24 February 2016

To: All Councillors

As a Member of the Council, please treat this as your summons to attend a SPECIAL MEETING to consider a Report on the Devolution and Combined Authorities on Thursday 3 March 2016 immediately following the Council Meeting at 6.00pm in the Council Chamber, Town Hall, Matlock.

Yours sincerely

Sandra Lamb
Head of Corporate Services

AGENDA

1. APOLOGIES

Please advise Democratic Services on 01629 761133 or e-mail committee@derbyshiredales.gov.uk of any apologies for absence.

2. PUBLIC PARTICIPATION

To give members of the public who have given notice an opportunity to ask questions, present petitions or air their views on Item 4 of the Agenda only. Those wishing to participate should contact the Committee Section on 01629 761133 committee@derbyshiredales.gov.uk by 12 noon on the working day prior to the meeting.

3. INTERESTS

Members are required to declare the existence and nature of any interests they may have in subsequent agenda items in accordance with the District Council’s Code of Conduct. Those interests are matters that relate to money or that which can be valued in money, affecting the Member her/his partner, extended family and close
friends. Interests that become apparent at a later stage in the proceedings may be declared at that time.

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<th>4.</th>
<th>DEVOLUTION AND COMBINED AUTHORITIES</th>
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<tr>
<td>To consider the recommendations contained in the report for the Devolution Deal for Sheffield City Region and for the North Midlands (D2N2 area). Also, to consider the District Council's membership status of both the (existing) Sheffield City Region Combined Authority and the (proposed) North Midlands Combined Authority.</td>
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REPORT TO FOLLOW

NOTE

For further information about this Agenda or on “Public Participation” call 01629 761133 or e-mail committee@derbyshiredales.gov.uk
SPECIAL COUNCIL
3 MARCH 2016

Report of the Head of Regeneration and Policy

DEVOLUTION AND COMBINED AUTHORITIES

SUMMARY

A final Devolution Deal for Sheffield City Region is now available for approval. A draft Devolution Deal for the North Midlands (D2N2 area) has also been prepared for approval in principle. Alongside the two Devolution Deals, the District Council’s membership status of both the (existing) Sheffield City Region Combined Authority and the (proposed) North Midlands Combined Authority must be considered. The report sets out options and their consequences for Derbyshire Dales businesses and residents.

RECOMMENDATION

1. The Sheffield City Region Devolution Deal is supported.
2. The District Council remains a non-constituent member of the Sheffield City Region Combined Authority.
3. The District Council agree in principle to become a constituent member of the North Midlands Combined Authority subject to: an equitable balance of local authorities, agreement by Government, and the outcome of any public consultation.
4. The North Midlands Devolution Deal is approved in principle, subject to the North Midlands Combined Authority being created.
5. The Leader of the Council is delegated authority to agree amendments to the North Midlands Devolution Deal and Combined Authority proposals prior to submission to the Government, subject to their final approval by full Council following any amendments and public consultation.

WARDS AFFECTED

All

STRATEGIC LINK

The District Council’s top priority is highlighted in the Corporate Plan as business growth and job creation. The Peak District Partnership envisions in its Statement of Priorities that the Peak District will have high-wage, high-skill jobs. The District Council adopted its Economic Plan in September 2014 and its Visitor Economy plan in April 2015.
1 BACKGROUND

1.1 Derbyshire Dales is in both the Sheffield City Region (SCR) and D2N2 Local Enterprise Partnerships because our economy naturally looks both ways – the north of the Derbyshire Dales looks firmly towards Sheffield; whereas the south of the Derbyshire Dales looks towards Derby and Staffordshire. The central Dales looks mostly to Chesterfield, which in turn looks towards Sheffield.

1.2 This overlap is due to the Derbyshire Dales’ natural economic geography, and the District Council has consistently stated that it will seek to work with partners in both LEP areas for the benefit of our whole district. With both areas, our priorities are constant:

- **Financial support for micro and small businesses**
- **‘Unlocking’ smaller housing and employment sites in/around market towns.**

These are key issues not only for the rural economy in the Derbyshire Dales but also for other areas in both LEPs.

1.3 Derbyshire Dales District Council has been part of Sheffield City Region for many years, and this was formalised at the full Council meeting on 7 March 2013.

1.4 Four out of eight Derbyshire districts are in a similar position: Chesterfield, North East Derbyshire, Bolsover (Derbyshire districts) and Bassetlaw (Nottinghamshire district) are all ‘overlap’ districts, sitting in both Sheffield City Region and Derbyshire/Nottinghamshire.

1.5 Derbyshire Dales District Council is a non-constituent member of Sheffield City Region Combined Authority. The District Council has also been working with partners on proposals that would allow it also to become a constituent member of a Derbyshire/Nottinghamshire Combined Authority during 2016.

1.6 The District Council has successfully supported and put schemes for funding to both SCR and D2N2. These include the Ashbourne Airfield Industrial Estate and DSF Refractories through D2N2; and Holdsworth chocolates and Peak Ales through SCR. The Derbyshire Dales also benefits from ongoing schemes from both Local Enterprise Partnerships – SCR runs a skills apprenticeship scheme, and D2N2 runs a Business Growth Hub, both of which operate in and benefit the whole Derbyshire Dales. The table below gives further information:
LEP schemes benefitting the Derbyshire Dales

<table>
<thead>
<tr>
<th>Infrastructure</th>
<th>SCR</th>
<th>D2N2</th>
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<tbody>
<tr>
<td>SCR invited submissions to their infrastructure fund (SCRIF) and an expression of interest was submitted for Bakewell Riverside in 2014. The grant did not progress due to lack of planning consent for economic outputs (new workspace and job creation)</td>
<td>£1 million Growth Deal funding allocated to Ashbourne Airfield link road to accelerate the delivery of employment land and help retain local firms. The grant was enabled by planning consent for economic outputs (new workspace and job creation)</td>
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<table>
<thead>
<tr>
<th>Business Support</th>
<th>Two companies have received grant support totalling £115,607 from the Regional Growth Fund.</th>
<th>Two companies have received grant support totalling £355,000 from the Regional Growth Fund.</th>
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<tbody>
<tr>
<td>Funding secured to support the core costs of the SCR Growth Hub which will provide a range of products and services to Dales businesses (including Access to Finance).</td>
<td>One company has received loan assistance of £1.75m from the Growing Places Fund.</td>
<td></td>
</tr>
<tr>
<td>Future opportunities - New Business Investment Fund recently launched</td>
<td>£18,740 Growth Hub funding (sourced from BIS) until 31 March 2016 to enhance Derbyshire Dales Business Advice to a 5 day a week service</td>
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<tr>
<td>Future opportunities - the southern part of the Dales now has access to the Derby Enterprise Growth Fund</td>
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<tr>
<th>Skills</th>
<th>Funding of £27,326 allocated through the Ambition SCR employment support programme, so far benefitting 10 unemployed young people in the Dales</th>
<th>Access to ESIF funding with overlap geography allocation split 50/50 between SCR and D2N2. The overlap geography allocation is ring-fenced within the SCR ESIF programme.</th>
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<tbody>
<tr>
<td>Future opportunities - Skills Bank operational in 2016/17</td>
<td>13 Dales businesses we are aware of have submitted stage 1 bids to D2N2 under the EAFRD programme</td>
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<tr>
<th>EU Funding</th>
<th>Access to ESIF funding with overlap geography allocation split 50/50 between SCR and D2N2. The overlap geography allocation is ring-fenced within the SCR ESIF programme.</th>
<th>Access to ESIF funding with overlap geography allocation split 50/50 between SCR and D2N2. The overlap geography allocation forms part of the wider D2N2 ESIF programme.</th>
</tr>
</thead>
<tbody>
<tr>
<td>11 Dales businesses we are aware of have submitted stage 1 bids to SCR under the EAFRD programme</td>
<td>13 Dales businesses we are aware of have submitted stage 1 bids to D2N2 under the EAFRD programme</td>
<td>Future opportunities - ESIF bid submitted with D2N2 Growth Hub partners seeking a match funding contribution of £69,222 to continue the DDBA 5 day a week service to March 2019</td>
</tr>
<tr>
<td>Future opportunities - ESIF bid submitted with SCR partners seeking a match funding contribution of £27,000 to provide dedicated business start-up</td>
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**Devolution Deals**

2.1 Members were briefed on Devolution Deals at a workshop on 19 November 2015. All Members received copies of a detailed devolution briefing note on 23 October 2015.

2.2 Devolution Deals are a promise by the Government to devolve control over funding, responsibilities and powers away from Whitehall to the regions. Various regions or subregions are negotiating with the Government to get a Devolution Deal. ‘Heads of terms’ for Greater Manchester’s Deal were signed between the Government and local authorities in 2014, and similarly for Sheffield City Region’s Deal in October 2015.

2.3 A requirement for every area signing a Devo Deal is that they must have a directly elected Mayor, typically to chair the Combined Authority made up of all the local authorities in the area. This is an absolute requirement of the Government to ensure visible accountability, without which the Deal would attract no additional funding. With a Mayoral Combined Authority, on the other hand, the Government is offering significant new funding with Devolution Deals.

2.4 A Combined Authority for Sheffield City Region already exists, and the District Council has been a non-constituent member since inception on 1 April 2014 (along with the other ‘overlap’ districts). In order to fulfil the responsibilities of membership, and to ensure the Derbyshire Dales gets the best possible benefits as a result, both officers and Members are involved in a full meeting programme within a comprehensive Combined Authority governance and executive structure (akin to that of any local authority). For a small district council, this additional workload has some implications for capacity for both Members and officers.

2.5 No Combined Authority exists for Derbyshire/Nottinghamshire. Members may recall that at Council meetings in January and February 2015, they considered favourably the establishment of a ‘D2’ Combined Authority. This would include all ten local authorities in Derby and Derbyshire (eight districts plus county and city councils), each of which would be a full voting constituent member. It would focus on economic development and transport, and it would include all districts as full voting members. There is already a Derby and Derbyshire Joint Committee (on which the District Council Leader sits as a full voting member).
2.6 However, the Government last year indicated to Nottingham that it (as a core city) might also secure a Devolution Deal, but only if it combined at the D2N2 level and there is a directly elected Mayor for the whole D2N2 area. Since then, the focus has moved from D2 back to D2N2, with the area of Derby/Derbyshire/Nottingham/Nottinghamshire currently being termed ‘North Midlands’. The current proposal is for a North Midlands Combined Authority.

2.7 It is necessary to note that, should it be created, a North Midlands Combined Authority would also require a comprehensive governance and executive structure, with meetings (officer and Member), tasking and staffing implications. This would create additional resource and capacity issues for District Council officers and Members.

3 SHEFFIELD CITY REGION DEVOLUTION DEAL

3.1 The Sheffield City Region Devolution Deal, having been signed by the Government and local authorities on 2 October 2015, underwent public consultation between 2 December 2015 and 15 January 2016. A key element of the Deal is £900m additional ‘gain-share’ funding which would, if the Deal is ratified, be made available from April 2016 on the basis of £30m per year for the next 30 years.

3.2 The proposed Deal covers a range of themes including skills and employment; housing, planning and public assets; innovation, advanced manufacturing and business growth and transport. Elements of public sector reform include a Joint Assets Board. The full text of the Sheffield City Region Devolution Deal proposal is attached at Appendix 1, and further information is on the http://sheffieldcityregiondevolution.org.uk/ devolution website.

3.3 The Proposal also includes changes to SCR-level democratic structures, specifically a directly-elected Mayor over the Combined Authority’s area (defined as the area formed by the constituent members) with the first elections in May 2017. It is possible that the Mayor would in time take on the role of Police and Crime Commissioner. The terms of the Deal require formal ratification by the SCR Combined Authority’s constituent members by the end of March 2016 and support is also sought from non-constituent members.

3.4 Details of the consultation carried out on the proposals, including the main issues identified, are at Appendix 2. The key trends and perspectives from the responses were:
- Positive support for the 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 Sheffield city mayor referenda
- Need for clarity about the geographical scope of the mayoral arrangement and powers, particularly for ‘overlap’ 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.

3.5 It is therefore recommended that the Sheffield City Region Devolution is supported, and that the District Council remains a non-constituent member of the Sheffield City Region Combined Authority.

3.6 The basis for non-constituent status is considered in more detail in the issues and options section below, but in essence would mean that the Derbyshire Dales continues to recognise its natural economic geography but does not become subject to a Sheffield City Region elected mayor. The District Council could continue to negotiate with SCR partners to the benefit of the Dales, and would therefore be better continuing in the SCR Combined Authority as a non-constituent member as opposed to leaving. The other consequences of non-constituent status, as opposed to constituent status, are the obvious lesser influence a non-constituent member will have compared to a constituent member, and that the resources of Sheffield City Region (including the £900m ‘gain-share’ funding) would not, on the whole, be available to the Derbyshire Dales.

3.7 If the Deal is ratified by all relevant local authorities, the next steps are expected to be as follows:

• March 2016 – Sheffield City Region Combined Authority ratifies Deal in full
• April 2016 – first instalment of £30m paid in line with the Proposal
• April to June 2016 – detail of Order for Mayoral Combined Authority agreed with Government
• May 2016 – enabling Order laid by government
• November 2016 – latest date by which the Secretary of State could lay final Order relating to any Mayoral Combined Authority
• May 2017 – Mayoral election takes place for the constituent area of the Combined Authority
• May 2020 – second Mayoral election takes place (and every 4 years thereafter).

3.8 If a local authority chooses not to become a constituent member of the Combined Authority at this stage, there might be a second opportunity to become a constituent member if a decision were made by 2018, but this would necessitate further public consultation and drafting and laying of Orders in Parliament.

4 POSSIBLE NORTH MIDLANDS DEVOLUTION DEAL

4.1 Although a North Midlands Devolution Deal (covering the whole D2N2 area) has been drafted, and has been subject to negotiation with Government, no proposals have yet been signed off by the Government or partner authorities. Nor is a North Midlands Combined Authority in place.
4.2 A fundamental difference between the Sheffield and the North Midlands proposals, therefore, is that Sheffield currently has a Combined Authority and agreed devolution proposals, whereas the North Midlands has neither at the moment. In considering any North Midlands proposals, the District Council is compelled to make complex “What if?” judgements.

4.3 A draft North Midlands Devolution Deal was published on 5 January 2016. It is attached as Appendix 3, and further information is available at the www.northmidlands.org.uk devolution website. This Deal is in significant respects very similar to the Sheffield City Region Devolution Deal. In terms of their practical content, and what they may or may not deliver for the economy of the Derbyshire Dales, there is little to distinguish between the two Deals. In both Deals, there is a degree of recognition of the needs of rural areas, but in both Deals there is an overwhelming focus on the needs of core cities, the larger employers and large-scale infrastructure.

