

Devolution within England

Purpose

For discussion and direction.

Summary

This paper provides an update on recent policy developments to inform members' discussion of the next stages of the LGA's campaign for devolution.

Recommendations

The Board is asked to:

1. provide a steer on the devolution work currently being undertaken and the next stage of the LGA's campaign for devolution;
2. provide comment on the recommendations as set out in paragraph 12.3.

Action

Officers to take any actions as directed by the Board.

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Devolution within England

Cities and Local Government Devolution Bill

1. The Cities and Local Government Devolution Bill completed the Committee Stage in the Commons on 17 November. Members' steer has been to ensure that the Bill facilitates the most flexible, locally-led negotiations. Our numerous briefings to Parliamentarians has been based on this steer. One disappointment has been that the Government removed the "devolution test" that we had successfully pressed for in the Lords, which would have required Ministers to demonstrate that any new piece of legislation was consistent with the principles of devolution. However, we were pleased that the Government accepted the amendment related to transparency that was passed following our lobbying. This provision requires the Secretary of State to lay an annual report about devolution before Parliament.
2. Members expressed significant concerns with new amendments relating to "consent" to Combined Authorities tabled by the Government in early December. In our briefing to parliamentarians, we urged the Government to clarify the exceptional circumstances under which these powers could be used and provide assurances that there would be adequate safeguards to protect the viability of all affected authorities. We will continue to brief MPs on our concerns ahead of the 'ping pong' stage this month.
3. A new clause was added to allow groups of councils such as Transport for the North to set up statutory Sub-National Transport Bodies to advise transport ministers on investment priorities and strategic transport schemes in their own areas. The LGA supports this provision but we also emphasised that areas should be able to come forward with proposals for their own constitutional arrangements without central prescription.
4. Although the timetable for the Bill has been slightly delayed and Royal Assent was not achieved in December as planned, officials are confident that following 'ping pong' from 12 January, Royal Assent will be achieved as quickly as possible and should not delay councils' plans. We will continue to monitor this and press for the Bill to move as swiftly as possible, while still ensuring councils' views are represented. The LGA has also produced a briefing to clarify the new powers the Bill would provide the Secretary of State.¹

Devolution deals

5. Since September, five devolution deals have been announced:
 - 5.1 Sheffield City Region
 - 5.2 North East
 - 5.3 Tees Valley

¹ http://www.local.gov.uk/web/guest/briefings-and-responses/-/journal_content/56/10180/7611125/ARTICLE#sthash.SsgilYOO.dpuf

5.4 West Midlands

5.5 Liverpool City Region

6. The Chancellor also announced further devolution of powers to Greater Manchester in the Spending Review. Summaries of the deal announcements are available on the LGA's [DevoNext hub](#).
7. Although each deal has bespoke elements, a consistent pattern or 'core offer' has emerged in the city region deals. In all these deals, the governance arrangement that has been agreed is a mayoral combined authority, with the first elections for directly-elected mayors set for May 2017. Broadly speaking, the common elements of a city region deal are set out below. This core offer gives the LGA a further platform to continue its negotiations at scale. One element of that work is set out in paragraphs 13 and 14.
 - 7.1 A single investment fund enabling pooling of central and local funding streams for economic growth, "seeded" with an annual allocation of central government funding for 30 years.
 - 7.2 Full devolution of the 19+ skills budget by 2018/19.
 - 7.3 Co-design with Department for Work and Pensions of future employment support for harder-to-help claimants.
 - 7.4 Intermediate Body (IB) status for the European Regional Development Fund and European Social Fund.
 - 7.5 Power to pursue bus franchising.
 - 7.6 Pooled and devolved local transport funding allocated as a multi-year settlement.
 - 7.7 Introduction of smart ticketing across local modes of transport.
 - 7.8 Devolved approaches to business support.
 - 7.9 Greater tailoring and engagement of city regions on UK Trade and Investment services.
8. Several of the elements above reflect the strength of the sector's collective lobbying through the LGA. For example, the LGA has long campaigned for localisation of EU funds, devolution of skills funding, powers over bus franchising and greater local influence over trade and investment programmes.
9. There is a pipeline of negotiations with a number of other places, particularly in two-tier areas, with the likelihood of further announcements in the early part of this year. The LGA has been working with a number of places that opted not to submit proposals in September and further proposals are expected to be submitted in the coming months. In our response to the Spending Review, we emphasised that the full benefits of devolution must be extended to all areas of the country. We will be keeping up the pressure on Government to ensure that progress on delivering deals is sustained.

