

Local Government Association

House of Commons debate on devolution and district councils

15 November 2017



LGA key messages

- District councils are experiencing a range of demographic and economic challenges and must deliver services in a context where all councils face a £5.8 billion funding gap by 2020.¹
- By 2019/20, almost half of all English councils, including three quarters of district councils, will no longer receive the revenue support grant. This is on top of district councils in two-tier areas having had a reduction in external income of almost 64 per cent in real terms in the period from 2010 to 2020.² If devolution is going to be a long term success, councils need adequate resources in order to deliver for their residents.
- While the election of six combined authority mayors earlier this year marked a significant milestone for devolution in England, it is not the only model of devolution possible. Council leaders want to explore further options for the widespread transfer of powers and responsibilities to the whole of England.
- To ensure new devolution deals are agreed promptly, the Government needs to work more flexibly with local areas and commit the resources necessary to get those deals over the line. We would like to see the Government's planned Common Devolution Framework help deliver this ambition.
- Brexit presents challenges, but also opportunities to do things differently. Powers repatriated from the European Union must not simply reside in Westminster, Holyrood, Cardiff Bay and Stormont, but instead should be passed down to communities across the country. This includes devolving powers to rural areas to better connect them with future prosperity and bring decisions over public services closer to the people affected by them.
- The Government's industrial strategy provides a vital opportunity to create 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

Devolution update

Councils and combined authorities have been instrumental in negotiating wide-ranging and ambitious devolution deals in support of new growth. Deals have been agreed in areas across the country with many businesses and communities benefiting directly from new investment and more effective public services. However, 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.

¹ Growing Places, LGA 2017

² LGA analysis of [DCLG Core Spending Power figures](#)

Briefing

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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.³ 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, and boost economic growth, all councils, including districts, 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. As part of this, the Government must progress at pace its ambition to create a Common Devolution Framework in order to enable the many areas without deals to benefit from devolution.

Industrial strategy

It is positive that the Government committed to developing an industrial strategy that is rooted in place and delivers for all corners of the country. There are key elements of the industrial strategy that would benefit from a more tailored local approach:

- Skills – Districts and the wider economy could benefit from greater local government influence over the employment and skills systems, enabling local solutions to be developed to address the specific challenges they face.⁴
- Trade and investment – local areas are yet to achieve their full potential in international markets and are currently having to operate in a crowded institutional and policy landscape. The current approach to trade and investment must be streamlined and local influence strengthened in order for districts and their local partners to help local areas realise their potential.
- Housing – issues of housing shortage and affordability are particularly prevalent in many districts. While many of the proposals in the Government's Housing White Paper were encouraging, there is a need for more substantive measures to tackle the significant housing issues in districts.⁵

Funding and fiscal devolution

Local government provides vital services to residents. Fiscal devolution is needed to realise the benefits of devolution, carefully planned and with proper consideration of fair funding.

Overall, English councils will have seen reductions of £16 billion to core central government funding during the course of this decade, with districts making up over £1 billion.⁶ By 2019/20, almost half of all English councils, including three quarters of district councils, will no longer receive the revenue support grant. They will also have to pay the Government a contribution from their other income.

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

⁴ For further information on the LGA's proposed reforms to skills and employment see our [Work Local report, 2017](#)

⁵ [LGA Housing Commission Report, 2017](#)

⁶ Growing Places, LGA 2017 and LGA analysis of local government finance settlement data

European Union

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.⁷ Responsibilities repatriated from the EU cannot be centralised in Whitehall. Councils have a democratic mandate to lead their communities.

EU laws impact many of the council services that affect people's day-to-day lives, from protecting people from unsafe food when they eat out to regulating how councils buy goods and services. The conversion of EU law will impact on our most important public services.

Principles supporting devolution to and consultation of local government have also been included in EU treaties. There must be no loss of powers for councils on the day the UK leaves membership of the EU. Just as the roles and powers of the devolved administrations are set out in the Bill, so too must the position of councils be formally enshrined in law.

Former EU powers will start to be reviewed after the Bill is passed. Brexit should not simply mean a transfer of powers from Brussels to Westminster, Holyrood, Stormont and Cardiff Bay. It must lead to new legislative freedoms and flexibilities for councils so that residents and businesses benefit. Taking decisions over how to run local services closer to where people live is key to improving them and saving money.

Digital Connectivity

Access to fast and reliable digital connectivity is no longer a luxury, it is a necessity. The LGA welcomed the creation of a broadband Universal Service Obligation. However, a proposal that leaves approximately 60,000 premises unserved cannot be the limit of the Government's ambition. Focus must be maintained on finding the funding and resolve to get as close to 100 per cent coverage as possible.

Mobile connectivity in rural areas is also poor, although Ofcom and Government argue it is improving. Councils have reflected back to the LGA their concerns about the accuracy of Ofcom's mobile coverage data. Councils and residents must be provided with reliable mobile coverage data that is more reflective of user experience.

⁷https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/483344/EU_finances_2015_final_web_09122015.pdf