



The Devolution
All-Party Parliamentary Group

INQUIRY INTO THE LEVELLING UP WHITE PAPER

Inquiry Report

This report was researched by Connect and funded by the Local Government Association. This is not an official publication of the House of Commons or House of Lords. It has not been approved by either House or its committees. All-Party Parliamentary Groups are informal groups of members of both Houses with a common interest in particular issues. The views expressed in this report are those of the Group.

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FOREWORD

Rarely in this nation's modern history has politics been so febrile and therefore a clear direction of travel in key areas of national life been so hard to fully understand. The effects this instability has over whole areas of public policy with the potential to be impacted by the Levelling Up White Paper are profound. Some guidance from a respected source as to how to proceed should therefore be even more welcome than usual.

The value of All Party Parliamentary Groups that are based within the Westminster bubble but seek to take evidence and analysis from outside is all the greater for this instability. The Devolution APPG is especially well placed in this regard, given its outward looking focus and strong emphasis on equal respect for local government leaders and thinkers and yet at the same time its Westminster base and strong cross-party MP and Peer support.

This strength is clearly reflected in this Inquiry, the eminence of its contributors ensuring that the analysis provided is rooted in deep experience of local government and a clear-eyed willingness to be critical when merited, but to draw out some of the stronger parts of the White Paper too. It is to be hoped that the latest round of DLUHC Ministers - and indeed other relevant Ministers across Whitehall - give the recommendations the respect and consideration that they deserve.

Andrew Lewer MBE MP
Chair
The Devolution APPG

The appetite for new devolution deals is very clear, and we know from our evidence that where they are right, they can be transformative. The Government must, however, listen more to local communities about what they want and what works for them. It is clear that for levelling up to truly succeed it must be locally led and draw on the deep well of skills and experience in our existing local government structures. Through that strong local leadership and a clear view of where we are going, we can significantly improve outcomes across the board from areas that have previously felt left behind.

My thanks to the Inquiry Panel for the hard work they put into taking evidence for this report and also for contributing their own reflections upon it and for the teams at the LGA and Connect PA for their work in producing the Report.



INQUIRY PANEL

The APPG appointed a panel of commissioners to conduct the inquiry, as follows:

Andrew Lewer MBE MP, APPG Chair

Baroness Margaret Eaton MBE, APPG Vice Chair

Baroness Dorothy Thornhill, former Mayor of Watford

Cllr John Fuller OBE, Leader of South Norfolk District Council

Cllr Izzi Seccombe OBE, Leader of Warwickshire County Council

Cllr Peter Fleming OBE, Leader of Sevenoaks District Council

Cllr David Hitchiner, Leader of Herefordshire Council

Cllr Bev Craig, Leader of Manchester City Council

Steve Rotheram, Metro Mayor of Liverpool City Region

Lord George Foulkes, former Minister of State for Scotland



EXECUTIVE SUMMARY

The Local Democracy, Economic Development and Construction Act 2009 permitted the formation of combined authorities, the first of which, the Greater Manchester Combined Authority, was formed in 2011. The legislation was significantly amended in 2016 with the passing of the Cities and Local Government Devolution Act 2016, which allowed the Secretary of State to establish a combined authority, with the consent of councils in the relevant area.

Many regional devolution deals have been agreed since 2011 in areas including, but not limited to, North of Tyne, Liverpool City Region, Cornwall and West Midlands. It remains the policy of the renewed government to continue negotiating with regions with a view to implementing further

devolution arrangements, therefore noting this ongoing political intent, the Devolution APPG decided to hold this inquiry to gain an understanding of how devolution has been delivered in practice so far.

Following analysis of the oral evidence received at our three oral evidence sessions and the several written submissions received, the APPG has developed a series of recommendations that look beyond party political considerations and offer a set of overarching principles which, if adopted by Government, will ensure each devolution deal is focused on delivering the positive outcomes expected by stakeholders and the community it will serve, whilst remaining agile enough to reflect the unique aspects of the area in question.

The report will consider each of the following four fundamental questions in turn.

- 1 How does the white paper encourage structures which will see tangible decision-making devolved to local areas, with the powers and funding needed to achieve long-lasting improvement to people's pay, jobs and living standards?
- 2 How effectively does the white paper address the need to improve health outcomes, and outline solutions that give local areas the right tools to do the job?
- 3 How well will the white paper embed strong, safe and resilient communities through high-quality local leadership, which will allow areas to stand up for themselves and make their voice heard when seeking investment and opportunity?
- 4 Does the white paper address the frustrations that many areas have felt in previous rounds of negotiation for local devolution deals, allowing them to chart a course towards the highest level of devolution that works for them?

