



House of Commons  
Housing, Communities and  
Local Government Committee

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# Progress on devolution in England

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**Fourth Report of Session 2021–22**

*Report, together with formal minutes relating  
to the report*

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## Housing, Communities and Local Government Committee

The Housing, Communities and Local Government Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Ministry of Housing, Communities and Local Government.

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## Summary

The last five years have seen a considerable extension of devolution in England. From a situation where there was only devolution to London, a series of devolution deals have spread devolution from the Isles of Scilly to the Tweed. But devolution is not everywhere; instead it is predominantly concentrated in urban areas.

- **We believe that in the remainder of this Parliament there should be further progress on devolution. Devolution must extend not only to combined authorities but to local government as a whole, and to rural as well as urban areas.**

For devolution to be expanded, and to succeed, it needs support by central government.

- **The Government should work with local government and other stakeholders to produce a devolution framework. The framework should include a set of principles committing the Government to devolution as an evolving process with a forward direction.**
- **Devolution should be the default option unless there is a good and compelling reason why a policy area should not be devolved, and the Government should consider following the model for the devolved nations, where there is a list of reserved powers and all other powers are available for devolution.**
- **Councils should also devolve to their local communities—devolution does not stop at the town hall door.**

Devolution must be undertaken with the involvement of the people in the area where devolution is taking place. A weakness of past devolution in England has been the limited consultation with the public, especially prior to negotiations taking place. That needs to be put right. The local public should also be consulted on whether devolution should include having a directly elected mayor.

Financial devolution is necessary to ensure the success of devolution.

- **The Government should explore alternative ways in which revenue can be raised by local councils, to reduce reliance on council tax and business rates. The Government should also commission research into how income tax or other national tax revenue could be allocated to local and combined authorities, or how a local income tax across a combined authority area could work.**

In respect of funding, the principle of devolution funding should be that grants are given on a block basis to cover all services for which local and combined authorities have oversight, without ringfencing or competitive bidding. The Government should also bring forward as soon as possible its proposals for how the UK Shared Prosperity Fund will work.

We believe there should be further devolution to local government across a range of policy areas.

- **The proposals of the cross-party Health Devolution Commission should be the basis for health devolution. Greater powers in respect of housing and planning and education should also be available for devolution. The Government should examine the case for further devolution in respect of other policy areas, such as energy efficiency and the environment. It should also consider extending powers for Transport for London-style oversight of local buses to all transport authorities.**

# 1 Introduction

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1. Devolution in England has evolved considerably over the last decade. In 2011 there was only one devolved authority in England—the Greater London Authority with a directly elected mayor and the London Assembly. Our inquiry has built on our predecessor committees’ inquiries into devolution and devolved institutions.<sup>1</sup> We share our predecessor committees’ strong support for the principle of devolution.

2. Since our predecessor committee’s 2016 report entitled *Devolution: the next five years and beyond?* there have been a number of developments, including the signing of new devolution deals, for instance with the West Yorkshire combined authority, and the holding of elections for mayors of combined authorities. Furthermore, the Prime Minister has indicated his support for devolution, both in 2019,<sup>2</sup> and more recently when he tied it to the ‘levelling up’ agenda.<sup>3</sup> We were therefore keen to take stock of progress made since our 2016 report, and to consider the next steps for further devolution to areas both with and without devolution deals.

3. Our inquiry has therefore focused on both existing and potential devolution, in terms of geography and the powers available. We have looked at existing devolution arrangements, including in London. We have also considered whether devolution could be extended beyond the mainly urban areas currently with devolution arrangements. As a devolution framework has been proposed as a way of simplifying the process of reaching devolution deals, we decided to assess its merits compared to agreeing bespoke deals. We have considered the critical issue of the role of central government in devolution. We have also examined the case for further fiscal devolution and how to ensure effective governance and accountability.

4. Our predecessor committee began this inquiry in July 2019 and received 33 pieces of written evidence ahead of the dissolution of Parliament in November of that year. At the start of this Parliament we relaunched the inquiry, retaining the same terms of reference and adopting the evidence that had already been received. We held five oral evidence sessions and received a further 20 pieces of written evidence. We would like to thank everybody who submitted evidence to the inquiry. We are also very grateful for the help of our Specialist Advisers, Professor Tony Travers of the London School of Economics, and Aileen Murphie, Honorary Professor, Durham University Business School.

