

English Devolution

Purpose

For discussion and direction

Summary

The LGA has taken a clear view that further devolution to Scotland must be accompanied by devolution to England's communities, while opposing a new English Parliament. We now need to decide how to pursue that agenda over the coming period.

Recommendation/s

Members are asked to

- consider:
 - how to approach a potentially lengthy devolution debate and negotiation against the background of political complexity and uncertainty, including whether and how we might further develop the concept of a Constitutional Convention;
 - how the LGA can best advocate for the interests of residents of all parts of the country and of all councils;
 - what the right shape of an English devolution settlement might look like, including the detailed balance between devolving functions, central funding, and local taxing powers;
 - whether the LGA should support differential devolution, and how it might approach the implementation of differential and/or phased change.
- give Group Leaders a mandate to take the issues forward in the light of the views of Executive Members.

Action/s

Group Leaders to take forward in the light of the Executive's steer.

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English Devolution

Background and issues

1. Scotland's independence referendum on 18 September has changed the terms of political debate about devolution of power to English communities.
2. The case for devolving power to England's cities and non-metropolitan areas has been made out by the LGA and others for a long time. Across a wide range of issues, there is compelling evidence that taking decisions closer to the people affected leads to better outcomes and saves the taxpayer money. This is as true for employment programmes for young people as it is for public health, setting policing priorities, deciding on transport investment, or providing support to troubled families. The work of local public service leaders in integrating health and social care or establishing community budgets has generated a body of robust evidence and testable business cases that demonstrate devolved decision-making works better. That robust evidence base ranges from the work Ernst and Young carried out for the LGA on community budgets to the evaluation of different employment schemes currently being carried out for us by NIESR.
3. Technocratic arguments are, of course, rarely enough to persuade those who hold power to give it up. But the case for devolution is also intensely political, and Scotland's referendum campaign has illustrated the political dynamic very clearly. The Yes campaign was as much an anti-Westminster campaign as a nationalist movement. Even No voters, while rejecting a nationalist independence agenda, demanded greater ownership by Scots of decisions that affect their lives. The referendum's outcome, underpinned by the "Vow" made to Scotland by the three main UK party leaders, has called into question the centralised UK model for all the countries and communities of the Union, not just Scotland.
4. The consequences for England are as significant as for Scotland. As in Scotland, the case for devolving power is both political and practical. England's major cities and counties are in themselves as populous as the devolved nations of the Union, have public sectors on a comparable scale, and they are gifted with equally strong historic identities: the AGMA area has the same population as Wales, and London is bigger than Scotland; the Leeds City Region, Kent and Essex are comparable in population with Northern Ireland - and the latter were both independent kingdoms a thousand years before there was a UK. Many areas have been working in recent years to develop the decision-making arrangements needed to take on significant devolved powers at sub-regional level, and have begun to take on greater responsibilities at that level - to the limited extent that national policies such as City Deals have made that possible.
5. The LGA has taken a clear view that devolution to Scotland must be accompanied by devolution to England's communities, while opposing a new English Parliament. The Chairman said on 19 September

"The devolution genie is out of the bottle. The new powers that Scotland will now receive must be given to local areas in England and Wales. The appetite for devolution does not stop at the border and the rest of the UK will not be content to settle for the status quo.

"The clock is ticking and we need to act now. That is why we are calling for an urgent meeting of a Constitutional Convention - to speed up the process of English devolution. Government must set out a timetable for devolution across England, with a pledge for immediate new powers to areas ready for them now. Without immediate action, our principles of citizenship, equality and even democracy in our United Kingdom would be thrown into question.

"The Scottish referendum campaign has shown that public trust in the old ways of central control has been shattered beyond repair. That is why establishing an English Parliament, with MPs still calling the shots, would not represent true devolution. It is locally elected councils - driving their local economies through devolved taxation and greater control over council tax and business rates - which can satisfy the desire of people in England to have greater say in the places they live and work.

"One rule for Scotland and another for England is totally unacceptable. Local areas need to be set free from the grip of Whitehall and allowed to raise and spend money in a way which will best serve the people who live there, from equipping them with the skills for work to being able to build the homes people need. Crucially, this must be underpinned by a fair and equitable distribution of public money for all of the UK."

6. This position was reflected in a letter sent by the LGA's Group Leaders to the Prime Minister and the leaders of the other main Westminster parties on 19 September. The letter suggested that key focusses for an English devolution settlement should include:
 - devolution of funding and decisions on transport, skills and economic development to English cities and counties;
 - greater local decision-making about health and care devolved to those places;
 - devolution of an appropriate share of the tax base to pay for those things, creating the kind of fiscal arrangements which are the norm in other economically successful countries around the world;
 - the sharing-out of tax and spending between the four countries of the Union on a new, sustainable and fair, basis.

This rests on a basic principle that the broad areas of decision-making that have been, or are to be, devolved in Scotland, Wales and Northern Ireland should also form part of a devolution settlement in England.

7. The Labour Party and UKIP have explicitly endorsed the idea of a Constitutional Convention as proposed by the LGA. We understand that the government wants to await Lord Smith's Scottish devolution proposals before considering England, although the Prime Minister has re-committed the Conservative Party to its policy of English Votes on English Laws which it has supported since 2001 and the Leader of the House of Commons is chairing a group which is considering the details of that. While we are aware that Whitehall officials are considering the implications of a more thoroughgoing devolution of functions and funding in England, this is principally in the context of medium-term scenario planning against the background of a planned spending review after the election.

8. This makes it likely that the debate around English devolution will run up to the coming general election and that clear decisions about any settlement will not be taken or implemented until after it.
9. The independent Commissions on Cities, chaired by Jim O'Neill, and on non-metropolitan England, chaired by Sir John Peace, are considering English devolution issues and are expected to report in [November] and early next year respectively.
10. Issues to be considered include:
 - (i) how to approach a potentially lengthy debate and negotiation against the background of political complexity and uncertainty, including whether and how we might further develop the concept of a Constitutional Convention;
 - (ii) how the LGA can best advocate for the interests of residents of all parts of the country and of all councils;
 - (iii) what the right shape of the devolution settlement sketched in the Group Leaders' letter might look like, including the detailed balance between devolving functions, central funding, and local taxing powers;
 - (iv) whether the LGA supports differential devolution, and how it might approach the implementation of differential and/or phased change

Next steps

11. Members are asked to:
 - 11.1. Consider the issues at paragraph 9;
 - 11.2. Give Group Leaders a mandate to take the issues forward in the light of the views of Executive Members.

Financial Implications

12. Support for further work on this issue can be accommodated within the budget of the Finance and Policy directorate.