RECOMMENDATIONS

The Government should seek to help areas devolve as much power as possible to local communities, where future deals deliver more for local leaders because of their ambitions and ability rather than less, constrained by appetite and enthusiasm at the centre.

The Government should work with councils and devolution deal areas to expand the devolution framework, particularly when considering public health but also for example looking at skills, further education, careers; policing, powers over business rates and the white paper's 12 missions to understand where new functions and resources are going to be needed for these to be successfully delivered. As part of this process it should clearly establish the core functions and financial resources available to any area that sets up a combined authority, those elements subject to further negotiation and those not available.

The Government should review the requirement to have a directly elected mayor to achieve the highest levels of devolution, and lay out a clear framework that allows local areas to negotiate deals which fit within existing institutional structures, rather than reserving the most significant powers for areas which are content to follow the centrally preferred model.

The Government should reform the process for local areas to access central government funding, aligning the allocation of public money with local outcomes to allow local authorities to optimise systems and achieve their priorities. This will provide a more stable basis for local areas to access key funding that they need to take a longer-term approach to addressing local needs, while reducing the administrative burden on authorities to access funding. Future consideration should also be given to localised revenue-raising powers as part of future devolution proposals, in a move towards greater local fiscal autonomy.

The Government should align the rollout of integrated care systems and health devolution in future local government devolution deals, establishing a clear and tangible target for narrowing the gap in Healthy Life Expectancy (HLE) between the highest and lowest performing areas, and identify a clear role for local and combined authorities in meeting this target.

The Government should ensure that future devolution deals place public health at the centre, recognising the multiple factors that decide health outcomes and providing adequate funding both to public health provision and to address all factors that lead to health inequalities and low healthy life expectancy.

The Government should commit to supporting organisations in the delivery of the effective transfer of knowledge and expertise between areas that have already successfully negotiated a devolution deal and those yet to embark on the process. This should build on the experiences of trailblazer regions to support a wholesale reform to the culture across Whitehall.

How does the white paper encourage structures which will see tangible decision-making devolved to local areas, with the powers and funding needed to achieve long-lasting improvement to people's pay, jobs and living standards?

The framework in the white paper proposes a range of devolved powers and resources across three tiers¹ of devolved governance:

The Government has agreed two of the nine deals negotiated under these new arrangements. It is reasonable to assume further deals will follow the pattern of the previous wave of metropolitan devolution: the decentralisation of funding and functions that contribute to the strategic growth of an area, but which stops short of a wholesale transfer of powers or radically improves the financial independence of a place.

This proposal was criticised by academics from the University of Manchester and Queen Mary University of London, who said *"reform beyond the centre still lacks a clear and co-ordinated blueprint for local governance that is not simply a one-size fits all, standardised metro-model approach. The issue of overlapping jurisdictions remains unaddressed while meaningful devolution both of resources and accountability is absent."*

Broadly, there are two routes to explore this issue. The first is to consider the opportunities for future rounds of devolution, for areas to earn more powers and resources through further deals. Greater Manchester, for example, augmented its initial deal with additional powers over time and in the case of bus franchising increased the depth of power already devolved by pioneering the transition from deal to delivery.

Professor Francesca Gains, a major advisor to the GMCA, said in her written evidence *"I welcome the White Paper and Levelling Up and Regeneration Bill's commitment to empower local leaders and provide the opportunity for every area which wants it, to have a devolution deal by 2030. It is very helpful to have a framework of what powers will be offered under different models of devolved decision making and clarification of the degree of accountability required."*

"I welcome an approach that allows clarity and transparency for discussions in authorities and areas considering devolution deals to facilitate honest and sometimes difficult discussions by local leaders on what is best in their localities."

Mayor of Greater Manchester, Andy Burnham, told us: *"I think the UK economy needs a strong sense of forward direction in all its constituent parts and in all the regions. Giving more devolved control now can deliver that stronger sense of momentum and forward direction. It can put the pace into the twin drives of levelling up and net zero."*

"I think you can't do these things from the top-down. It will only happen when you enable and empower people to do things from the bottom up."

Within this context it might be said that the white paper encourages a particular type of structure – a combined authority with a directly elected leader – as the vehicle for more substantial elements of devolution and, if history is a guide, areas that are judged to be working well by Government will be rewarded with the opportunity for further devolution.

