Ministry of Housing,
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22 January 2021

Clive Betts MP
Chair, Housing, Communities and Local Government Committee
House of Commons
London
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Dear Clive,

Thank you for agreeing to postpone the planned HCLG Committee Ministerial evidence session on English devolution until later in the year. As agreed, I am writing to provide an update on the sizeable devolution programme my department is currently undertaking.

Levelling up all areas of the country remains at the centre of the Government's agenda. We want to devolve and decentralise more power to local communities, providing an opportunity for all places to level up. However, the pandemic has rightly necessitated resources across Whitehall and in local government being re-allocated to tackling Covid-19 and driving economic recovery, and this must be our number one priority at present.

Nevertheless, we are continuing to move ahead with the devolution agenda and hope to make further announcements in due course. The pandemic has emphasised the things Local Government does better than central Government, with the Secretary of State recently emphasising his hope to continue this momentum and bring forward more detailed proposals with respect to decentralisation, as much as devolution.

Across Government we have already made huge strides towards rebalancing the economy and empowering local government, supported by the programme of devolution – one of the largest in recent decades – including nine mayoral devolution deals and one non-mayoral devolution deal in Cornwall. 37% of residents in England are now served by directly elected city region mayors - including almost 50% in the North (growing to 41% of England and 62% of the North once the West Yorkshire Devolution Deal is enacted).

Mayoral devolution has strengthened local leadership and institutions, devolving key powers over transport, planning, skills and funding away from Whitehall so that they are exercised at the right level to make a difference for local communities. Mayors are already playing an incredibly powerful role in driving economic growth, improving public services and giving local areas a real voice in local government. £7.49bn worth of investment funding is being unlocked over 30-years for the directly elected Mayors.

Throughout the Covid-19 pandemic, we have worked closely with mayors, who have played a key role in leading economic recovery planning across their regions and have provided valuable economic intelligence on local businesses to help inform Government's support packages. Government is working closely with MCAs on understanding the impact of Covid-19 on their finances and operations and will meet more regularly with mayors to discuss the economic opportunities across our major cities, whilst also engaging with local partners who represent the different types of places across the country to ensure no place is undervalued.

We are continuing to move ahead with the creation of more mayoral combined authorities. The West Yorkshire Combined Authority (Election of Mayor and functions) Order 2021 was laid before Parliament on 17 December. The debate in the Commons took place on 20 January and the debate in the Lords is scheduled for 26 January. The West Yorkshire devolution deal therefore remains on track, and subject to approval motions in both houses, the first Mayoral election will continue to take place on 6 May 2021. Following this approval, we intend to release the first gainshare payment this financial year to the West Yorkshire Combined Authority – subject also to the appropriate assurance framework being in place.

Government remains of the view that the elections in May 2021 will go ahead as planned, and is working closely with stakeholders to ensure elections are safe, but as any responsible Government, we are keeping this under review.

We are continuing to make progress with local government reorganisation, where there is local support. Following invitations from the Secretary of State on 9 October to councils in Cumbria, North Yorkshire and Somerset, those that wished to have now submitted full proposals for unitary local government in their area. We are carefully considering all of the proposals we have received. The next stage will be for the department to consult on some or all of the proposals. The Secretary of State will carefully consider all proposals received and decide which, if any, subject to consultation and Parliamentary approval, to implement.

We remain committed to empowering our regions by devolving money, resources and control away from Westminster. The Devolution and Local Recovery White Paper which will be published in due course, will set out government's place-based regional economic strategy to move us from recovery into levelling up, including our vision for expanding devolution across England. This will build upon the success of the directly elected combined authority mayors who are driving local economic growth across their functional economic areas.

Government has also committed a number of funds to the levelling up agenda. A new Levelling Up Fund worth £4bn for England and attracting up to £800m for Scotland, Wales and Northern Ireland will invest in local infrastructure that has a visible impact on people and their communities and will support economic recovery. Moving away from a fragmented landscape with multiple funding steams, this new cross-departmental Fund for England will invest in a broad range of high value local projects, including bypasses and other local road schemes, bus lanes, rail station upgrades, regenerating eyesores, upgrading town centres and community infrastructure, and local arts and culture.

The Government will also bring forward the UK Shared Prosperity Fund (UKSPF), the domestic successor to the EU Structural Fund programme. It will maximise the benefits of leaving the EU through quicker delivery of funding, better targeting, better alignment with domestic priorities and by cutting burdensome EU bureaucracy. The UKSPF will help to level up and create opportunity across the UK in places most in need, such as ex-industrial areas, deprived towns and rural and coastal communities, and for people who face labour market barriers.

The November 2020 Spending Review set out the main strategic elements of the UKSPF in the Heads of Terms. The Government will publish a UK-wide investment framework in 2021 and confirm multi-year funding profiles at the next Spending Review. In addition, to help local areas prepare over 21/22 for the introduction of the UKSPF, we will provide £220m in additional UK funding to support our communities to pilot programmes and new approaches.

The £900 million Getting Building Fund will deliver growth for the local economy and support green recovery for a wide-ranging package of projects. Investments are targeted on areas facing the biggest economic challenges as a result of the Covid-19 pandemic. The Government has now agreed which projects will receive support from the Getting Building Fund with combined authority mayors and LEPs.

The final list of projects includes investments in town and city centres, green infrastructure and clean energy, transport and digital connectivity improvements, unlocking housing and business sites, and support for SMEs and learners. The projects are expected to deliver up to 84,000 jobs, (including additional construction jobs), 1,500,000 sqm of commercial floor space, unlocking 45,000 homes, 1,000,000 sqm of public realm or green space improved or created, 50,000 new learners assisted, and 65 million kgs of CO2 emissions saved.

On 27 October, we announced the first wave of the 101 prospective Town Deals across as part of the £3.6 billion Towns Fund to level up towns and regions across England. On Boxing Day we also announced the successful areas from our £1 billion Future High Streets Fund competition, which is part of our Towns Fund and aims to renew and reshape town centres and high streets in a way that improves experience, drives growth and ensures future sustainability.

I would like to take this opportunity to reiterate the Government's commitment to the devolution agenda and I look forward to communicating a more substantial update to the Committee later this year.

Yours sincerely,

LUKE HALL MP