

English devolution

For discussion and direction.

Summary

The LGA Executive and Leadership Board have asked the City Regions and People and Places boards to lead the LGA's work on devolution and the future shape of local government. To support members' discussion, this paper provides an update on developments since the Board last met in June, including:

- September 4 devolution submissions
- Cities and Local Government Devolution Bill
- Other parliamentary work
- LGA support offer

This paper also sets out proposals for future work for members' consideration.

Recommendations:

Members are asked to:

1. Provide a steer from the city regions perspective
2. Comment on the proposed next steps set out from paragraph 16.

Action

Officers to take forward as directed by members.

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Background

1. As introduced in the work programme paper, as part of the recent member-led review of governance, the LGA Executive and Leadership Board were asked to commission work from our Policy Boards where a clear corporate priority has been identified or where an important policy issue straddles more than one Board. “Devolution and the future shape of local government” is one of the priorities and the City Regions and People and Places Board have been asked to jointly lead the work in this area.
2. When the City Regions Board last met in June, members anticipated that devolution would continue to be a fast-moving agenda over the summer, which has certainly proved to be the case. In late July, the Chancellor called a Spending Review to report on November 25, setting out devolution as one of the Government’s priorities for public spending in this Parliament. As part of the Spending Review process, Government invited expressions of interest from groupings of councils looking to take on greater powers and responsibility. The Chancellor also asked all relevant Secretaries of State to proactively consider what they can devolve to local areas and where they can facilitate integration between public services.
3. This is a new milestone in the devolution debate that builds on the LGA’s lobbying for a bottom-up approach, early wins by the sector in securing deals, the early introduction in the new Parliament of the Cities and Local Government Devolution Bill and messages from the Secretary of State for Communities and Local Government at the LGA Annual Conference and elsewhere. The following section looks at the devolution submissions that were submitted for September 4 in more detail.

September 4 submissions

4. Analysis of the submissions shows that the majority of areas in England are now engaged to some degree in discussions about devolution. Over 30 bids or expressions of interest have been submitted from groupings of councils across the country, with about half coming from city regions or free-standing cities in partnership with neighbouring councils. In all, over 300 councils were signatories to submissions. Our intelligence indicates that there are three or four other places - involving about three dozen councils in total - that opted not to meet the September 4 deadline but are in ongoing discussions about future proposals.
5. There are significant areas of commonality across all of the submissions, including calls for the localisation of skills and employment support, transport, and housing and planning. Other themes more evidenced in the city region bids than others include the devolution of business support and UKTI budgets, as well as public service reform (primarily related to Troubled Families or complex dependencies). On the issue of governance, most areas essentially took the position that they were open to discussion about the nature of governance arrangements appropriate to the scale of devolution offered to them. A few bids, primarily from city regions, overtly addressed the question of a Mayor, while about two-thirds proposed or signalled an openness to the formation of a combined authority. The LGA’s analysis of the September submissions is available [on our online devolution hub](#).

6. Initially, it was anticipated that only a handful of deals would be announced in the Spending Review, but indications are that many more places are being asked to accelerate the pace of negotiations in order to meet the Spending Review timetable. On 2 October, it was announced that an in-principle deal had been agreed with Sheffield City Region, which:
 - 6.1. Covers a range of functions including transport, skills, creating new jobs, inward investment and business support.
 - 6.2. Has a “gain share” element, with the city region able to access £30 million a year for 30 years to boost local growth.
 - 6.3. Will establish a directly-elected Mayor with oversight of a range of powers devolved from government to the city region.