While this approach has worked well for some areas like Greater Manchester, it was criticised by Stoke-on-Trent City Council among others, who told us that they had *"found nothing in the white paper that would realistically pave the way for structures that would devolve tangible decision-making to local areas, simply because the devolution framework does not align with our administrative geography."*

Stoke-on-Trent Leader Cllr Abi Brown, in her oral evidence, went further: *"Whilst a number of models have been put forward, we don't see one that actually fits what we want to do. Before the White Paper was published, we launched our own levelling up strategy. We made it clear that we had a number of requirements around this with opportunities for partnership and investment, because it's not about just giving us cash, it's about working together with the government to see a return and to be a net contributor to UK PLC."*

As this process continues, it could be argued that areas will eventually receive the powers and funding they need to improve pay, jobs and living standards. Although, in the case of addressing some of the longer-term structural inequalities the Government has indicated that it wishes to

¹ Levelling Up the United Kingdom (publishing.service.gov.uk) https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1052708/Levelling_up_the_UK_white_paper.pdf

address through the process of levelling up, it may be a significant amount of time before these positive outcomes are achieved.

The second route derives from a reflection on the significant funding reduction faced by local government over the last decade and the recurrent critique that the model of devolution the Government has chosen to adopt places undue emphasis on local areas prising individual powers out of departments rather than Whitehall actively seeking to pursue an integrated programme of ambitious place-based leadership.

This can be seen not just in the negotiation of deals, but also in the allocation of growth funding. Central government funding of local authorities is highly fragmented.

Research by the Local Government Association found nearly 250 grants were provided to local government in 2017/18. Half were worth £10 million or less and only 18 per cent of grants issued between 2015/16 and 2018/19 were intended to be spent across more than one area.

Around a third of the grants identified in this research were awarded on a competitive basis. A separate piece of LGA commissioned research estimated that the average cost to councils in pursuing each competitive grant was in the region of £30,000. On this basis, it would cost each local authority roughly £2.25 million a year chasing down various pots of money distributed from the centre.

The recent experience of the Community Renewal and Levelling Up Funds has also highlighted the difficulty of aligning national policy objectives with the demands of delivery on the ground: the funds were subject to delay and awarded according to complex bidding criteria.

This increases the difficulty of long-term planning and effective use of public money as relatively small pots of cash are bid for on tight delivery timescales. It also means that councils seeking to address major transformation programmes, like reaching net zero, have to stitch together pots of cash from across Government navigating Departmental silos and eligibility criteria.

The Heseltine Institute was robust in calling for greater fiscal devolution. They said that *“as part of the Levelling Up agenda, [the Government should] establish an objective to deliver more fiscal devolution to combined authorities by 2030. The terms of fiscal devolution should be established by an independent commission, with clear and achievable goals targets in governance and institutional capacity agreed by central and sub-national government.”*

While the detail is still to emerge it also seems likely that the commitment to establish the Office for Local Government also runs the risk of creating a tool for the centre to monitor local government rather than a system to support coherent investment in place.

Running through these developments is the potential for the ecosystem around local government to be radically redesigned to facilitate Whitehall, without any significant transfer of power and resources down to the local level.

The Local Government Association noted that: *“Rather than the centre becoming more ‘place-aware’, places risk becoming more centre-compliant with little ability to improve opportunities for communities beyond those determined by the Government of the day. For this reason, we would echo the call of the previous APPG inquiry, Levelling Up Devo and recommend that reform of local government must be matched by reform of national government to build a coherent programme to improve outcomes in place.”*

Finally, the Centre for Progressive Policy noted the risk inherent in a change of Government in the creation of any new structures. They noted in their submission, made during the Conservative leadership contest, that *“neither leadership candidate has yet set out their vision for devolution further signals a threat to previous progress made on this by previous administrations.”*

How effectively does the white paper address the need to improve health outcomes, and outline solutions that give local areas the right tools to do the job?

Mission seven of the white paper outlines the ambition to reduce the gap in Healthy Life Expectancy by 2030 and increase HLE by five years by 2035.

The LGA tells us: *“Although this commitment to improving HLE is welcome, the plans set out in the white paper do not go far enough to resolve the significant inequalities in health outcomes.*

“Health inequalities exist both between and within local authority areas, with almost 20 extra years of healthy life enjoyed by those in the most affluent areas compared with those in the most deprived areas. Reducing poor health outcomes must therefore be about more than addressing interregional inequalities.”

Shadow Levelling Up Minister Alex Norris MP agreed, telling the inquiry that *“This has to be about tackling health inequalities and healthy life expectancy, or its nothing.”*

The white paper establishes three core components of improving HLE: improving public health, supporting people to change their food and diet; and tackling diagnostic backlogs. For a substantial improvement in HLE to take place, there also needs to be a substantial improvement in the wider determinants of health, including housing, education, and employment. Substantially reducing the gap in HLE cannot be achieved through changes in the health sector alone.

