

# Local Government Association

## Westminster Hall Debate on the Midlands Engine

Tuesday 24 January 2017



### LGA key messages

- In order to build desperately-needed homes, create jobs, improve health and care support for our most vulnerable and boost economic growth, all councils need greater freedom from national government to take decisions over vital services in their areas.
- Combined authorities, such as the West Midlands Combined Authority (WMCA), have been instrumental in negotiating wide-ranging and ambitious devolution deals in support of new growth. However, in recent months councils have become concerned that the pace of devolution set in the autumn of 2015 has not been maintained since and that the momentum on nationwide devolution is being lost.
- To ensure more devolution deals are agreed promptly, the Government needs to work more flexibly with local areas, recognise that not all deals need to follow the same governance framework and commit the resources necessary to get those deals over the line.
- The Government's industrial strategy provides a critical opportunity to foster a successful, world-leading economy. To get the best benefits for the country the strategy should reflect the geographic and economic diversity of the UK and must avoid being driven top down by Whitehall.

### Background information

#### *Midlands Engine*

Combined authorities such as the West Midlands Combined Authority (WMCA) have been instrumental in negotiating wide-ranging and ambitious devolution deals in support of new growth. For example, within the context of the Midlands Engine, the WMCA has agreed with the Government a package of proposals, supported by £36.5 million a year over 30 years, that includes:

- addressing the recruitment and investment needs of employers through the development of a devolved approach to employment support and skills funding;
- significantly improving transport connectivity, a key component of business competitiveness, with a consolidated and devolved transport budget and devolved responsibility for franchised bus services; and
- taking forward a devolved approach to business support.

#### *Further devolution deals*

Deals with a similar scale and focus have been agreed in areas across the country with many businesses and communities benefiting directly from new investment and more effective public services. However, in recent months councils have become concerned that the pace of devolution set in the autumn of 2015 has not been maintained since and that the momentum on nationwide devolution is being lost.

# Briefing

**For more information please contact:**  
Charlotte Taylor, Public Affairs and Campaigns Adviser  
Local Government Association  
[Charlotte.taylor@local.gov.uk](mailto:Charlotte.taylor@local.gov.uk) 020 7664 3060

Research commissioned by the LGA revealed that £23 billion of growth funding is spread out across 70 funding streams managed by 22 government departments and agencies.<sup>1</sup> This significant administrative overhead is leading to delays in delivering projects and ties up millions of pounds of public money in a complex bidding process.

In order to build desperately-needed homes, create jobs, improve health and care support for our most vulnerable and boost economic growth, all councils need greater freedom from national government to take decisions over vital services in their areas.

To see more deals agreed sooner rather than later, the Government needs to work more flexibly with local areas to agree deals, recognise that not all deals need to follow the same governance framework and commit the resources necessary to get those deals over the line.

This belief in the strengths of a flexible approach to governance also lies at the heart of our calls to secure the future autonomy of local government in post-Brexit Britain. HM Treasury figures indicate a net contribution of £8.5 billion annually to the EU and on leaving, the Government has choices on how any such funds are redeployed.<sup>2</sup> Responsibilities repatriated from the EU cannot be centralised in Whitehall. Councils have a democratic mandate to lead their communities.

We need new devolution settlements in England and across the UK to bring new powers to communities through local democracy. We have proposed eight principles as a guide to further debate:<sup>3</sup>

1. A presumption in favour of subsidiarity must apply to all levels of government, with powers being devolved and decisions taken as close to local people as possible.
2. The principle of local self-government and local government's autonomy should be underpinned by statute.
3. Elected local councillors' 'mandate to lead' should be reflected in the design, delivery and funding of national public services at the local level.
4. Local authorities' financial resources should be commensurate with the responsibilities provided for by the constitution and the law.
5. Local government should be provided with the full freedom to borrow prudentially and raise additional revenue through fiscal instruments such as property taxes.
6. Local areas should have the freedom to determine appropriate governance arrangements for devolution to their areas and to form consortia with other local areas for the purposes of facilitating service delivery and economic growth.

---

<sup>1</sup> <http://www.local.gov.uk/documents/10180/11309/Final+report+for+LGA.pdf/3a2a44c9-7551-4de1-bafc-624a33127ffc>

<sup>2</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/483344/EU\\_finances\\_2015\\_final\\_web\\_09122015.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/483344/EU_finances_2015_final_web_09122015.pdf)

<sup>3</sup> <http://www.local.gov.uk/documents/10180/5533246/December+2016+-+local+government+and+EU+briefing.pdf/ebabb7b4-2386-47c9-81f8-0a0c6fc0ecea>

7. Insofar as they relate to local and sub-national growth and competitiveness, local authorities should have the freedom to tailor national policies relating to the workforce and trade to match local circumstances.
8. National government must include English local government in any matter of constitutional significance as it relates to the relationship between the devolved administrations and England.

### *Industrial strategy*

The Government's industrial strategy provides a critical opportunity to foster a successful, world-leading economy. However, this cannot be driven top-down from Whitehall, but should reflect the geographic and economic diversity of the UK.

From ensuring young jobseekers have the right skills to make progress in a global marketplace, to reversing decades of underinvestment in the construction of affordable homes vital to sustaining rural and urban economies, to the provision of tailored employment support for those at risk of being left behind, national government will only be successful if it works in partnership with local councils within the framework provided by devolution.