4.4 It would be expected that a North Midlands deal would also come with a ‘gain-share’ fund at a similar scale to that already proposed for Sheffield City Region (which has £900m, or £30m per year for the next 30 years). This would be available to be spent within the constituent area of the Mayoral Combined Authority. The ‘Mayoral’ and ‘constituent’ elements are important to note.

4.5 Local authorities wanting to be part of a North Midlands Devolution Deal will need to agree to sign a deal document in the coming days, so that the Government is clear about the proposed area that the deal will cover. The signing of the deal document would then be subject to public consultation and subsequent final ratification by each of the individual local authorities later in the year. Therefore a council that chooses to sign up to a North Midlands devolution deal now, with the intention of being a constituent member of the North Midlands Combined Authority, is not irreversibly committed to the process at this point: final full Council agreement would still be required after any changes to the Deal and subsequent public consultation.

4.6 Conversely, however, there could be no ready opportunity for a council that chooses not to sign up now to then re-join the process at a later date before ratification. There might be a gap of some years before another opportunity to join the Combined Authority presents itself, due to the Mayoral election cycle.

4.7 On the basis that the draft Deal gains agreement from local authorities, the next steps could be expected to be as follows:

- March 2016
  - resolve the Combined Authority geography
  - Councils confirm that they wish to sign the Devolution Deal based on a Mayoral Combined Authority
  - seek Government agreement to Devolution Deal proposals
  - publish Combined Authority Governance Review and Scheme
June to July 2016 – detail of Order for Mayoral Combined Authority agreed with Government  
– public consultation on Devolution Deal proposals  
Sept to Oct 2016 – Councils ratify Devolution Deal and consent to North Midlands Mayoral Combined Authority  
November 2016 – latest date by which the Secretary of State could lay final Order relating to any Mayoral Combined Authority  
May 2017 – Mayoral election takes place for the constituent area of the Combined Authority  
May 2020 – second Mayoral election takes place (and every 4 years thereafter).

4.8 The Government has made it clear that before a North Midlands Deal can be progressed, it requires three conditions to be met:
• A clearly defined and agreed geography – clarity over which councils would be constituent members of the North Midlands Combined Authority
• An agreed governance structure for the operation of the Combined Authority
• Minor clarifications over powers and budgets.

4.9 Governance structures for the Mayoral Combined Authority have been discussed by the Leaders of the 19 councils. In considering these options it was borne in mind that, having regard to the Cities and Local Government Devolution Act 2016, there are some functions exercisable only by the directly elected Mayor. The legislation requires that at least one Overview and Scrutiny Committee and an Audit Committee must be established.

4.10 The proposal agreed in draft are that each district Leader would be allocated a portfolio to reflect the significance of each subject matter in the draft Devolution Deal (e.g. employment, skills, housing, planning, business etc.). Their role would be to support, advise and be part of decision making where appropriate.

4.11 The Leaders would sit on one or more of four decision-making Executive Boards:
• Employment and Skills
• Housing, Planning and SMART Infrastructure
• Transport
• Enterprise

Each Board would be chaired by a City or County Council Leader except Transport which is chaired by the Mayor. The full Mayoral Combined Authority (19 council leaders plus the Mayor) would be the key decision-making body, such that any decisions taken at the Boards (other than by the Mayor in relation to Mayoral functions) could only be within the framework approved by the Combined Authority.

4.12 These governance proposals mimic in key respects those of the Sheffield City Region Combined Authority.
5 ISSUES AND OPTIONS

5.1 To benefit from any Devolution Deal, the District Council would need to be a constituent member of the relevant Mayoral Combined Authority. It can be a constituent member of only one Combined Authority.

5.2 It is unclear at this stage whether all 19 local authorities in the North Midlands will approve the draft Devolution Deal for the area. It is believed that concerns may relate more to the issue of a Mayoral Combined Authority, rather than to the content of the Deal itself, which as stated above is very similar to the Sheffield Deal and other existing Devolution Deals.

5.3 Devolution Deals would give powers to a directly elected Mayor, including a potential Housing Investment Fund (yet to be agreed by Government), a transport budget and single local transport plan; Police and Crime Commissioner powers; powers to institute Mayoral Development corporations; and a Joint Assets Board. However it is understood that the Combined Authority would have the power to veto the Mayor’s proposals on a two thirds majority.

5.4 Some authorities have noted a lack of clarity between the true benefits of a Devolution Deal and ‘business as usual’; the gain-share fund would be entirely new but other benefits seem to relate more to local control of existing powers and funds (rather than new powers or funds being generated). As mentioned above, Devolution Deals understandably focus on strategic concerns, which suggests rural districts should not have unduly high expectations of any additional benefits that may reach them.

5.5 The issues for the District Council therefore relate less to the content of any Devolution Deal, and more to questions associated with combined authority memberships. These include:

- **Benefits to Derbyshire Dales residents and businesses.** As stated earlier, both Deals are similar in content, and both have marginal implications for rural districts. However, it is clear that involvement in two LEPs has to date been of benefit to the Derbyshire Dales, as evidenced by the table in section 1.6 above. Both Sheffield and D2N2 LEPs have contributed to economic development in the Derbyshire Dales. In part this results from the Government and EU funds available to both LEPs, but it is also in part due to the influence the District Council has been able to bring to bear on each LEP. Leaving one or other Combined Authority would be likely to reduce the influence of the District Council on that Combined Authority.

- **Economic geography.** The north of the Derbyshire Dales looks firmly towards Sheffield; whereas the south of the Derbyshire Dales looks towards Derby and Staffordshire. The central Dales looks mostly to Chesterfield, which in turn looks towards Sheffield. Therefore by prioritising one LEP/Combined Authority over another, the District Council might potentially disadvantage part of its area.
Combined Authority status. A CA already exists for Sheffield City Region, although Orders are to be made to change it to a Mayoral CA. No CA exists in the North Midlands. Becoming a constituent member of SCR would on the face of it be a route with more certainty than opting to join the potential North Midlands CA as constituent member. However, both CAs require Government Orders, and the agreement of the Secretary of State, to any changes of membership. Therefore neither route has full certainty.

Combined Authority resourcing. The SCR CA benefits from an established governance structure and executive team, albeit both would change to an extent with the introduction of a Mayor. There is no North Midlands CA executive, nor agreement on how to fund such a team. Nor have the North Midlands governance arrangements progressed beyond proposals.

Existing funding arrangements. The District Council’s notional allocation of EU and Transport funding is currently split 50:50 between SCR and D2N2 (again reflecting our natural economic geography). The District Council currently has projects live and pending with both LEPs, and may be locked into funding for up to four more years (the current EU funding round expires in 2020).

Alignment with other public services. It is perhaps self-evident that the Derbyshire Dales lies within Derbyshire, but the links in services between the District Council and the County Council are of note. These include collaboration in areas such as second homes and Disabled Facilities Grants, as well as all the other County Council services that are provided to communities in the Dales (education, social services and highways to name but three). Such links do not exist to anything like the same extent with SCR partners. Relationships with other local authorities tend to be stronger between the District Council and other Derbyshire district councils than outside the county. Examples include shared services with Bolsover and North East Derbyshire District Councils, and shared strategic and business partnerships with High Peak Borough Council.

The elected Mayor. The Government has made it clear that without a directly elected Mayor, there is no Devolution Deal. This is the case in both SCR and the North Midlands. A Mayor elected by voters in the Derbyshire Dales would therefore cover either the Sheffield City Region or the North Midlands (but not both). The Combined Authority acts as a check and balance on the powers of the Mayor, but a directly elected Mayor could in time become a significant public figure. Whilst Derbyshire Dales voters might have little natural affinity with a Mayor based in (say) Nottingham or Barnsley, that need not stop the District Council continuing to exert an influence.

With these considerations in mind, a number of options are available to Members. These are outlined below, together with officer comments.

Option 1: Become a constituent member of the proposed North Midlands CA, and remain a non-constituent member of the SCR CA

5.6.1 Full participation in the North Midlands Deal and CA would recognise the District Council’s relationships with Derbyshire partners. It would bring access to a potential gain-share pot should the Devolution Deal be signed, as a quid
pro quo for accepting a directly elected Mayor. This approach has risks, in that no North Midlands CA or finalised Deal yet exists, and this approach does not fully reflect the economic geography of the northern or central Derbyshire Dales. Potential domination by the cities of Nottingham and Derby (and the M1 corridor) is a risk. However the draft North Midlands Devolution Deal does explicitly recognise the needs of rural areas including market towns and microbusinesses. In-principle agreement to this deal would send a strong signal to Derbyshire partners that the District Council believes that current local government structures are the right basis on which to work for the benefit of local communities.

As a non-constituent member of SCR, the District Council could continue to negotiate with LEP partners to the benefit of the Dales, and it would therefore be better continuing in the SCR Combined Authority as a non-constituent member as opposed to leaving. However the influence and funding from SCR available to the Derbyshire Dales in future would be very limited. In addition, there might be complications with regard to existing and potential funding commitments with SCR (including the 50:50 split of EU and Transport notional allocations, and programmes we are currently engaged in).

Option 1 is a strong option and is recommended by officers. It would necessitate ongoing Member and officer involvement, and is subject to statutory process (and approval by the Secretary of State).

**Option 2: Become a constituent member of the SCR CA and seek to become a non-constituent member of the proposed North Midlands CA,**

5.6.2 Constituent membership of SCR would mean joining an existing, well-resourced Combined Authority with a record of being fast to the table for Government initiatives (SCR was in the first tranche of Devo Deals). It has a Deal signed with the Government, and the gain-share pot of £900m is available as a quid pro quo for accepting a directly elected Mayor.

Risks associated with this option are that it does not fully recognise the economic geography of the southern Derbyshire Dales. It would also fail to recognise the public service delivery relationships existing in Derbyshire, and would mean that few benefits from the potential North Midlands Deal could accrue to the district. Potential domination by South Yorkshire is a further risk.

Option 2 is a strong option which has been given serious consideration by officers. It would necessitate ongoing Member and officer involvement, and is subject to statutory process (and approval by the Secretary of State). On balance Option 1 is preferred for the reasons given.

**Option 3: Seek non-constituent membership of both SCR and the North Midlands CAs**
5.6.3 Non-constituent membership of both CAs would explicitly recognise the Dales’ economic geography that looks both ways, and it could exempt the Derbyshire Dales from a directly elected Mayor if the Secretary of State accepts this position. However it would leave the district unable to access economic benefits and potential devolved powers from either LEP. This option is not considered further.

**Option 4: Not be member of either CA**

5.6.4 This option could exempt the Derbyshire Dales from a directly elected Mayor if the Secretary of State accepts this position, but would leave the district unable to access economic benefits and potential devolved powers from either LEP. This option is not considered further.

**Option 5: Seek to become a non-constituent member of North Midlands CA, and leave SCR CA**

5.6.5 This option could exempt the Derbyshire Dales from a directly elected Mayor if the Secretary of State accepts this position. However it would fail to recognise economic geography, and leave the Derbyshire Dales unable to access economic benefits and potential devolved powers from either LEP. This option is not considered further.

**Option 6: Remain a non-constituent member of SCR CA, and do not join the North Midlands CA**

5.6.6 In effect, this option would be an attempt to maintain the status quo, where the District Council is currently a non-constituent member of SCR only. It could exempt the Derbyshire Dales from a directly elected Mayor if the Secretary of State accepts this position. However it would fail to recognise economic geography, and leave the Derbyshire Dales unable to access economic benefits and potential devolved powers from either LEP. This option is not considered further.

**Option 7: Derbyshire County Council becomes a constituent member of both North Midlands and SCR Combined Authorities**

5.6.7 Under the Cities and Local Government Devolution Act 2016, Derbyshire County Council has the option to become constituent members of both Combined Authorities. This would recognise the economic geography of northern Derbyshire, as well as southern Derbyshire, and address some of the concerns of ‘overlap’ districts with regard to alignment and relationships. The County Council has given every indication that its preference lies solely with the North Midlands, so this option is unavailable.
Option 8: Seek formation of a Derby and Derbyshire Combined Authority

5.6.8 This option would ask the ten Derby and Derbyshire councils to return to the plan being considered a year ago – to create a ‘D2’ Combined Authority of eight districts plus county and city councils, each of which would be a full voting constituent member. However the Government has indicated this would not find favour at present. Without a directly elected Mayor, this option would be unlikely to attract a Devolution Deal (meaning, for example, that no gain-share funding would be available). Due the low likelihood of it being feasible, this option is not considered further at present.

Summary

5.7 An important consideration is that the Secretary of State has the power to impose whatever option he wishes, although the Government has made it clear that their strong preference is for local government to come to agreement by itself. Therefore, it is conceivable that any district opting out of a Mayoral Combined Authority may be compelled by the Government to join. This presents uncertainty and potential delay.

5.8 It is also worth bearing in mind at this point that whichever option is chosen (be it option 1 or option 2, or one of the less viable options) there will be a demand for Member and officer time to work with partners to secure the best possible outcome for the Derbyshire Dales.

5.9 The approach of the District Council has consistently been that it is better to be at the table, striving to influence decisions wherever possible, rather than be absent and miss any potential benefits. In this case, the interests of the residents and businesses of the Derbyshire Dales suggest on balance that participation in the North Midlands Combined Authority is preferable. On this basis, the officer recommendation is to approve in principle the draft North Midlands Devolution Deal and to agree in principle to become a constituent member of the North Midlands Combined Authority. These recommendations sit alongside those to support the Sheffield City Regional Deal and remain a non-constituent member of the Sheffield City Region Combined Authority.

5.10 Subject to what is agreed by the Council at this Special Meeting, the Leader of the Council would be expected to inform partners of the District Council’s position at a meeting of the 19 North Midlands authorities scheduled for Friday 4 March, which has been arranged for the purpose of inviting the local authorities to endorse the North Midlands deal in principle as potential constituent members. Given the possibility that not all Derbyshire (or Nottinghamshire) districts may choose to participate, that could potentially result in a Combined Authority geography that is weighted excessively to city areas or perhaps to Nottinghamshire. The recommendation is therefore to seek an equitable balance between the two counties, and between districts, counties and cities.
6 RISK ASSESSMENT

6.1 Legal.
Combined authorities are a legal structure that may be set up by two or more local authorities in England. They may take on statutory functions transferred to them by an Order made by the Secretary of State, plus any functions that the constituent authorities agree to share. They can be set up with or without a directly elected Mayor. The relevant legislation is the Local Democracy, Economic Development and Construction Act 2009, and the Cities and Local Government Devolution Act 2016. The Secretary of State reserves the power, to require a directly elected Mayor for a combined authority.

Under the original procedure from the 2009 Act, a local authority or authorities may carry out a ‘governance review’, which must publish a scheme recommending the creation of a combined authority. Publication of the scheme requires the consent of the local authority areas included in the scheme. The Secretary of State may then agree to create a combined authority, by Order under the 2009 Act.

