

# Sheffield City Region Agreement on Devolution



HM Government

**Sheffield**  
**City Region**

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**Cllr Sir Stephen Houghton CBE**

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**Cllr Eion Watts**

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**Cllr Paul Lakin**

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**Cllr Graham Baxter MBE**

Leader, North East Derbyshire District  
Council

**Mayor Ros Jones**

Mayor of Doncaster

## **Sheffield City Region Agreement on Devolution**

This document sets out the terms of an 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 Local Enterprise Partnership. Building on the City Deal, agreed in 2012, and the Growth Deal, agreed in July 2014, this Devolution Deal marks another step in the transfer of resources and powers from central Government to the Sheffield City Region.

This agreement will enable Sheffield City Region to accelerate the delivery of its Strategic Economic Plan and to strengthen its position as a centre for advanced manufacturing and engineering.

### **Summary of the deal**

#### **Skills**

Sheffield City Region will work with Government to deliver an integrated skills and training system across the local area, driven by the needs of the economy and led by the private sector, giving local businesses the skilled labour they need to grow.

- Sheffield City Region will have devolved responsibilities in relation to adult skills funding and provision. The LEP and Combined Authority will form a joint venture partnership with the Skills Funding Agency, which will be responsible for re-commissioning provision so that a new, forward looking system is in place by 2017. This arrangement will cover:
  - The Adult Skills Budget (other than participation funding for apprenticeships and traineeships)
  - The Apprenticeship Grant for Employers (AGE)
- Through an enhanced version of its existing Skills Bank, Sheffield City Region will play a central role in enabling businesses, especially SMEs, to take up and invest in apprenticeships. Working within Government's reform agenda for apprenticeships in which funding will be routed directly to employers, the Deal will enable businesses to either liaise with the SCR Skills Bank or directly with Government
- Sheffield City Region will work in partnership with the National Careers Service on the 'Inspiration' agenda to coordinate employer-education activity more effectively, building on the existing Enterprise Advisors pilot.

#### **Employment**

The Department for Work and Pensions (DWP) will continue to work closely with Sheffield City Region to ensure their work joins up with the local skills and training offer.

- DWP will consult with Sheffield City Region about the possibility of joint commissioning for the next phase of the Work Programme beginning in 2017
- DWP will enter into discussions with Sheffield City Region over a public sector reform pilot from 2015 bringing together JCP, SCR local authorities and other bodies to improve outcomes for ESA claimants.

## **Business support**

Sheffield City Region will get a more flexible and responsive business support system, in which the LEP has more power to meet the needs of local businesses.

- Sheffield City Region will align national and local business support through the LEP's Growth Hub, so that businesses get a joined up service which meets their needs. The Government will work with SCR to develop a devolved approach to the delivery of business support from 2017 onwards, subject to the outcome of future spending reviews
- UKTI will become principle partner with Sheffield City Region's Export Centre of Expertise and work closely with the LEP to encourage more businesses to export
- Government and Sheffield City Region will work towards a solution that will allow the Yorkshire JEREMIE to continue on an interim basis.

## **Transport**

Sheffield City Region will be supported in playing a key role in developing transport to meet the needs of a growing economy.

- Government will explore options to give Sheffield City Region more control over the delivery of local transport schemes, particularly in preparation for HS2
- Government will work with Network Rail to ensure that the appropriate infrastructure works are undertaken to support introduction of the Tram Train service utilising Sheffield's new vehicles on delivery
- Sheffield City Region will enjoy improved liaison with Highways Agency and Network Rail, ensuring that investment decisions are properly informed of local economic priorities.

## **Housing**

Sheffield City Region will work with Government to increase house building and maximise the economic returns from public sector land assets.

- The local authorities within Sheffield City Region will form a Joint Assets Board with the Homes and Communities Agency to influence asset disposals in a way that supports the local economy.

## **Future devolution**

Through this Deal Government and Sheffield City Region will embark on a new relationship. This first phase of this is underpinned by the skills, business support, transport and housing initiatives set out in this document. Future phases will involve Government and Sheffield City Region continuing to work together on transferring further resources, powers and policy levers to local level, whilst also strengthening the City Region's governance and capacity to deliver.

As part of this, Sheffield City Region will consider different options for improving local governance and accountability. In response to any further agreements on local governance, Government will consider what further powers and funding could be devolved to Sheffield

City Region over time, potentially including greater control over the levers of local growth and public services, as well as fiscal powers, such as a payment by results mechanism. Any further agreements will be subject to further discussions at local and national level.