5. During our inquiry the All-Party Parliamentary Group on Devolution published their report into the role of national government in making a success of devolution in

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1 Communities and Local Government Committee, Fourth Report of Session 2013–14, [Post-legislative scrutiny of the Greater London Authority Act 2007 and the London Assembly](#), HC 213; Communities and Local Government Committee, First Report of Session 2014–15, [Devolution in England: the case for local government](#), HC 503; Communities and Local Government Committee, First Report of Session 2015–16, [Devolution: the next five years and beyond](#), HC 369; Communities and Local Government Committee, First Report of Session 2017–19, [Effectiveness of local authority overview and scrutiny committees](#), HC 369

2 Prime Minister’s Office, 10 Downing Street, [PM speech at Manchester Science and Industry Museum](#), 27 July 2019

3 Prime Minister’s Office, 10 Downing Street, [The Prime Minister’s Levelling Up speech: 15 July 2021](#), 15 July 2021

England.<sup>4</sup> The Public Administration and Constitutional Affairs Select Committee has also been undertaking an inquiry into English devolution.<sup>5</sup> Both of those pieces of work have informed our inquiry.

6. The Ministry of Housing, Communities and Local Government (MHCLG) submitted written evidence to the inquiry in 2019.<sup>6</sup> In September 2019 the Rt Hon Sajid Javid, then Chancellor of the Exchequer, announced at the Conservative Party Conference that the Government would bring forward a White Paper on devolution,<sup>7</sup> a commitment repeated in the Conservative general election manifesto and the briefing for the Queen’s Speech in December 2019.<sup>8</sup> We had intended to question a Minister as part of the inquiry, but agreed to postpone the session given the challenges posed by a rise in Covid cases in early 2021. We are grateful however to the Ministry for sending a letter updating us on the Government’s view on the progress of devolution.<sup>9</sup> In March 2021 it was suggested the devolution White Paper would be published between September 2021 and March 2022.<sup>10</sup> It has subsequently been suggested that the devolution White Paper will be folded within the ‘Levelling Up’ White Paper,<sup>11</sup> which the Government has stated will be published later in 2021.<sup>12</sup> Once a White Paper has been published, it is our intention to question the Minister.

7. Our report is organised into six chapters. The first chapter summarises the current state of English devolution, including the views expressed to us about its success and challenges. The second chapter examines the role of central government in further devolution, including whether there should be a devolution framework. The third chapter considers the case for financial devolution. The fourth chapter evaluates the merits for further devolution of powers in different policy areas. The fifth chapter examines the case for widening the geographical scope of devolution and whether this should be accompanied by directly elected mayors and local government reorganisation. The sixth chapter concentrates on the measures needed to ensure and enhance scrutiny of devolved authorities.

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4 The Devolution All-Party Parliamentary Group, [Levelling-up Devo: The role of national government in making a success of devolution in England](#), March 2021

5 Public Administration and Constitutional Affairs Committee, [The Evolution of Devolution: English Devolution](#), September 2020

6 Ministry of Housing, Communities and Local Government ([PDE0033](#))

7 Conservative and Unionist Party, [Sajid Javid’s Conservative Party Conference Speech 2019](#), 30 September 2019

8 Conservative and Unionist Party, [Get Brexit Done: Unleash Britain’s Potential](#), November 2019, p 29; HM Government, [The Queen’s Speech December 2019: Background Briefing Notes](#), December 2019, p 109

9 [Luke Hall MP, Minister for Regional Growth and Local Government, to Clive Betts, MP, Chair of the Housing, Communities and Local Government Select Committee](#), 22 January 2021

10 HM Treasury, [Build Back Better: our plan for growth](#), [CP 401](#), March 2021, p 107

11 [“Updated: devolution reforms to be replaced by levelling up white paper”](#), Local Government Chronicle, 6 May 2021

12 Prime Minister’s Office, 10 Downing Street, [The Prime Minister’s Levelling Up speech: 15 July 2021](#), 15 July 2021



## 2 Current devolution

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8. This chapter summarises current devolution arrangements, and evidence we received on the successes and challenges of devolution in London and other areas where devolution deals have been agreed. Later chapters will consider the case for devolution in areas currently without deals.

9. Devolution in England has taken place in three different ways. First, there are the devolution arrangements in London, with the formation of the Greater London Authority consisting of a directly elected mayor of London and the London Assembly. These institutions were created following a referendum in 1998 and legislation in 1999.<sup>13</sup> Secondly, there are combined authorities, made up of different local authorities that have agreed to cooperate. In all but one case they have reached a devolution deal with the Government and are headed by a directly elected ‘metro mayor’.<sup>14</sup> Thirdly, there is the wider field of local government in England encompassing single-level councils (unitary authorities and metropolitan districts),<sup>15</sup> two-tier councils (county and district councils), and parish and town councils.<sup>16</sup> There is only one devolution deal agreed with a local authority which is not in a combined authority, namely with Cornwall.

10. Since our predecessor committee’s report in 2016, elections have been held for the first time in nine combined authorities. This has enabled them to get up and running. A second election has followed in six of these combined authorities. A new devolution deal was agreed with West Yorkshire in 2020, and the powers promised in devolution deals, such as over the adult education budget, have been transferred to combined authorities. The areas that have devolution deals, and the devolution arrangements to the Greater London Authority, are summarised in Table 1.