Alternatively, via the 2016 Act, the Secretary of State may decide to establish a combined authority, if the councils in the relevant area consent. The Secretary of State must hold a public consultation, unless one has already been carried out locally and a scheme has been published. The Secretary of State must be satisfied that the establishment of a combined authority is likely to “improve the exercise of statutory functions” in the area.

An existing combined authority may be changed into a mayoral combined authority via a further Order from the Secretary of State. All the member authorities must consent to this. However, the 2016 Act provides that any authorities that do not consent must be removed from the combined authority when the elected mayor is established.

A briefing on the 2016 Act, as prepared by the Local Government Association, is attached as Appendix 4.

The legal risk is considered to be Medium.

6.2 Financial.
Partners have indicated that the cost of membership of the North Midlands Combined Authority will be no greater than existing costs. However, a report was considered by North Midlands council Leaders on 11 February, requesting a budget of £550,000 to support the work required to deliver a North Midlands Combined Authority and Devolution Deal. A decision on this funding was deferred. Indications were however given that this funding would be made up from the funds paid as membership fees to the Derbyshire Economic Partnership and the funds the Counties and Cities pay currently to support the LEP. In the case of the District Council, our existing cost of membership of the Derbyshire Economic Partnership is £15,000 per year.
The District Council also currently subscribes £4,000 per year to SCR. It was recently proposed that this should increase to approximately £29,000 to absorb the costs of the integration of the South Yorkshire Transport Executive into the SCR LEP and Combined Authority executive. However work is now ongoing to try to reduce subscriptions at SCR instead to zero, and for 2016/17 it has been confirmed that the District Council’s contribution would remain at £4,000.

Taken with the resourcing comments made earlier in the report, the financial risk is considered to be Medium at this stage.

6.3 Corporate.
The two Combined Authorities considered in the report would both align with the District Council’s priority to increase business growth and job creation.

6 OTHER CONSIDERATIONS
In preparing this report, the relevance of the following factors has also been considered: prevention of crime and disorder, equalities, environmental, climate change, health, human rights, personnel and property.

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BACKGROUND PAPERS
• 12 February 2015 report to Council: Derby and Derbyshire Combined Authority

ATTACHMENTS
Appendix 1 Sheffield City Region Devolution Deal
Appendix 2 SCR Devolution consultation results summary
Appendix 3 Draft North Midlands Devolution Deal
SHEFFIELD CITY REGION DEVOLUTION AGREEMENT
The Rt Hon George Osborne
Chancellor of the Exchequer

Cllr Sir Stephen Houghton CBE
Chair of Sheffield City Region
Combined Authority and Leader of
Barnsley Metropolitan Borough
Council

Cllr Julie Dore
Leader of Sheffield City Council

James Newman
Chair of Sheffield City Region
Combined Authority Local Enterprise
Partnership
Lord Jim O’Neill
Commercial Secretary

Cllr Chris Read
Leader of Rotherham Metropolitan Borough Council

Deputy Mayor Glyn Jones
On behalf of Mayor of Doncaster Metropolitan Borough Council
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Sheffield City Region Combined Authority Devolution Deal

This document sets out the terms of a proposed agreement between Government and the leaders of the Sheffield City Region to devolve a range of powers and responsibilities to the Sheffield City Region Combined Authority and a new directly elected mayor. Building on the City Deal, agreed in 2012, the Growth Deals, agreed in July 2014 and January 2015 and initial Devolution Agreement, agreed in December 2014, this Devolution Deal marks the next step in the transfer of resources and powers from central Government to the Sheffield City Region.

The devolution proposal and all levels of funding are subject to the Spending Review and Sheffield City Region consulting on the proposals and ratification from the local authorities. This agreement is subject to the enactment of the necessary legislation (The Cities and Local Government Devolution Bill and the Buses Bill), and to parliamentary approval of the secondary legislation implementing the provisions of this agreement.

This agreement will enable Sheffield City Region to accelerate the delivery of its Strategic Economic Plan, strengthening its position as a world class centre for advanced manufacturing and engineering.
Summary of the proposed Devolution Deal agreed by the Government and the Sheffield City Region Combined Authority with the support of the Local Enterprise Partnership

A new, directly elected Sheffield City Region Mayor will act as Chair to the Sheffield City Region Combined Authority and will exercise the following powers and functions devolved from central Government:

- Responsibility for a consolidated, devolved transport budget, with a multi-year settlement to be agreed at the Spending Review.
- Responsibility for franchised bus services, which will support the Combined Authority’s delivery of smart and integrated ticketing across the Combined Authority’s constituent councils.
- Responsibility for an identified Key Route Network of local authority roads that will be collaboratively managed and maintained at the city region level by the Combined Authority on behalf of the Mayor.
- Powers over strategic planning, including the responsibility to create a spatial framework for the city region and to chair the Sheffield City Region Joint Assets Board.

The Sheffield City Region Combined Authority (SCR CA), working with the Mayor, will receive the following powers:

- Control of a new additional £30 million a year funding allocation over 30 years, to be invested to boost growth.
- Responsibility for chairing an area-based review of 16+ skills provision, the outcomes of which will be taken forward in line with the principles of the devolved arrangements, and devolved 19+ adult skills funding from 2018/19.
- Joint responsibility with Government to co-design employment support for the harder-to-help claimants, many of whom are currently referred to the Work Programme and Work Choice. SCR will also bring forward a proposal to pilot more intensive support for those furthest from the labour market.
- More effective joint working with UKTI to boost trade and investment, and responsibility to work with Government to develop and implement a devolved approach to the delivery of national business support programmes from 2017.

In addition:

- To support the development of the SCR Advanced Manufacturing Innovation District, the Government will offer the Sheffield City Region expert advice and support to ensure they are able to put forward a City Region led proposal to undertake a Science and Innovation audit.
- The Sheffield City Region will work with HM Government to achieve their ambitions for a national Institute for Infrastructure within Doncaster.
- HM Government will work with the Sheffield City Region Combined Authority to agree specific funding flexibilities to a Spending Review timetable. The joint ambition will be to give Sheffield City Region Combined Authority a single pot to invest in its economic growth.

Further powers may be agreed over time and included in future legislation.
Governance

1. Sheffield City Region (SCR) has taken bold steps in securing effective and accountable governance arrangements. The SCR Local Enterprise Partnership (LEP) was part of the first wave of LEPs established in 2010 and has been one of the strongest performers since then. The SCR was the first to submit plans for its Combined Authority under the Coalition Government, which was established in April 2014. The Combined Authority enables decisions on economic growth and development to be taken in an open and transparent way in one place for the whole of the SCR.

2. As part of this proposed agreement, the Sheffield City Region Combined Authority will adopt a model of a directly elected city region Mayor over the Combined Authority’s area with the first elections in May 2017\(^1\). The existing Sheffield City Region Combined Authority will also be strengthened with additional powers. This takes the next step in transferring resources and powers from central Government to the Sheffield City Region. There is no intention to take existing powers from local authorities without agreement. The agreement will protect the integrity of local authorities in the Sheffield City Region.

3. The directly elected Mayor for Sheffield City Region Combined Authority will autonomously exercise new powers. The Mayor will chair the Sheffield City Region Combined Authority, the members of which will serve as the Mayor’s Cabinet. The Mayor and the Sheffield City Region Combined Authority will be scrutinised and held to account by the SCR Overview and Scrutiny committee(s). The SCR Mayor will also be required to consult the SCR CA Cabinet on his/her strategies, which it may reject if two-thirds of the members agree to do so. The SCR Cabinet will also examine the Mayor’s spending plans and will be able to amend his/her plans, if two-thirds of the members who have been appointed by constituent councils agree to do so.

4. Proposals for decision by the Combined Authority may be put forward by the Mayor or any Cabinet Member. The Mayor will have one vote as will other voting members. Any questions that are to be decided by the Combined Authority are to be decided by a majority of the members present and voting, subject to that majority including the vote of the Mayor, unless otherwise set out in legislation, or specifically delegated through the Authority's Constitution.

5. The Sheffield City Region Mayor and the other members of the Sheffield City Region Combined Authority will be required to work closely together. Specifically:
   a. the Mayor will provide overall leadership and chair Combined Authority meetings; and
   b. the SCR Cabinet Model, where the leaders have a clear portfolio of responsibilities, will act as a supporting and advisory function to the Mayor and Combined Authority in respective policy areas.

\(^1\) This will be based on the constituent members of the Combined Authority but can be extended to include any other members of the Combined Authority that change their member status from non-constituent to constituent.
c. The Mayor will also be a member of the LEP, alongside the other members of the Combined Authority, recognising the importance of the private sector in any growth strategies or delivery.

6. The recent changes to strengthen the governance arrangements in the Sheffield City Region by formally establishing five Executive Boards that have delegated decision making powers from the Combined Authority, are expected to continue as part of this agreement.

7. Economic growth is a shared endeavour and is vital in delivering the Northern Powerhouse ambitions. The Mayoral Combined Authority will continue to work very closely with HM Government for the benefit of the public.

8. Sheffield City Region Combined Authority and Local Enterprise Partnership commits to work with partners across the North of England to promote opportunities for pan-Northern collaboration, including Transport for the North, to drive northern productivity and build the Northern Powerhouse.

Skills (19+)

9. The Government will enable local commissioning of outcomes to be achieved from the 19+ adult skills budget starting in academic year 2016/17; and will fully devolve budgets to the Sheffield City Region Combined Authority from academic year 2018/19 (subject to readiness conditions). These arrangements do not cover apprenticeships.

10. Devolution will proceed in three stages, across the next three academic years:

a. Starting now, the SCR Combined Authority will begin to prepare for local commissioning. It will develop a series of outcome agreements with providers about what should be delivered in return for allocations in the 2016/17 academic year. This will replace the current system of funding by qualifications as providers will receive their total 19+ skills funding as a single block allocation. This new arrangement will allow the SCR Combined Authority to agree with providers the mix and balance of provision that will be delivered in return for the block funding, and to define how success will be assessed.

b. For the 2017/18 academic year, and following the area review, Government will work with the SCR Combined Authority to vary the block grant allocations made to providers, within an agreed framework

c. From 2018/19, there will be full devolution of funding. The SCR Combined Authority will be responsible for allocations to providers and the outcomes to be achieved, consistent with statutory entitlements. Government will not seek to second guess these decisions, but it will set proportionate requirements about outcome information to be collected in order to allow students to make informed choices. A funding formula for calculating the size of the
grant to local / combined authorities will need to take into account a range of demographic, educational and labour market factors.

11. The readiness conditions for full devolution are that:
   
a. Parliament has legislated to enable transfer to local authorities of the current statutory duties on the Secretary of State to secure appropriate facilities for further education for adults from this budget and for provision to be free in certain circumstances

b. Completion of the Area Review process leading to a sustainable provider base

c. After the area-reviews are complete, agreed arrangements are in place between central government and the Combined Authority to ensure that devolved funding decisions take account of the need to maintain a sustainable and financially viable 16+ provider base

d. Clear principles and arrangements have been agreed between central government and the Combined Authority for sharing financial risk and managing failure of 16+ providers, reflecting the balance of devolved and national interest and protecting the taxpayer from unnecessary expenditure and liabilities

e. Learner protection and minimum standards arrangements are agreed

f. Funding and provider management arrangements, including securing financial assurance, are agreed in a way that minimises costs and maximises consistency and transparency.

Skills (16-18)

12. HM Government commits to an Area Based Review of post-16 education and training leading to agreed recommendations by February 2016. The outcomes of the Area Based Review will be taken forward in line with the principles of the devolved arrangements. The review will be chaired by the Combined Authority and will include all post-16 education and training provision in the initial analysis phase. Recommendations will be focused on General FE and Sixth Form Colleges, however the Regional Schools Commissioner and the relevant local authorities will consider any specific issues arising from the reviews for school sixth form provision.

13. To ensure continued local collaboration following the Area Based Review, the Sheffield City Region Combined Authority will work in partnership with local colleges and providers to publish a local skills strategy. This will aim to help ensure that post-16 providers are delivering the skills that local employers require. It is expected that the Combined Authority will then collaborate with colleges and providers, with appropriate support from EFA, to work towards that plan.

14. Following the Area Based Review, HM Government would expect the Regional Schools Commissioner to continue to engage with the Sheffield City Region Combined Authority to ensure local links and working are maintained.
15. HM Government will work with Sheffield City Region Combined Authority to ensure that local priorities are fed into the provision of careers advice, such that it is employer-led, integrated and meets local needs. In particular, the Sheffield City Region Combined Authority will ensure that local priorities are fed into provision through direct involvement and collaboration with HMG in the design of careers and enterprise provision for all ages, including collaboration on the work of the Careers and Enterprise Company and the National Careers Service.

Employment

16. Sheffield City Region Combined Authority will work with DWP to co-design the future employment support, from April 2017, for harder-to-help claimants, many of whom are currently referred to the Work Programme and Work Choice.

17. The respective roles of DWP and Sheffield City Region Combined Authority in the co-design will include:

   a. DWP sets the funding envelope, Sheffield City Region Combined Authority can top up if they wish to, but are not required to.

   b. Sheffield City Region Combined Authority will set out how they will join up local public services in order to improve outcomes for this group, particularly how they will work with the Clinical Commissioning Groups/third sector to enable timely health-based support.

   c. DWP set the high-level performance framework and will ensure the support appropriately reflects labour market issues. The primary outcomes will be to reduce unemployment and move people into sustained employment. Sheffield City Region Combined Authority will have some flexibility to determine specific local outcomes that reflect local labour market priorities, these outcomes should be complementary to the ultimate employment outcome (for example in-work wage progression). In determining the local outcome(s) Sheffield City Region Combined Authority should work with DWP to take account of the labour market evidence base and articulate how the additional outcome(s) will fit within the wider strategic and economic context and deliver value for money.

   d. Before delivery commences, DWP and Sheffield City Region Combined Authority will set out an agreement covering the respective roles of each party in the delivery and monitoring of the support, including a mechanism by which each party can raise and resolve any concern that arise.

18. In addition, in the event employment support for this group is delivered through a contracted-out programme, Sheffield City Region Combined Authority will co-commission the programme with DWP. the respective roles of DWP and Sheffield City Region Combined Authority will include:
a. DWP sets the contracting arrangements, including contract package areas, but should consider any proposals from Sheffield City Region Combined Authority on contract package area geography.

b. Sheffield City Region Combined Authority will be involved in tender evaluation.

c. Providers will be solely accountable to DWP, but DWP and Sheffield City Region Combined Authority’s above-mentioned agreement will include a mechanism by which Sheffield City Region Combined Authority can escalate to DWP any concerns about provider performance/breaching local agreements and require DWP to take formal contract action where appropriate.