## 1. Skills

Sheffield City Region will work with Government to deliver an integrated skills and training system across the local area, driven by the needs of the economy and led by the private sector, giving local businesses the skilled labour they need to grow.

This Deal builds on the Sheffield City Region City Deal 'Skills Made Easy' programme (£23.8m of skills funding over 3 years, signed in 2012), and recent Growth Deal (£21.7m of skills funding over 6 years to support a 'Skills Bank', beginning in 2015/2016) to establish a joint venture partnership of SCR and BIS, SFA and DWP. This will have devolved responsibilities for the Adult Skills Budget and Apprenticeship Grant for Employers. In addition, the Partnership will secure closer alignment of their Adult Community Learning Budget to local priorities. The SCR will secure its future labour supply focusing on STEM subjects and high quality careers guidance.

### **Sheffield City Region and central Government agree to:**

Establish a Joint Venture Partnership between SCR, SFA and DWP which will start operating from January 2015:

- It will re-shape and re-structure the Further Education (FE) provision within Sheffield City Region so that a new, forward looking FE system is in place by 2017. This means ensuring that the system is financially resilient; that governing bodies of institutions should enjoy the confidence of the SCR business community; and that there should be specialisation of provision to meet SCR needs and ensure pockets of excellence across the City Region in key areas
- It will develop proposals for how funding from within the BIS Adult Skills Budget (ASB) (other than participation funding for apprenticeships and traineeships) works across the City Region. This could include, for example, examining how local variations in funding practices might be used to manage the risk associated with provision which either has significantly higher start up or ongoing costs, or where there is a demand risk quality
- In addition, the Partnership will secure closer alignment of their Adult Community Learning Budget to local priorities
- Within the partnership, SCR will provide leadership in establishing the pre-eminence of the employer voice in shaping systems and provision and in setting local priorities for skills and employment and the strategies that would deliver these. Government will not expect to question judgments about local priorities made by SCR and business leaders, but does have a responsibility for ensuring that spending outcomes are consistent with statutory duties to support learners' entitlements
- The Combined Authority would exercise management functions in support of the LEP in implementing SCR's skills and employment strategies, represent the democratic mandate of local leaders and provide accountability in terms of performance, finance and statutory obligations
- The partnership will start work in January 2015 and run throughout the 2015 Spending Review period so that it can start to deliver a revised offer from 2017. (It will also engage with DFE/EFA as a key funder of the system).

Pilot the use of the Skills Bank as the mechanism for facilitating apprenticeship brokerage activities for SMEs from April 2015:

- Building on the Sheffield City Region 'Skills Made Easy' programme and Skills Bank, the City Region will have responsibilities over apprenticeship brokerage activities targeted at SMEs
- To improve incentives in the skills market immediately, the SCR will assume responsibility for the Apprenticeship Grant for Employers (AGE) which will enable the Combined Authority to vary the level of financial support available to different types of learner, sizes of business and subject areas in apprenticeships. The total size of the AGE grant is £85 million across England and it pays £1,500 per qualifying apprentice. Government will work with SCR to calculate an appropriate share of this budget to be devolved, and this funding will be under full SCR control from 2015. This devolution of the AGE reflects the key role that local authorities and business leaders can play in identifying the businesses with potential to take up apprenticeships for the first time, and in aggregating local demand for apprentices especially among small businesses
- AGE grant will both allow SCR to incentivise and flex skills programmes as well as bolstering local brokerage and business development infrastructure that has been so successful in realising latent employer demand for training
- The Skills Bank will be fully integrated with existing national resources to drive up apprenticeships in the local area
- The Skills Bank will lead on delivering skills deals for local businesses, including apprenticeships, and working within Government's employer led reform agenda.

Give Sheffield City Region greater influence over the provision of careers advice for younger people in the local area by:

- Building on the existing local Enterprise Adviser Pilot, Sheffield City Region will work jointly with the National Careers Service on the 'Inspiration' agenda to coordinate employer-education activity more effectively, and to give young people in schools a comprehensive understanding of the world of work and the different jobs and pathways that are available to them. SCR will work to increase the number of employers in the City Region that are actively engaged with education
- The Government commits to working with SCR and to facilitate the involvement of sector leaders in the planned SCR Skills Challenge. Under this, SCR will agree with a small number of leading edge schools and colleges in the City Region that they will work with employers and undertake systems-wide leadership that drives up attainment in STEM subjects and English, that develops a distinctive technical curriculum based on the Technical Awards at 14-16 and achievement of Tech Levels and the Technical Baccalaureate post-16
- Ofsted agrees to an annual dialogue with the LEP that will inform its schedule of institutional and thematic inspections in the City Region through knowledge of the local context.