Support offer

10. Take up of the LGA's devolution support offer has been positive. Going forward, steer is sought from Members around how best evolve the support offered to councils in order to provide the most relevant assistance to the sector. Details of the support activity to date and considerations for future activity are outlined in the adjoining paper .

Governance

11. At the last board meeting, Members commissioned a descriptive piece of work examining models of executive leadership, including international examples. Following the direction of Lead Members, Robin Hambleton, Professor of City Leadership at the University of West of England (UWE), has been invited to the board meeting of 21 March 2016 to present some initial research and discuss possible next steps.

Future considerations and next steps

12. Whilst many new deals are expected to be announced over the next few months, other areas will be beginning their implementation phase. There are a number of implications arising from this:

12.1 **Support and building capacity in councils:** The scope of the LGA's support offer has been set out in Item 3. This service can be provided within current resources. It will be particularly important to ensure the innovative work that councils are developing in areas which have been newly devolved is shared and communicated widely, and that the LGA's support offer keeps pace with councils' needs.

12.2 **Going further with devolution deals.** The limits of devolution deals tend to expand by a variety of factors including the ambition and negotiation of individual councils and combined authorities, collective representation by the LGA and pressure from independent research and think tanks. There are two areas that are under consideration to ensure that the LGA helps create new boundaries in English devolution policy. Firstly, there is a need to renew the debate on the benefits of devolution in the reform of public policy. Secondly, there are specific policy areas where the pace of work on devolution needs to be increased: employment support and skills funding is a particular concern of this Board and the People and Places Board.

12.3 The LGA has already established a proposal to devolve employment support to groups of councils once Work Programme contracts end in 2017, and is working with DWP to see how the principles within it can influence the new Work and Health Programme for all areas. Similarly Members may wish to consider how local areas will manage their contribution to the challenging three million Apprenticeship start target. All public bodies including councils have been set a target (2.3% of their total employed workforce; LGA will lobby for this to be changed to percentage of total employed FTE), and will pay into a Levy (0.5% of total payrolls over £3 million). Members may wish to build on our existing skills and employment campaign to address this. The LGA could, for example, call for

all Levy contributions to be pooled into local apprenticeship hubs so that the fund is targeted at local need, rather than being directed nationally.

- 12.4 **Wider constitutional issues:** The reshaping of English local governance raises a number of questions for all four nations of the UK. Currently, the All Party Parliamentary on Reform, Decentralisation and Devolution in the UK has convened a groups of experts from across the UK to consider the wider constitutional and long-term issues resulting from devolution in all four nations. This expert panel is led by the LGA President, Lord Kerlake, with the LGA providing the secretariat. Their report is expected in March 2016 and will help create a public debate in this area.

Devolution deals and the LGA

13. As devolution deals initiate changes to English local governance, the LGA will need to consider how it works with Combined Authorities and other groupings of councils in the future. LGA services will need to be provided to member councils both individually and through their sub-regional alliances, combined authorities and mayoral models. Our governance structures should also reflect these new arrangements.
14. At the LGA Executive meeting in September, members asked for the LGA to consider its own structures and services as more devolution deals are achieved. Group Leaders have discussed this issue in more detail and have examined ways in which Combined Authorities, Mayors and other areas with devolution deals can be supported within the LGA. However, the Chairman and Group Leaders felt that it was important that the detail of how the LGA adapted to changing English governance should be developed by those at the front line of such changes. As a result a working group with a representative from each of the Groups and led by the Chair of this Board has been convened in order to assess how the LGA develops to address these issues.