19. In the event that alternative delivery mechanisms are put in place, comparable arrangements will be put in place.

20. Sheffield City Region will develop a business case for an innovative pilot to support those who are hardest to help. The business case should set out the evidence to support the proposed pilot, cost and benefits and robust evaluation plans, to enable the proposal to be taken forward as part of the delivery of this agreement, subject to Ministerial approval.

Housing and planning

21. The Sheffield City Region Combined Authority Mayor will also exercise strategic planning powers to support and accelerate these ambitions. This will include the power to:

   a. Create a spatial framework, which will act as the framework for managing planning across the Sheffield City Region, and with which all Local Development Plans will be in strategic alignment. The spatial framework will need to be approved by unanimous vote of the members appointed by constituent councils of the Mayoral Combined Authority. This approach must not delay any Local Development Plans, and will build upon the local plans being developed.

   b. Create supplementary planning documents, subject to approval processes in paragraph 21a.

   c. Create Mayoral Development Corporations, which will support delivery on strategic sites in the Sheffield City Region. This power will be exercised with the consent of the Cabinet member in which the Development Corporation is to be used.

   d. Be consulted on and/or call-in planning applications of strategic importance to the City Region.

22. Sheffield City Region and HMG will continue to discuss the devolution of housing loan funds to a Spending Review timetable. Sheffield City Region intends to develop
further a proposition on a Housing Investment Fund, for discussion and development with HM Government.

23. HMG will work with Sheffield City Region to support the operation of the Joint Assets Board, and support better coordination on asset sales. This will include ensuring the representation of senior HMG officials on the Joint Assets Board, using that Board to develop as far as possible and consistent with the government’s overall public sector land target, a joint programme of asset disposal using a portfolio approach, and to explore whether a right of first refusal for 28 days on all central government land and assets due for disposal can be developed that accelerates the pace of disposal. Through the Joint Assets Board, SCR and HMG will explore increased opportunities for using the public estate to generate low carbon energy.

**Transport**

24. The directly elected Mayor of the Sheffield City Region Combined Authority will be responsible for a devolved and consolidated local transport budget for the area of the Combined Authority (i.e. the areas of the constituent councils), including all relevant devolved highways funding, with a multi-year settlement to be agreed at the Spending Review. Functions will be devolved to the Sheffield City Region Combined Authority accordingly, to be exercised by the Mayor.

25. The directly elected Mayor of the Sheffield City Region Combined Authority will by 2017 exercise functions, devolved to the Combined Authority, for the franchising of bus services in the area of the Combined Authority, subject to local consultation. This will be enabled through a specific Buses Bill, to be introduced during the first Parliamentary session, which will provide for the necessary functions to be devolved.

26. This will help to facilitate the delivery of integrated smart ticketing across all local modes of transport in the city region, working as part of Transport for the North on their plans for smart ticketing across the North. This includes the production of a regional implementation plan for smart ticketing which Transport for the North will put forward to government by Budget 2016.

27. Government remains committed to the development of Phase Two of the HS2 network and will announce the way forward on Phase Two later this year.

28. Government is committed to building a Northern Powerhouse and remains strongly committed to the work by Transport for the North to identify and present to government a prioritised list of scheme options for the TransNorth rail enhancement programme and options for strategic road investment, including options for a new TransPennine Road Tunnel, by Budget 2016.

29. Government, in consultation with Sheffield City Region, will continue to explore options to give Sheffield City Region Combined Authority more control over the planning and delivery of local transport schemes, particularly in preparation for HS2. This could include changes to the way that Transport and Works Act Orders are
granted, if practical proposals for improving and speeding up the process are identified.

30. The directly elected Mayor of the Sheffield City Region Combined Authority will take responsibility for an identified Key Route Network of local authority roads that will be collaboratively managed and maintained at a city region level by the Sheffield City Region Combined Authority across the areas of the constituent councils.

Trade and investment

31. HM Government commits to strengthening support available for both trade and investment in the Sheffield City Region.

32. On co-location, HM Government will review the Inward Investment resource location of regional (IST) staff across the three levels of: Partnership Managers; Business development and Key Account Management teams, currently in 8 locations nationally. HM Government will also look at options for co-location, under UKTI/IST management, without harming the overall efficiency of the working of the investment model.

33. On governance, HM Government will set up a joint governance structure (or join an existing one), with quarterly meetings attended by a Director level representative from both UKTI investment and Sheffield City Region Combined Authority. These will provide a forum to discuss progress on co-location, and on account management activity by both parties in the region. HM Government will wherever possible also use this structure to review key decisions and initiatives planned and/or implemented by both parties, including building a better shared understanding of the inward investment opportunities available in the region.

34. On international links, HM Government will provide a strengthened partnership between locally delivered services and embassy/consulate contacts through project Matchmaker.

35. On the Great campaign, HM Government will explore what options exist for using a portion of GREAT campaign budget for overseas based activity aligned to Sheffield City Region sector strengths with delivery managed by UKTI Marketing teams with input and influence from Sheffield City Region Combined Authority. This activity should be supported by sector based resource in overseas posts who have been specially briefed to have a strong understanding of Northern Powerhouse and Posts who are Matchmaker partners for Sheffield City Region sector strengths.

36. HM Government will also work with Sheffield City Region to build attractive regeneration/investment propositions.

37. On trade: HM Government will ring-fence trade services resource within Sheffield City Region, develop an agreed export plan with a dual key approach to activities and reporting on outputs and outcomes to Sheffield City Region. Ring fenced resource remains subject to departmental budget changes.
38. An export plan will be agreed between SCR and UKTI HQ which will allow SCR flexibility, such as a specific local sectoral focus for Passport to Export and mid-sized business schemes or a different mix of products.

39. HMRC will work with the Sheffield City Region Combined Authority to provide relevant trade statistics data, within existing data protection assurance frameworks and policies, to assist with understanding the City Region’s export market.

**Innovation**

40. The Advanced Manufacturing Innovation District, centred around the Advanced Manufacturing Park is a nationally important asset and already delivers growth through innovation, productivity and high value employment. The City Region has an ambition to make the District world-leading – attracting investment and major industry to the area.

41. To support this HM Government will offer the Sheffield City Region expert advice and support to ensure they are able to put forward a City Region led proposal to undertake a Science and Innovation audit. This work will enable an evidence based approach to deepen the understanding of the City Region’s Science and Innovation strengths and provide a new and powerful way to understand how to maximise the economic impact from the UK’s research and innovation investment nationally. They will, for example, provide government with part of the evidence base on which to make decisions on catapults and could be used to explore how to further the Sheffield City Region’s advantage in advanced manufacturing.

42. HM Government will also offer Sheffield City Region Combined Authority dedicated workshops with the Smart Specialisation Advisory Hub to help areas identify their innovation strengths.

43. Through utilisation of the additional resources in the single pot it is expected that Sheffield City Region Combined Authority will bring forward a set of ambitious proposals to enhance the Advanced Manufacturing Innovation District.

44. The Sheffield City Region will work with HM Government to achieve their ambitions for a National Institute for Infrastructure within Doncaster. The Sheffield City Region will take forward discussions with HM Government to explore the potential for alignment of the new National College for High Speed Rail (NCHSR) based in Doncaster with the new Institutes of Technology to help meet a wider set of national infrastructure challenges.

**Business growth and support**

45. HM Government agrees to continue to work with the Sheffield City Region to develop and implement proposals for a devolved approach to the delivery of national business support programmes from April 2017 onwards, subject to the
outcomes of the Spending Review, and in line with the Devolution Deal agreed in December 2014.

46. Government and the Sheffield City Region Combined Authority will agree a joint programme to create the right environment to drive the commercial rollout of ultrafast broadband. Government will also support the SCR Combined Authority to reinvest funds into creative solutions to supplying superfast broadband to the last 5%.

47. Building on the currently agreed Enterprise Zone geography, Sheffield City Region will receive additional Enterprise Zones and/or extension of existing zones, subject to the current bidding round for further Enterprise Zones.

48. The Sheffield City Region LEP has requested additional flexibility on the use of Enhanced Capital Allowances within its Enterprise Zones. The government is open to further discussion on this providing proposals are compliant with State Aid rules and are fiscally neutral.

Fiscal

49. HM Government is committed to working with the Sheffield City Region Combined Authority to achieve Intermediate Body status for ERDF and ESF for the Combined Authority. HM Government will work with Sheffield City Region Combined Authority to test whether it will be possible to implement and if so, HMG and SCR will work together to agree a timetable to put this in place.

50. HM Government agrees to allocate an additional £30m per annum of capital and revenue funding for 30 years, which will form part of and capitalise the Sheffield City Region Combined Authority single pot. This will fund key City Region priorities and will be composed of 60% capital and 40% revenue. The fund will be subject to 5-yearly gateway assessments to confirm the spend has contributed to national growth.

51. HM Government will work with the Sheffield City Region Combined Authority to agree specific funding flexibilities to a Spending Review timetable. The joint ambition will be to give Sheffield City Region Combined Authority a single pot to invest in its economic growth. This pot will comprise a flexible, multi-year settlement providing the freedom to deliver its growth priorities, including the ability to re-direct funding to reflect changing priorities, whilst upholding their statutory duties. This local freedom will be over a range of budgets to be determined by SCR and HMG in the run-up to and beyond the Spending Review, including as requested the Regional Growth Fund or its equivalent successor. HM Government expects to disburse this agreed settlement to the Sheffield City Region annually in advance.

52. The Cities and Local Government Devolution bill currently in parliament will establish the principles which will govern further prudential borrowing for combined authorities. Following Royal Assent, central government will consider how these powers could apply whilst ensuring no fiscal impact.
53. HM Government will pilot a scheme in Sheffield City Region Combined Authority which will enable the area to retain 100% of any additional business rate growth beyond expected forecasts. These pilots will begin in April 2016, subject to further detailed discussions between the Combined Authority and HM Government. HM Government will also discuss wider localisation of business rates with the Sheffield City Region Combined Authority.

**Under this geography:**

54. The Mayor for the Sheffield City Region will be elected by the local government electors for the areas of the constituent councils of the Sheffield City Region Combined Authority. The Mayor and Sheffield City Region Combined Authority will exercise the powers and responsibilities described in this document in relation to its area, i.e. the area of the constituent councils of the Sheffield City Region Combined Authority.

55. Funding that is allocated to the SCR LEP, now and in the future, will continue to be allocated on the basis of the existing overlap formula.

56. Additional funding or budgets that are devolved as a result of this agreement will go to the SCR Combined Authority.

57. The Sheffield City Region Combined Authority must exercise functions in relation to its geographical area. Accordingly, if any of the Combined Authority spend is on activities of projects outside of its area, those activities or projects must in some way relate to the area – for example, be for the benefit of the area; they may also relate to some other area. The Cities and Local Government Devolution Bill, subject to parliamentary approval, can enable combined authorities such as the Sheffield City Region Combined Authority to take on a broader set of functions than economic development, regeneration and transport, dependent on secondary legislation.

58. Under the Mayor model, it is not expected that the role of the LEP or private sector be lessened.

**Sheffield City Region Combined Authority commitments**

59. The Sheffield City Region Combined Authority is accountable to local people for the successful implementation of the Devolution Deal; consequently, HM Government expects Sheffield City Region to monitor and evaluate their Deal in order to demonstrate and report on progress. The Cities and Local Growth Unit will work with the Sheffield City Region to agree a monitoring and evaluation framework that meets local needs and helps to support future learning.

60. Sheffield City Region Combined Authority will work with HM Government to develop a full implementation plan, covering each policy agreed in this Deal, to be completed ahead of implementation. This plan will include the timing and proposed
approach for monitoring and evaluation of each policy and should be approved by the DCLG Accounting Officer.

61. The Sheffield City Region Combined Authority will continue to set out their proposals to HM Government for how local resources and funding will be pooled across the city region.

62. The Sheffield City Region Combined Authority will agree overall borrowing limits with HM Government and have formal agreement to engage on forecasting. Sheffield City Region Combined Authority will also provide information, explanation and assistance to the Office for Budget Responsibility where such information would assist in meeting their duty to produce economic and fiscal forecasts for the UK economy.

63. The Sheffield City Region Combined Authority will agree a process to manage local financial risk relevant to these proposals and will jointly develop written agreements with HM Government on every devolved power or fund to agree accountability between local and national bodies on the basis of the principles set out in this document.

64. The Sheffield City Region Combined Authority will continue to progress programmes of transformation amongst authorities to streamline back office functions and share more services and data, including on assets and property.

65. The Sheffield City Region Combined Authority will continue to adhere to their public sector equality duties, for both existing and newly devolved responsibilities.
Summary
This paper provides a summary of the results from the online consultation which enabled people, businesses and community organisations in Sheffield City Region (SCR) to have their say on the proposed SCR Devolution Agreement.

The survey included a number of open questions about the proposed Agreement, enabling respondents to offer written (ie. free text) comments, questions and thoughts without the limitations of tick box responses. The survey was also designed to be non-linear, ensuring that people could answer the questions that most interested them and ignore the ones that did not.

The online consultation ran from 2nd December 2015 to 15th January 2016 and attracted 245 responses from across SCR.

This report summarises the perspectives of respondents to each question in the survey. Whilst it is not possible to provide a statistically robust quantitative assessment of the results because of the qualitative design, the report offers a sense of how respondents from SCR feel about key elements of the proposed Agreement.

Key trends and perspectives from the responses:
- 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.

Purpose
1. This report provides a summary of the results from the local consultation activity which sought the views of people, groups and businesses in Sheffield City Region (SCR) on the proposed SCR Devolution Agreement.
2. The report is predominantly based on the online survey as the main route for comments and contributions to the discussion but also builds in views from the wider consultation activity under the themes.
Having your say on devolution: background and methodology

Background

3. The proposed Devolution Agreement for Sheffield City Region stated that the policy and funding proposals in the Agreement were subject to the 2015 Spending Review, and to Sheffield City Region “consulting on the proposals and ratification from the local authorities”\(^1\).

4. Following the announcement, SCR developed a programme of consultation to enable local residents, businesses and community organisations across the SCR area to have their say on the proposals.

5. This programme of consultation has generated a range of activities and contributions including from:
   - **Local residents** - large scale online survey for the public, businesses and representative organisations
   - **Business** - engagement with businesses including through the SCR Local Enterprise Partnership (SCRLEP); a Business Insider event with the Chambers of Commerce; and local business advisory panels
   - **Local democratic bodies** – including Overview and Scrutiny Committees; locality assemblies; a dedicated meeting of the SCR Scrutiny Board; and the SCR Combined Authority
   - **Partners and community organisations** – including detailed submissions from community organisations and the University of Sheffield’s Crick Centre ‘Citizens’ Assembly’ project\(^2\)
   - **Direct correspondence** – in some instances, we have also received direct letters and emails from some residents and community organisations, including Sheffield Citizens Advice, Age UK, Cavendish Cancer Care, Sheffield Mencap, and Voluntary Action Sheffield.

