



Report to Overview & Scrutiny Management Committee

10th December 2015

Report of: Director of Policy, Performance and Communications

Subject: Overview: Sheffield City Region’s Proposed Devolution Agreement

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Summary:

This paper provides an overview to the proposed Devolution Agreement that Sheffield City Region (SCR) has recently reached with Government.

The paper outlines:

- [Background evidence: cities and metros driving national economies](#) – the important role that cities play in the national and global economies
- [Sheffield City Region: leading the push for more power to places](#) – the strategic underpinning to devolution in SCR and the steps that have been taken by SCR to secure more local control of powers and resources to support local growth
- [Sheffield City Region Proposed Devolution Agreement 2015](#) – an overview of the initial proposals, how the proposed Agreement was negotiated and what is in the proposed Agreement
- [Next Steps: opportunities, challenges and consultation](#) – an outline of the areas in which SCR believe that we should pursue further devolution in the short term and local consultation activity on the proposed agreement

Type of item: the report author should tick the appropriate box

Reviewing of existing policy	
Informing the development of new policy	
Statutory consultation	
Performance / budget monitoring report	
Cabinet request for scrutiny	
Full Council request for scrutiny	
Call-in of Cabinet decision	
Briefing paper for the Scrutiny Committee	X
Other	

The Overview & Scrutiny Management Committee is being asked to consider:

- What are the potential benefits of the deal for Sheffield?
 - What additional powers are required from Government to generate the economic impact we are seeking?
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Category of Report: OPEN

Sheffield City Region Proposed Devolution Agreement

overview and scrutiny management committee

Purpose

1. This paper provides a summary of the recent proposed Devolution Agreement that was reached between Sheffield City Region (SCR) and the Government which will see a number of additional powers and budgets for economic development move from central government control to SCR.
2. The paper is intended to support an Overview and Scrutiny Management Committee discussion on the proposed Devolution Agreement, considering specifically:
 - What are the potential benefits of the deal for Sheffield?
 - What additional powers are required from Government to generate the economic impact we are seeking?

Background evidence: cities and metros driving national economies

3. The world is experiencing a significant period of urbanisation with more and more people living and working in cities and their surrounding metropolitan (metro) areas. Today, around 54% of the world's population live in cities but according to UN population studies, this is expected to reach nearly 70% by 2050¹.
4. The global economy is also becoming increasingly driven by cities, with 62% of global GDP growth over the next decade expected to come from cities², with high concentrations of people and businesses creating new ideas, products, businesses and services, benefitting from the physical closeness of dense urban areas but also the transport and technological connectivity that cities offer.
5. In the UK, cities only account for around 9% of the landmass but are responsible for³:
 - **54%** of businesses
 - **54%** of the population
 - **59%** of jobs
 - **63%** of economic output (Gross Value Added or GVA)
 - **72%** of high skilled jobs
6. For some time and particularly since the economic crash in 2008, it has been argued and increasingly evidenced that the UK economy is too dependent on London and a small number of economic sectors for economic growth and jobs. Of the eight English Core Cities, only Bristol regularly performs at the national average for economic growth. In 2013, the Core Cities estimated that if all eight cities performed at the national average, it would add an extra £1.3bn to the national economy every year⁴.

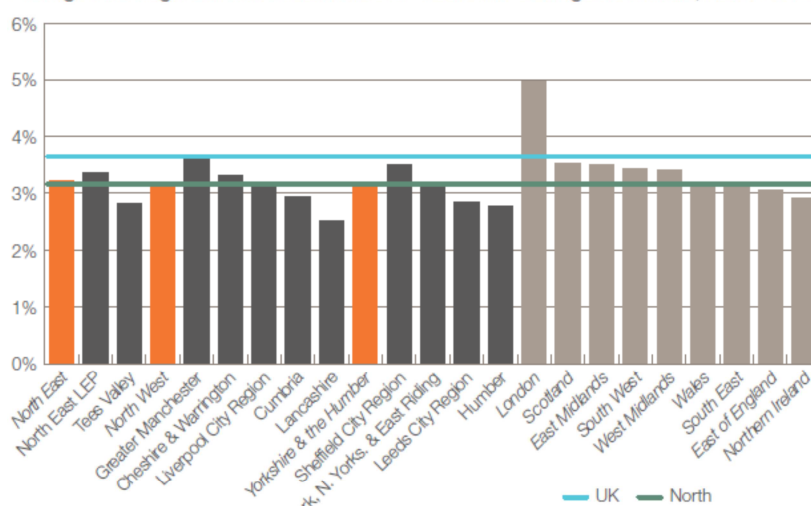
¹ UN (2014) *World Urbanization Prospects 2014 Revision*, <http://esa.un.org/unpd/wup/highlights/wup2014-highlights.pdf>

² RSA City Growth Commission (2014) *Metro Growth: the UK's Economic Opportunity*, <http://www.citygrowthcommission.com/wp-content/uploads/2014/02/Metro-Growth-February-2014.pdf>

³ Centre for Cities (2015) *Cities Outlook 2015*, http://www.centreforcities.org/wp-content/uploads/2015/01/Cities_Outlook_2015.pdf

⁴ Core Cities (2013) *Core Cities Growth Prospectus: Competitive Cities, Prosperous People*, http://www.corecities.com/sites/default/files/images/publications/Competitive%20Cities%2C%20Prosperous%20People_%20Final%20Draft.pdf

Figure 1.1
Average annual growth rate in northern LEP areas and UK regions/nations, 2003–2013



Source: ONS 2014 and 2015a
Note: Here, and in figures 1.2–1.5, x-axis labels in italics denote UK regions/nations; those in roman denote LEP areas. 5

7. It is regularly cited that the UK is the ‘*most centralised country in the OECD*’ due to the economic dominance of the capital city and the centralisation of decision-making in Whitehall. Compared to other major competitor cities in the OECD, UK cities have comparatively less control over decision making and significantly less control over how locally raised money is used: for example, local authorities in England currently only control around 5% of the money from local taxation compared to cities in Canada (10 times more control of local tax revenues); the USA (7.5 times more); and Germany (6 times more). This will change slightly with the proposed full localisation of Business Rates in 2020⁶.
8. Further, leading academic studies have demonstrated that the scale of centralisation in the UK is holding both our local economies and national economy back. Considering the role of cities in both current and future global economic trends, UK cities have comparatively less freedom and capacity to make the most of their specific economic strengths, invest in locally important infrastructure and deliver the locally-tailored training and public services which enable people benefit from stronger local economies. A list of some key evidence sources is available in [Appendix 1](#).
9. Prof. Michael Parkinson has argued that ultimately, countries in which cities have more devolved control tend to perform better economically:

The logic of over investment in the capitals and under investment in second tier cities has been shown to be too strong in too many countries in this study. There are three simple policy messages for governments. The first is for regional and city region leaders. City regions which strategically mobilised and exploited their assets flourished more in the boom years and are more likely to do better in the economic crisis. Increasing strategic governance capacity to deliver economic place-based policies at city region level must be a key target for all partners. The second message is for national governments. If they strategically invest in second tier cities they are more likely to maximise the economic potential of the national economy than if they concentrate all resources in the capital. This means that explicit territorial policies should be concerned with second tier cities. But also the different territorial impact of national policies and resources for example on innovation, research and development, education and skills, transport and connectivity and infrastructure investment on capital and second tier cities should be a crucial concern. Governments’ territorial investment strategies should be made much more explicit in future⁷.
10. Over the last decade, the [Core Cities](#) (including Sheffield) have developed evidence-based arguments for the need to devolve more control to cities in the UK to enable those cities to make decisions on economic policy and strategic investment in order to deliver more local growth and facilitate the creation of local jobs.

⁵ IPPR (2015) *The State of the North: Four Tests for the Northern Powerhouse*, http://www.ippr.org/files/publications/pdf/state-of-the-north-2015_Oct2015.pdf?noredirect=1

⁶ OECD (2011) *Revenue Statistics taxes by level of government*, <http://www.oecd.org/ctp/tax-policy/revenue-statistics-levels-of-government.htm>

⁷ Parkinson, M. et al (2012) *European Second Tier Cities in Austerity: Why Invest Beyond the Capital?*, https://ijmu.ac.uk/EIUA/EIUA_Docs/Second_Tier_Cities.pdf

11. During the last Parliament (2010-15), a number of influential studies looked at the role of cities and the potential impact of devolution to cities in the UK. The most influential was the [City Growth Commission](#) which was co-ordinated by the Royal Society for the encouragement of Arts, Manufactures and Commerce (RSA) and chaired by the former Goldman Sachs economist Jim (*now Lord*) O'Neill. The RSA Growth Commission argued for a 'significant shift' of power from the centre to metro areas in England 'in the design, delivery and decision-making of policy and finance', fiscal powers and a range of 'supply-side' (eg. local skills and training) to 'unleash' the potential of cities⁸.
12. The RSA Growth Commission's findings have been particularly influential on the Government's policy since the 2015 General Election and are reflected in the *Cities and Local Government Devolution Bill* and the Chancellor's 'Northern Powerhouse' agenda.

Sheffield City Region: leading the push for more power to places

13. The proposed Devolution Agreement is the latest advance in Sheffield City Region's (SCR) ambitions to gain local control of the powers necessary to deliver the [Strategic Economic Plan](#) (SEP). The SEP outlined SCR's ambition for 70,000 additional jobs, 6,000 new businesses, higher skilled jobs and increased productivity.
14. Since 2012, SCR have made a series of agreements with Government which has brought some devolution of power and resource to the City Region. An overview of these agreements can be found in the table below.

Agreement	Brief description	Main policy areas
City Deal (2012) (Wave 1)	Deals agreed (initially) with the eight English Core Cities and (in most cases) with their surrounding city region areas. The content of the Deals was led by cities/city regions and negotiated with the relevant departments with the support of the Cabinet Office. Sheffield's City Deal was recognised for first real devolution of a small proportion of the Adult Skills Budget and through the Deal, SCR established a joint funding approach to focus investment at the City Region level on the projects which best deliver growth and jobs. Whilst considered piecemeal, the City Deals are considered to have let the 'genie out of the bottle', initiating small steps towards devolution to major English cities.	Skills Transport Finance Business Support
Growth Deal (2014)	Growth Deals were agreed with all 39 Local Enterprise Partnership (LEP) areas in England, devolving some power and sharing a £2bn funding pot amongst those LEP areas. Sheffield City Region, along with Greater Manchester and Leeds City Region were recognised for agreeing the most far-reaching deals, particularly for the amount of financial flexibility that those three city regions were given over their ability to invest in local infrastructure projects.	Skills Financial investment Transport Business Support
Devolution Deal (2014)	Only three with Greater Manchester, Sheffield City Region and Leeds City Region. Made a significant commitment to fully devolve adult skills to Sheffield City Region in the longer term with additional commitments around transport (eg. smart ticketing) and business support devolution to SCR's Growth Hub.	Skills Business Support Transport Public Assets/Housing

15. To provide joint leadership for Sheffield City Region, a Combined Authority was established in April 2014. Combined Authorities are statutory (ie. legal⁹) bodies which enable partnerships of councils in an economic area (ie. a functioning economic area) to work together on a legal basis, meaning they can exercise certain powers and hold budgets. By being legal bodies, Combined Authorities can have powers, functions transferred

⁸ RSA City Growth Commission (2014) *Unleashing Metro Growth Final Recommendations Of The City Growth Commission*, <http://www.citygrowthcommission.com/wp-content/uploads/2014/10/City-Growth-Commission-Final-Report.pdf>

⁹ Created in the [Local Democracy Economic Development and Construction Act 2009](#)

to them by Central Government or councils (*if those councils involved wish to do so*) and be held to account for using those powers.

16. There are currently five Combined Authorities in England - Greater Manchester; Merseyside; North East; Leeds City Region; and Sheffield City Region. The West Midlands and the Tees Valley have also recently agreed to set up Combined Authorities in the future.
17. Therefore, from a position of relative centralisation, there has been some gradual momentum towards greater devolved power to local areas in the UK. Within this context, Sheffield City Region has been a leading City Region and has been successful in negotiating the devolution of some key powers and resources to support the achievement of ambitions set out in the Strategic Economic Plan.
18. SCR have made it clear that the devolution to date (including the proposed Devolution Agreement) are steps in the right direction but further devolution and targeted investment will be needed to enable the SCR to achieve its economic potential.
19. Further, Sheffield City Council is committed to pursuing further devolution. In the Corporate Plan 2015-18, Sheffield City Council has made it clear that it will pursue further devolution to the city and the City Region where those devolved powers support the delivery of the city's ambitions.

We know what to do to fulfil our potential, but we need more tools to achieve our ambitions. Therefore we will continue to work with Government to devolve powers to Sheffield so we can shape our own future and fulfil the city's huge potential.¹⁰

Sheffield City Region Proposed Devolution Agreement 2015

20. On 2nd October 2015, Sheffield City Region (SCR) agreed a proposed devolution deal which heralds a major transfer of power and long-term funding to the SCR Combined Authority. At the time, SCR was only the second economic area in the UK to secure a deal on this scale, unlocking a range of powers and resource to invest in the economic transformation the SCR needs.

How did we get to the proposed agreement: initial submission

21. Initial conversations with Government about an additional package of devolution to Sheffield City Region started shortly after the General Election in May 2015. This was predominantly driven by a combination of SCR's explicit ambition for more devolved power; the existing Combined Authority governance arrangements; SCR's track record for delivery with the devolved powers accessed since the City Deal; and the new Government's policy agenda around devolution and the 'Northern Powerhouse'.
22. On the 4th September 2015 the Council Leaders of the nine councils in [Sheffield City Region Combined Authority](#) submitted a set of proposals to Government. These proposals were developed by the nine councils together and focused on getting greater control over powers and budgets which help to deliver the aims and objectives as set out in the SCR [Strategic Economic Plan](#).
23. These initial proposals largely focused on:
 - **Transport** – the ability to control the buses in the area and giving SCR one transport budget that covers several years, so that we can fund big transport projects which take time to build (eg. major roads) .
 - **Business growth** – getting the businesses in Sheffield City Region the right support to help them grow and create jobs, and supporting the growth of advanced manufacturing in the area.

¹⁰ Sheffield City Council (2015) *Corporate Plan 2015-18*, <https://www.sheffield.gov.uk/your-city-council/policy--performance/what-we-want-to-achieve/corporate-plan.html>

- **Skills and training** – getting the right skills, training and apprenticeship courses in Sheffield City Region that will get people into good local jobs, and help businesses become bigger and more successful.
- **Housing and land** – building more homes in Sheffield City Region to help people who want to live and work in the area find a good home that meets their needs
- **Funding/finance** – guaranteed long-term funding for Sheffield City Region, so that we can invest in the things that will make a real difference both in the coming years and for future generations
- **Accountability to local people** – making bodies and agencies that national government control more accountable to Sheffield City Region’s elected politicians (eg. Highways England, Network Rail).

24. In line with the SEP (and Sheffield’s Corporate Plan), we asked for power over the areas above because we often find is that we can’t make the decisions that the people and businesses in Sheffield City Region want us to make because those decisions are the responsibility of nationally elected politicians rather than locally elected ones.

How did we get to the proposed agreement: negotiations

25. Following the submission of the initial proposals, a series of meetings took place at both political and officer levels between SCR and Government (HM Treasury) to work towards areas of agreement. The negotiations took place at three levels:

- **Political** – negotiations between the political leaders on the Combined Authority and senior Government Ministers, most commonly with [Lord O’Neill](#) (Commercial Secretary to the Treasury). Delegations of Leaders from SCR met in London with Treasury Ministers and reported back to full meetings of the Combined Authority throughout the negotiations.
- **Senior executives** – Chief Executives from SCR councils developing working with senior Treasury officials on the proposed devolution agreement, supporting the political leadership
- **Senior officers** – officers from SCR council working with Whitehall officials on specific areas of policy (eg. skills and training policy experts from SCR working with skills and training experts from Whitehall to push for devolution of skills powers and budgets).

26. The conversations continued up until the announcement of the proposed agreement on the 2nd October 2015.

What is in the proposed devolution agreement?

27. The proposed devolution agreement focuses solely on issues and policy areas linked to Sheffield City Region’s economic growth ambitions, building on both the priorities in SCR’s Strategic Economic Plan and on the previous devolution agreements made with Government.

28. The published Agreement is ‘*proposed*’ as it is subject to consultation with local residents and businesses in SCR and the ratification by the nine local authorities’ Full Councils. The proposed Agreement will also be subject to the [Cities and Local Government Devolution Bill](#) achieving Royal Assent along with the as-yet unpublished Buses Bill (a *short summary of which is available on p100 of the 2015 Queen’s Speech [here](#)*). If the proposed Agreement is taken forward, Government will need to submit a specific Order for SCR’s devolution agreement for Parliamentary approval.

29. The full proposed Devolution Agreement is available on the Government’s website and can be downloaded at the following link:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/466616/Sheffield_devolution_deal_October_2015_with_signatures.pdf

30. The table below provides a brief overview of the content of the deal by policy area.

Policy theme	What is in the proposed Devolution Agreement?	What does this mean?
Finance / fiscal	<ul style="list-style-type: none"> • An investment fund worth £30m a year guaranteed for 30 years to SCR (ie. worth £900m over the 30 years) • New funding flexibilities to create a 'single pot' to invest in growth (ie. one budget) • Ability to retain 100% of the growth in Business Rates across council areas in the SCR from April 2016 	<p>The elected leaders of Sheffield City Region will control over the money available to invest in the local economy. Most of the things our economy needs – better transport, business growth, better housing and training – need funding committed to them for long periods to deliver results. Most of this money is currently controlled by central government and often hasn't been guaranteed for the long-term and is not always spent on the things that matter most to places in Sheffield City Region.</p> <p>As part of the Devolution Deal, the elected leaders of Sheffield City Region's Combined Authority will have control of a £30 million per year fund from Government committed for the next 30 years totalling £900 million of guaranteed funding. We can use it to invest in the big projects and developments that take time to build or need money committing for a long period of time.</p> <p>We will also keep the money raised from any growth in Business Rates over the coming years. This means that when businesses grow or new businesses come into Sheffield City Region, the money they pay in Business Rates will be spent on local services, more growth and more jobs in Sheffield City Region rather than going straight back to central government.</p> <p>Other Government money given to Sheffield City Region (eg. for transport or housing) will be given to us in one budget so that we're not told how to spend it by the different Government departments. We will also have greater control over the money Sheffield City Region gets from the European Union. This means we can invest the money we get from Government and the EU in the things that matter most to our local economy.</p>
Skills 19+	Full devolution of the Adult Skills Budget to Sheffield City Region	<p>Sheffield City Region will fully control the money for all adult skills and training. This money is currently controlled by Government through the Department for Business, Innovation and Skills and the Skills Funding Agency based on national skills policies.</p> <p>This means that training for people aged over 19 in Sheffield City Region will be co-ordinated in Sheffield City Region based on the particular needs of our people that live and work here and the needs of local businesses. People in Sheffield City Region will be able to access the type of training they need to get jobs, further their careers and increase their incomes. Businesses will have access to the training programmes and people with the skills they need to grow their business and create more jobs.</p>
Skills 16-18	SCR will chair the 'Area-based Review' of post-16 education in line with the ambitions of the City Region.	As part of the proposed agreement, Sheffield City Region will also work with Government and local colleges to improve local education, skills and training for 16-18 year olds so that the skills and training available in SCR meets the needs of the local economy and local businesses. SCR will also improve local careers advice so that it better reflects the education, training and job opportunities available here..
Transport	<ul style="list-style-type: none"> • One multi-year strategic transport budget for SCR • Power to re-regulate local bus service • Smart ticketing between different modes of transport 	<p>Transport is vital for local economies – it connects people to their jobs and to public services; it enables businesses to move and export their goods and services; and it connects economies to other economies (for example, Sheffield City Region to Leeds City Region or to London).</p> <p>Sheffield City Region will have more power and control of money to create a better transport system for the area, connecting up the places in the City Region. This includes a transport budget which is 'multi-year'; this means the funding will cover several years and allow</p>

	across the north	<p>us to spend it on big projects (such as roads or tram extensions) which take time to build.</p> <p>We will also be able to '<i>franchise</i>' local bus services. At the moment, the bus services in places outside of London are 'deregulated' which means private companies run local bus services and locally elected politicians have very little power to influence where buses run to and from. '<i>Franchising</i>' means that the proposed elected mayor would be responsible for setting out the bus services that best meet the needs of local people and the economy. Bus companies would then provide services to meet the plan set out by the elected mayor. This will also include a London 'oyster card' style smart ticket which will mean that people will be able to use the same ticket between different buses, trams and trains</p>
Employment	<ul style="list-style-type: none"> Decide how employment support for those people in SCR who need the most support to get back into work with the Department for Work and Pensions (DWP) This will involve finding the right solutions for individuals from public services in SCR This will also involve 'co-commissioning' of the next version of the Work Programme with DWP A dedicated pilot approach to support people who are 'hardest to help' get back into work. 	<p>When people are out of work, it is vital that they get the right support to get them back into employment. Many people who find themselves out of work get back into jobs quickly with support from Jobcentre Plus. Other people need more support which might mean re-training but it also might mean support with health problems which may be preventing them from working.</p> <p>At the moment, employment support services are designed nationally by Government. The proposal means that Sheffield City Region will design local employment support with Government so that it meets the needs of people in Sheffield City Region.</p> <p>This will make sure that individuals get the right health, education and training support to get back into work.</p>
Housing and planning	<ul style="list-style-type: none"> Creating a spatial framework for the City Region Strategic planning powers for the Mayor including the ability to set up Mayoral Development Corporations Further discussions with Government on a Housing Investment Fund for SCR A Joint Assets Board for the City Region to better co-ordinate the sale of public buildings and land to create opportunities for housing and business growth 	<p>The councils and businesses in Sheffield City Region will work together to create a single spatial plan for the City Region's area. This means we will have a single approach across the city region to planning where we need things like new transport links, new housing and how we create places for businesses to grow and invest. Some of this will include co-ordinating the Local Plans of councils in Sheffield City Region.</p> <p>This approach will give us a clear plan for the spatial growth of the City Region but also act as a prospectus of businesses upon which they can make decisions to grow, invest and create new jobs. It will not reduce or remove the planning powers of individual local councils.</p> <p>We will also work with Government on creating a 'Housing Investment Fund' for Sheffield City Region. This will be a single fund so that we can work with house builders to build thousands more homes across the Sheffield City Region. By supporting big and small developers, this means we will be able to tackle some of the problems in Sheffield City Region which limit the amount of new housing that is built, including affordable housing.</p>
Business growth; trade and investment; innovation	<ul style="list-style-type: none"> Devolved business support services (building on previous deals) Dedicated support from UKTI on trade and investment to support SCR businesses to 	<p>Local economies all have different strengths and unique areas of expertise. We know that Sheffield City Region has real strengths in advanced manufacturing, engineering and logistics. These are not just important to the local economy, they are important to the national economy too.</p> <p>New and existing businesses need support and advice that is tailored</p>

	<p>export</p> <ul style="list-style-type: none"> • Working with Government on the rollout of ultrafast broadband in SCR • Expert advice to support the development of the Advanced Manufacturing Innovation District • Work with Government to establish the National Institute for Infrastructure in Doncaster. 	<p>to their needs, helping them to grow, export the goods they produce, and create new higher skilled jobs. We are setting up business support tailored to our local economy's needs and this section of the proposed Agreement means that we will have dedicated support for Sheffield City Region's economy from Government's trade and investment services, to put Sheffield City Region's businesses on the map around the world.</p> <p>The proposal supports the real areas of economic strength in Sheffield City Region, giving national recognition to the developing Advanced Manufacturing Innovation District in Sheffield/Rotherham and a National Institute for Infrastructure in Doncaster, both of which will bring economic growth and more jobs.</p> <p>We will also work with Government to make ultrafast broadband more available in Sheffield City Region as part of the proposed agreement</p>
<p>Governance</p>	<ul style="list-style-type: none"> • An elected city region mayor for the economic geography. The proposed elected mayor will predominantly be responsible for transport and strategic planning. • A stronger Combined Authority model with the majority of the new devolved powers being the responsibility of the Combined Authority together 	<p>The nine councils in Sheffield City Region have been working together for a long time and, in 2014, set up a Combined Authority for the City Region. The Combined Authority is made up of the nine elected leaders of the councils in Sheffield City Region. The Combined Authority is a legal body which means Government can devolve powers and money to it.</p> <p>Government have said that if Sheffield City Region is to have more power for the economic area, voters in Sheffield City Region need to be able to hold someone to account for those new powers. Government's preferred way of getting this direct accountability to voters in England's big economic areas is through the election of City Region Mayors.</p> <p>This is different to the local council Mayors in places like Bristol, Liverpool and Doncaster. In those places, the elected mayor has similar powers and responsibilities to a council leader, overseeing council services for one place. City Region Mayors will be responsible for things that are important to local economies but cut across council boundaries – things like bus services or the training and jobs market.</p> <p>Sheffield City Region's proposed Devolution Agreement includes a proposal for a directly elected City Region Mayor for the economic area. The proposed Mayor will be responsible for the City Region's transport budget, for the bus network and spatial planning for the City Region.</p> <p>The Combined Authority will be responsible for all the other powers in the proposed Devolution Agreement and the Mayor will be one member of the Combined Authority. The Combined Authority will be able to amend or where necessary, veto the City Region Mayor's plans, strategies and budgets.</p> <p>If the proposed Devolution Agreement is agreed, it is likely that the first election for a Sheffield City Region Mayor will take place in 2017. It will be the residents of South Yorkshire (Doncaster, Sheffield, Rotherham and Barnsley) who get to vote for the Mayor. This is quite simply because the other the five district councils that are within the counties of Derbyshire and Nottinghamshire are not currently able to be full constituent members of the Combined Authority and so their residents will not take part in the Mayoral elections.</p>

Next steps: opportunities, challenges and consultation

31. SCR has always made clear that this proposed agreement is the 'next step' towards more comprehensive devolution to the City Region so that the people and businesses of the area can have a greater say over the issues which matter to SCR's economy, jobs and transport systems.
32. The Combined Authority and Sheffield City Council are committed to pursuing further the devolution of powers where those powers will support the delivery of our local priorities.
33. Within the proposed Devolution Agreement, there are a number of 'hooks' which are opportunities for further discussions with Government in the short term. These are:
 - **Housing and planning** – future development of a single Housing Investment Fund with Government
 - **Transport** – continued push on HS2 and Transport for the North ('HS3') to maximise the positive economic impact on Sheffield and City Region
 - **Innovation** – maximising the opportunity of support from HMT on Science and Innovation Audits and Smart Specialisation
 - **Business Rates** – building on the 100% localisation of growth and working with Government to shape how the full localisation of Business Rates could work for SCR from 2020¹¹.
34. Further, it is recognised that there are a number of challenges which Sheffield and SCR are keen pursue further with Government. These include:
 - **Geography** – at present, the only the voters of South Yorkshire council areas in SCR will be able to vote in the proposed Mayoral election. This is because the district councils from Nottinghamshire and Derbyshire are 'two-tier' councils and part of county councils who are currently *non-constituent* members of SCR. We are clear that the full SCR area is not only our *preferred geography, it is the City Region's functioning economic geography* and we will continue to push for changes to enable those districts in the East Midlands to join the SCR Combined Authority as full constituent members *if they should wish to do so*.
 - **Governance arrangements** – we are keen to further develop the proposed governance arrangements in the Agreement, particularly in relation to the role of the City Region Mayor in any majority votes at the Combined Authority level. As it stands, the Government have set out that the mayor would essentially have veto over decisions at the Combined Authority. We would like to see this removed in favour of a "*Manchester model*" where the mayor's powers are more proportionate and two thirds of local council leaders can override the mayor. We believe that this is important to protect the City Region from a position where all power is placed in the hands of one individual and avoid the situation whereby nothing can happen in the City Region without the support of the mayor.
 - **16-18 vocational skills** – this is a policy area on which we are keen to go much further and have a vision for a single, coherent pathway in SCR for vocational skills and training to enable young people to get the right training needed for local job opportunities. We have not managed to secure this through our devolution agreements with Government to date but have made some initial steps in the proposed Agreement. We therefore will continue to make the case to establish a coherent post-16 skills and training system in SCR.
 - **Housing** – housing remains a largely centralised policy area that has huge implications for the local economy and local communities. We are keen to pursue further devolution.
35. In addition to the above areas for further work with Government, councils in SCR will launch a public consultation to enable people and businesses from across the area the opportunity to have their say on the proposed Agreement. The consultation will be based around an online questionnaire which is predominantly

¹¹ Osborne, G. (2015) *Chancellor unveils 'devolution revolution'*, <https://www.gov.uk/government/news/chancellor-unveils-devolution-revolution>

made up of open questions, enabling people to give views, comments and ask questions about the proposed Agreement.

36. The consultation will be supported by a website with access to all the necessary information about the proposed Agreement with clear FAQs. The consultation period will run from early December 2015 until the mid-January 2016.
37. This will be followed by discussion and debate at each SCR council's Full Council meeting. It is currently scheduled for Sheffield's Full Council on 3rd February 2016.

Appendix 1: additional evidence sources

CLG (2006) *State of the English Cities*,

<http://webarchive.nationalarchives.gov.uk/20060731065549/http://communities.gov.uk/index.asp?id=1163940>

CLG Select Committee (2014) *Devolution in England: the case for local government*

<http://www.publications.parliament.uk/pa/cm201415/cmselect/cmcomloc/503/503.pdf>

Core Cities (2013) *Competitive Cities, Prosperous People: A Core Cities Prospectus for Growth*

http://www.corecities.com/sites/default/files/images/publications/Competitive%20Cities,%20Prosperous%20People_%20Final%20Draft.pdf

Core Cities (2015) *Unlocking the Power of Place*

http://www.corecities.com/sites/default/files/images/publications/84819%20Core%20Cities%20CSR%20Prospectus_aw_v4%20final%20to%20print.pdf

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