

20 Years of Devolution

House of Commons

11 July 2019



KEY MESSAGES

- The UK system of devolution is unequal and different parts of the UK have different degrees of devolution. In Scotland, Wales, and Northern Ireland, national assembly's possess executive and legislative powers. In England, local government in some largely metropolitan areas have been granted certain executive and scrutiny portfolios, but nothing on the scale of the devolved nations.
- 20 years on from the original devolution settlements, it is time to go further. Powers must be devolved beyond Whitehall, Cardiff Bay, Stormont and Holyrood to rest with local communities through local government. Bringing power and resources closer to people is the key to delivering better outcomes for communities and inclusive growth across the country.
- In recent years the pace of devolution has slowed. Progress has been made in large metropolitan areas, but communities in the rest of the country have been largely left behind. The LGA launched a Commission into the future of non-metropolitan England. This has identified areas where further progress is needed for these communities.
- With Whitehall set to be focused on responding to the demands of the EU Exit for the foreseeable future, there will not be the capacity at a national level to negotiate individual deals. A new localism settlement needs to move beyond individual deals to a package of sustainably-funded, locally-led public service reform that is available to all of English local government
- In this context local leaders should be given the responsibility and funding to address long-standing challenges and maximise opportunities. Local government must have a greater say on policies like the UK Shared Prosperity Fund, State Aid, procurement processes and trading standards.
- The LGA has published several recent policy documents that outline how further devolution can benefit local communities including *Councils Can* and *Work Local*. *Councils Can* sets out how a new localism settlement could strengthen communities and local government.ⁱⁱⁱ This needs to be underpinned in a Queen's Speech by an English Devolution Bill, a Local Government Finance Bill and a sustainable funding settlement in the Spending Review.
- It is vital that local government retains the benefits of its current formal advisory role in the EU law and policy-making process through its membership of the EU Committee of the Regions (CoR). The LGA, together with the local government associations in Wales, Scotland and Northern Ireland, have been in discussion with the UK Government about how this advisory role might be replicated in the UK policy making context. Our shared ambition is to replicate the advisory role post-exit, without creating new bureaucracies.

Briefing

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BACKGROUND INFORMATION

The UK system of devolution is unequal. Different parts of the UK have different degrees of devolution. In 1998, national assemblies in Scotland, Wales, and Northern Ireland, were granted executive and legislative powers. In 1999 the Greater London Authority was created bringing devolved governance to the Capital. More recently a series of devolution deals has been agreed between national government and local leaders, with the general requirement for a directly elected metropolitan mayor. Now, 20 years on, it is time to go further. Councils across England need to be given control over public services and investments.

Local government's ability to make important choices is being hampered by the centralisation of powers in Whitehall, dramatically shrinking resources and a lack of certainty about future funding. With the right powers and funding, local government can do more.

Between 2014 and 2016 devolution to local government in England moved at pace. Some metropolitan areas were granted certain executive and scrutiny portfolios underpinned by a combined authority and directly elected mayor. In recent years the pace of devolution has slowed and local communities in the rest of the country have been left behind. The LGA launched a Commission into the future of non-metropolitan England in 2018, this has identified areas where further progress is needed for these communities.ⁱⁱⁱ

Across England, the LGA is calling for devolved powers to be at least the level of the Scottish Government. Our report *Councils Can* is a call to arms, aimed at delivering the very best for local government. It sets out a bold, positive case for a New Localism Settlement, underpinned by a Devolution Bill in the next Queen's Speech.

It is essential to any localism settlement that local government is provided with financial certainty and more investment will be essential. The Government needs to ensure the Spending Review addresses these concerns.

Devolution to councils across England

Recent devolution settlements have focused on individual deals negotiated with local leaders. As a result there are now ten signed devolution deals and nine Mayoral Combined Authorities. These have wider powers over skills; housing and health and social care.

With Whitehall set to be focused on responding to the demands of the EU Exit for the foreseeable future, there will not be the capacity at a national level to negotiate further deals with new areas. Moreover while the then Government expressed a preference for devolution to Mayoral Combined Authorities, councils believe such a model is inappropriate and unnecessary for areas outside the big cities. More than a quarter of the population are already able to access the benefits of devolution through devolution deals, the Government must now legislate to ensure that the rest of England is no longer left behind. A new localism settlement needs to move beyond individual deals to a package of sustainably-funded, locally-led public service reform.

There is also a bigger debate to be started in the longer term about the governance of England. Urgent consideration must be given to the position of local communities in England compared with those in Scotland, Northern Ireland and Wales. Brexit

offers the opportunity to start to answer the 'English' question and give local communities across the UK an equal right to take control of the key decisions that affect their lives. To this end the LGA's *Councils Can* sets out our vision for a new Localism settlement.