Online survey

6. The online survey was the main, large-scale form of consultation on the proposed Devolution Agreement. The survey was launched on the 2\(^{nd}\) December 2015 and ran until the 15\(^{th}\) January 2016.

7. The survey was supported by a dedicated **SCR microsite** which provided respondents with a range of information, explanations, FAQs and videos explaining both the concept of devolution and what the proposed Agreement could mean for SCR. The site also included a link to the full devolution document and testimonials from leading SCR politicians, business leaders and academics.

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\(^2\) University of Sheffield’s Crick Centre (2016) Citizens’ Assembly North, [http://citizensassembly.co.uk/home-page/sheffield/](http://citizensassembly.co.uk/home-page/sheffield/)
8. The survey was widely publicised across the City Region, including activities by all nine local authorities and coverage in the local (eg. local papers), regional (eg. Yorkshire Post; BBC Look North) and national media (eg. BBC News website). The survey link and microsite was also regularly promoted through social media channels by councils, SCR Combined Authority and partner organisations.

9. The main purpose for the survey was to enable people and organisations across SCR to give their unrestricted views on the SCR devolution proposals and not limit people’s responses with structured quantitative questions (ie. tick box). Therefore, the survey was purposefully designed to be:

- **Open-ended** – the survey questions enabled people to give qualitative (ie. written word/free text) answers rather than ticking boxes
- **Non-linear** – which means that people could answer the questions that interested them and ignore the questions that didn’t interest them

10. The survey asked people about their views on devolution proposals for SCR as a whole and therefore it was decided not ask respondents which part of the City Region they lived in. The survey did, however, ask respondents what they thought the impact of the devolution proposals would be on their life and where they lived.

**Who responded?**

11. In total, there were **245 responses** from across Sheffield City Region. As Fig 3 shows, respondents are broadly representative of the working age population of the City Region with some over-representation of people aged 40+. However, very few people aged under 25 responded to the survey.

12. Fig 4 demonstrates that the majority of responses were from local residents (82%) with a further 10% from businesses and 6% on behalf of community and interest groups in the City Region.

13. Respondents were overwhelmingly male with 170 (73%) men responding to the survey compared to 62 (27%) women.

14. Respondents were predominantly (95%) from a White British ethnic heritage and that group were slightly over-represented compared to the 16+ population of SCR. Similarly, respondents from a Black and Minority Ethnic (BME) background were under-represented compared to the local population and indeed, very few people from BME backgrounds actually responded to the survey.

Fig 3: Consultation respondents by age

![Fig 3: Consultation respondents by age](image1)

Fig 4: Consultation respondents by type

![Fig 4: Consultation respondents by type](image2)

Fig 5: Consultation respondents by ethnic heritage

![Fig 5: Consultation respondents by ethnic heritage](image3)
Survey results

15. This section provides an overview of the views offered by respondents in SCR about the proposed Devolution Agreement. As suggested elsewhere, the survey was not designed to produce numerical or quantifiable results but rather to give people, businesses and community organisations the opportunity to comment and have their say on the devolution proposals.

16. Therefore, responses were written in free text and this report aims to provide a summary of the key themes and issues raised by respondents by question based on the key words and comments made. Where possible or appropriate, the report also attempts to offer a perspective as to whether the tone of the responses received to a particular question were positive, negative or mixed. This is not intended to be statistically robust but is a relatively simple way of summarising a large number of written responses.

Do respondents want more information about the Devolution Agreement?

“The Sheffield City Region Devolution website provides lots of information about the powers, resources and implications for local areas of the in-principle devolution deal. Is there anything else you would like to know?”

17. This question enabled people to comment on the information that was provided to respondents on the SCR devolution microsite and areas about which they would like to receive more information.

18. The areas which respondents would like more information on from the 79 responses to the question predominantly relate to four main themes:

- **Accountability and decision making** – respondents clearly would like to understand more about the proposed new democratic arrangements in SCR. In particular, respondents want more information about the democratic process for the proposed directly elected mayor (eg. who can vote?); how decisions will be made under the new structures; the transparency of those decisions; and how the public can get involved and engaged in future decision making.

- **Powers and money available** – respondents clearly know more about what the devolved powers will mean for the City Region and for the specific areas within SCR. This includes more information about the amount of new money SCR will receive; whether there are guarantees to and specific requests for more information about the impact of the Devolution Agreement on specific policy areas (predominantly transport/infrastructure; planning).

- **Geography** – there were specific references to places within SCR with requests for more information about what the proposed Devolution Agreement means for that area; whether there are different arrangements for the non-SCR districts; and implications for the wider local geography (eg. the county councils and Yorkshire).

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3 Population comparison data from Census 2011, ONS.
Transition – there were also comments about process of moving to the proposed mayoral combined authority arrangements, particularly the potential costs of such a move and whether such a move could be reversed.

Perspectives on the concept of devolution to city regions

“Do you have any views on whether local areas like the Sheffield City Region should be given more powers and resources from national government to run local transport systems, create more businesses and generate more jobs?”

19. This question asked respondents about their views on devolution and whether powers should be devolved down to local areas from central government to deliver locally-focused outcomes.

20. Analysis of the responses received show that respondents’ perspectives on devolution are reasonably split with around a third of comments being positive and a fifth being more negative. The main reasons given for these firm perspectives were:

- **Positive** – strong support for the principle of greater local control over decision making, particularly in order to improve transport, public services and bring decision making closer to local voters

- **Negative** – a lower number of responses were strongly negative but the main concerns were about the proposed elected mayor; the geographical scale of the proposed model (preference for Yorkshire) and public engagement and transparency in relation to the proposed Devolution Agreement.

21. In some ways, the summary statistics to this question are unhelpful because they mask the large number of comments made which are generally supportive of the principle of devolution but that support is caveated by a number of concerns about devolution to SCR (hence ‘mixed’ views). These reservations predominantly fall under a small number of common themes:

- **Governance and geography** – concerns about the potential for new layers of ‘bureaucracy’; preference for a wider Yorkshire geography; whether the public and the private sector will be fully involved in decision making; and questions about how much real autonomy SCR will have

- **Local decision making capacity** – concerns about the track record and ability of places in SCR to work together and make the decisions to maximise the benefits for the whole of SCR

- **Government’s motivations** – some respondents questioned whether Government would really devolve power and whether devolution would just lead to more cuts

- **More powers** – suggestions that the proposed agreement could go further, particularly involving more funding.
Reflections on the specific policy themes within the proposed Devolution Agreement

22. The online survey included a section of questions which enabled respondents to offer their views on the specific policy themes contained within the proposed Devolution Agreement for SCR. As the survey was non-linear, people could choose to respond to all these areas or just the ones that interested them.

23. Respondents were encouraged and directed to read the content of the proposed Devolution Agreement and the SCR microsite before answering these questions.

24. The table below (Fig 6) provides a summary of the main comments by policy theme. While responses to each question largely related to the respective policy theme, several common areas were present across all themes which are worth reflecting on and may need to be addressed if the proposed Agreement is finalised. These themes were:

- **Recognition of the opportunity** – across all the policy themes involved, a number of respondents made comments and statements which recognised what the a particular power might bring to the SCR economy
- **Awareness and understanding** – building on the question earlier in the survey, the policy theme questions demonstrate that SCR need to improve awareness and understanding of how any new powers will work; what the ultimate aim/outcome is intended to be; and how decisions will be made to deploy the new power.
- **Local capacity to deliver** – possibly related to the challenges around awareness and understanding, there is a consistent challenge from respondents about whether SCR can manage the proposed new powers in a way that supports the SCR economic strategy and all the districts within SCR.
- **Geography** – as elsewhere, a number of people raise questions relating to geography both in terms of whether all places in SCR will receive the benefits of any devolution arrangement and whether a larger geography (ie. Yorkshire) might be more appropriate.

**Fig 6: policy theme questions – summary of responses**

<table>
<thead>
<tr>
<th>Theme</th>
<th>Summary of responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment, skills and education</td>
<td></td>
</tr>
<tr>
<td>Positive</td>
<td>27%</td>
</tr>
<tr>
<td>Negative</td>
<td>10%</td>
</tr>
<tr>
<td>Mixed</td>
<td>2%</td>
</tr>
<tr>
<td>Blank</td>
<td>61%</td>
</tr>
</tbody>
</table>

- Respondents were largely positive about focusing on skills for employment
- The main concern was around the lack of control over apprenticeships and 16-18 education
- Some concern over whether skills and jobs will be available across the SCR areas or whether the big urban areas will dominate, particularly at the expense of rural areas.
- There is also a feeling that a focus on manufacturing jobs would be beneficial
- Importance of progression through training system (ie. to ensure people continue to develop)
- Some concerns about quality of existing provision in SCR and whether devolved
<table>
<thead>
<tr>
<th>Control will improve this</th>
<th>Transport</th>
</tr>
</thead>
<tbody>
<tr>
<td>A similar proportion of respondents made positive and negative comments in this area, but the majority either made no comments or didn’t indicate a whether they agreed with the current plans or not.</td>
<td></td>
</tr>
<tr>
<td>Improved links with the wider area, including Yorkshire and Trans-Pennine</td>
<td></td>
</tr>
<tr>
<td>Some support for bus franchising and ‘TfL powers’</td>
<td></td>
</tr>
<tr>
<td>A lot of concern for rural public transport and need for public transport to be affordable</td>
<td></td>
</tr>
<tr>
<td>Comments expressing that the HS2 issue in SCR needs to be resolved</td>
<td></td>
</tr>
<tr>
<td>A number of positive comments about the prospect of smart-ticketing</td>
<td></td>
</tr>
<tr>
<td>A feeling that public transport needs to be much more integrated (ie. with other modes of transport in SCR) and with wider planning (housing, infrastructure)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial</th>
</tr>
</thead>
<tbody>
<tr>
<td>As with transport, more than half of respondents were not clear whether they feel positively or negatively about the proposals in this area. Almost a quarter of respondents made negative comments, with only one in ten making comments that were supportive of the proposals.</td>
</tr>
<tr>
<td>Some recognition of the need to be able to invest for the long term</td>
</tr>
<tr>
<td>A consistently emerging theme is scepticism about ability to manage these decisions locally.</td>
</tr>
<tr>
<td>Concern that £30m over 30 years is not enough annually and will not replace the money that has been lost through budget cuts</td>
</tr>
<tr>
<td>Concerns about how the money will be managed and whether all areas will benefit (eg. SY or all SCR districts; urban v rural)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Business growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fewer numbers of respondents provided answers to this question, possibly reflecting that the great majority of respondents were individual residents of SCR who may not use business support services.</td>
</tr>
<tr>
<td>Supportive comments focused predominantly on the opportunity to support smaller businesses in SCR, the attraction more businesses/investment, and closer alignment with national programmes (eg. UKTI).</td>
</tr>
<tr>
<td>There were some contrasting views about the focus for business report, including whether there should or should not be a focus on key locations (eg. M1 corridor; AMRC etc)</td>
</tr>
<tr>
<td>Commonality with other questions about the ability of SCR councils to manage business support effectively.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Housing and planning</th>
</tr>
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<tbody>
<tr>
<td>Of those who made comments, more respondents gave negative views than positive.</td>
</tr>
<tr>
<td>The main area of positivity was around the prospect of better regional planning, particularly linked to plans for wider infrastructure.</td>
</tr>
<tr>
<td>The lack of new social/affordable housing was a common area of challenge from respondents</td>
</tr>
<tr>
<td>Clear concerns about where development occurs. A number of respondents argue for protection of the Green Belt in SCR and the focus should be on brownfield land.</td>
</tr>
</tbody>
</table>

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**Views on the proposed directly elected mayor**

“The Government has made it clear that in return for more powers and resources to be devolved to the Sheffield City Region the Sheffield City Region Combined Authority will have to agree to the creation of directly-elected Mayor who will work in partnership with local politicians and the private sector. What are your views on this?”
25. The development of the directly elected city region mayor model by Government through the most recent Devolution Agreements has generated headlines and therefore increased public awareness. While respondents could choose which questions to answer, only around 10% failed to actually address this question, possibly reflecting the importance of the issue to local people.

26. Respondents are predominantly more negative of the proposal for an elected mayor in SCR than they are elsewhere about devolution or the specific policy themes. Reasons given for concerns about the mayoral model are wide-ranging but areas which attract greatest concern are:

- Concern about the perceived financial cost and an increase in bureaucracy with an additional tier of governance
- Sense that Sheffield voted not to have an elected (city) mayor in the referendum of 2012 and potential confusion with the existing Mayor of Doncaster
- Concern about the executive power that any elected mayor may have over the City Region, with particular reference to the mayoral ‘veto’ over policy decisions
- The threat to the City Region of having a poor quality candidate (and conversely, the importance of getting high calibre candidates). Many people suggested that the mayoral role should not be a party political one
- Concerns about the electoral geography, with some respondents suggesting that the mayor should cover the whole SCR; some fearing the implications for areas in SCR that do not vote for the mayor; and others not wanting to be part of the mayoral geography
- A number of references to the imposition of the mayoral model by Government

27. As suggested by the statistics above, there were positive views expressed about the potential for mayoral leadership in the SCR, with respondents particularly focusing on the potential for a single figurehead for decision-making in SCR as long as the right powers are available.
Benefits of the proposed Devolution Agreement

“What do you think the main benefits of the devolution deal are for you/your area?”

28. Over half of respondents made positive statements about the potential benefits of the proposed Devolution Agreement for them or their local area. Around a third of respondents felt there were unlikely to be any benefits.

29. The main areas that respondents cited as being benefits were:
   - The ability to make faster, locally-focused decisions is seen as positive, with the ability to be more flexible and deliver change more quickly.
   - Stronger local accountability and local influence over decisions to focus resources to the places that need it in SCR
   - Business growth and jobs are seen as potential benefits
   - Improvement to public transport, bus regulation and the introduction of smart-ticketing.

30. The negative comments were either due to scepticism about the whole devolution process or a lack of clarity about what the benefits are, something which needs to be considered if the Devolution Agreement moves forward. Further, this area raised questions about what the benefits will be for places within SCR, particularly the districts in the North Midlands and whether the Devolution Agreement will create confusion over who provides services in the area.

Further devolution to SCR

31. The final questions looked at firstly whether SCR’s Leaders should look to receive more devolved powers from Government and if so, what powers they should seek.
“Do you have any views on whether Sheffield City Region Leaders should try to secure more powers and devolution in the future?”

32. Approximately 40% of respondents felt that SCR should try to secure more powers and devolution in the future; 20% felt they should not. Respondents were notably keen for the current and proposed devolution proposal to bed-in before further powers are devolved to SCR.