The Centre for Progressive Policy agrees, telling us that: *“recommendations of the white paper to improve health outcomes are highly individualistic and – despite an exposition of system change in the document – it remains therefore inadequate. CPP has previously argued a population health approach is needed that seeks to address the socioeconomic, commercial, and environmental causes of poor health alongside the individual and behavioural drivers. This means a focus on early years, good jobs and quality housing is as important in determining health as the NHS.”*

London Councils agreed, and noted the challenges faced by adult social care: *“The experience of the Covid-19 pandemic demonstrated beyond dispute how London’s health and care services – from NHS*

hospitals through to public health bodies and local social care teams – are vital assets for the capital’s communities.

“The capital’s continuing health and care challenges cannot be underestimated, and boroughs are resolute in addressing them as part of our ongoing efforts to build a fairer and more prosperous London. Child obesity, poor air quality and improving mental health are key areas where collaborative measures are being taken to ensure that we are working together to improve health outcomes. We remain extremely concerned about the sustainability of adult social care provision in the capital, which has a significant impact on London’s NHS performance and wider health and wellbeing.

“Funding for local services has not kept pace with demographic changes and the number of people accessing adult social services in London. Long-term, sustainable funding solutions must be brought forward in to address the underlying challenges facing adult social care and develop the cross-benefits that health and social care can provide as two parts of an interconnected system.”

While local government is well placed to lead work in tackling poor health outcomes, the lack of increase in public health funding threatens to undermine their ability to deliver the high-quality, integrated services needed to achieve the Government’s aspirations.

Localis put this succinctly: *“The key issue for local government in dealing with local public health however remains councils’ local public health budgets which, while carried over without a cut in SR21, are in real terms more than £500m smaller than they were in 2015.”*

The Health Foundation estimates that an additional £1.4 billion per annum would be required to reverse the cuts and keep pace by rising demand by 2023/24 ¹.

² <https://www.health.org.uk/news-and-comment/charts-and-infographics/why-greater-investment-in-the-public-health-grant-should-be-a-priority>

The white paper is a missed opportunity to give local areas that want it the power to address health disparities within their communities and improve health outcomes. Although the white paper sets out a devolution framework, with the option of a devolution deal open to every area of England that wants one, there are notable gaps around the potential devolution of health functions. Within the devolution framework, health is only mentioned to say that *“Where desired offer MCAs a duty for improving the public’s health (concurrently with local authorities)”*. This offer would only be open to Level 3 devolution deals – i.e. a single institution or county council with a directly elected mayor across a whole functional economic area or whole county area.

South East Councils notes that: *“Ultimately, working with and listening to local authorities across the South East to deliver the highest level of desired devolution, which meaningfully decentralises power to be led from the bottom-up and includes meaningful fiscal reform without the need for a DEM, is a crucial next step to give local authorities the right tools to do the job to level up in their respective areas.”*

Concerns about the absence of developed proposals for health devolution in the white paper are compounded by the publication of the Levelling Up and Regeneration Bill, published in May 2022. This Bill establishes the process for the creation of new County Combined Authorities (CCAs), and the powers they may be able to exercise.

The Bill allows for powers currently held by other public authorities to be conferred instead to the CCA, seemingly offering the opportunity for health functions to be transferred, but also states that Section 18 of the Cities and Local Government Devolution Act (2016) regarding the devolution of health functions still applies, suggesting there is little proposed changed to the health devolution landscape. Given there has been little in the way of further movement on health devolution to local government since 2017, the 2016 Act is clearly not providing a structure in which local government is able to access health devolution.

The roll out of Integrated Care Systems (ICSs) further complicates the health devolution landscape. Although ICSs offer opportunities to improve health outcomes, local government leaders have expressed concerns that the structure of ICSs could diminish the role of health and wellbeing boards, thereby weakening the connection between locally elected leaders, the communities they serve and the NHS. They have also questioned whether ICSs could undermine existing health devolution, such as in Greater

Manchester, which as an integrated health budget and co-decision making process with the NHS, and that the Integration White Paper could create a parallel process to the devolution framework. This was also acknowledged by Neil O’Brien MP when he was Parliamentary Under-Secretary of State for Levelling Up, Housing and Communities.

Stoke-on-Trent City Council told us that *“[they] don’t see anything in the Levelling Up White Paper that significantly helps us in taking our own strategies forward or securing the targeted investment that we would need in order to deliver the integrated health and care hubs that would make a huge difference to health outcomes in our local communities.”*

The lack of acknowledgement that the structures of the health system, and the relationship between the NHS and local government have changed since 2016 in either the white paper or the Bill makes clear the Government’s apparent lack of interest in including health devolution as a part of future devolution deals.