**As a result of this Deal, Sheffield City Region will commit to:**

- Growing the levels of employer co-investment and leadership in skills

- Raising the skills levels of the existing workforce and those entering the labour market, including young people
- Reducing levels of unemployment, particularly amongst the hardest to help and the pressure on the public purse associated with this
- Improving the attainment and job-readiness of the workforce of the future;
- Aligning local resources and programmes
- Developing inclusive partnership arrangements with the business community, HE, FE, private sector training and employment partners and trades unions.



## **2. Employment**

The Department for Work and Pensions (DWP) will continue to work closely with Sheffield City Region to ensure their work joins up with the local skills and training offer.

### **Give Sheffield City Region more tools to help people into employment**

- DWP will consult with Sheffield City Region about the possibility of joint commissioning for the next phase of the Work Programme beginning in 2017
- DWP will enter into discussions with Sheffield City Region over a public sector reform pilot from 2015 bringing together JCP, SCR local authorities and other bodies to improve outcomes for ESA claimants.

### **As a result of this Deal, Sheffield City Region will commit to:**

- Reducing levels of unemployment, particularly amongst the hardest to help and the pressure on the public purse associated with this
- Aligning local resources and programmes.

### **3. Business support**

Sheffield City Region LEP will take on the central role in supporting businesses in the area, working alongside Government to provide the best possible services to local firms. Sheffield City Region will offer a comprehensive suite of services that will be tailored to the bespoke needs of businesses. The SCR will be an 'exemplar' for Growth Hubs, showing the potential for Hubs to: Serve the interests of small and medium-sized businesses, rather than the contractual targets of providers; operate on a pan-City Region footprint – therefore ending the postcode lottery of support; and combine private sector leadership with strong, stable democratic structures.

#### **Sheffield City Region and central Government agree to:**

##### Develop Sheffield City Region's Growth Hub

- Working within the scope of existing contracts (2015/16 and 2016/17), Sheffield City Region will be a Trailblazer for aligning Growth Accelerator/Manufacturing Advisory Service and other national services with local business support through SCR's Growth Hub, so that businesses get a joined up service which meets their needs. This will include co-location, referrals, marketing, diagnostics, evaluation, customer acquisition and the simplification of local and national business support. The Government will work with SCR to develop a devolved approach to the delivery of business support from 2017 onwards. What is ultimately devolved will reflect the decisions taken in the next spending review on the shape of – and level of spending on – business support schemes
- To accelerate the development of the Growth Hub as an exemplar, Sheffield City Region will be given the flexibility to spend up to £4m of existing Local Growth Fund allocation on business support in 2015/16.

##### Integrate local UKTI export services with Sheffield City Region's Export Centre of Expertise

- Sheffield City Region will establish an Export Centre of Expertise (ECE) that brings together support from local Chambers of Commerce, universities, and other partners, so that businesses receive a joined up and objective service that tailors support to their needs. UKTI will be the principal partner in the ECE. UKTI will co-locate its Sheffield City Region based trade-focused staff with the ECE, agree a joint marketing and customer acquisition strategy for the Sheffield City Region, collaborate to deliver a common diagnostic and support package, and above all, contribute to a simplified export growth journey. This will involve:
  - The UKTI trade services provider for the SCR to become the principal service delivery partner within the ECE, alongside other delivery organisations such as the Chambers of Commerce and universities
  - Co-location of some UKTI national specialist resources and events for engineering and manufacturing businesses – building on the SCR's status as a national centre for advanced manufacturing and research
  - 'Early adopter' status for targeting high growth potential businesses with concentrated and responsive export growth support

- A commitment, with clear milestones and timescales, to jointly evaluate and review the ECE delivery model before 1 April 2017
- The Sheffield City Region is committed to driving growth, much of which will come from increasing the level of international trade from the City Region in line with the Government's target of achieving exports worth £1 trillion by 2020.

#### Extend the Yorkshire JEREMIE fund

Government has agreed the reuse of legacy funding to allow the Finance Yorkshire JEREMIE to extend its operation into 2015, releasing more funding for growing businesses in Sheffield City Region and the rest of Yorkshire.