33. The majority of the comments against further devolution were either fairly blunt (ie. “no”) this this question in particular led a number of respondents to suggest devolution as part of a wider geography (eg. Greater Yorkshire; English Parliament).

“What further powers and resources to achieve our vision for growth, if any, should be devolved to the City Region?”

34. Where respondents chose to respond to this question, there were a broad range of suggestions for what additional powers SCR may seek from Government. Suggestions included:

- Education
- Under-19s skills ("all skills")
- Housing
- Police and emergency services
- Dedicated investment
- Arts and culture
- Public transport based on the TfL model
- Railways
- Tax setting and tax raising powers
- Air quality / clean air zones
- ‘Manchester model’
- ‘Scottish model’

35. There were a number of additional comments from respondents who commented that additional powers should be devolved but to a Yorkshire or Greater Yorkshire geography.
NORTH MIDLANDS DEVOLUTION AGREEMENT
Version 26

Top copy

Text shown in black is text the Government pushed back on and is prepared to sign up to.

Red text shows those areas which are subject to final negotiation
Pages for signatures.
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<td>Fiscal</td>
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<td>North Midlands Combined Authority commitments</td>
<td>23</td>
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</tbody>
</table>
Overview: North Midlands’ Devolution Deal

This document sets out the terms of an agreement between the government and the leaders of the city, county, district and borough councils of Nottinghamshire and Derbyshire and the Local Enterprise Partnership (LEP) - D2N2. The deal sees the devolution of a range of powers and responsibilities to a new North Midlands Combined Authority (the Combined Authority) which would be led by a new, directly elected Mayor (the Mayor).

Building on the Nottingham City Deal agreed in 2012 and the Growth Deals (agreed in July 2014 and January 2015) this devolution agreement marks the next step in the transfer of resources and powers from the government to the North Midlands paving the way for further devolution over time.

The 19 councils of Nottinghamshire and Derbyshire have made significant progress in a short space of time, collaborating around an ambitious devolution deal and driving forward proposals for a single North Midlands’ Combined Authority over a large and complex geography.

The Mayor will be established as part of the overall governance arrangements, working as chair of the new Combined Authority (subject to parliamentary approval) and as Vice Chair of D2N2LEP. The Mayor and the Combined Authority will be subject to local democratic scrutiny and mayoral elections will take place in 2017. The roles of the Nottinghamshire and Derbyshire Police and Crime Commissioner will be merged with that of the new Mayor, subject to the enactment of the necessary legislation. All local stakeholders will develop a shared business plan to implement these changes.

The deal that has been negotiated provides for the transfer of significant powers for employment and skills, transport, housing, planning, business support and investment from government to the Mayor and the Combined Authority. It will enable the Mayor, working with the Combined Authority, to create an investment fund of up to £x million to support economic development.

Where other or subsequent devolution deals agree powers, functions or funding that were originally proposed for inclusion but that are not included in this deal, then government commits to providing such powers, functions and funding to this area. Further powers may be agreed over time and included in future legislation.

Devolution will deliver new opportunities for the people of the Nottinghamshire and Derbyshire. It will help the Combined Authority to meet the LEP’s Strategic Economic Plan to create 55,000 new jobs and 77,000 new homes. The Combined Authority will create a radical new approach to enhancing employment and skills, with devolved responsibility for adult skills funding and design of the National Work and Health Programme for harder-to-help claimants. The Mayor and North Midlands’ Combined Authority will drive economic growth across the whole region, framed around the four
targeted geographies of city/metro areas, rural communities, former coalfield and industrial areas and market towns.

Table 1: Powers held by the Mayor and The Combined Authority

<table>
<thead>
<tr>
<th>The Mayor will be the Chair of the Combined Authority. Alongside the Combined Authority, the Mayor will provide overall leadership and will be directly accountable to the Nottinghamshire and Derbyshire electorate. They exercise new powers as set out in this deal:</th>
<th>• control over a new housing investment fund; • a devolved transport budget • franchising of bus services • responsibility for a new key route network of strategic roads • the powers and responsibilities of the existing Police and Crime Commissioners • Chair of the new Joint Assets Board; • control over the £Xm a year investment fund.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Combined Authority will be responsible for any existing functions of local government which are exercised concurrently with constituent councils. The Combined Authority will receive additional powers over:</td>
<td>• control of grants to deliver more apprenticeships • an area based review of 16+ skills provision • 19+ adult skills funding from 2018/19 • responsibility for a devolved approach to business support, including further responsibility for UKTI UK exports advice service • design of the National Work and Health Programme • additional powers for certain parts of public service reform.</td>
</tr>
</tbody>
</table>

Need a new para here to fully articulate benefits
Summary of the proposed Devolution Deal agreed by the government and the North Midlands Combined Authority with the support of the Local Enterprise Partnership

To be added when the deal content is agreed
Governance

1. The proposal for a Mayoral Combined Authority (as defined in The Cities and Local Government Devolution Act 2016) is subject to necessary consultation, the final formal consent of the constituent councils and the agreement of ministers. It is also subject to the enactment of the necessary primary legislation and parliamentary approval of the secondary legislation implementing the provisions of this agreement.

2. As part of this agreement, the local authorities of Nottinghamshire and Derbyshire will establish a single Combined Authority across the two county geographies with a Mayor. The area of the Mayoral Combined Authority will be that of the constituent councils of Nottingham and Derby City Councils, Nottinghamshire and Derbyshire County Councils, the seven district and borough councils in Nottinghamshire (Ashfield, Bassetlaw, Broxtowe, Gedling, Mansfield, Newark and Sherwood and Rushcliffe) and the eight district and borough councils in Derbyshire (Amber Valley, Bolsover, Chesterfield, Derbyshire Dales, Erewash, ,High Peak, North East Derbyshire and South Derbyshire.

3. A Mayor will be elected by the local government electors for the areas of the constituent councils of the (to be established) Combined Authority. Subject to the passage of the necessary legislation through parliament, the first election will be held in May 2017.

4. The Combined Authority will comprise one member from each of the constituent authorities and the Mayor. All of the constituent authority leaders will fulfil a leadership role for the Combined Authority.

5. In addition, a representative of the D2N2LEP will be a non-constituent member on the Combined Authority recognising the importance of the private sector in delivering North Midlands’ growth strategies. Similarly, the Peak District National Park will also be a non-constituent member of the Combined Authority.

6. The Mayor will be the Chair of the Combined Authority and will exercise the devolved powers as set out in Table 1. However, the Mayor and the Combined Authority will be required to be scrutinised and held to account by the Overview and Scrutiny Committee. The Mayor will also be required to consult the Combined Authority on his/her strategies. The Combined Authority may reject proposed strategies if two-thirds of the members agree to do so. The Combined Authority will also examine the Mayor’s spending plans and will be able to amend his/her plans if two-thirds of the members agree to do so. The Combined Authority will act as a supporting and advisory function to the Mayor in delivering these responsibilities and the Mayor will, at his/her discretion, be able to delegate these functions to members of the
7. Proposals for decision by the Combined Authority may be put forward by the Mayor or any Combined Authority Member. The mayor will have one vote as will other voting members. Any matters that are to be decided by the Combined Authority are to be decided, by straightforward majority of all members present and voting; unless otherwise specifically delegated through the Combined Authority's Constitution or where it is agreed that specific matters will be reserved for unanimous or constituent member majority voting only. For example, regarding Spatial Vision, this will require unanimous agreement.

8. The Combined Authority will act as a supporting and advisory function to the Mayor and the Mayor will, at his/her discretion, be able to delegate these functions to members of the Combined Authority.

9. To aid more efficient decision making, executive boards will be established with delegate decision making powers from the Combined Authority in respect of non-mayoral functions. Powers may be invested in nominated members sitting on these boards at the Mayor's discretion.

10. Other key stakeholders will be invited to attend relevant meetings of the Combined Authority and its executive boards to enable the provision of expert advice.

11. Any transfer to the Combined Authority or Mayor of existing powers or resources currently held by the constituent authorities must be by agreement of all constituent members.

12. The Mayor will also be a member and vice Chair of the D2N2LEP, alongside the other representative members of the Combined Authority.

13. In the transition period, the Government and the constituent councils will work together to transfer appropriate functions and powers necessary to enable delivery in advance of the North Midlands’ Combined Authority being established.

Skills

14. The government will allow local commissioning of the 19+ Adult Skills budget, starting in academic year 2016/17 and will fully devolve budgets to the Combined Authority from academic year 2018/19 (subject to readiness conditions). These arrangements do not cover apprenticeships.
15. Devolution will proceed in three stages, across the next three academic years:

a. Starting now, the Combined Authority will begin to prepare for local commissioning. It will support development of a series of Delivery Agreements with providers about what should be delivered in return for allocations in the 2016/17 academic year. This will replace the current system of funding by qualifications as providers will receive their total 19+ skills funding as a single block allocation. This new arrangement will allow the Combined Authority to agree with providers the mix and balance of provision that will be delivered in return for the block funding and to define how success will be assessed.

b. For the 2017/18 academic year, and following the Area Based Review, the government will work with the Combined Authority to vary the 19+ block grant allocations made to providers, within an agreed framework.

c. From 2018/19, there will be full devolution of 19+ funding. The Combined Authority will be responsible for allocations to providers and the outcomes to be achieved, consistent with statutory entitlements. Government will not seek to second-guess these decisions, but it will set proportionate requirements about outcome information to be collected in order to allow students to make informed choices. A funding formula for calculating the size of the grant to local combined authorities will need to take into account a range of demographic, educational and labour market factors.

16. The readiness conditions for full devolution are:

a. Parliament has legislated to enable transfer to local authorities of the current statutory duties on the Secretary of State to secure appropriate facilities for further education for adults from this budget and for provision to be free in certain circumstances.

b. Completion of the Area Based Review process leading to a sustainable provider base.

c. After Area Based Reviews are complete, agreed arrangements are in place between central government and the Combined Authority to ensure that devolved funding decisions take account of the need to maintain a sustainable and financially viable 16+ provider base.

d. Clear principles and arrangements have been agreed between central government and the Combined Authority for sharing financial risk and managing failure of 16+ providers, reflecting the balance of devolved and national interest and protecting the taxpayer from unnecessary expenditure and liabilities.

e. Learner protection and minimum standards arrangements are agreed.

f. Funding and provider management arrangements, including securing financial assurance, are agreed in a way that minimises costs and maximises consistency and transparency.
17. Government encourages strong dialogue between the Combined Authority and local employers to ensure that local employment priorities are integral to the provision of careers advice and enable local needs to be met, building on the D2N2 Employability Framework. The Combined Authority will lead a review of careers advice provision available across the area to identify local priorities and gaps in provision. In particular, government will encourage the involvement and collaboration of the Combined Authority in the design of local careers and enterprise provision for all ages, including collaboration on the work of the Careers and Enterprise Company and the National Careers Service.

18. The government commits to an Area Based Review of 16+ education and training across the Combined Authority area. The outcomes of the Area Based Review will be taken forward in line with the principles of the devolved arrangements. The review will be chaired by the Combined Authority and will include all 16+ education and training provision in the initial analysis phase.

19. Recommendations will be focused on general Further Education and sixth form colleges. However, the Regional Schools Commissioner and the relevant local authorities will consider any specific issues arising from the analysis for school sixth form provision.

20. The Combined Authority will work in partnership with employers, colleges and providers to review and update the existing local skills strategy so that it underpins the outcome of the area based review. This will help ensure that 16+ providers are delivering the skills that local employers require. The Combined Authority will then collaborate with colleges and providers, with appropriate support from the Education Funding Agency, to deliver that strategy.

21. Government will facilitate joint Delivery Agreements with providers in areas covered by more than one Area Based Review.

Apprenticeships

22. The Combined Authority will assume responsibility for the Apprenticeship Grant for Employers (AGE). Funding is confirmed until the end of the 2016/17 academic year. The AGE funding must be used alongside mainstream apprenticeship participation funding to incentivise employers to offer apprenticeships, but the Combined Authority is free to vary the criteria associated with the grant (e.g. the size and sector of business) to meet local needs. The Skills Funding Agency will work with the local area to identify an appropriate share.
23. The Combined Authority will collaborate with employers and the government to maximise the opportunity presented by wider apprenticeship reforms.

24. The Combined Authority will work with employers to identify the new apprenticeship standards needed to meet local economic need and to secure skills growth in key sectors.

Employment

25. Government will consult the Combined Authority in the development and design of the new National Work and Health Programme designed to focus on the harder-to-help claimants.

26. The DWP will provide the Combined Authority with an opportunity to share experience from previous schemes supporting harder-to-help claimants and offer their views on the design of the National Work and Health Programme. There will be a particular focus on ensuring the integration of the new programme with local services, in order to ensure that national and local provision works well together, and opportunities for greater integration are identified and levered.

27. The respective roles of DWP and the Combined Authority in co-delivery and management will include:

Joint DWP and Combined Authority
a. DWP to facilitate protocols for data sharing and transparency by tackling some of the obstacles and developing solutions to enable the Combined Authority to develop a strategic needs assessment for the area.
b. Before delivery of the National Work and Health Programme commences, DWP and the Combined Authority will set out an agreement covering the respective roles of each party in the delivery and monitoring of the support. This agreement will include a mechanism by which the Combined Authority can raise and resolve any concerns that arise.

Combined Authority
c. The Combined Authority will set out how it will join up local public services in order to improve outcomes for this group, particularly how it will work with the clinical commissioning groups and the third sector to enable timely health-based support.

DWP
d. DWP will set the high-level performance framework and will ensure the support appropriately reflects labour market issues. The primary
outcomes will be to reduce unemployment and move people into sustained employment.

28. In relation to the National Work and Health Programme, the respective roles for DWP and the Combined Authority will include:

For DWP
a. Setting the contracting arrangements, including contract package areas, but will consider any proposals from the Combined Authority on contract package area geography.
b. Providers will be solely accountable to DWP.

For the Combined Authority
c. Suggesting proposals on contract package area geography.
d. Mechanisms by which the Combined Authority can escalate to DWP any concerns about provider performance/ breaching local agreements

29. Government will commit to working with the Combined Authority to achieve further co-location and local integration of employment services, where appropriate, and within an agreed timescale. DWP will delegate powers, decision making responsibilities and funding to the relevant district managers within the Combined Authority boundary.

Housing and planning

30. Government will work with the Combined Authority to establish and support the operation of a Joint Assets Board. The Board will review all land and property held across the public sector. This will include, but will not be limited to, all relevant government departments and constituent councils and agencies. This will enable identification of surplus land and all suitable brownfield land in suitable locations for housing, regeneration or economic development use.

31. The Mayor will chair the Board and government will work to support the operation of the Board to achieve better co-ordination on asset sales. The Joint Assets Board will include senior government officials and will be used to develop, as far as possible and consistent with government's overall public sector land target, a joint programme of asset retention, development and disposal. The government will also explore with the Combined Authority whether a right of first refusal, for 28 days, on all central government land and assets due for disposal can be developed that accelerates the pace of disposal.