This is disappointing. Where devolution of health and social care has taken place, areas have seen significant health benefits for local residents. For example, the Greater Manchester Population Health Plan (<https://www.gmhsc.org.uk/wp-content/uploads/2019/08/GMHSCP-Population-Health-Plan-FINAL-1.pdf>) update showed a substantial increase in school readiness and a smoking prevalence rate falling twice as fast as the national average.

Democratically elected, accountable local leaders, working with the NHS would be best placed to improve health outcomes as they can take into consideration the wider determinants of health and the particular circumstances of their local community.

Professor Colin Copus was particularly supportive of greater local, democratic oversight of NHS services, telling us that *“It is necessary to improve health outcomes at the local level that public engagement and democratic oversight of the NHS are augmented to ensure health provision matches local needs and priorities.”*

“It is vital that each deal focuses on those aspects of health care and on public engagement and democratic oversight of those parts of health care which have local priority.”

However, to do this Government need to empower these local leaders by setting out a clear vision for how health devolution will work in a landscape changed by ICSs, and ensure that public health funding adequately covers the services that local authorities need to provide to deliver these improved outcomes.



How well will the white paper embed strong, safe and resilient communities through high-quality local leadership, which will allow areas to stand up for themselves and make their voice heard when seeking investment and opportunity?

The local response to the COVID-19 crisis demonstrated what is possible when central and local government work together towards a shared goal, highlighting the place leadership role councils play in responding to the needs of local communities. The concept of levelling up is multi-faceted and will require investment in social as well as physical infrastructure and it is vital for central and local government to work together on these multiple issues, in a unique mix in each local area, at the same time. This was noted in the APPG's previous report on the role of national government in making a success of devolution in England.

London Councils tell us that they *"welcome the white paper's recognition of the need to build local leadership capacity, support efforts to empower local leaders, and increase collaboration between and within branches of government."*

Mission 12 of the White Paper focuses on empowering local leaders, by rolling out a new programme of local devolution in England, introducing County Deals, providing more powers for existing mayors and implementing a new devolution framework; strengthening private sector-led partnerships; and streamlining growth funding through the Levelling Up Fund, the Towns Fund and the UK Shared Prosperity Fund.

Where Mayors take on blue light powers, this can also enable greater join-up of services to support safe and resilient communities, as can devolution of powers such as health, employment, and skills provision.

However, Stoke-on-Trent cautions that: *"No governance model can provide absolute assurance of, or preclude, strong and effective local leadership, and we would therefore argue that they should not be a prerequisite for securing meaningful support from central government in order to address priorities which are clearly mutually beneficial."*

The recognition of local leadership as one of the objectives of the UKSPF is confirmation of their vital role in bringing together local partners and gives local leaders greater certainty and freedom to run local programmes that respond to local need. This can have a real impact tackling inequalities and levelling up opportunities, such as boosting employment and skills, supporting local businesses and achieving net zero. However local government so far has been given challenging timescales to develop investment plans and, to date, the UKSPF does not fully enable lead authorities to make longer-term investment decisions to meet levelling up aspirations.

The devolution framework sets out a flexible, three level approach to devolution recognising that a one-size fits all model would not be suitable. Level 3 includes a single institution or County Council with a directly elected mayor, across a functional economic area or whole county area. Level 3 represents the Government's preferred model of devolution, although they are clear this will not suit all areas at present, and level 3 areas will have access to the largest set of powers.

The Institute for Government agrees with the importance of mayors but cautions that they could make good use of further empowerment: "Metro Mayors are not powerful executive figures, like the mayors of US cities for example, but first among equals on the MCAs they chair. On most important issues, they cannot act without the consent of council leaders. Even where there is local consensus, for instance on transport or infrastructure investment, mayors find that their freedom of action is heavily circumscribed by the need for Whitehall agreement.

"MCAs have limited ability to reallocate budgets across departmental silos and few revenue streams that they fully control. These constraints were created intentionally – to assuage local council leaders unconvinced by the mayoral model, and to assure government departments that the budgets they control would be put to good use. That scrutiny of performance matters, and is something the Institute for Government backs. But the consequence is that metro mayors are hamstrung in their ability to solve the very problems that government. The result is that unrealistic expectations have been set for what metro mayors can achieve and for what they can therefore be held to account.

"In the next phase of devolution, we believe that government should go further, and empower mayors – working in partnership with other local leaders – to lead the social and economic renewal of their regions."

