

Devolution Update

Purpose of report

For direction.

Summary

Update for the City Regions Board on policy and public affairs activity relating to further devolution.

Recommendations

1. Members are asked to agree the draft principles set out at **paragraph 9**.
2. Consider the range of public affairs activity set out at **paragraphs 11 – 13**.
3. Note the proposed approach to responding to the Local Economic Recovery and Devolution White Paper and agree that an item on health devolution be considered at a future board **paragraphs 15 – 16**.
4. Note the proposal to re-refresh the LGA's offer of support to new and emerging combined authorities **paragraphs 18 – 19**.

Action

Officers to take forward work as described, subject to members' comments.

Contact officer: Philip Clifford
Position: Senior Adviser
Phone no: 07909 898327
Email: philip.clifford@local.gov.uk

Devolution Update

Background

1. The Local Government Association has consistently made the case for greater powers, funding and responsibility to flow to democratically elected local leaders.
2. In our 2018 Annual Conference publication we called for an English Devolution Bill to enhance the devolved powers of all areas across England¹. In the December 2019 Queen's Speech the Government announced an English Devolution White Paper proposing to set out *further detail on our plans for full devolution across England, levelling up powers between Mayoral Combined Authorities, increasing the number of mayors and doing more devolution deals.*²
3. Following this announcement, the LGA began a programme of work, guided by member councils, to refresh and strengthen our policy position on devolution, built around four elements: establishing an English devolution baseline; expanding the focus of devolution beyond economic growth to encompass wider priorities for public service reform; making the case for greater fiscal devolution; and, asserting the constitutional position of English councils within the context of a strengthened United Kingdom.
4. While the emergence of the Coronavirus pandemic in March disrupted much of this work, the role of councils leading their communities through the crisis and towards recovery has been a consistent theme over the last six months. This was highlighted in the LGA's 2020 Conference Publication, which called on the Government *to deliver a devolution white paper for England that enables recovery in its broadest sense, to be led locally.*³
5. In July, Simon Clarke, the Minister of State for Regional Growth and Local Government announced that the now titled Local Economic Recovery and Devolution White Paper would be published in September and contain proposals that will: *“redefine the way in which local government serves its communities by establishing the unitarization of councils as a vital first step for negotiating [these] mayoral devolution deals in future.”*⁴
6. Since this announcement the question of local government reorganisation has rapidly gone up the agenda, albeit with little clarity from national government on details of the likely scale, process and timetable. Consequently, one of the key risks has been that that a core argument in favour of devolution, to bring powers and resources closer to communities and businesses, could be lost amidst a welter of competing proposals relating to structure and governance.

¹ https://www.local.gov.uk/sites/default/files/documents/5.39%20Brexit_v06WEB.pdf

² <https://www.local.gov.uk/parliament/briefings-and-responses/queens-speech-december-2019-day-briefing>

³ <https://www.local.gov.uk/about/campaigns/re-thinking-local>

⁴ <https://www.ft.com/content/a526d906-9c1a-41d1-b9ff-291d4bc19c62>

7. In the last couple of weeks, the resignation of Simon Clarke MP as Minister of State for Regional Growth and Local Government has preceded and potentially precipitated a slower pace on these matters with the White Paper no longer expected imminently.
8. Within this context this paper sets out a range of issues and proposed activity for the City Regions Board to consider with a view to ensuring a continued focus on devolution as a process to strengthen leadership of place and to improve local outcomes.

Issues

Policy Principles

9. To date, the LGA's work on devolution has been informed by a set of broad principles. Reflecting on the developments of the last 12 months the following are proposed as a guide to shape our response to the White Paper in the coming weeks:
 - 9.1. **Devolution deals should be locally led:** there should be no one-size-fits all approach on governance, no standardised deals crafted in Whitehall and those areas able go furthest, fastest should be able to do so.
 - 9.2. **Devolution deals should leave nothing off the table:** councils should be able to access the widest possible set of powers including fiscal devolution and the ability to 'defragment' national agencies at a local level to tackle issues such as skills and unemployment.
 - 9.3. **Devolution must be backed by adequate resources:** any newly devolved powers and responsibilities must be fully funded and sit alongside a long-term sustainable funding settlement for local government.
 - 9.4. **Individual devolution deals must form part of a new push towards localisation:** Whitehall must become more joined up in working with places, powers returning from the EU such as freedoms and flexibility on state aid and procurement should be passed down to the local level, grants and funding from national government should be consolidated around local areas and their needs.
 - 9.5. **English councils must have a stronger voice on the national stage:** commitment to replicating the functions of the EU Committee of the Regions must be delivered, arrangements such as brexit delivery board and ministerial working groups should form basis of new partnership approach which works for all.
10. **Members of the City Regions Board are asked to consider and agree these draft principles as a guide for the LGA's upcoming policy and lobbying work around the Local Economic Recovery and Devolution White Paper to support a focus on improving outcomes through local devolution. These principles were discussed and agreed to by members of the People and Places Board on 15 September.**