Cities and Local Government Devolution Bill

7. When members discussed the Cities and Local Government Devolution Bill in June, they agreed that the LGA should continue to press for it to be enabling and permissive, but promote amendments that would provide for:
 - 7.1 Fiscal reforms to underpin devolution;
 - 7.2 Greater devolution to and within London;
 - 7.3 A more transparent process with clear criteria for decision-making;
 - 7.4 Greater flexibility about local governance arrangements.
8. The LGA held a briefing session on the Bill for peers at which there was good support for the amendments that members had agreed we should promote. The LGA worked closely with peers to help them draft amendments and provided detailed briefing at every stage of the debate.
9. Our message about introducing more transparency to the process resonated strongly in the debates. First, the Government itself introduced new reporting requirements to accompany each subsequent order related to a devolution deal. Second, we successfully lobbied for a duty to be placed on the Secretary of State to report annually on the progress of devolution to all areas, as well as a requirement for ministers in other departments to make a statement that new legislation is compatible with the principles of devolution.
10. Other changes that were made to the Bill would:
 - 10.1 Prevent devolution of regulatory functions to combined authorities where the function being regulated has been devolved, i.e. health service functions;
 - 10.2 Prevent the Secretary of State from making the transfer of powers conditional on the adoption of a directly-elected mayor;
 - 10.3 Allow people to switch from a mayoral form of government to some other form of governance;
 - 10.4 Extend the franchise for local government elections to 16 and 17 year olds.

Other parliamentary work

11. The LGA has begun to promote a constitutional debate through our role as secretariat to the All-Party Parliamentary Group on Reform, Decentralisation and Devolution. The APPG's qualifying officers are Lord Foulkes of Cumnock, Lord Purvis of Tweed, Andrew Rosindell MP, and Catherine West MP. The APPG has recently launched an inquiry into 'Better Devolution for the Whole UK' covering the devolved nations, local government, central powers in the UK and wider constitutional reform. The inquiry panel, chaired by Lord Kerslake, last week took oral evidence from the Rt Hon Gordon Brown, former Prime Minister, Professor Robert Hazell, and Professor Jim Gallagher. The inquiry will continue into early 2016 and is expected to make a significant, high-profile contribution to the constitutional debate in the UK.
12. We also submitted evidence to the CLG Select Committee inquiry on the Cities and Local Government Devolution Bill, with key messages that included that:
 - 12.1 For the full potential of devolution to be realised the Bill must be backed up by the political will to deliver.
 - 12.2 Decisions must be made transparently and in consultation with local areas.
 - 12.3 Devolution must be backed up by the fiscal tools to generate investment in infrastructure and services.
 - 12.4 Reforming our care and support system is vital for all places to be able to meet current and future challenges, but there is no single template for health devolution.

LGA support offer

13. The City Regions and People and Places Board have also commissioned a demand-led programme of support to councils. The offer is open to be shaped by the changing needs of the sector, but reflects the requests received by the LGA to date. Broadly, councils have asked for support in:
 - 13.1 Brokering local conversations with support from member or officer peers.
 - 13.2 Expert support in developing bids and business cases. Initially this has been directly from LGA officers, but the LGA is building a list of expert advisers who can support councils to develop and implement specific areas of their bids and deals.
 - 13.3 Support in negotiating with Whitehall, led by Andrew Campbell, Associate Director on secondment to the LGA from DCLG.
 - 13.4 Communicating with the public and stakeholders about devolution, with the first in a series of events tailored to different areas of the country held in Birmingham on October 21.
 - 13.5 Developing leadership in a wider sub-regional context.
14. Over the summer, Andrew Campbell and officers from the LGA visited groups of councils throughout the country to support the development of their proposals for devolution, including a number involving cities and city regions such as the Sheffield City Region, Derbyshire and Nottinghamshire, the West Midlands, Lancashire, Devon and Somerset, East of England, Hampshire and Norfolk and Suffolk. For a number of these places, we are currently delivering an ongoing programme of support to help them establish new governance arrangements, as well as negotiate and implement their devolution deals.

15. It is expected that the nature of support offered by the LGA will vary as different councils and groups of councils move forward at different paces. In particular, we might look to offer more intensive local support to areas at key points and to help councils strengthen their offers on public service transformation. It will also be important to capture the learning, advice, and reflections from places as they move through different stages and ensure this is available to the rest of the sector. Comments are invited from members as to how the LGA can ensure it is engaging effectively with councils across the country.
16. There is strong demand from across the sector for the LGA to facilitate knowledge sharing and dissemination of best practice. The LGA's paper 'English Devolution' has been downloaded around 25,000 times, and its accompanying series of essays on public health around 11,000. The LGA has also recently re-launched its devolution webpages (www.local.gov.uk/devolution). This 'hub' is a resource for technical information, updates on the most recent activity at local and national government level, and research that can help to build an evidence base. Over time this hub will be developed to include further detail on the evidence base for devolution, progress on deals, and learning from those further ahead in the process. Feedback from the sector on the hub has been very positive.

