

**POLICY DEVELOPMENT: NOT A STATEMENT OF GOVERNMENT POLICY****Criteria for devolution****1. Introduction**

- 1.1. Several responsibilities and funding streams have already been put forward as candidates for transfer to local government, to be funded from retained business rates. The Government has also announced that it intends 100% retention of business rates to be cost neutral (in other words, the cost of any new responsibilities should match the increase in business rates income). Therefore analysis will need to be undertaken to identify the cost of any new functions and the future pressures they could create for local government, alongside existing pressures within the system.
- 1.2. Some local authorities have asked to go further, faster. In order to do this we may need to consider whether certain responsibilities should be devolved in some areas but not others, for example by using an opt-in approach or by targeting some devolution of certain responsibilities at particular classes of authority and how this would operate within a national system of 100% rates retention.
- 1.3. This would give the new system greater flexibility to accommodate individual circumstances and complement the deals processes already underway. However flexibility would come at the expense of simplicity and transparency, and is only likely to be technically feasible in some cases. Any proposal for bespoke devolution will therefore require a strong supporting case.

**2. Criteria for the devolution of responsibilities to a local level**

- 2.1. Before seeking to identify or debate particular candidates for devolution, it may be helpful to consider establishing principles or criteria to guide decisions on whether to devolve particular new responsibilities to local government. Whilst decisions on the responsibilities and grants to devolve will be taken in the round, incorporating the views of councils, businesses and other stakeholders, it may be helpful for the working to consider candidates against the criteria in developing its views on the options for devolution.
- 2.2. A proposed set of criteria is listed below, grouped into four high-level themes. Views on the proposed criteria are welcomed, including what else should be taken into account and whether some of these criteria are more important than others. It is proposed that each criteria should be used as a reference point rather than any proposal having to satisfy all criteria.

**Discussion points:**

- **Does the working group agree that there should be criteria to help guide thinking and decisions?**
- **Are these the right criteria?**
- **Are there any other considerations that should be taken into account when considering the devolution of functions or grants to a local level?**
- **Are some of these criteria more important than others, and if so, which ones?**

## POLICY DEVELOPMENT: NOT A STATEMENT OF GOVERNMENT POLICY

**Proposed criteria****1) Devolution of a responsibility should build on the strengths of local government**

- a) It will provide opportunities for greater integration across local services, taking advantage of council expertise to provide user-centric, outcomes focussed approaches.
- b) Devolution would remove barriers to other innovative service delivery models, for example the commissioning of new multi-agency services that offer better value for the tax payer.
- c) There should be appetite from the sector for the responsibility to be delivered at a local level.
- d) The responsibility is a sensible fit with a business rates-based funding stream, i.e. from a forward planning, governance and technical perspective.

**2) Devolution of a responsibility should support the drive for economic growth**

- a) The responsibility will support local authorities' role in driving local growth, for example through a clear link to local employment, skills or infrastructure policy, and build on the ambition councils have demonstrated through Local Enterprise Partnerships, Growth and City Deals.

**3) Devolution of a responsibility should support improved outcomes for service users or local people**

- a) Local authorities should have as much flexibility as possible to tailor local services, for example allowing user-centric, outcomes focused delivery.
- b) Service provision can reflect the distribution of need across the country. Consideration should be given to the effect of devolution on protected groups under the Equalities Act 2010.

**4) Devolution of responsibilities should be made with consideration for the medium-term financial impact on local government.**

- a) The national cost and demand for any new responsibility should be relatively predictable and stable over time, relative to the business-rates based funding stream.
- b) The relative demand for funding between local authorities should be relatively stable over time.
- c) There should be capacity at a local level to deliver services, taking into account other local pressures.
- d) The timeline for devolution will allow sufficient time for preparations at a local level.