32. Through the Homes and Communities Agency and the One Public Estate Programme, government will work with the Combined Authority to ensure a
focus on the delivery of housing and growth sites within the area, including, where appropriate, direct delivery through the Combined Authority’s own Development Company.

33. Government will give the Combined Authority the power to create democratically controlled Mayoral Development Corporations as envisaged by the Cities and Local Government Devolution Bill. Any new corporation will seek to prioritise economic development and housing on under-developed land within the Combined Authority area.

34. Government will work with the Combined Authority to agree what powers the Mayor may need to co-ordinate the creation of a Spatial Vision which will represent constituent authorities’ Local Plan ambitions. This will set out the overarching vision for strategic growth in the North Midlands, provide the context for infrastructure investment decisions and the use of devolved powers. It will facilitate delivery of local plans, the National Planning Policy Framework according to the specific needs of communities and strategic elements of the duty to co-operate. This provision is not intended to alter the primacy of Local Plan or Housing Market Area agreements where they are in place. Government will also work with the Combined Authority to agree what powers the Mayor will need to publish supplementary documents. The Spatial Vision and any supplementary planning documents will need to be approved by a unanimous vote of the members appointed by the constituent councils to the Combined Authority.

35. Government will work with the Combined Authority and the constituent councils to consider what additional planning powers and responsibilities would support their development ambitions. This will include:

a. Exploring opportunities to pilot measures to streamline plan-making, following the work of the Local Plans expert panel.

b. Examining ideas around how best to tackle the non-take-up of planning permissions.

c. Examining ideas around strengthening and streamlining Compulsory Purchase Order provisions to make it easier for local authorities and partnerships to acquire land for housing growth and economic development.

d. The potential to be involved in the Permission in Principle pilot if government resolves to implement.

36. The Combined Authority and government will agree to explore what role the Mayor has as a statutory consultee in plan-making and decision making for strategically significant planning applications.
In order to deliver increased productivity in housing and thus help Government to achieve its housing targets, the North Midlands will receive a Housing Investment Fund, to be controlled by the Mayor. The Fund will be set up as a financial transaction and funded from within the budgets of existing financial transaction programmes. The total value would be £200 million over 10 years, to be provided by a public sector body to the private sector in the form of recoverable loans and longer-term equity. The funding may be recycled within the private sector before returning it to Her Majesty’s Treasury (HMT), with the Mayor guaranteeing an 80% recovery rate on principal, plus interest earned. The profile of these repayments will be agreed between the Combined Authority and HMT. The Combined Authority will agree an Assurance Statement with the Department for Communities and Local Government (DCLG) and HMT that sets out how they will manage the investments and repayments, including ensuring that investments made will meet the agreed recovery rate. To support this approach and further accelerate housing delivery, the Combined Authority will investigate asset options to provide match funding of up to £200m to invest in the fund alongside central government funding.

Building on the Government’s 10-point plan for rural productivity, government will support the approved LEADER programmes and will work with the Combined Authority to test whether it will be possible to devolve rural growth programmes. The Combined Authority will work towards driving rural growth in the North Midlands, with a particular focus on growing micro businesses. It will share its proposals with Government. The Government will explore with the Combined Authority and Peak District National Park, the options to give the Peak District National Park greater commercial freedom.

### Transport

The Mayor of the Combined Authority will have responsibility for a devolved and consolidated local transport budget and single local transport plan for the Combined Authority area. The Mayor’s single local transport budget will be a multi-year settlement which includes all relevant local highways funding. Appropriate transport functions will be devolved to the Combined Authority, to be exercised by the Mayor.

In establishing the Combined Authority, a new, single policy and delivery body will be created covering the same area in order to determine, manage and deliver the Mayor’s transport plans and the delivery of integrated public transport networks for the region.

Bus regulation and enabling powers will form an important part of the Mayor’s portfolio in order to deliver bus services that reflect economic demands and also that address the key issue of access to employment sites and opportunities across the area. The region will work to progress much stronger,
effective local partnerships with bus operators where this is more appropriate than franchising. Government is currently developing a number of wider policies that will form part of the Buses Bill to be laid before parliament shortly and this will set out a range of new mechanisms and opportunities for local areas to influence bus services, including enhancing the partnership options available. Government will discuss these mechanisms with the Combined Authority as they are finalised. [To ensure that enhanced partnerships work effectively, the administration of bus services operators’ grant for commercial local services will be devolved to the Mayor.]

42 The Mayor will also receive franchising powers for the Combined Authority area, subject to necessary legislation and local consultation. This will be enabled through the Buses Bill which will provide for the necessary functions to be devolved.

43 These powers will support the implementation of proposals for integrated smart ticketing across bus and light rail transport across the whole Combined Authority area. These proposals build on the strong track record in designing and delivering integrated mass public transit networks within the area. These proposals will align with, and support, those being developed at a regional level through Midlands Connect, including proposals for integrating smart ticketing on local transport with local and regional rail services.

44 Government is committed to building the Midlands’ Engine for Growth and, as part of this, is working with Midlands Connect to develop a long term transport strategy for the region. In developing this strategy Midlands Connect will ensure that its proposals take account of those being developed by Transport for the North. The balance of interests across the Midlands area is critical to success and government supports the full engagement of North Midland partners in the creation of a Midlands Connect Strategic Board and supporting officer structures to provide leadership and accountability. Government commits to ensuring the direct involvement of the Department for Transport, HS2 Ltd, Highways England and Network Rail in the arrangements and considers them critical to the successful delivery of a long-term transport strategy for the Midlands.

45 Government will work with Midlands Connect to explore opportunities for greater influence over the region’s rail franchises with the aim of delivering high quality services for the Midlands. The Government and the North Midlands Combined Authority share an ambition to reduce journey times from Nottingham and Derby to London (subject to a short consultation with relevant stakeholders) as part of the existing plans for rail improvements which include:
46 Alongside these planned improvements Government, Midlands Connect and the Combined Authority will explore opportunities for further investment in:
   a. New electric rolling stock for the Midland Mainline for 2023
   b. A new timetable for the next East Midlands Franchise that captures the journey time savings that will occur as a result of line speed improvements and new rolling stock as well as streamlined stopping patterns for fast services to Nottingham and Derby throughout the day.

47 Government remains committed to the development of the HS2 Phase 2 network. Government is investing £1.25 million in a HS2 Growth Strategy for an East Midlands Hub; The D2N2 LEP is contributing further funds to this and a parallel strategy for the proposed maintenance depot at Staveley. Government will work with the D2N2 LEP, Combined Authority and the region’s HS2 Strategic Board as the region develops its comprehensive development plans for the station site and its surrounding area. The Government will make a decision on the remainder of Phase Two route, including the section between Birmingham and Leeds, in autumn 2016. In the meantime the Government continues to support Toton as the best location for the East Midlands Hub.

48 Connectivity of both cities and communities in the north, north west and east of the Combined Authority area to the HS2 Hub will be a key early priority, as will connectivity to key stations on the Western route. Alongside this, the Combined Authority will work through Midlands Connect to develop proposals to maximise the benefits of HS2 to the Midlands as a whole and will work with the Sheffield City Region and Greater Manchester CA on accessibility options for their proposed stations.

49 In consultation with the Combined Authority, government will continue to explore options to give it more control over the planning and delivery of local transport schemes, particularly in relation to HS2. This could include changes to the way that Transport and Works Act Orders are granted if practical proposals for speeding up the process are identified.

50 The North Midlands’ Combined Authority will bring forward proposals for potential inclusion in the North Midlands Parliamentary Order that would enable the Mayor and the Combined Authority to implement Clean Air Zones
in the Combined Authority area. This will help achieve Air Quality Plan objectives at both the national and local level.

51 Alongside this, the Mayor will take responsibility for a new Key Route Network of local authority roads which will be managed and maintained by the Combined Authority on behalf of the Mayor. To support this all relevant local roads maintenance funding will be placed under the control of the Combined Authority, subject to its establishment, until the Mayor takes office, as part of the Mayor’s single local transport settlement. This will support the delivery of a single asset management plan, working towards shared procurement frameworks for road maintenance across the Key Route Network and local authority network in the Combined Authority area.

52 The Combined Authority will bring forward proposals for potential inclusion in the Mayoral Parliamentary Order that would enable the Mayor and Combined authority to effectively manage the Key Route Network, maximise the benefits arising from the existing infrastructure and to promote and support sustainable travel choices.

Business Support, Innovation, Trade and Investment

53 Government will work with the North Midlands’ Combined Authority to support development of its growth hub so that it joins-up and co-ordinates public, private, national and local support to ensure businesses get the help they need to boost their productivity and grow. This will build on D2N2 LEP’s success as a trailblazer for the integration of local and national business support. In practice, this will include agreeing how Government and the Combined Authority works in partnership to help the growth hub to:

- become more sustainable,
- connect small businesses with national services that support exports, innovation, access to finance and skills;
- collaborate on innovative business support evaluation projects which develop robust evidence about what works;
- share best practice widely to deliver better outcomes for the country as a whole.

54 Government will work with the Combined Authority to help businesses in the area have access to the finance they need to grow.
The Combined Authority and the British Business Bank will agree a Memorandum of Understanding setting out how they will work together to support small and medium-sized enterprises in the area. This will help SMEs, particularly start-up and early stage, in the Combined Authority area to access the support and finance they need to grow their businesses. This Memorandum of Understanding will focus in particular on increasing SMEs’ awareness of the finance options that the British Business Bank can offer and encouraging take-up of BBB schemes by intermediaries.

UKTI to continue to work with D2N2 LEP and the Combined Authority delivering Foreign Direct Investment (FDI) into the region. UKTI will work in partnership to achieve a set of joint objectives and will use a quarterly board to track progress. Government will review the location of UKTI’s regional FDI resourcing specifically considering co-location of Partnership Managers, Business Development Managers and Key Account Managers with the Combined Authority or LEP. UKTI will also review the interface between national and international teams and the programmes they deliver, linking this, where possible, with the Midlands Engine initiative.

Government will work to promote, overseas, the Combined Authority area and its businesses through: ensuring North Midlands strengths are promoted in the GREAT Britain campaign; ensuring that the North Midlands’ tourism and educational strengths are also integrated into any overseas campaign; developing a portfolio of investable urban regeneration projects which government will help promote to appropriate international investors through the Regeneration Investment Organisation. Where possible activity will lever the wider Midlands Engine initiative.

Government will ring-fence trade services resource within the Combined Authority area. This will support an export plan jointly agreed between UKTI and the Combined Authority. Ring-fenced resource remains subject to departmental budget changes.

Government will work with the Combined Authority to develop a business case for the creation of a ‘Free Trade Zone’ or ‘Accelerated Trade Zone’ linked to East Midlands Airport. The Combined Authority will present this business case to government in early 2016 for consideration by Ministers. HMRC, as the UK customs authority, is committed to supporting economic growth through the provision of efficient, simple and transparent customs facilitations and procedures to existing and new customers. HMRC commits to extending its existing policy of custom warehousing and other relief’s to any goods that are imported and then manufactured and/or assembled in the Free Trade Zone or the Accelerated Trade Zone before export, subject to the applicants meeting the necessary conditions outlined in the various customs notices.
60 Government will offer to the Combined Authority expert advice and support through prioritising it for Smart Specialisation Advisory Hub workshops, to ensure it is able to effectively engage in the Science and Innovation audit process with local partners. If selected the audit would enable an evidence based approach to deepen the understanding of the North Midlands Combined Authority Science and Innovation strengths, how they relate to the wider ecosystem and provide a new and powerful way to understand and maximise the economic impact from the UK’s research and innovation nationally. Audits will, for example, provide government with part of the evidence investment base on which to make decisions on any further catapults.

61 The government provided the D2N2 LEP with additional flexibilities on the use of Enhanced Capital Allowances for the Infinity Park Enterprise Zone at the Spending Review. The Government is open to discussions on flexibilities for further EZs providing the proposals are compliant with State Aid rules and are fiscally neutral.

Smart Infrastructure

62 The Combined Authority will build on its digital and energy infrastructure and its UK-leading low-carbon sector to put SMART infrastructure at the heart of its devolution deal. The Combined Authority will establish a SMART Commission for the Combined Authority area chaired by the Mayor. Government will engage with the SMART Commission to explore innovative solutions to the challenges of connectivity throughout the Combined Authority area, and ways to improve the energy and digital infrastructure of the North Midlands.

63 The Combined Authority will prioritise further investment in digital infrastructure to ensure delivery of the government’s ambition of every premise having access to broadband speeds in excess of 10Mbps by 2020. In addition, following the conclusion of existing Broadband Delivery UK (BDUK) investment programmes, the Government will continue to work with local partners to extend superfast broadband, to as much of the North Midlands area as possible.

Fiscal

64 The government is committed to working together with the Combined Authority to achieve Intermediate Body status for ERDF and ESF funding which will complement other aspects of the devolution deal. The government will work with the Combined Authority to test whether it will be possible to implement and if so, the government and Combined Authority will work together to agree a timetable to put this in place.
65 The Combined Authority will create a fully devolved funding programme covering all budgets for devolved functions through the North Midlands’ Investment Fund accountable to the Combined Authority.

66 As an initial allocation to the Investment Fund, government will make an allocation of at least £XX million a year for nn years (2016-46) in revenue funding to be controlled by the Mayor. This will, allow the Combined Authority to create an investment fund of at least £Xm, subject to 5-yearly gateway assessments to confirm the investment has contributed to national growth.

67 In addition, the Mayor will be given the power to place a supplement on business rates to fund infrastructure, with the agreement of the local business community through the D2N2 LEP, up to a cap.

68 The Cities and Local Government Devolution Act establishes the principles which govern further prudential borrowing for combined authorities. Further to Royal Assent, government will consider how these powers could apply whilst ensuring no fiscal impact.

Public Service Reform

69 Local agencies and authorities will collaborate on new, innovative and integrated ways of delivering government and council services across the Combined Authority. Reform of public services will be necessary to meet increasing challenges, particularly where demand is increasing and in services which support people with complex needs towards employment and independence. The approach will seek to be at least fiscally neutral, if not positive.

70 In order to achieve these priorities the Combined Authority will develop a plan for public service reform, under the auspices of a Public Service Reform Board. This will build on work already underway and operate on the principle of co-production between the Combined Authority, local partner agencies, D2N2LEP, relevant regional/national bodies and government. Where the Board’s recommendations, as agreed by the Combined Authority, would involve any further devolution from national bodies or exercise of national flexibilities, submissions will be made by the Board to government and these will receive a Ministerial response.

