

POLICY DEVELOPMENT: NOT A STATEMENT OF GOVERNMENT POLICY

Responsibilities Paper

1. The Government has announced that the business rates reforms must be fiscally neutral. To ensure this the main local government grants will be phased out and additional responsibilities will be devolved to local authorities in order to match any additional funding from business rates. Whilst the scale of grants and further responsibilities will be shaped by the quantum of business rates funding available this should not unduly restrict early identification of potential devolution candidates for initial exploration.
2. It is the working group's view that given that the quantum cannot reasonably be estimated until nearer the date of implementation (which the Steering Group is discussing at agenda item 4), the approach should be to identify a range of potential candidates (menu/shortlist) on which the Government should consult in later this year. This shortlist should, if added together, be well in excess of any amount needed in order to provide flexibility and choice at the point at which decisions are needed.
3. The Government has mentioned a handful of grants and responsibilities it would like to consider for devolution in recent announcements. Apart from TfL Capital Grant, nothing has been confirmed. The opportunity now is for a review of the role and functions of local government, and to influence which functions will actually transfer. This paper considers the first steps in identifying the full list of ideas for **potential candidates for devolution**, based on a list that has been gathered so far. This list is shown at appendix A and was discussed at the responsibilities working group on 3 May.
4. Inclusion of an item on the list does not imply any assessment of suitability at this stage, but represents the current suggestions from a range of stakeholders. This includes the working group itself, which added candidates during its recent meeting. This is not a closed list, and further items could be added or removed as detailed consideration takes place.
5. The responsibilities working group concluded that it will need further information on each item will be needed before reaching a view on whether it should form part of the menu of options for consultation. This will include the detail of the activity represented by the funding, and detail of demand/costs and future forecasts (stability, predictability), and the potential scope for local policy control. The next meeting of the working group will focus in on these issues for the potential candidates, and any others identified in the meanwhile considering them in the light of the further information gathered and the criteria we have developed.
6. In advance of the working group's further consideration, the Steering Group is invited to consider the list and provide any early views. In considering this initial list of ideas, the Steering Group may find the following questions helpful to prompt discussion:
 - What is missing?

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- Are any of these items particularly attractive? (e.g. funding streams for existing responsibilities of local government over new responsibilities?)

Appendix A**Potential list of candidates for devolution**

The list below represents all of the ideas submitted thus far, either to the LGA or to DCLG, as potential candidates for devolution. At present, these are ideas for further discussion and yet to be considered in any detail. Inclusion on this list does not necessarily imply any judgement or assessment about suitability for devolution at this stage¹.

Responsibility/Funding	Approx value 2019/20 (£bn)²
Revenue Support Grant	2.3
Rural Service Delivery Grant	0.1
Transport for London Capital Grant	1.0
Adult Education Budget (AEB)	1.5
Support for Adult Education	0.2
Advanced learner loans	0.5
Careers Guidance	-
Highways Maintenance (formula allocation & incentive element)	
Highways Maintenance (challenge fund)	
Integrated Transport Block	0.3
Bus Services Operators Grant	0.3
Work and Health Programme	0.1
Housing Benefit Admin Subsidy	0.2
Localising Council Tax Admin Subsidy	0.1
Discretionary Housing Payments	-

¹ With the exception of:

- TfL Capital Grant, which the Government has announced will be funded through retained rates from 2017, and
- Revenue Support Grant and Rural Service Delivery Grant, where the current working assumption is that these will be phased out on implementation of 100% rates retention.

² Where currently known

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Devolution deals (growth fund?)	2.0
Public Health Grant	3.1
Better Care Fund	

Responsibility/Funding	Approx. value 2019/20 (£bn)
Improved Better Care Fund	1.5
Independent Living Fund	0.2
'Universal Support' element of UC	0.1
Sport England Funding	0.1
Youth Justice	0.2
Transition support for disengaged young people	-
Troubled Families	0.1
Affordable Housing Programme	0.6
DSG Early Years block	3.9
Early Intervention	
Armed Forces Community Covenant	-
Employment and Support Allowance	0.3
Attendance Allowance (new claimants)	1.0
Valuation Services	-