In his oral evidence to the panel, Lord Heseltine highlighted what he felt was a key challenge, which

he interpreted as an in-built resistance to change. He said, *"There is an inherent 'limpet sticks the rock' approach by ministers, civil servants and departments to cling to their powers. Until those powers are not only devolved but devolved in a way that is relevant to the local circumstance, with someone in charge, then you will go on with the under exploitation of talents that this country possesses. The only person who can do it is the Prime Minister, who appears to have other their mind on other things."*

The Levelling Up and Regeneration Bill published in May 2022 provides more detail about the role of the Mayor. The Bill allows for the position of a Mayor to be created (Part 2, Chapter 1, Section 25), and for powers that are similar to any exercised by the CCA to be conferred to a Mayor, although this may not include the power to borrow money (Part 2, Chapter 1, Section 27). The Mayor may request powers to be conferred to them by the Secretary of State, but this is contingent on them having consulted with the constituent councils. When making the request to the Secretary of State, the Mayor must make a statement saying that either all the constituent councils agree to these powers being given to the Mayor, or if not, the Mayor's rationale for proceeding without the consent of the constituent councils.

The Bill also gave reassurance to those areas for whom the title of Mayor may not be the most appropriate. The County Councils Network tells us that *"The LURB enables local authorities to move more quickly into a directly elected leadership governance model so that they can unlock a tier three devolution deal. Under current legislation, a directly elected individual can only be called a 'mayor' and any authority that has changed its executive leadership model cannot propose to change its governance model again within four years. Clauses in the LURB means this moratorium will no longer apply. It will also allow areas to choose an alternative title for their directly elected mayor (e.g. 'Leader', 'Governor' or 'County Commissioner') so areas can choose the title which best reflects their local identity."*

Does the white paper address the frustrations that many areas have felt in previous rounds of negotiation for local devolution deals, allowing them to chart a course towards the highest level of devolution that works for them?

The white paper outlines a new devolution framework for England. This supports the extension of devolution beyond metropolitan centres by setting out pathways to a devolution deal for every area that wants one by 2030.

While the Government's preferred model is still a directly elected leader covering a defined economic geography, the white paper recognises that this approach may not suit all areas and proposes a three-tiered approach underpinned by four principles: effective leadership; flexibility; and, appropriate accountability.

In principle, the clarity provided by the Government is to be welcomed. The previous wave of devolution deals was negotiated in relative secrecy and within an uncertain competitive context. While the initial deals set a high benchmark for devolution, bringing significant powers and resources to areas such as Greater Manchester and the West Midlands, over time the process became more formulaic and less ambitious.

Academics from Manchester and Queen Mary were particularly unimpressed by the proposals: *"The White Paper [implies] a mistrust of local government in taking efficient decisions. Our own research concurs with that of Professor Tony Travers that within Whitehall it remains an article of faith that central government 'will always...deliver better outcomes than town halls'*

"[It] promises the worst of both worlds: centralism remains in place since the core assumptions of the 'power-hoarding' Westminster model are left largely untouched. Meanwhile there is no over-arching, coherent blueprint for local government reform across England."

Although there is value in local leaders being able to determine the powers they would like to see devolved to their areas, the absence of a clear public offer from Government contributed to a situation where each area began their negotiations by being handed a blank sheet of paper. This led to areas bidding for things that simply weren't available, having to negotiate from scratch for powers that were already being devolved elsewhere and fundamentally inverting the process of devolution whereby agreement

on governance was sought before any discussion relating to functions and resources could meaningfully proceed.

There are several local stakeholders, including Members of Parliament, who might be considered to have a strong view of a potential devolution deal and will have valuable local knowledge that would contribute to its success, who might feel marginalised should areas be limited to aim for one model.

Members of Parliament

- Significant local knowledge
- Access to Government

Local Authority Leaders

- Oversight of existing local governance
- Committed to the progression of local government

London Councils was cautiously optimistic, saying that they *"welcome the broad direction of travel set out in the white paper, signalled by the opening of negotiations for trailblazer deals with the West Midlands and Greater Manchester. This could provide a useful template for other areas to bid for further powers."*

The devolution framework sets out the Government's ask and the Government's offer. It clarifies the rules of the game without fundamentally altering the deal-based model employed by the Government since 2014. It validates the hard work and effective leadership of existing devolution deal areas, but despite the Prime Minister's commitment to *'re-write the rulebook'* it retains several aspects of a process led by the centre.

