

Committee:	Extraordinary Executive	Agenda Item No.:	3.
Date:	21 <sup>st</sup> March 2013	Status	Open
Category	Within the functions of Executive		
Subject:	Sheffield City Region Local Enterprise Partnership Governance Review		
Report by:	Economic Development and Investment Manager		
Other Officers Involved	Chief Executive Officer Solicitor to the Council and Monitoring Officer Leader to the Council		
Director	Director of Development		
Relevant Portfolio Holder	Councillor A. F. Tomlinson, Portfolio Holder for Regeneration		

#### **RELEVANT CORPORATE AIMS**

**REGENERATION** – Developing healthy, prosperous and sustainable communities by attracting new business investment, encouraging business growth and creating new employment opportunities.

- Enterprise Zone for advanced manufacturing and technology to attract inward investment to grow the City Region economy through a range of incentives including business rate relief and enhanced capital allowances.
- Regional Growth Fund (RGF) Round 3 funding to unlock business investment leading to sustainable, private sector growth.
- Growing Places Fund (GPF) to support transport and housing projects that deliver economic growth and create employment, locally Markham Vale has been supported (£1.5m SCR, £2.5m D2N2).

**SOCIAL INCLUSION** – Promoting fairness, equality and lifelong learning providing the opportunity for inclusion of all individuals in employment and training opportunities

- City Region Deal secured devolved funding packages for local skills to create new apprenticeships and up-skilling existing employees

**TARGETS** – Not Applicable

**VALUE FOR MONEY** - Establishment costs relating to the SCR Authority shall be apportioned between the nine local authorities on a per capita basis. The SCR Authority will agree an annual budget for the purpose of this expenditure. The cost of apportionment shall be met from the existing cash contributions to the core costs of the SCR LEP.

## **THE REPORT**

The governance review echoes the intentions of the SCR Leaders, including the Leaders' Group Meeting on 4<sup>th</sup> September, where it was agreed to legitimise the SCR governance joint decision making with the requisite legislative safeguards. SCR Leaders recognise that forming a SCR Authority will:

- Enable the devolution of *powers and funding* to SCR partners *now and in the future*;
- Align decision making in relation to *strategic* economic development and transport policy;
- Establish a robust and accountable *leadership* structure recognised by Government.

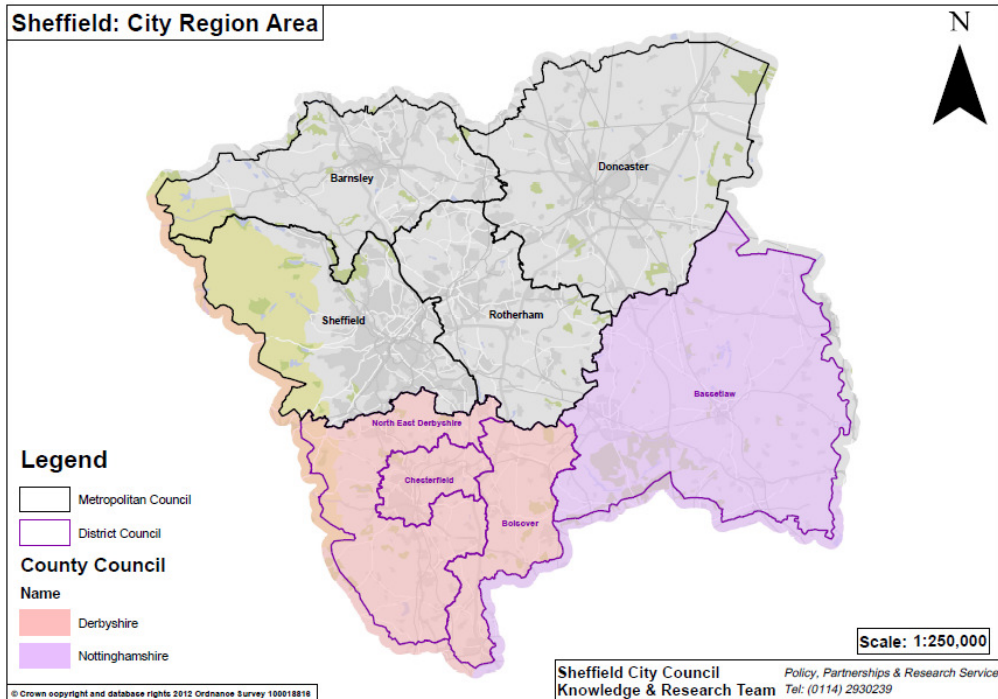
### **1.0 Background Information**

1.1 The Council has played an active role within the Sheffield City Region (SCR) for a number of years. The collaboration was formalised through the SCR Forum and, most recently, has taken the form of the Sheffield City Region Local Enterprise Partnership (SCR LEP) and SCR Leaders Group. In April 2011 approval was given for Bolsover to join the SCR as a Board member of the newly formed Local Enterprise Partnership (LEP). Led by local authorities and businesses across functional economic areas LEPs provide the vision, knowledge and strategic leadership, to drive sustainable private sector growth and job creation.

