

## **Advancing the English devolution agenda**

### **Purpose of report**

For discussion.

### **Summary**

The LGA Executive will be discussing how to pursue the devolution agenda over the coming period at its meeting on October 23. The paper going to the LGA Executive is at **Appendix A**. That discussion is an opportunity for the representatives of the City Regions Board to bring a strong urban lens into the debate and set the direction of the LGA's future policy on devolution.

### **Recommendation**

Members are asked to consider:

- How the Board can best advocate for the interests of city regions in this debate;
- 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;
- How to approach a potentially lengthy devolution debate and negotiation against a background of political complexity and uncertainty, including whether and how we might further develop the concept of a Constitutional Convention;
- Their advice to the LGA Executive on these issues.

### **Action**

Officers to take forward as directed by members.

**Contact officer:** Piali Das Gupta  
**Position:** Senior Adviser (Growth and International)  
**Phone no:** 020 7664 3041  
**E-mail:** [Piali.dasgupta@local.gov.uk](mailto:Piali.dasgupta@local.gov.uk)

## **Advancing the English devolution agenda**

1. Given the pace of developments following the referendum in Scotland, this is an opportune moment for members to reflect on how to use the Board's influence most effectively to support city regions during the publication and debate on the Scotland Bill, the run up to the general election and into the first comprehensive spending review of the next government.
2. As new announcements regarding this could take place the w/c 13 October, this paper provides an overview of the current state of play including pledges from party leaders, challenges to making progress, as well as considerations about what the Board should call for and how to maintain pressure on national politicians to follow through on their initial commitments. It is offered to frame members' debate on English city devolution. Updates will be provided on the day which summarise any new announcements and give a more detailed analysis of party manifesto commitments following the conference season.
3. Members may wish to note that the City Regions Board's broader discussion on devolution will be followed by a presentation and Q&A with Lord Adonis, so it may be useful to think about the points they want to register with him.

### **Overview of the current state of play and future considerations**

#### **Background**

4. In the weeks leading up to the vote, it grew increasingly apparent that the Scottish referendum campaign had issued a challenge to the status quo of British politics that resonated as much south of the border as it did in Scotland. When the three main party leaders issued their joint pledge in the final days of the campaign to persuade Scottish voters to stick with the union, it immediately threw the "English question" that the LGA and others had long been raising into sharp relief on a very public stage. In the process, the position of English city regions has come under the spotlight.
5. Following the vote, the Prime Minister confirmed that powers over "tax, spending and welfare" for Scotland would be agreed by November and draft legislation published by January. He also acknowledged that that a new settlement for Scotland should be accompanied by a "new and fair settlement that applies to all parts of our United Kingdom." Significantly, he went on to mention the empowerment of "our great cities" as part of wider civic engagement about how to improve governance in the UK.
6. The other main parties have also recognised that English city regions are particularly well-positioned to take on greater powers and funding. The Labour Party committed to greater devolution to city and county regions earlier this summer, accepting the Adonis Growth review's recommendations. In the aftermath of the Scottish vote, the Leader of the Opposition, Rt Hon Ed Milliband MP echoed the LGA's call for a "constitutional convention" after the election to discuss devolution plans for England, with a focus on new powers for English regions. The Deputy Prime Minister the Rt Hon Nick Clegg MP endorsed the IPPR North's *Decentralisation Decade* report<sup>1</sup> proposing a new wave of combined local authorities headed by directly elected "metro mayors". He subsequently

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<sup>1</sup> <http://www.ippr.org/publications/decentralisation-decade>

announced plans to introduce a statutory right to “devolution on demand”, which would enable city regions and other areas to request.

7. From the Board discussion, members are asked to give a steer to the LGA for the focus of its lobbying over the next few months to help shape the public debate on city regions and to influence Whitehall’s thinking. The Board’s views will set a focus for the city regions specific work of this Board and help influence the discussion at the LGA Executive on 23 October.
8. Members are asked to consider the report on English devolution to be debated at the LGA Executive on 23 October which is attached as **Appendix A**. To assist the City Regions Board debate and to offer a focus for discussion, the following sections set out (a) some areas of concern regarding the gap between cities’ ambition and that of Whitehall and (b) how public opinion is helping to drive this debate.