Public Affairs Activity

11. While it has been reported⁵ that the White Paper's publication has been delayed, it is understood that work continues within the context of the Government's commitment to 'levelling up' and supporting a successful economic recovery.
12. In anticipation of a future publication we have continued to take forward work commissioned within the previous board cycle, including: the submission to Government of research by Metro Dynamics into Subnational Governance Structures; the publication of research by Shared Intelligence into the drivers of collaboration in two-tier areas⁶; and, hosting a meeting of the Devolution All Party Parliamentary Group on fiscal devolution⁷ drawing on research undertaken by Europe Economics⁸, Localis⁹ and WPI Economics¹⁰.
13. Looking ahead, work is underway to provide members of the People and Places and City Regions Board with an opportunity to engage directly with a Government representative and to use both the HCLG Committee Inquiry and the Devolution APPG Inquiry to further push the case for local devolution and a place based approach across Whitehall. Cllr Susan Hinchliffe Vice Chair of the City Regions Board and Cllr Morris Bright Vice Chair of the People and Places Board have been approached to sit on the APPG Inquiry Panel.
14. In taking forward this work, the LGA will work with the Executive Advisory Board to ensure consistency between our response to the White Paper, our Comprehensive Spending Review submission and the LGA's ongoing #CouncilsCan campaign.
15. **Members of the City Regions Board are asked to consider the range of public affairs activity identified above and provide officers with a steer on any additional elements they would like to see.**

Responding to the White Paper's Publication

16. Once the White Paper is published LGA officers will begin to pull together a draft response drawing on existing policy lines and the principles set out above. We will use our existing networks and contacts within the relevant Special Interest Groups and work with the People and Places and City Regions Boards to develop the detail of our response. Working on the basis that consultation arrangements around the White Paper

⁵ <https://www.lgplus.com/politics/devolution-and-economic-growth/fears-devo-white-paper-will-be-watered-down-and-further-delayed-17-09-2020/>

⁶

https://www.local.gov.uk/sites/default/files/documents/5.87%20The%20Drivers%20of%20Collaboration%20Report_05%20%28002%29.pdf

⁷ <https://connectpa.co.uk/devolution-appg/>

⁸ <https://connectpa.co.uk/wp-content/uploads/2020/09/Fiscal-Devo-Final.pdf>

⁹ <https://local.gov.uk/fiscal-devolution-adopting-international-approach>

¹⁰ <https://www.local.gov.uk/tourist-levy-what-where-and-how>

will follow a traditional course, we expect a period of around 12 weeks to respond to the consultation.

17. A detailed engagement timetable will be circulated once the date for publication is known and it is proposed that the LGA's Executive Advisory Board provides final sign-off for the LGA's response.
18. While there remains a degree of uncertainty around the contents of the White Paper it is anticipated that a primary objective will be to set out how local areas will be able to access greater powers to drive economic recovery.
19. Alongside this the White Paper may also contain proposals relating to subnational bodies, business support, health and social care, police and crime commissioners, the repatriation of powers and functions following transition from the EU and the UK Shared Prosperity Fund. Notwithstanding any views members may already have on these matters the LGA will work to ensure that a joint position regarding these matters is agreed with the relevant LGA policy board. In support of this it is proposed that an item on health devolution is considered at the next meeting of the City Regions Board.
20. **Members of the City Regions Board are asked to note the proposed approach to responding to the White Paper, agree that an item be taken on health devolution at the next meeting of the board and that further cross-cutting work will be developed once the detailed proposals from government emerge.**

Combined Authorities Engagement and Supporting Devolution

21. The LGA has a programme of support for devolution deal areas¹¹ and continues to commission research and facilitate a range of thematic discussion groups between senior officers from established and emerging combined authority areas. The publication of the Local Economic Recovery and Devolution White Paper has the potential to herald a significant increase in the number of mayoral combined authorities. This will increase the demand for guidance and support on issues related to devolution and the LGA is already in the process of developing a support package made up of a refreshed online resource, a reconvened officer contact network and commissioned research, which will seek to map out the process of going from striking a devolution deal to delivery.
22. In the longer term the White Paper also creates an opportunity to re-engage the established combined authorities and consider how best to work together in the context of greater incidence of devolved governance. In order to ensure also this meets the needs of constituent local authorities, it is proposed that this programme of engagement will be steered by members of the People and Places and City Regions board. A paper will be brought to the next board meeting setting out the parameters and progress of this work.

¹¹ <https://local.gov.uk/devolution-our-offer-support>

- 23. Members of the City Regions Board are asked to note that a range of resources in support of devolution are being developed in parallel to the LGA's policy and lobbying efforts and that a paper will be brought to the next board meeting setting out next steps.**

Implications for Wales

- 24. Wales is undertaking its own devolution journey. We work with all UK associations on areas of shared concern associated with devolution to local government.**

Financial Implications

- 25. All policy, lobbying and improvement activity arising from this report will be met from existing budgets.**

Next steps

- 26. Members of the City Regions Board are asked to:**

- 26.1. Consider and agree the draft principles set out at paragraph 9 as a guide for the LGA's upcoming policy and lobbying work around the devolution and local recovery white paper and to support a focus on improving outcomes through local devolution.**
- 26.2. Consider the range of public affairs activity set out at paragraph 11 – 14 and provide officers with a steer on any additional elements they would like to see.**
- 26.3. Note the proposed approach to responding to the White Paper and agree that an item be taken on health devolution at the next meeting of the board**
- 26.4. Note that a range of resources in support of devolution are being developed in parallel to the LGA's policy and lobbying efforts and that a paper will be brought to the next board meeting setting out next steps.**