That this approach continues to incentivise the creation of new governance structures in exchange for new powers is perhaps not surprising. However, it does raise the question that given the relatively limited 'hard powers' enjoyed by the existing Mayoral Combined Authorities whether there might some scope for re-examining the

justification for insisting on a mayor, particularly in areas where one is neither desired nor appropriate.

The creation of new structures was not a consistently positive outcome. Localis told us that *“the same rigidity and unwillingness to compromise over governance structures remains hidden beneath the language of local choice. Furthermore, the lack of spatial planning powers in the devolution framework will limit the ability of local leaders to achieve long-lasting improvements to their area’s socio-economic condition.”*

This question becomes more pertinent when one considers what powers will be made available to areas going through the current round of negotiations.

The LGA tells us that *“The powers listed in the devolution framework contain some noticeable gaps, both in terms of existing LGA asks in areas such as housing, skills and employment, health and fiscal decentralisation and also when set against the scope of the 12 Missions, which go far beyond the emphasis on economic development that has characterised devolution to date... There is a risk that areas could be encouraged by Government to agree a standardised suite of powers in exchange for swift agreement on devolved governance.”*

Shadow Levelling Up Minister Alex Norris MP agrees: *“There’s the basic question to the White Paper on the Bill: who is this for? If it’s for the empowerment of local communities to have the right powers and resources to shape their local community, then I think that’s a success and that’s what we want.*

“There are times when it just feels like this is making it easier for the Government.”

In his Oral statement, Deputy Chief Economist for the Institute for Government, Thomas Pope, said that delivering greater flexibility of funding was key and that the competitive funding model limits policy co-ordination as decisions are taken on a policy by policy basis. He noted that more flexibility would need to be combined with stronger scrutiny at a local level to improve accountability.

It is difficult to judge whether a process of devolution negotiated through a series of bespoke deals is better or worse than a process of devolution subject to a menu set by the centre. Local leaders seek the devolution of powers and resources that they need to tackle the challenges facing their residents. They do not seek power for its own sake or wish to see the transfer of responsibilities they have neither capacity nor mandate to deliver.

However, if devolution is a process that seeks to support the transfer of the highest level of power to a local area it might be argued that those able to go further, faster will be frustrated by a standardised approach from the centre and those needing more support will be frustrated at being left to fend for themselves in a more flexible, competitive process. Both groups are likely to be further frustrated by the occasional sense of inconsistency: an ostensibly open process, which is subject to hidden red lines, a standardised approach with more available to some rather than others.

Furthermore, the legislation underpinning the white paper, the Levelling Up and Regeneration Bill risks introducing new frustrations in two-tier areas as the Government’s proposals for county combined authorities prevent districts from being constituent authorities; the LGA remains neutral on this issue, however this again imposes a Government view of the best structure, rather than allowing local areas to decide what would work best for them.



GLOSSARY

(Mayoral) Combined Authority

A combined authority (CA) is a legal body set up using national legislation that enables a group of two or more councils to collaborate and take collective decisions across council boundaries. It is far more robust than an informal partnership or even a joint committee. The creation of a CA means that member councils can be more ambitious in their joint working and can take advantage of powers and resources devolved to them from national government. While established by Parliament, CAs are locally owned and have to be initiated and supported by the councils involved. Ten combined authorities have been established so far. Details of all powers and funding that have been devolved to individual areas can be found on the LGA's Devolution Register.

County Council

Many parts of England have two tiers of local government. In these areas the County Council is responsible for services across the whole of the county, including education, transport, social care, and fire and public safety.

Devolution Deal

Devolution deals are the process by which recent devolution in England has taken place. Central government has invited local authorities or groups of local authorities to submit proposals for new powers and governance arrangements and negotiations have taken place on the basis of some of these proposals. Central government decides which proposals to progress and what powers, if any, to devolve.

Directly Elected Mayor

Directly elected mayors exist in a number of contexts in England. They are distinct from ceremonial mayors or lord mayors in that they hold executive responsibility and differ from the more common council leader and cabinet model in that they are directly elected rather than being chosen by councillors. The Mayor of London leads the Greater London Authority with strategic responsibility for cross-London functions and is accountable to the London Assembly, rather than a combined authority. Most recent devolution deals have produced a combined authority with a directly elected mayor responsible for the joint activities of the combined authority. In some cases where combined authority boundaries align with a police area the mayor will also hold the role of Police and Crime Commissioner. A number of individual authorities have directly elected mayors as an alternative to the leader and cabinet model.

District Council

In areas of England with two tiers of local government, a number of district councils cover smaller areas within each county council. They are responsible for services such as refuse collection and recycling, housing and planning.