1.2 The SCR LEP comprises nine local authorities:

- Barnsley Metropolitan Borough Council
- Doncaster Metropolitan Borough Council
- Rotherham Metropolitan Borough Council
- Sheffield City Council
- Bassetlaw District Council
- Bolsover District Council
- Chesterfield Borough Council
- North East Derbyshire District Council
- Derbyshire Dales District Council.

The collaboration reflects the functional scale of the economic geography of the region, as shown in figure 1- below.



**Figure 1**

- 1.3 The significant benefits already secured through SCR collaboration, include:
- Enterprise Zone for advanced manufacturing and technology to attract inward investment to grow the City Region economy through a range of incentives including business rate relief and enhanced capital allowances.
  - City Region Deal secured devolved funding packages for transformative local skills funding model to address skills gaps in key growth sectors. The Deal will lever £44.4m of local public and private sector investment in return for £27.8m of devolved funding from Central Government, to create 4,300 new apprenticeships and 2,000 additional qualifications in key sectors. SCR will also receive new financial powers as part of the Deal to strengthen the City Region's economic self-reliance, through a SCR Investment Fund (SCRIF). These packages will provide flexible financial tools to invest in growth, develop infrastructure, create jobs and stimulate inward investment. It is predicated on the SCR formalising its governance. The City Region Deal is predicated on the SCR formalising its governance.
  - Regional Growth Fund (RGF) Round 3 investing £25m investment will unlock over £100 million of direct business investment, leading to sustainable, private sector growth in the City Region.
  - Growing Places Fund (GPF) £18.5m has been allocated to SCR authorities for immediate short-term investment aimed at supporting transport and housing projects that deliver economic growth and create employment in the City Region, locally Markham Vale has been supported (£1.5m SCR, £2.5m D2N2).

- Start up Loans for Young People pilot to provide small loans to 18 - 24 years old in the process of establishing a business, or have a business in its initial phase. The City Region has secured £500k for up to 200 loans an average of £2,500; however the final amount will be determined by the business plan.
- 1.4 Whilst increased coordination and collaboration has undoubtedly led to tangible benefits for all partners, the SCR governance structure is subject to increased local and national scrutiny. There is a general consensus that the SCR is beginning to outgrow its existing governance structures and arrangements, which have been based on informal, voluntary partnerships without independent legal status.
- 1.5 In accordance with Department of Communities and Local Government statutory guidance it was agreed at the SCR Leaders' Group on 9<sup>th</sup> May and the SCR LEP Board on the 10<sup>th</sup> May 2012 that the SCR should undertake a Governance Review (under s.108 of the Local Democracy, Economic Development and Construction Act (2009) and the Transport Act (2008)).
- 1.6 At the SCR Governance Review (Workshop 1) on 20<sup>th</sup> July 2012 the SCR Leaders recognised that the time is right to take SCR governance from informal collaboration for joint decision making to a legislative structure.
- 1.7 The purpose of this Governance Review has been to:
  - Evaluate the effectiveness and efficiency of existing governance arrangements for economic development, regeneration and transport across the SCR;
  - Consider the options available for making changes to these governance structures and arrangements – such as leaving existing governance unchanged, strengthening or restructuring existing governance arrangements, establishing an Economic Prosperity Board (EPB), and establishing a Combined Authority;
  - Recommend which option is likely to be most beneficial to the SCR.

## **2.0 SCR Governance Review Process**

- 2.1 The SCR Governance Review has been undertaken in conjunction with Government, to address structural arrangements that will be robust and fit for purpose to deliver the SCR's medium to long-term ambitions.
- 2.2 The SCR Governance Review has been prepared following an extensive period of consultation and concludes that establishing a SCR Combined Authority would improve the exercise of statutory functions in relation to economic development, regeneration and transport leading to an enhancement of the economic conditions, performance and SCR growth. The Governance Review includes a 'Scheme for the Combined Authority' this details the proposed area, membership, voting rights, executive arrangements, functions and funding, refer Appendix A. The Scheme will be submitted to the Secretary of State, together with

evidence that that all authorities whose area is included in the Scheme have consented. A draft order is produced by the Secretary of State for consultation followed by an Order being laid in Parliament for approval of both Houses by affirmative resolution. Once approved it becomes law.

