly for the five district councils of the SCR.
- **Skills - Area Based Review:** work on the Review has progressed and this is expected to be complete in April.
- **Employment - DWP:** this area of the proposed Deal is where the City Region currently has the greatest concerns in terms of implementation. This issue is being escalated with HM Government.
- **Housing Investment Fund:** the SCR is entering into further discussions on the development of a fund. However, it should be noted that the SCR will not receive additional devolved powers and funding until it has ratified the current proposed Devolution Deal.

¹ <http://sheffieldcityregion.org.uk/wp-content/uploads/2015/10/SCR-Devolution-Agreement-2015.pdf> at p. 5.

- **Devolved and consolidated transport budget:** given the confirmation of funding available nationally for transport through the Spending Review it is expected that the SCR will negotiate and agree its budget in February 2016.
- **Buses Bill:** it is expected that the Draft Bill will be published by Government in February. This Bill will establish the primary legislation required to re-franchise bus services and make provisions to strengthen partnership working.
- **Business rates:** SCR and Government currently agreeing a baseline against which additional growth will be calculated. It is expected that these arrangements will be in place from April 2016, enabling the City Region to share the benefits of the additional growth it creates.
- **Intermediate Body status for ESIF:** discussions have progressed and it is expected that the SCR will be able to make a decision in March 2016 on if it wishes to become an Intermediate Body for the selection of ESIF Projects and create an ESIF Executive Board.

5. The consultation process

5.1. The SCR has been consulting on the Proposal since it was made. This has included:

- consultation through the local media – including interviews on BBC ‘Look North’ and articles in both the Star and the Yorkshire Post;
- consultation with the business community through the LEP and through a Chamber Business Insider Event in December 2015 (with around 150 business representatives in attendance);
- consultation through social media (including Twitter);
- attendance at formal council Overview and Scrutiny meeting e.g. in Doncaster on 12th January 2016 and Barnsley on 9th February 2016;
- a formal online consultation exercise and survey at: www.sheffieldcityregiondevolution.org.uk;
- Publication of information about what the devolution deal would mean for Barnsley in the January 2016 edition of Open Mail, followed up by a number of Barnsley-specific social media messages

5.2. A detailed report is included at Appendix C which sets out further details of the consultation process undertaken and the main issues identified. The key trends and perspectives from the responses were:

- Positive support throughout for principle of stronger local control of decision-making
- Recognition of the impact that specific policy areas could have on SCR and the local economy

- Negative perceptions of the need for an elected mayor – mainly due to creation of additional bureaucracy; complexity with existing arrangements; outcome of 2012 city mayor referenda
- Real need for clarity about the geographical scope of the mayoral arrangement and powers, particularly for East Midlands districts
- Positive about potential for more devolution, particularly once the current set of proposals have been implemented. Suggestions are ambitious and radical including tax raising powers, all skills, public transport, education and health.

6. Proposal and justification

- 6.1. On the basis of this consultation and for the matters set out below, it is recommended that Council formally ratify the devolution Proposal set out at Appendix A.
- 6.2. It is also recommended that Council delegate authority to the Chief Executive to consent to an enabling order (i.e. an order which forms provides for the MCA to exist – but does not confer upon it any functions) in consultation with the Leader and with wider Cabinet consultation as appropriate.
- 6.3. The reason for this recommendation is that, although the order will be modest in scope, the legislation does specifically require each Constituent Council to consent to the making of the Order and this must be done by May 2016. From a practical point of view, it would be difficult to arrange a further Council meeting to approve the Order when the final text is issued.
- 6.4. The more significant matters of detail with regard to functions, governance finance and electoral arrangements will be contained in later Orders which will also require formal consent. These must be approved by the end of June to meet the Parliamentary timetable.
- 6.5. The justification for this recommendation is that we believe the proposal will support the City Region to:
- improve transport and join up our transport connections with other parts of the country;
 - deliver major regeneration schemes and secure more private sector investment;
 - help more of our businesses export their goods and services and promote our region around the world;
 - deliver significant improvements to the skills and training system;
 - design and deliver a Careers Service to get young people and adults the information they need;

- deliver the UK's first Advanced Manufacturing Innovation District and National Institute for Infrastructure;
- deliver ultrafast broadband coverage across the Sheffield City Region;
- boost and expand our successful Enterprise Zones;
- control of the powers and resources for the bus network and develop an 'Oyster card' type system for public transport.