#### **As a result of this deal, Sheffield City Region will commit to:**

- Invest £83.5m in the Growth Hub and associated Centres of Expertise from its ESIF allocation, when this becomes available
- Deliver the most ambitious, business-led Growth Hub in the country. This will include a near-total removal of internal boundaries within the City Region, so that every growing business in the SCR gets the support it needs to thrive
- Deliver on targets to generate through our Growth Hub 33,000 new jobs and at least £780m of private sector investment, alongside 2150 new exporters and 6000 new businesses, by 2024
- Provide genuine strategic private sector leadership of the Hub via the Business Growth Board
- Act as an exemplar, using innovative evaluation techniques to ensure Government is able to make evidence-based decisions about how the business support landscape could be improved in other areas and deliver better outcomes for the country as a whole
- Act as an exemplar for a new, mature approach to partnership working with Government by sharing best practice in real time via a fully integrated Hub that combines the best of local and national business support, and thereby delivers real value for money by eliminating duplication and waste.

#### **4. Transport**

Sheffield City Region will work with Government to wield greater influence over the future shape of transport investments in the area. Transport plays a vital role in catalysing and supporting economic growth, and Sheffield City Region has already demonstrated its capacity to deliver through its City Deal and Growth Deal. This Devolution Deal will extend Sheffield City Region's influence over local roads, railways, trams and buses, including more strategic long-term decisions.

#### **Sheffield City Region and central Government agree to:**

##### Explore options for giving Sheffield City Region more control over local transport schemes

- Government, in consultation with Sheffield City Region, commits to exploring options to give Sheffield City Region 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.

##### Work together to improve local bus services

- Government supports Sheffield City Region's commitment to improve local bus services, sharing an ambition to deliver a sustainable, more integrated and affordable network, supporting people to access jobs and training. This ambition includes delivering an optimised network which minimises bus congestion and pollution, integrates with other public transport modes, and is designed around people's travel patterns. It should be supported by a readily understood and affordable smart ticketing scheme. This must be sustainable in the longer term both to tax payers and operators, and through technology deliver a better and more dynamic user-operator relationship utilising smart ticketing, real time information and a unified Customer Relationship Management (CRM) system
- Sheffield City Region's preferred approach is to deliver this by building on the existing partnership agreement model
- Government supports Sheffield City Region's commitment to meet this vision and will work with them on:
  - The ability to work with partnership operators to introduce a coordinated, efficient and integrated bus network
  - A simplified single ticket range, attractively priced commercial fare structure, offered to customers (including the young, those entering training and work, and adults) through either an inter-operable or multi-operator ticket scheme on a single Smart platform
  - Transforming the customer relationship, through the use of coordinated and integrated smart ticketing, real-time technology and a shared CRM
  - The ability to ensure that operators outside of the partnerships arrangement participate in the arrangements described above. This could be through licence conditions or other existing legislative or regulatory powers

- This will be achieved within existing legislation, for example through an enhanced partnership model. HMG will support Sheffield City Region in these objectives and will support Sheffield City Region to make the above arrangements work.

#### Work together to ensure the timely introduction of the Tram Train service

- Government will work with Network Rail to ensure that the appropriate infrastructure works are undertaken to support introduction of the Tram Train service utilising Sheffield's new vehicles on delivery.

#### Give Sheffield City Region a greater voice in strategic transport decisions

##### Highways

- Government will work with the Highways Agency to improve liaison with Sheffield City Region, including through the development of the Transport for the North initiative, and work on joint highways issues in particular:
  - A commitment to improve SCR engagement on strategic highways to facilitate the delivery of national and local economic priorities, in particular SCR to work with HA to trial different approaches to the Route Strategies process to secure greater engagement from local partners
  - Working together to address shared air quality issues around the M1
  - The development of an MOU with the Highways Agency.

##### Rail

- Sheffield City Region will be actively engaged by Network Rail at the right levels as part of its Long-Term Planning Process for the national rail network, and the Transport for the North initiative, ensuring that planning and investment decisions are properly informed of local economic priorities.

#### **As a result of this Deal, Sheffield City Region will commit to:**

- Update and develop its existing Assurance and Accountability Framework to ensure that it is fit for purpose
- Complete the development of the SCR Integrated Infrastructure Plan that will set out investment priorities that will be funded through future funding
- Maximise the potential of partnership agreements to work with operators to ensure that it maximises the full potential of the bus offer in the Sheffield City Region.

