

**27<sup>th</sup> January 2020**

**Progressing Devolution**

**Purpose of Report**

This paper sets out the next steps to progress devolution in South Yorkshire. Specifically, this recommends launching a public consultation on the draft Governance Review and Scheme to unlock the powers, resources and functions set out in its Devolution Deal with Government.

**Thematic Priority**

Cross cutting impacting on all priorities.

**Freedom of Information and Schedule 12A of the Local Government Act 1972**

This paper will be made available under the Combined Authority Publication Scheme.

**Recommendations**

The Sheffield City Region Mayoral Combined Authority (MCA) is asked:

- To approve the Governance Review that has been prepared in accordance with section 111 of the Local Democracy, Economic Development and Construction Act 2009, as amended, which concludes that the exercise of the power to make an order devolving the proposed functions would be likely to improve the exercise of statutory functions in relation to the area of the MCA.
- To agree to launch a six-week, public consultation on the proposals in the Scheme, commencing on the 3rd February.
- To delegate to the Head of Paid Service the management of the public consultation process and the subsequent preparation of a summary of the responses received, for consideration by the MCA.

**1. Introduction**

- 1.1** At its September meeting the MCA considered an update on progress to unlock the benefits of devolution in the region. In the intervening period a General Election was held, and a new Government elected.
- 1.2** As part of the explanatory notes accompanying the Queen's speech on the 19<sup>th</sup> December a recommitment was made to a devolution White Paper, setting out a strategy to unleash the potential of regions, including through plans for full devolution across England and levelling up powers between MCAs. With purdah now at an end and greater certainty on the Government's policy priorities in place, there is an opportunity to unlock the benefits of devolution.

1.3 In terms of progressing devolution in the region, further clarity has now been derived on the Government's position. The Secretary of State (SofS) for Housing, Communities and Local Government and the Northern Powerhouse Minister recently confirmed their support for the implementation of the South Yorkshire Devolution Deal, unlocking the benefits it offers. They also stated that subject to the positive conclusion of this Deal, the Government agrees to progress discussions on the role and functions of a Committee of Leaders from across Yorkshire, based on the existing Yorkshire Leaders Board. This builds upon previous commitments made by the Government<sup>1</sup> that any South Yorkshire council that wishes to do so would be free to join an alternative wider Yorkshire devolution arrangement, subject to the statutory tests being met.

## 2. Proposal and justification

2.1 Within this context, a proposed way forward has been identified to implement the [Devolution Deal](#) agreed with government, which requires secondary legislation and thus an Order from the SofS. In accordance with the relevant legislation<sup>2</sup>, the MCA's next step to secure these powers is to prepare, publish and consult upon a Scheme. This would stem from a Governance Review concluding that conferring these additional functions would be likely to improve the exercise of statutory functions in the CA's area.

2.2 On this basis a Governance Review and draft Scheme have been prepared, see Annex A. These are designed to provide the MCA and Mayor with the additional powers they need to implement the Deal.

2.3 With additional powers for the MCA in relation to skills and employment, housing and planning, transport and finance, the Review concludes that this would be likely to improve the exercise of its statutory functions. The rationale for this conclusion is that:

- The Sheffield City Region MCA and LEP are delivering significant benefits for people, businesses and communities, but resources are running out;
- Growth needs to be accelerated in South Yorkshire, creating more and better opportunities for its people and businesses; and
- The Deal will create a stronger MCA, generating good growth faster for local people.

2.4 Whilst the Authority previously undertook a consultation on a Governance Review and Scheme to implement the Deal in 2016, additional consultation is needed to meet legislative requirements. Furthermore, with the passing of time a number of changes have been made to the proposals themselves set out within the Review that seeks to address concerns raised by members of the CA. Specifically, changes to the 2016 document include:

- **Geography** – the scheme has been amended to reflect that no changes are proposed to the CA's geography.
- **Non-statutory status of the Spatial Framework** – the powers need to provide a non statutory, unanimously agreed document. This follows the approach used in Cambridgeshire and Peterborough and will rely on the use of the general power of competence.
- **MCA voting rights** – following the model adopted in the order for the West Midlands it is proposed that whilst the Mayor would need to be in the majority for decisions relating

---

<sup>1</sup> <https://sheffieldcityregion.org.uk/wp-content/uploads/2019/05/Letter-from-the-Secretary-of-State-for-MHCLG.pdf>

<sup>2</sup> Section 111 - 113 of the Local Democracy, Economic Development and Construction Act 2009, as amended by the Cities and Local Government Devolution Act 2016

- to new powers secured through the Deal, they would not need to be in the majority for decisions relating to the CA's existing powers and functions.
- **That there is an elected Mayor in post** – emphasis in the document has changed to reflect that the focus of the scheme is to give the CA and the Mayor (who has now been elected) additional powers and functions.