6.6. In summary, the proposal will place more powers (and funds) in the hands of local leaders:

- giving them more tools with which to develop our economy;
- create sustainable high-quality employment and;
- fund public services in the future.

6.7. There are also a range of benefits specific to Barnsley, in addition to sharing in the investment of £900m over the next 30 years in economic regeneration projects to improve the borough and create jobs, our current and future plans. This includes:

- ambitious £100m plans for the Better Barnsley scheme that will boost regeneration and act as a catalyst for further investment in the town. Our new town centre will be vibrant, walkable and family friendly; full of opportunity and potential. It will be compact enough to be welcoming and accessible, but large enough to have a high quality market, shops, leisure and cultural facilities.
- increased opportunities for investment in transport infrastructure to deliver housing and job growth
- business park expansion to provide businesses with the right infrastructure they need to thrive, helping to attract and retain new and existing businesses, which in turn will create a more competitive private sector employment base. The development at M1 Junction 36 is the biggest project in Sheffield City Region.
- future opportunities to benefit from a housing investment fund which allows more affordable homes to be built in our area.
- potential funding from the devolved adult skills budget which will help to: review the current post 16 education and training offer in our area to provide skills required by local employers; provide for more traineeships and apprenticeships; offer better, joined up careers advice linked to jobs in our economy, with more businesses inputting to the school curriculum.
- leading on Superfast South Yorkshire. Delivering the broadband infrastructure required to make South Yorkshire a well-connected and attractive place for both residents and businesses located at business parks and in enterprise zones.

- building on the success of Enterprising Barnsley, the economic development branch of the council. Business support programmes, both local and national, will be developed through the new growth hub for Sheffield City Region
- support for businesses to become more productive, offering better paid jobs at higher skill levels, and to export more products, making them more resilient and profitable
- the development of the Barnsley Bus Partnership to lead on improved regulation of public transport.

7. Next steps

7.1. If the Proposal is ratified by all relevant local authorities – the key milestones between now and any election in May 2017 are as follows:

- **March 2016 - Sheffield City Region CA ratifies Proposal in full.**
- **March 2016 – Sheffield City Region agrees a revised Assurance and Accountability Framework that sets out how the process by which the first £30m payment will be managed.**
- **April 2016 – first instalment of £30m paid in line with the Proposal.**
- **April to June 2016 – detail of Order agreed with CLG.**
- **May 2016 – enabling Order laid by government**
- **May to June 2016 – development of further orders detailing the functions of the MCA / further constitutional principles.**
- **November 2016 – latest date by which the Secretary of state (CLG) could lay an order relating to any MCA.**
- **<January 2017 – mayoral candidates come forward.**
- **May 2017 – election takes place.**
- **May 2020 – second election takes place (and every 4 year thereafter).**

8. Financial implications

8.1. There are no direct financial implications from this report: there is no net ‘cost’ associated with the ratification of this proposal. The costs of, for example, any future Mayoral election would be met from future devolved funds.

8.2. However, the constitutional arrangements of any MCA (including revenue raising powers and the use of retained business rates) will have a significant impact on both the finances of the CA and of its Members.

9. Legal implications

9.1. There are no direct legal implications of this paper. However, the MCA would reflect a considerable constitutional change to the CA and its members.

10. Diversity implications

10.1. There are no direct diversity implications arising from this report.

11. List of appendices

11.1. Appendix A - Sheffield City Region Proposed Devolution Deal Agreement.

11.2. Appendix B – Summary of progress made since the proposed Deal was signed in October

11.3. Appendix C – Summary of results of consultation

12. Background papers

Sheffield City Region Devolution file held in the Chief Executive's Office. Available for inspection, except where it contains confidential or exempt information, in Westgate Plaza One, Barnsley. Telephone (01226) 773301 for further information.

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