### **3.0 What is a Combined Authority?**

- 3.1 A Combined Authority (CA) is a lean, streamlined body that allows the SCR to draw down powers from central government, in line with the freedoms and flexibilities under the Localism Act 2011, devolving decision making and funding for primary functions of transport and economic development. The CA combines two statutory bodies – an *Integrated Transport Authority* and an *Economic Prosperity Board*, to create a sub-regional body responsible for both integrated transport and sustainable economic development/regeneration for the SCR.
- 3.2 In respect of the delegation of economic development and regeneration powers these can be any powers that a local authority has that are to be used to promote economic development and regeneration. The delegation can either be such that only the CA can exercise the function or such that the local authority can also still exercise the function (i.e. the function is shared). As economic development and regeneration is a wide sphere functions this could include a wide range of functions, for example business support, inward investment, business grants, skills and training, strategy preparation and economic assessment duty. There is deliberately no definition of what functions can be delegated as it is a decision for the local area to determine based on the area's needs.
- 3.3 The perceived major benefit of a CA is that improvements can be made through joint decision making and close collaboration at a level that and covers a functional economic market, illustrated by for example the travel to work areas.
- 3.4 The time scale to make the necessary modifications to existing arrangements is 9-15 months, to achieve formation by April 2014. It should however be noted that the combined element of the new structure should not be seen as a merger of local authorities or two tier administration.

### **4.0 SCR Local Enterprise Partnership**

- 4.1 The SCR LEP is a strong partnership between the public and private sector, with an active role in local economic development, inward investment and skills. The LEP's vision is for the City Region to make a greater contribution to the UK economy by reducing dependency of the local economy on the public sector employment and procurement, and creating the right conditions for businesses to grow. It is intended that the LEP becomes a lead advisory body to the SCR Combined

Authority, including providing leadership of particular projects and workstreams.

## **ISSUES/OPTIONS FOR CONSIDERATION**

The Combined Authority for Sheffield City Region will provide a strong, accountable governance model central to the delivery of the City Region Deal. It will enable the City Region to develop a strong relationship with Government based on mutual trust, shared ambition for economic growth and local accountability. The set of agreed principles underpin the establishment of the Sheffield City Region Combined Authority, known as the Sheffield City Region Authority:

- The SCR Authority will remain a lean, streamlined, and focussed decision making body established to secure greater powers and funding from Government.
- No powers will be ceded to the SCR Authority; powers shall be *shared* with the SCR Authority.
- **The SCR Authority should be sustainable and flexible** to reflect new ways of working in the future for example adapt to accommodate the County Councils).
- The SCR Authority will only comprise elected members although private sector members may act in an advisory capacity to the board, and support with specific workstreams.
- The SCR Authority will only be engaged in *strategic* Economic Development and Transport. This means functions at SCR-level relating to economic policy and strategy, skills, inward investment, investment decisions (Investment Fund) and decisions for other shared economic assets (Enterprise Zone).
- The SCR Authority will reflect the full geography of the SCR within the constraints of current legislation.
- Support for membership of the Sheffield City Region Authority will strengthen the strategic partnership arrangements and clearly demonstrate continued commitment to the work of the SCR LEP, and to the economic and employment growth in the City Region.

## **IMPLICATIONS**

**Financial:** The SCR Authority, as a levying body under Section 74 of the Local Government Finance Act 1988, shall have the power to issue a levy to its representative authorities (Barnsley, Doncaster, Rotherham and Sheffield) in respect of the expenses and liabilities attributable to transport. The amount to be raised by the levy shall be apportioned between the representative authorities on a per capita basis.

The costs of the SCR Authority relating to economic development and regeneration (and any start up costs) shall be apportioned between the nine local authorities on a per capita basis. The SCR Authority will agree an annual budget for the purpose of this expenditure. **The cost of apportionment shall be met from the existing cash contributions to the core costs of the SCR LEP.**

**Legal:** Local Democracy, Economic Development and Construction Act (2009) and Transport Act (2008), Section 74 of the Local Government Finance Act 1988 is the power relied upon for forming the Combined Authority,

**Human Resources:** None

## **RECOMMENDATIONS**

- 1) In accordance with the provisions of the Local Democracy, Economic Development and Construction Act 2009 and the Local Transport Act 2008 (as detailed in the 'Scheme'), members formally agree to the Council becoming a member and sharing powers as a member of the Sheffield City Region Authority.
- 2) The Leader of the Council writes to confirm commitment to membership of the Sheffield City Region Authority.

## **REASON FOR DECISION TO BE GIVEN IN ACCORDANCE WITH THE CONSTITUTION**

Support for membership of the Sheffield City Region Authority will strengthen the strategic partnership arrangements and clearly demonstrate continued commitment to the work of the SCR LEP, and to the economic and employment growth in the City Region

**ATTACHMENTS:** Y- Scheme for Establishment of a SCR Combined Authority.

**FILE REFERENCE:**

**SOURCE DOCUMENT:** Draft statutory guidance:  
<http://www.communities.gov.uk/documents/regeneration/pdf/1457197.pdf>