71 The Public Service Reform Board will have a defined scope set out in a Terms of Reference document, which could include, subject to local agreement, (but is not restricted to): health and social care integration, opportunities around collaboration of emergency services, offender management, Child and Adolescent Mental Health Services and Troubled Families, Policing, Street Scene and Community Safety Services (including Licensing and Regulation).
72 Building on the government’s commitment in the Local Growth Deal to the “Rebalancing the Outer Estates” project, and beginning in Nottingham North, the Combined Authority will develop a wide range of new solutions to tackle problems of worklessness, isolation and family breakdown in estates on the edge of cities. The North Midlands Combined Authority commits to further develop the pilot, with a view to exploring whether a similar approach should be taken in other cities, market towns and rural and former coalfield communities within the Combined Authority area. This will mean that successful approaches, and the lessons learned by the Combined Authority, can be translated to other places in the UK.

Policing

73 The roles of the Nottinghamshire and Derbyshire Police and Crime Commissioners will be merged with that of the new Mayor subject to the enactment of the necessary legislation. All local stakeholders will develop a shared business plan to implement these changes.

Under this geography:

74 The Mayor will be elected by the local government electors for the areas of the constituent councils of the Combined Authority. The Mayor and the Combined Authority will exercise the powers and responsibilities described in this document in relation to its area.

75 Funding that is allocated to the D2N2LEP, now and in the future, will continue to be allocated on the basis of the existing overlap formula.

76 Additional funding or budgets that are devolved as a result of this agreement will go to the Combined Authority.

77 The Combined Authority must exercise functions in relation to its geographical area. Accordingly, if any of the Combined Authority spend is on activities or projects outside of its area, those activities or projects must in some way relate to the area – for example, be for the benefit of the area. The Cities and Local Government Devolution Act 2016, enables combined authorities such as the North Midlands Combined Authority to take on a broader set of functions than economic development, regeneration and transport, dependent on secondary legislation.

78 Under the Mayoral Combined Authority model, the role of the private sector will be embedded into the governance and delivery arrangements.
79 The Combined Authority will establish arrangements with neighbouring combined authorities and the overlap authorities to handle overlap issues, particularly in relation to the governance of functions and spending plans.

North Midlands Combined Authority commitments

80 Constituent parties to the North Midlands Combined Authority will undertake robust due diligence on all aspects of the deal. Constituent parties will undertake this work in a timely and efficient manner before formal ratification. The government commits to providing full, ‘open book’ access to all of the information required for due diligence purposes.

81 The government expects the Combined Authority to monitor and evaluate their deal in order to demonstrate and report on progress. The government will work with the Combined Authority to agree a monitoring and evaluation framework that meets local needs and helps to support future learning.

82 The Combined Authority will be required to evaluate the additional £[x]m per annum of funding for [Y] years, which will form part of, and capitalise, the Combined Authority single pot.

83 The government will support the Combined Authority by levering existing monitoring and evaluation frameworks and, where applicable, by providing assistance to ensure consistency and co-ordination of metrics and methodologies with other areas receiving a devolution deal. As part of this commitment, government will work with the Combined Authority to explore options for the co-ordinated application of high quality impact evaluation methods in relation to:
   i) local commissioning of 19+ skills; and
   ii) employment support.

84 The Combined Authority will work with government to develop a full implementation plan, covering each policy agreed in this deal, to be completed ahead of implementation. This plan will include the timing and proposed approach for monitoring and evaluation of each policy and should be approved by the Department for Communities and Local Government Accounting Officer.

85 The Combined Authority will continue to set out its proposals to the government for how local resources and funding will be pooled across the Combined Authority area.

86 The Combined Authority will agree overall borrowing limits with the government and have formal agreement to engage on forecasting. The Combined Authority will also provide information, explanation and assistance to the Office for Budget Responsibility where such information would assist in
meeting their duty to produce economic and fiscal forecasts for the UK economy.

87 The Combined Authority will agree a process to manage local financial risk relevant to these proposals and will jointly develop written agreements with the government on every devolved power or fund to agree accountability between local and national bodies on the basis of the principles set out in this document.

88 The Combined Authority will continue to progress programmes of transformation amongst authorities to streamline back office functions and share more services and data, including on assets and property.

89 The Combined Authority will continue to adhere to their public sector equality duties, for both existing and newly devolved responsibilities.
Get in on the Act
Cities and Local Government Devolution Act 2016
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Cities and Local Government Devolution Act 2016

Background

The Cities and Local Government Devolution Bill was introduced in the House of Commons on 28 May 2015, completed its parliamentary stages on 12 January 2016 and received Royal Assent, thereby becoming law on 28 January 2016.

The Cities and Local Government Devolution Act 2016 (the Act) provides the legal framework for the implementation of devolution deals with combined authorities and other areas. It is an enabling piece of legislation, with further details for different areas to be set out in regulations that will be put before Parliament.

The Act is made up of nine parts as follows:

1. Reports about local devolution
2. Mayoral combined authorities
3. Combined authorities: additional functions
4. Combined authorities: accountability
5. Combined authorities and Economic Prosperity Boards: areas and procedures
6. Combined and local authorities: governance, constitution, and functions
7. Subnational transport bodies
8. National Park authorities
9. Final provisions

This publication aims to provide readers with an introduction to the Act and summarises the main issues on which the Local Government Association (LGA) campaigned.
The role of the LGA and local government in influencing the legislation

We worked with LGA Vice-Presidents, ministers, Members of Parliament, peers and civil servants to influence the Act. During the passage of the Act through Parliament the LGA:

• Worked with peers to introduce section 1, which requires the Secretary of State to make an annual report on devolution in England to both Houses of Parliament. The LGA felt this additional section was needed to increase transparency and accountability of the Secretary of State’s powers.

• Worked with peers to introduce a new clause that would have required all Government Bills to include a statement that they were consistent with the principle of devolving power to the most appropriate level. This was passed by the House of Lords, but the Government moved an amendment in the House of Commons to remove this from the legislation.

• Secured reassurances from the Government that the powers to determine the composition of local governance arrangements and remove functions from local authorities without local consent would only be used in exceptional circumstances and with adequate safeguards to protect the viability of all affected authorities.

• Throughout the LGA’s work on the Bill we continued our long-standing call for fiscal devolution alongside legislative change. We worked with parliamentarians to table amendments for business rates retention and multi-year settlements. While the Bill was still being debated, the Government announced full business rates retention and, in December 2015, the Department for Communities and Local Government announced a multi-year finance settlement for local government.

• The Act also includes changes to the arrangements for forming combined authorities and economic prosperity boards which were consulted on under the previous government. The LGA has consistently made the case for there to be greater flexibility in how councils could come together, and these changes are reflected in the Act.

The key provisions and their implications for local government

Reports about local devolution
Section 1 places a statutory duty on the Secretary of State to provide annual reports to Parliament setting out information about devolution in all areas of England. The report must be published as soon as possible after 31 March each year. The report must include information on the areas of the country where devolution deals have been completed and the areas of the country that have made proposals to the Secretary of State where agreement has yet to be reached. Information on the additional financial resources and public functions that have been devolved through the deals must also be included.

The LGA worked with peers to introduce this section in order to increase transparency and accountability of the Secretary of State’s powers. The annual report will provide an opportunity to hold central government to account on the types of functions being devolved and the types of councils receiving deals. A standing annual announcement in Parliament will help to maintain the momentum for devolution deals now that the Act has passed.

Mayoral combined authorities
Section 2 empowers the Secretary of State to provide by order for there to be an elected mayor of a combined authority area, who would be a member of and chair the combined authority. The Act provides a default term of office of four years for a mayor and default dates on which mayoral elections will take place.
The Secretary of State can make an order following a proposal being made by each county and district council within the area, or by an existing combined authority. An order can also be made without a proposal being made if the appropriate authorities consent, or at least two of the constituent councils and the combined authority consent. In this case, the Secretary of State must change the area of the combined authority by removing non-consenting constituent councils.

**Section 3** requires the mayor of a combined authority to nominate a deputy mayor from the members of the combined authority.

**Section 4** allows an order to be made by the Secretary of State, with the consent of all appropriate authorities, to the effect that any function of a mayoral combined authority is exercisable only by the mayor. The section also amends the Local Democracy, Economic Development and Construction Act 2009 to enable mayors to exercise Police and Crime Commissioner (PCC) functions. The mayor may arrange for the deputy mayor or any other member or officer of the combined authority to exercise a function of the mayor. The section also allows for a mayor to jointly exercise functions with another authority.

**Section 5** allows a mayoral combined authority to set a precept for funding mayoral functions and for the Secretary of State to make provisions for the costs of a mayor to be met by precepts. Where a mayor exercises the functions of a PCC, the precept is required to have one component for the mayor’s general functions and one component for their PCC functions.

**Combined authorities: additional functions**

**Section 6** amends the Local Democracy, Economic Development and Construction Act 2009 to enable combined authorities to exercise functions other than economic development, regeneration and transport.

**Section 7** enables the Secretary of State to make provision for a public authority function in a combined authority’s area to be undertaken by the combined authority. Such an order can only be made if the Secretary of State considers that it is likely to improve the exercise of statutory functions. A report to this effect must be placed before Parliament.

The order can be made if the appropriate authorities put forward a proposal or where an existing combined authority and each constituent council consents. Where an order is made for the first time, it may be made with the consent of at least two constituent councils, together with the combined authority. Where this is the case, the Secretary of State must make an order to remove any non-consenting councils from the area of the combined authority.

The power may be exercised by the combined authority instead of, concurrently with, or jointly with the public authority. Conditions can be specified on the transfer of powers. For example, health powers may be conferred on a combined authority but limited in that they cannot change the NHS Constitution. National regulatory functions cannot be conferred if the area would itself carry out the relevant functions.

**Combined authorities: accountability**

**Section 8** requires all combined authorities to establish one or more overview and scrutiny committee and an audit committee. The Secretary of State may make provision about the overview and scrutiny committee, including the membership, the voting rights of members, the chair, and the publication of reports.

**Section 9** allows for a combined authority to levy for transport or any specified functions with the consent of the constituent councils and the combined authority, where those functions are not exercisable individually by the mayor. Constituent councils may make financial contributions for any function of the combined authority.
Section 10 allows for the General Power of Competence to be conferred on a combined authority, in the same manner as was introduced for principal authorities under the Localism Act 2011.

Combined authorities and Economic Prosperity Boards: areas and procedures

Section 11 removes geographical restrictions for establishing Economic Prosperity Boards (EPBs) that currently prevent authority areas from being non-contiguous or doughnut-shaped. However, in deciding whether to establish EPBs for areas where part of the area is separated from the rest of the EPB, the Secretary of State must have regard to the impact on economic development in neighbouring local authority areas.

Section 12 removes geographical restrictions for establishing combined authorities that currently prevent authority areas from being non-contiguous or doughnut-shaped. In issuing an order for a combined authority of this kind, the Secretary of State must have regard to the impact on economic development in neighbouring local authority areas.

Section 13 amends the process for minor changes to an existing EPB, replacing the requirement to undertake a review and publish a scheme with a requirement to make an application to the Secretary of State.

Section 14 amends the process required in the establishment of or change to a combined authority. Orders to add or remove an area to or from a combined authority require the consent of the relevant council, the combined authority, and, where applicable, the mayor. Where there is more than one relevant council, a proposal to add the area of one of those councils to an existing combined authority requires the consent of only one of the councils.

After consideration the Secretary of State may make an order if it is likely to improve the exercise of statutory functions and each of the councils consent. The Secretary of State must carry out a public consultation unless a scheme has been published and consulted on.

Combined and local authorities: governance, constitution, and functions

Section 15 allows the Secretary of State to make regulations making provisions about local authorities’ governance arrangements, constitution and members, and boundary arrangements. This power could be used in devolution deals with areas where it may not be appropriate for the existing councils to establish a combined authority. For example, where a single county covers a functional economic area and all the constituent councils involved believe that simplifying the local government structures is necessary for strong governance. This may include council mergers, different electoral cycles, or a different number of councillors. These arrangements will expire on 31 March 2019.

The LGA worked with parliamentarians to secure assurances from the Secretary of State that the powers to determine the composition of local governance arrangements and remove functions from local authorities without local consent will be used sparingly and only as a last resort.

Section 16 allows a function of a public authority that is exercisable in relation to a local authority’s area to be made a function of the local authority. The Secretary of State may also confer on a relevant local authority in relation to its area a function corresponding to a function a public authority has in another area.

The power may be exercised by the local authority instead of, concurrently with, or jointly with the public authority. National regulatory functions cannot be conferred.

Section 17 sets out the process for section 16 powers to be conferred. The Secretary of State may make regulations by statutory instrument if the relevant local authority consents and the Secretary of State considers that the regulations are likely to improve the exercise of statutory functions in the area. A report explaining the regulations must be put before both Houses of Parliament.
Section 18 requires that the Secretary of State for Health must continue to fulfil his statutory duties with regard to the operation of the NHS and health services, notwithstanding any transfer of function.

Section 19 amends the National Health Service Act 2006 in connection with the exercise of health service functions of combined or local authorities, making it easier to share information between health and social care services.

Section 20 amends the Local Government Act 2000 to remove the existing moratorium on petitions for changing governance arrangements in areas that have directly elected mayors, where these have been elected following a referendum that had been required under an order made by the Secretary of State under that Act, and agreed by Parliament.

Sub-National Transport Bodies
Section 21 will enable regional groupings of councils to create statutory Sub-National Transport Bodies (STBs) to advise on strategic transport decisions and priorities for the local area. STBs will be able to provide a coordinated view of needs for their area and support more effective economic development. It is expected that as a minimum an STB will produce a strategic transport plan. An STB may also be requested by the Secretary of State for Transport to provide advice to Government, to coordinate transport activities in the STB area and potentially to take on transport responsibilities operated by other authorities in the area.

National Park authorities
Section 22 amends the Environment Act 1995 to provide English National Park authorities (NPAs) with a clear function-specific power of competence, which will assist NPAs to engage in devolution deals. The power largely mirrors that of the General Power of Competence for combined authorities set out in the Localism Act 2011.

Thank you
Throughout the passage of the Act through Parliament we worked closely with our President and Vice-Presidents, as well as other MPs and Peers, briefing them ahead of debates and suggesting amendments. On behalf of local government, we are grateful to all those parliamentarians who supported us and championed the concerns and arguments of local government.

Useful links
For the full text of the Act and the Explanatory Notes, please refer to: www.legislation.gov.uk/ukpga/2016/1/contents/enacted
For the LGA’s briefings at each stage of the Bill, please go to: www.local.gov.uk/legislation
The LGA’s DevoNext hub has background information on what devolution is and why it matters, as well as up-to-date information on the devolution deals and tools to help councils make the case for devolution in their area. www.local.gov.uk/devolution
For more information on the Localism Act and the General Power of Competence, please refer to: http://www.local.gov.uk/localism