Councils Can^v

Despite steps towards devolved powers in some areas, we need to make sure that any powers returning to the UK after leaving the EU are devolved beyond Whitehall, Stormont, Holyrood and Cardiff bay and rest with local communities instead.

Our Councils Can campaign calls for long-term investment in local government but this is about much more than money. This paper sets out the case for a New Localism Settlement for England that empowers councils, as the democratically elected leaders closest to their communities, to take on greater responsibility for their places.

Key elements of the settlement should include:

- An English Devolution Bill: To be announced in the first Queens Speech. This should present options for devolved powers to be at least the level of the Scottish Government and be underpinned by statute to ensure that these powers and the powers already devolved through existing deals cannot simply be rolled back by a change in Government policy.
- A Local Government Finance Bill: Granting full local control over council tax, local powers to set levels of discounts and powers over banding, and 100 per cent business rates retention amongst other powers.
- A Sustainable Funding settlement in the Spending Review: This should address current funding gaps and provide clarity on place-led domestic successors to current EU structural funding.

The Funding Gap

Councils in England face an £8bn funding gap by 2025 and there is a lack of clarity over future funding. With further business rates retention, the Spending Review and the outcome of the fair funding review all still to come, local authorities have no reliable basis on which to appropriately plan their budgets, even in the short term. It is unclear how much funding there will be and how it will be distributed from as soon as next April.

Where councils have the freedoms and funding to make local decisions, there is clear and significant evidence that outcomes improve and the country gets better value for money. Council-maintained schools deliver better results for our children, council-run public health services are improving the health of our nation and where councils can influence the local skills agenda, business can grow to play a major economic role in the future of the nation's prosperity.

Our proposed new localism settlement must contain a long-term sustainable funding package for local government. Without that financial certainty and the right level of funding, councils will not be able to deliver the best outcomes for communities, to which local and national government aspire.

A key upcoming opportunity to deliver certainty is the UK Shared Prosperity Fund. This is the Government's promised replacement to the European Structural Investment Fund, which provides local areas with £5.3 billion of funding. Its successor should be a place-led fund that gives local government the ability to tailor investments. However, the current proposals lack clarity and it is vital that the UK fund is of the same value as the current ESIF programme.

Work Local

Closely allied to *Councils Can*, is our *Work Local* proposal. This sets out a vision for a localised skills and employment service. A more place based, integrated approach to policy and funding is needed to coordinate the myriad of national initiatives that currently exists.

Led by combined authorities and groups of councils, in partnership with local and national stakeholders, local areas should have the powers and funding to plan, commission and oversee a joined-up skills and employment service.

This requires the various parts of Whitehall to coordinate activity, and would be achieved through the establishment of Local Labour Market Agreements (LLMAs) which would be negotiated between local areas and national Government. Across a medium sized combined authority, Work Local could each year result in 8,500 people off out of work benefits, a fiscal boost of £280 million, and contribute £420 million to the economy.

Local government's formal advisory role

The EU (Withdrawal) Act converts EU law into UK law, with the intention of allowing businesses to continue operating and providing fairness to individuals, knowing the rules have not changed on the day the UK leaves the EU. This legal certainty must be given to councils too.

Currently local government has a formal advisory role in the EU law and policy-making process through its membership of the Committee of the Regions (CoR). EU treaties include other provisions under which local government representative associations must be consulted.

In a House of Lords debate in March 2018, the Government confirmed that local government would continue to hold a formal advisory role, similar to the one we currently have. Any alternative mechanism must ensure there is no loss of powers for local government. It is the rights and responsibilities local government currently have that need to be replicated, not the institution of the CoR itself.

The LGA, together with the local government associations in Wales, Scotland and Northern Ireland, have been in discussion with the UK Government about how this advisory role might be replicated in UK law. Our shared ambition is to replicate this without creating new bureaucracies. We would encourage the Government to update Parliament on the progress of these discussions as soon as possible.

ⁱ Local Government Association (2019) Councils Can <https://www.local.gov.uk/councils-can-2019-conference-paper>

ⁱⁱ Local Government Association – Work Local: Our vision for an integrated and devolved employment and skills services (2017) <https://www.local.gov.uk/work-local-our-vision-integratedand-devolved-employment-and-skills-services-full-report>

ⁱⁱⁱ Local Governemnt Association (2019) Future of Non-Metropolitan England

<https://www.local.gov.uk/future-non-metropolitan-england-freedom-lead-local-places>

^{iv} Local Government Association (2019) Councils Can <https://www.local.gov.uk/councils-can-2019-conference-paper>