## Public consultation on the proposals in the scheme

- 2.5** A series of questions have been prepared for the public consultation. These questions are designed to gain views on the proposals and powers set out in the Scheme.
- 2.6** It is proposed that a six-week consultation is launched on the 3<sup>rd</sup> February, utilising these questions to understand the views of residents and businesses on the modified scheme. Given that the greatest impacts of the proposed scheme will be concentrated on the four constituent councils it is proposed that this forms the target area for the consultation. As such every resident, business and stakeholder in South Yorkshire will have the opportunity to respond if they wish to do so. However, the consultation will obviously be open to all who wish to submit a response.
- 2.7** The consultation will be conducted primarily through digital channels with consultation feedback gathered via the SCR website, although respondents will be able to submit responses by letter or email should they wish to do so. Consultation documents and publicity materials will be made available in key local authority buildings. Proposed channels include:
- pro-active media releases and pro-active engagement of regional and local media throughout the consultation;
  - web content for the SCR website, including a feedback form;
  - similar, but locally adapted content for local authority and partner websites;
  - social media using SCR MCA and LEP family channels; and
  - staff messaging.

## Proposed next steps

- 2.8** Whilst the progression of the public consultation on the proposals in the Scheme represents the next step in the process to devolve powers to the region, it is not the final step. Following the completion of the consultation the following steps, including indicative milestones, will need to be taken to complete the legislative process:
- A summary of the consultation responses received, which is then considered by the MCA, who then take a decision to submit this to the SofS, with any accompanying representations. Week commencing the 13<sup>th</sup> April.
  - The SofS considers the material submitted and produces a draft order setting out the powers needed to implement the Deal, subject to the statutory tests being met. Mid-April to end May.
  - The constituent councils, the Mayor and the Mayoral Combined Authority consent to the draft order. June
  - The order is laid in parliament – following the provision of the necessary consents.

## 3. Consideration of alternative approaches

- 3.1 Do nothing** – if the MCA does not proceed with the consultation the region will not secure the benefits of devolution. With other MCA and LEP funding streams approaching full commitment, the financial impact of not making progress will become more acute with the Authority having no ability to fund priority pipeline schemes.

## **4. Implications**

### **4.1 Financial**

Taking forward and realising the Deal poses a significant financial opportunity, it would:

- Unlock an additional £30m per annum of funding for economic development for 30 years. Decisions on what this money should be invested in will be made by the MCA.
- Enable the area to retain 100% of all business rate growth experienced, above the forecast baseline.
- Mean that the SCR MCA could benefit from wider borrowing powers than just for transport schemes as currently; representing a significant opportunity to successfully manage the area's investment profile.
- Establish the ability to introduce a mayoral precept.
- Gain control over the 19+ adult education budget, equating to c.£35m per annum.

It should be noted that before the MCA can access the above funds it (and the constituent councils) will need to consent to the necessary order and update its Assurance Framework, in accordance with the national guidance.

In addition, having in place these wider powers will be likely to secure further devolved funds for South Yorkshire from Government. Government has agreed additional funds and powers to each of the MCAs on a range of issues including housing, homelessness, responding to economic shocks, and employment support.

Undertaking additional consultation will pose additional costs to be met from the MCA's existing budget. For reference, the consultation undertaken in 2016 was completed at a cost of £104k to the CA. However, the consultation now required is focused on a smaller range of issues and is therefore expected to cost less.

### **4.2 Legal**

The Governance Review and Scheme have been prepared and published in accordance with Sections 111 and 112 of the Local Democracy, Economic Development and Construction Act 2009 (LDEDC). This has focused on identifying the additional functions that the MCA and Mayor require to implement the Deal. The Section 111 Review has concluded that the exercise of the power to make an order that devolves further functions would be likely to improve the exercise of statutory functions in relation to the area of the MCA. Therefore, the recommendations in this report seek to take the next step forward in the process of unlocking devolution in the region.

Subject to the MCA's agreement to proceed with the consultation and this recommendation being implemented, a summary of the consultation responses will be prepared and presented for the Authority's approval to be submitted to the SoS. If the SoS is satisfied that this meets the requisite statutory tests they can prepare a draft order for the consent of each constituent council, the Mayor and the MCA. When all of these consents have been provided the legislation can then progress through parliament.

### **4.3 Risk Management**

By continuing to progress the Deal the MCA has the opportunity to unlock additional powers and resources in the region to deliver local priorities and the outcomes identified in the Strategic Economic Plan (SEP). As such, this seeks to mitigate the risk of SCR's economic performance falling relatively further behind those areas that do have access to these additional resources.

### **4.4 Equality, Diversity and Social Inclusion**

In developing the approach to be adopted for the consultation on the scheme it will be important to ensure that this targets different communities and groups, including protected characteristics.

## 5. Communications

- 5.1** If the decision is taken to proceed with consultation it will be important to ensure that this is done in such a way that secures widespread and informed responses from across South Yorkshire. This includes presenting a clear message to residents, the business community and local, regional and national stakeholders about the implications of that decision and the next steps to be taken.

## 6. Appendices/Annexes

### 6.1 Annex A – Governance Review and Scheme

Report Author	Fiona Boden
Post	
Officer responsible	Dave Smith
Organisation	Sheffield City Region
Email	<a href="mailto:Dave.Smith@sheffieldcityregion.org.uk">Dave.Smith@sheffieldcityregion.org.uk</a>
Telephone	0114 220 3476

Background papers used in the preparation of this report are available for inspection at: 11 Broad Street West, Sheffield S1 2BQ

Other sources and references: