



## Report to Overview and Scrutiny Management Committee 22 February 2018

**Report of:** Chief Executive

**Subject:** Devolution to Sheffield City Region

**Author of Report:** James Henderson, Director of Policy, Performance and Communications  
[james.henderson@sheffield.gov.uk](mailto:james.henderson@sheffield.gov.uk)  
 0114 2053126

### Summary:

This report updates Overview and Scrutiny Management Committee on the current state of play with respect to the Sheffield City Region Devolution Agreement. It also provides a comparison of the local situation with that in the other city regions that agreed a devolution deal at or around the same time as Sheffield City Region. Finally, it seeks to set out for the committee the agreed next steps for the first half of 2018 up to the date of the mayoral election in May.

**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	
Community Assembly request for scrutiny	
Call-in of Cabinet decision	
Briefing paper for the Scrutiny Committee	X
Other	

### The Scrutiny Committee is being asked to:

The Overview and Scrutiny Management Committee is asked to note the contents of this report and comment upon it.

**Background Papers:**

- Sheffield City Region Devolution Agreement (October 2015)
- “Sheffield City Region’s Proposed Devolution Agreement” - Report to Overview and Scrutiny Management Committee (December 2015)
- Barnsley, Doncaster, Rotherham and Sheffield Combined Authority (Mayoral Election) Order 2016
- Barnsley, Doncaster, Rotherham and Sheffield Combined Authority (Mayoral Election) (Amendment) Order 2017
- Sheffield City Region Governance Review 2016
- “Devolution and Consultation” – Report to Sheffield City Region Combined Authority (September 2016)
- Judgement in Derbyshire CC v Barnsley, Doncaster, Rotherham and Sheffield Combined Authority - [2016] EWHC 3355 (Admin)
- “Devolution Update” – Report to Sheffield City Region Combined Authority (18 September 2017) and subsequent minutes
- Letter from Rt Hon Sajid Javid MP to Yorkshire Leaders (19 September 2017)
- Letter from Rt Hon Sajid Javid MP to South Yorkshire Leaders (19 December 2017)
- Letter from Cllr Julie Dore to Rt Hon Sajid Javid MP (21 December 2017)

**Category of Report:** OPEN

## Report of the Chief Executive

### Devolution to Sheffield City Region – update to Overview and Scrutiny Management Committee

22 February 2018

#### 1. Purpose

- 1.1 This report updates Overview and Scrutiny Management Committee on the current state of play with respect to the Sheffield City Region Devolution Agreement.
- 1.2 It also provides a comparison of the local situation with that in the other city regions that agreed a devolution deal at or around the same time as Sheffield City Region.
- 1.3 Finally, it seeks to set out for the committee the agreed next steps for the first half of 2018 up to the date of the mayoral election in May.

#### 2. Background

- 2.1 As set out in the report to the Overview and Scrutiny Management Committee of 10 December 2015, the Government has agreed a devolution deal with the Leaders of the nine authorities that comprise Sheffield City Region<sup>1</sup>.
- 2.2 The full [Devolution Agreement](#) is available online, and the main provisions were described in the report to OSMC in December 2015. In summary, the deal envisaged transferring a range of powers in areas such as transport, housing, skills, and infrastructure, along with a £900m (£30m/year for 30 years) 'gainshare' pot to Sheffield City Region, in return for the authorities agreeing to the election of a so-called 'metro mayor'. A metro mayor, established as part of the Cities and Local Government Devolution Act 2017, is a directly elected mayor of a Combined Authority, who is responsible for chairing the CA. He or she would have a range of powers<sup>2</sup> and funding at their disposal based on the content of the deal agreed.
- 2.3 All four constituent authorities gave their formal consent to the in-principle deal at that point. Further support for the deal was provided by the five non-constituent authorities. This paved the way for formal ratification of the deal, which included two key stages:

---

<sup>1</sup> Sheffield City Council, Rotherham MBC, Barnsley MBC, Doncaster MBC, Bassetlaw DC, Bolsover DC, Chesterfield BC, North East Derbyshire DC, and Derbyshire Dales DC

<sup>2</sup> Some powers are exercisable solely by the mayor, others by the mayor with the support of a majority of the Combined Authority, and others exercisable only with the unanimous support of the Combined Authority

- Approval of an order to establish the Mayoral Combined Authority (MCA), and set the date of the first mayoral election for May 2017
  - Approval of a separate order to provide the mayor (and MCA) with the powers and funding agreed in the deal
- 2.4 At that time, Chesterfield Borough Council and Bassetlaw District Council announced their intention to seek full membership of the Sheffield City Region Combined Authority, using new provisions contained within the Cities and Local Government Devolution Act 2016. This would have meant that they would have been able to share the full benefits of the deal, and as constituent authorities, their electors would also have been included in the franchise for the first mayoral election, which was scheduled to take place in May 2017.
- 2.5 In order to fix the date of the election and, in full expectation that Bassetlaw and Chesterfield would become constituent authorities in advance of the election, the four South Yorkshire authorities consented to the first of the two orders referred to in paragraph 2.3 above ('the election order'). This legally transformed the existing Combined Authority into a Mayoral Combined Authority to come into effect following the election of the mayor.
- 2.4 To admit Chesterfield and Bassetlaw as full constituent authorities required a 'governance review' to be undertaken. Required by the Local Democracy, Economic Development and Construction Act 2009, a governance review seeks to demonstrate that extending the area of a Combined Authority "would be likely to improve the exercise of statutory functions in relation to an area of a combined authority or a proposed area of a combined authority"<sup>3</sup>. Accordingly, a 'scheme' document was prepared that would pave the way for modification of the Combined Authority's constitution, and which would form the basis of the powers order
- 2.5 Both the governance review and the new powers and funding contained within the devolution agreement would require formal public consultation. The Secretary of State would rely on this consultation in coming to a view about whether or not to admit Bassetlaw and Chesterfield as full constituent members of the Mayoral Combined Authority.
- 2.6 Because the provisions contained within the deal were a core part of the rationale for Bassetlaw and Chesterfield seeking full membership of the Combined Authority, it made sense to consult on the two issues of an expanded geography and the new powers/funding simultaneously. Accordingly, it was determined by the Combined Authority that the best course of action would be to undertake a combined consultation on the

---

<sup>3</sup> Section 112 of the Local Democracy, Economic Development and Construction Act 2009, as modified by the Cities and Local Government Devolution Act 2016

powers and funding contained in the devolution agreement and the 'scheme' document (see para 2.4)

- 2.7 This consultation was carried out in the summer of 2016. Full details of the methodology used and the responses received are available in the [relevant report](#) to the Combined Authority on 12 September 2016.
- 2.8 The consultation was notable for the position adopted by Derbyshire (and, to a lesser extent Nottinghamshire) County Councils, who voiced opposition to the idea of Chesterfield and Bassetlaw joining the SCR Combined Authority as constituent members. During the consultation they advocated a position of not supporting the draft scheme and, they launched a judicial review of the consultation process, with a view to halting the submission of the scheme to the Secretary of State. The full Judicial Review hearing was held on 9 and 10 December 2016, with the judgement made on 21 December 2016. Although largely complementary about the process adopted by Sheffield City Region, the judge found that aspects of the consultation were not sufficiently thorough for the Secretary of State to rely on when making a decision as to whether to extend the geography of the Combined Authority to include Bassetlaw and Chesterfield.
- 2.9 By this point, it was decided that there was inadequate time to re-run the consultation in time for the scheduled mayoral election in May 2017. Bassetlaw and Chesterfield remained committed at that time to becoming full constituent members of the Combined Authority, and therefore, with no powers order in place, it was agreed with officials at the then Department for Communities and Local Government that an order would be drawn up amending the date of the mayoral election to May 2018. This was formally consented to by the four South Yorkshire authorities during the early part of 2017, and agreed by Parliament on 16 March 2017, pending a re-run of the consultation during 2017.
- 2.10 Following the county council elections in May 2017 and the change in control in both Nottinghamshire and Derbyshire, it became clear at that time Chesterfield and Bassetlaw would not pursue constituent status of the Mayoral Combined Authority, although both authorities indicated their continuing wish to participate as fully as possible in Sheffield City Region, including maintaining their non-constituent status.
- 2.11 This left the position that a mayoral election covering South Yorkshire was scheduled to take place in May 2018, but that there was, as yet, no powers

order in place. This would have meant that following their election, the mayor would have had very limited<sup>4</sup> formal powers to act.

- 2.12 Barnsley and Doncaster councils voted against beginning consultation on the powers order at the Sheffield City Region Combined Authority meeting of 18 September 2017, with Sheffield and Rotherham voting in favour. Because the motion was tied (and therefore was not carried), consultation has not yet begun on the powers order, and cannot do so until the Combined Authority agrees to proceed.

### **3. The national picture**

- 3.1 A number of other parts of the country have now agreed devolution deals with Government. Although the precise terms of these deals differ, they all have a similar basis of a range of economic powers and funding being devolved to a Combined Authority in return for agreeing a mayoral governance model. With the exception of the North East and the Sheffield City Region, all of these deals are now being implemented, having been consulted on and a powers order passed by Government, and mayoral elections held in May 2017 (see 3.3 below).

- 3.2 Uniquely, Greater Manchester has also negotiated a range of non-economic powers through additional devolution deals, including around public health and health and social care, as well as taking on a range of functions that are exercised in Greater London by the Mayor of London. The Mayor of Greater Manchester is also the Police and Crime Commissioner for the area. Sheffield City Region Combined Authority has stated publicly that it has no interest in undertaking any non-economic functions, as it believes these are best delivered at individual local authority level.

- 3.3 Elections to the new mayoral combined authorities took place in May 2017 with the following individuals elected as mayor:

Greater Manchester:	Andy Burnham (Lab)
West Midlands:	Andy Street (Con)
Liverpool City Region:	Steve Rotheram (Lab)
Tees Valley:	Ben Houchen (Con)
West of England:	Tim Bowles (Con)
Cambridgeshire and Peterborough:	James Palmer (Con)

---

<sup>4</sup> The mayor's powers will be limited to chairing the Combined Authority, and some statutory powers in relation to bus franchising

- 3.4 Since being elected, all six mayors have been successful in securing additional resources for their areas, notably through the November 2017 Budget, which included the following announcements:
- Half of the £1.7bn Transforming Cities Fund will be shared by the six mayoral combined authorities while the other half will be allocated on a competitive basis. Per capita investments in mayoral CAs are: £74 million for Cambridgeshire and Peterborough; £243 million for Greater Manchester; £134 million for Liverpool City Region; £80 million for West of England; £250 million for West Midlands; and £59 million for Tees Valley.
  - The preparation of a Local Industrial Strategy for Greater Manchester
  - A second devolution agreement for the West Midlands
  - Preparation of second devolution agreements for Tees Valley and Liverpool City Region
  - A £12million fund for mayoral combined authorities to assist with mayoral capacity and resources
- 3.5 As it stands, and until such time as the powers order is agreed, South Yorkshire will not benefit from any similar arrangements.
- 3.6 Also as part of the November 2017 Budget, it was announced that a new 'North of Tyne' Mayoral Combined Authority will be established comprising the local government areas of Newcastle upon Tyne, North Tyneside and Northumberland, with an accompanying devolution agreement. This replaced the previous devolution deal that had been agreed with the wider North East Combined Authority, and which collapsed at the consultation stage.

#### **4. South Yorkshire Devolution - current situation**

- 4.1 The Government have been clear both in writing and in Parliament that the South Yorkshire mayoral election will take place in May 2018. As yet there remains no powers order in place and cannot be until a majority of Combined Authority members agree to begin consultation. Even if the Combined Authority were to agree to commence consultation, there is a further requirement that each constituent authority individually gives its consent to the finalised powers order before it can be laid before Parliament for approval. Therefore there is a risk that the mayor, once elected, will not be able to access the powers and funding agreed in the 2015 devolution agreement.
- 4.2 The focus over recent months has been on finding a compromise position that will unlock the devolution agreement for South Yorkshire, whilst providing a route for Doncaster and Barnsley to explore other options.

- 4.3 In December 2017, the Secretary of State for Communities and Local Government wrote to the four South Yorkshire Leaders, outlining a potential way forward. In summary, this consisted of:
- Government agreeing to begin negotiations on a 'One Yorkshire' geography to include all 16 of the non-South Yorkshire Councils, with Barnsley and Doncaster able to participate fully in these discussions, with a view to a One Yorkshire agreement being in place for a mayoral election in 2020.
  - Government agreeing that Doncaster and Barnsley would be able to join any such One Yorkshire agreement at the end of the first South Yorkshire mayoral term
  - In return, all four authorities would agree to begin consultation on the powers order immediately following the election, and subsequently provide their consent to the finalised order
  - The newly elected mayor providing an undertaking to consent to Doncaster and/or Barnsley leaving the South Yorkshire MCA in 2022, and similar consent being provided by all of the other remaining councils
- 4.4 This compromise, whilst cautiously welcomed by Sheffield and Rotherham, has been rejected by Barnsley and Doncaster councils. Work now continues to try to find an alternative solution with Government.
- 4.5 In the meantime, preparations are in hand for the South Yorkshire mayoral election to take place on 3 May 2018, with good joint working across the four electoral services teams in South Yorkshire, under the direction of the Combined Authority Returning Officer, Dave Smith.
- 5. Alternative options**
- 5.1 There is no option at this stage to delay or cancel the South Yorkshire mayoral election scheduled for May 2018.
- 5.2 Were the consultation on the powers order not to go ahead either before or after the election, then the mayor, when elected, would not have access to the funding or powers agreed as part of the devolution agreement.
- 6. Recommendations**
- 6.1 The Overview and Scrutiny Management Committee is asked to note the contents of this report and comment upon it.