Proposed next steps

Lobbying on the Bill

17. The second reading of the Cities and Local Government Devolution Bill took place on October 14. The LGA produced a briefing ahead of the second reading, which, following a steer from lead members:
 - 17.1 Pressed for the reporting requirements for Government to be retained;
 - 17.2 Supported provisions that would enable greater flexibility on governance arrangements, including the ability to change from one system to another;
 - 17.3 Welcomed the proposal to enable councils to retain 100 percent of business rates while pushing for clarity on implementation, including consideration for areas with less ability to generate business rates;
 - 17.4 Used the debate as an opportunity to push for the Government to respond positively to the September devolution submissions.
18. The committee stage is scheduled to take place over 2 days, with the first day scheduled for October 21. A verbal update on proposed amendments to the Bill and the debate at the committee stage will be provided at the meeting.

19. Members are invited to steer officers on future LGA activity in this regard.

Working with Whitehall

20. The themes from the bids suggest that Department for Work and Pensions (DWP), Department for Education (DfE) and Department for Transport (DfT) alongside Department for Communities and Local Government (DCLG) and Her Majesty's Treasury (HMT) will be key departments in negotiating areas' proposals. Taken as a whole, the bids put forward represent significant change to Departments' current ways of working. When the Executive discussed this matter in September, it was felt that in order to make

progress with spending departments traditionally known for their centralist tendencies, the LGA might need to support negotiations at scale.

21. As we look to a difficult Spending Review period, it is more important than ever that the goodwill expressed by senior Ministers is translated into an openness from departments across Whitehall towards innovative solutions to the challenges facing the public sector. However, we must retain our strong message that devolution on its own is not a solution to the funding challenges facing the sector. **Members' views are sought on how we can best focus our lobbying activity to support negotiations and ensure that the powers on offer are significant enough to warrant the investment of councils' resources and changes to local governance arrangements.**

Governance

22. There are a range of issues related to governance, accountability and scrutiny that have emerged in local discussions during bid development, as well as in parliamentary debates about the Bill. However, there is risk of future discussions getting stuck on structures rather than principles of good governance. **There is an opportunity for local government to play a greater role in shaping the debate about good governance and it is suggested that this be one of the Board's areas of focus this year, as set out in item 7 on the agenda.**

Fiscal devolution

23. The Chancellor had originally indicated in his first speech in Manchester on 14 May that it was time "to think whether we could go further down the road of fiscal devolution... so that you take control of raising more of the money you spend." At Conservative conference he announced councils in England will be able to keep all proceeds from business rates by 2020. At the time of writing, much detail remains to be seen and LGA officers will be working closely with civil servants to understand and influence the implementation of this policy. **Members are asked to note this announcement and steer officers on future LGA activity.**

Health devolution

24. There will be opportunities in the coming year to work closely with the Community and Wellbeing Portfolio to scope out the future of health devolution, including models of integration not just between the NHS and social care, but much more widely across mental health, complex dependencies, housing, employment support, public health and children's services. At present, officers are building a programme of activity that includes:
- 24.1 LGA facilitation of health and care economy round table discussions with areas that are actively considering health devolution;
 - 24.2 A Health Devolution session at National Children and Adult Services Conference in Bournemouth on 15 October;
 - 24.3 General briefing event on health devolution for charities, campaigning groups and other stakeholders;
 - 24.4 Building on information and key messages from round table discussions, developing a health devolution planning tool or extending the existing devolution planning tool to include health devolution;

24.5 Developing a 'health devolution model evidence pack' to assist areas in identifying the essential components of a robust business case for health devolution;

24.6 A web-based forum on health devolution.

25. Members are invited to comment on the above.