### **Moving from pledges to delivery**

9. Cities’ ambition for robust local fiscal powers and decentralised decision making is clear. However, we may need to anticipate that early announcements on devolution whilst being a leap forward, may not achieve the ambition of city leaders.
10. Whilst the post-referendum debate has put the English question at the forefront of political debate, the precise extent of the devolution that may be on offer to city regions is still rather unclear (as of 10 Oct 2014). For example, all three parties have been reluctant to discuss substantial devolution of fiscal powers; in fact, all appear committed to retaining the provisions for council tax referenda introduced by the current coalition government. Progress on persuading national politicians to endorse a joined-up, locally-led skills, employment and welfare policy system has also been a challenge.
11. Both the City Growth Commission and the Independent Commission on Local Government Finance will set out recommendations and evidence base to further this lobby. A further option is to press for at least total parity with what is being offered to the devolved administrations.
12. Members may also consider emphasising city regions’ USP in this debate. English city regions are increasingly organising themselves at a scale that residents identify with and find accessible, whilst providing a better alignment against functional economic geographies. In both regards, they may in fact be better-positioned than either the Scottish or Welsh administrations to use their powers to be truly responsive to local needs and deliver better outcomes. This is a point that some commentators have already started to allude to. For example, when the editor of the Spectator Fraser Nelson spoke at the LGA annual conference in July, he questioned whether the level of devolution that Scotland already has in fact led to better services, more choice for residents and greater efficiency.
13. Despite the encouraging signals coming from the highest echelons of each of the major political parties, there are nevertheless already signs that retrenchment against more ambitious devolution is building within the civil service. The indications are that senior

officials may try to push these issues into the “too hard to do” box or ensnare discussions into protracted technocratic review processes that could last well into the next parliament. For example, recent LGA lobbying has identified that the issues below need to be addressed in Whitehall:

- 14.1. embedded economic scepticism about the value added or displacement impact of local growth interventions in some departments - most notably in the Treasury.
  - 14.2. continued enthusiasm for national solutions in some departments and agencies
  - 14.3. concern on local variability
15. It is clear that public opinion in cities is helping to drive progress on this agenda. In order to foster this political will, the Board may wish to consider how to mobilise third party and popular support. What became apparent in the aftermath of the Scottish vote is that some of the most vocal proponents of greater devolution to city regions are to be found in the regional press and business organisations, e.g. the Yorkshire Post and local chambers of commerce. Members’ views on how to tap into these sources of support and other potential allies would be very valuable.
16. It was also evident in the Scottish context that an enormous groundswell of public sentiment kept the UK government’s feet to the fire. Members may wish to consider how a similar sense of urgency and public support could be injected into the English devolution debate. Certainly, there is evidence that there is as much public disenchantment with Whitehall in parts of England as in Scotland. Earlier this year, Centre for Cities commissioned YouGov to conduct public polling in 16 cities in the UK - including Glasgow - on their perceptions of London and its perceived economic, political and cultural dominance.<sup>2</sup> It found that 64 per cent of UK adults outside London felt the location of Whitehall and Parliament in the capital means political decisions are too focused on London in comparison to the rest of the UK. This sentiment was most pronounced in Leeds (79 per cent), Sheffield (79 per cent) and Glasgow (78 per cent). Similarly, only 17 per cent of UK adults outside London felt that Whitehall and Parliament are responsive to the issues in the city / town where they live. In Glasgow, that number was 9 per cent, but it was 8 per cent in Liverpool and 7 per cent in Sheffield.
17. The LGA, Core Cities, Key Cities and London Councils have all held very successful sessions at party conferences. Members will also be returning from party conferences with fresh intelligence from their direct interactions with MPs, peers, business representatives and other stakeholders. There is an opportunity now to do some collective stock-taking on what messages are getting traction and the issues on which more work of either an evidentiary or tactical nature is needed to overcome resistance. A more detailed analysis of conference decisions will be available at the Board.
18. There is also a risk that progress towards genuine devolution could be held up as a result of a perception that this is exclusively a city agenda. To that end, concern from MPs representing rural constituencies and fearing that empowering urban centres will disadvantage the areas that they represent has already started to brew. Members may wish to consider how to align city regions’ messages with the proposals that are shortly

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<sup>2</sup> <http://www.centreforcities.org/blog/2014/09/19/troubles-also-brewing-below-the-border/>



**City Regions Board**

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due to emerge from the independent commission on economic growth and public service reform in non-metropolitan England to strengthen our collective hand.