Growth Deal

Growth Deals are negotiated between Local Enterprise Partnerships and central government in order to “seek freedoms, flexibilities and influence over resources from Government; and a share of the new Local Growth Fund to target their identified growth priorities.”.

Local Enterprise Partnership

There are 38 Local Enterprise Partnerships across England. They are business led partnerships between local authorities and local private sector businesses. They play a central role in determining local economic priorities and undertaking activities to drive economic growth and job creation, improve infrastructure and raise workforce skills within the local area. LEP boards are led by a business Chair and board members are local leaders of industry (including SMEs), educational institutions and the public sector.

Local Government Reorganisation

Local Government Reorganisation is the process by which alternative local governance arrangements are considered. This may involve merging local authorities whether across geographies or across tiers. Discussions about local government reorganisation may involve devolution proposals but it is possible to reorganise local authorities without devolving further powers and LGR is not a necessary precursor to devolution.

Police and Crime Commissioners

Police and Crime Commissioners are directly elected individuals with oversight of a police force. They replaced police authorities. In some areas where a police area aligns with the area covered by a directly elected mayor this individual appoints a deputy mayor with responsibility for policing. In some parts of the county the PCC is also responsible for the oversight of the Fire and Rescue Service.

Unitary Authority

Some parts of England have a single tier of local government which exercise the responsibilities held elsewhere by county and district councils. Forms of unitary authority include County Unitaries, London Boroughs and Metropolitan Boroughs.



APPENDIX

About the APPG on Devolution

The Devolution APPG is an open group for discussion on the need for a UK-wide devolution settlement. It was established to give parliamentarians and sector stakeholders a forum for cross-party discussions on constitutional reform, decentralisation and devolution and the need for a UK-wide settlement. It provides a cross-party parliamentary space for an open discussion on the need for a UK-wide devolution settlement. The Group is sponsored by the Local Government Association.

Chair

Andrew Lewer MBE MP

Vice Chairs

Baroness Eaton

Jamie Wallis MP

Lord Kerslake

Craig Williams MP

Wayne David MP

Lord Purvis of Tweed

Henry Smith MP

Lord Foulkes of Cumnock

Officers

Fay Jones MP

Catherine West MP

David Duguid MP

TERMS OF REFERENCE

The APPG's call for evidence considered how effectively the reforms in the white paper will futureproof the UK and take advantage of effective local governance and technological advancements to prepare the nation for the challenges we will face in 2030 and beyond, with a focus on the theme of leadership, representation and accountability.

1. How does the white paper encourage structures which will see tangible decision-making devolved to local areas, with the powers and funding needed to achieve long-lasting improvement to people's pay, jobs and living standards?
2. How effectively does the white paper address the need to improve health outcomes, and outline solutions that give local areas the right tools to do the job?
3. How well will the white paper embed strong, safe and resilient communities through high-quality local leadership, which will allow areas to stand up for themselves and make their voice heard when seeking investment and opportunity?
4. Does the white paper address the frustrations that many areas have felt in previous rounds of negotiation for local devolution deals, allowing them to chart a course towards the highest level of devolution that works for them?

EVIDENCE

First Oral Evidence Session

The first oral evidence session heard from:

Mark Allison, Former Leader of Merton Council

Thomas Pope, Deputy Chief Economist, Institute for Government

Eleanor Shearer, Researcher, Institute for Government

Second Oral Evidence Session

The second oral evidence session heard from:

Cllr Abi Brown, Leader of Stoke-on-Trent City Council

Andy Burnham, Mayor of Greater Manchester

Lord Heseltine, former Deputy Prime Minister

Peter Taylor, Mayor of Watford

Third Oral Evidence Session

The third oral evidence session heard from:

Professor Francesca Gains, University of Manchester

Alex Norris MP, Shadow Levelling Up Minister

Informal Meetings

Andrew Lewer MP and Baroness Eaton held a breakfast briefing to discuss the report 'On Productivity', with:

Dr Chris Peters, Project Coordinator at CAPE (Capabilities in Academic Policy Engagement), University of Manchester

Professor Andy Westwood, Professor of Government Practice, University of Manchester.

Written Evidence

The inquiry received written evidence from:

University of Manchester/Queen Mary University of London

Stoke-on-Trent City Council

London Councils

Institute for Government

Core Cities

Professor Francesca Gains

Local Government Association

Centre for Progressive Policy

County Councils Network

Localis

Centre for Governance and Scrutiny

South East Councils

Heseltine Institute for Public Policy, Practice and Place

Professor Colin Copus

Lincolnshire County Council



The Devolution
All-Party Parliamentary Group

October 2022 @AppgDevolution