## 5. Housing

Sheffield City Region will work with Government to increase house building and maximise the economic returns from public sector land assets.

### **Sheffield City Region and central Government agree to:**

#### Form a Joint Assets Board to collaborate on disposing of public sector assets

- The local authorities within Sheffield City Region will form a Joint Assets Board with the Homes and Communities Agency to influence asset disposals in a way that supports the local economy. The Board's primary aim will be to achieve a more integrated approach to how the public sector uses its assets in Sheffield City Region, to support growth and deliver better value for public money
- It is not intended that the Homes and Communities Agency or local authorities would delegate ownership decisions on their existing assets to the Joint Assets Board. Formal decisions on specific assets affecting them will remain with the party who owns the interest in question.

#### Work together to accelerate housing delivery in Sheffield City Region

- Sheffield City Region and the Homes and Communities Agency will continue to work together to identify housing investment priorities and timeframes across the Sheffield City Region to provide a framework for increased public and private investor confidence and for maximising value from national and local public sector land assets. As part of this, Sheffield City Region will publish a pipeline of potential priority schemes and seek public and private investment partners
- Government will explore the potential for better supporting priority medium-sized developments in the Sheffield City Region that may currently not be eligible for funding but have a viable business case. As part of this, Government will engage with SCR about the existing financial transaction programme design in order to better understand opportunities to support viable medium sized developments, in a way that is fiscally neutral.

### **As a result of this Deal, Sheffield City Region will commit to:**

- Build on the Government-endorsed Sheffield City Region Investment Fund framework to develop clear processes for prioritising housing investment across the SCR
- Work with local partners and potential investors to build a pipeline of investable and deliverable housing investment schemes which are aligned to local and national priorities – initially focussed on the delivery of 7,000 to 10,000 new homes over a five year period
- Consider the use of local public assets as part of a balanced portfolio of public land and property under the control of the joint public assets decision making board, with this approach initially piloted at specific locations in the SCR.

## **6. Governance**

Sheffield City Region has taken bold steps in securing effective and accountable governance arrangements. The SCR was the first to submit plans for its Combined Authority under the Coalition Government, which was established in April 2014. The diversity of Sheffield City Region's governance arrangements also makes SCR's Combined Authority unique as its membership includes unitary authorities, two tier authorities, an elected mayor and a private sector representative, the Chair of the LEP. 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.

The voice of the private sector is integral to Sheffield City Region's governance arrangements. The SCR model combines the best of private sector commerciality and expertise and public sector capacity, transparency and accountability. In practice, this means we have a strong, well regarded and high performing private sector led LEP that is underpinned by the Combined Authority. These arrangements function highly effectively, as evidenced by the bold and ambitious nature of the Sheffield City Region SEP and Growth Deal.

Sheffield City Region recognises that local power must be matched by local democratic accountability, and shaped to what the area needs to deliver its ambitions. As set out in the City Growth Commission's recent report, the key to devolution will be ensuring that the quality and scale of governance is sufficient to manage the associated financial and policy risks sought. Sheffield City Region supports this principle and believes that existing arrangements should evolve commensurate with broader responsibilities, in a way that best delivers both growth and accountability.

In addition to these over-arching commitments, Sheffield City Region will also improve its accountability arrangements in the specific policy areas highlighted in this paper. This includes:

- Developing genuine partnership arrangements with Government on skills and business support that protect national policy priorities, while also helping to test and establish better approaches to delivering economic growth
- Giving employers greater influence over the key levers of economic growth
- Updating and developing Sheffield City Region's existing Assurance and Accountability Framework to ensure that it is fit for purpose.

Separately, Government will work with SCR to assess their proposal to become an IB for European Funding. This will include consideration of the processes for project selection and responsibility for any liabilities arising from project selection.

### **Future devolution**

Through this Deal Government and Sheffield City Region will embark on a new relationship. This first phase of this is underpinned by the skills, business support, transport and housing initiatives set out in this document. Future phases will involve Government and Sheffield City Region continuing to work together on transferring further resources, powers and policy

levers to local level, whilst also strengthening the City Region's governance and capacity to deliver.

As part of this, Sheffield City Region will consider different options for improving local governance and accountability. In response to any further agreements on local governance, Government will consider what further powers and funding could be devolved to Sheffield City Region over time, potentially including greater control over the levers of local growth and public services, as well as fiscal powers, such as a payment by results mechanism. Any further agreements will be subject to further discussions at local and national level.