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13 [Greater London Authority \(Referendum\) Act 1998](#), [Greater London Authority Act 1999](#)

14 The exception is the North East Combined Authority, which consists of Sunderland, Gateshead, South Tyneside and Durham councils.

15 Within metropolitan district areas, certain conurbation wide services such as fire and civil defence, police, waste disposal and passenger transport are provided through joint authorities of the different districts. Ministry of Housing, Communities and Local Government, [Local Government Structure and Elections](#), (April 2019)

16 There are two additional individual councils— the City of London Corporation within the “Square Mile” of the historic City of London, and the Council of the Isles of Scilly which is a unitary authority but provides some services in conjunction with Cornwall Council.

Table 1: Areas with devolution

Areas with devolution	Type of Authority	Local authorities that are full members <sup>17</sup>	Does it have a directly elected mayor?	Mayor first elected	Policy areas where there is devolution
Greater London Authority <sup>18</sup>	Directly elected mayor and London Assembly	N/A	Yes	2000	Transport; Skills and Employment; Public Health; Fire Service; Police and Crime Commissioner; Arts and Culture; Sport; Environment; Regeneration; Community Infrastructure Levy
Cornwall and Isles of Scilly	Local Authority	Cornwall <sup>19</sup>	No	N/A	Transport; Skills and Employment; Health and social care integration; Land and Housing; Children and other social services; Fire Service; 100% Business rate retention pilot; Community Infrastructure Levy <sup>20</sup>
Greater Manchester	Combined Authority	Manchester; Salford; Tameside; Oldham; Trafford; Stockport; Bolton; Rochdale; Bury; Wigan	Yes	2017	Transport; Skills and Employment; Health and social care integration; Land and Housing; Children and other social services; Police and Crime Commissioner; Fire Service; 100% Business rate retention pilot; Community Infrastructure Levy

17 There are also associate members of the Sheffield City Region, West Yorkshire, and West Midlands Combined Authorities. Their electorates do not vote in the elections for the directly elected mayor.

18 The devolution arrangements for the Greater London Authority are based on the [Greater London Authority Act 1999](#), the [Greater London Authority Act 2007](#), and the [Localism Act 2011](#), part 8. There are also two memoranda of understanding: [Memorandum of Understanding on Further Devolution in England](#), March 2017 and [Working towards Justice Devolution to London](#), March 2018.

19 The 2015 Cornwall Devolution Deal was also signed by the Cornwall and Isles of Scilly Local Enterprise Partnership and by NHS Kernow Commissioning Group.

20 Powers such as children services, the fire service, powers over land and housing, and having a Community Infrastructure Levy are held by Cornwall Council as a unitary authority, rather than as a result of the devolution deal.

Areas with devolution	Type of Authority	Local authorities that are full members <sup>17</sup>	Does it have a directly elected mayor?	Mayor first elected	Policy areas where there is devolution
Liverpool City Region	Combined Authority	Liverpool; Wirral; Knowsley; St Helens; Sefton; Halton	Yes	2017	Transport; Skills and Employment; Land and Housing; 100% Business Rate retention pilot
West Midlands	Combined Authority	Birmingham; Sandwell; Dudley; Wolverhampton; Walsall; Coventry; Solihull	Yes	2017	Transport; Skills and Employment; Land and Housing; 100% Business Rate retention pilot
Tees Valley	Combined Authority	Darlington; Middlesbrough; Hartlepool; Stockton-on-Tees; Redcar & Cleveland	Yes	2017	Transport; Skills and Employment; Land and Housing
Cambridgeshire and Peterborough	Combined Authority	Cambridgeshire; Peterborough; Huntingdonshire; Fenland; East Cambridgeshire; South Cambridgeshire; Cambridge City	Yes	2017	Transport; Skills and Employment; Land and Housing
West of England	Combined Authority	Bristol; Bath & North-East Somerset; South Gloucestershire	Yes	2017	Transport; Skills and Employment; Land and Housing; 100% Business Rate retention pilot

Areas with devolution	Type of Authority	Local authorities that are full members <sup>17</sup>	Does it have a directly elected mayor?	Mayor first elected	Policy areas where there is devolution
Sheffield City Region	Combined Authority	Sheffield; Doncaster; Rotherham; Barnsley	Yes	2018	Transport; Skills and Employment; Land and Housing
North of Tyne	Combined Authority	Newcastle-upon-Tyne; Northumberland; North Tyneside	Yes	2019	Skills and Employment; Land and Housing. (Transport responsibility is shared with the North East Combined Authority)
West Yorkshire	Combined Authority	Braford; Calderdale; Kirklees; Leeds; Wakefield	Yes	2021	Transport; Skills and Employment; Police and Crime Commissioner

Sources: *Devolution to local government in England*, [No. 07029](#), House of Commons Library, March 2020; *Introduction to devolution in the UK*, [No. 8599](#), House of Commons Library, June 2019; HM Treasury and MHCLG, [Addendum to the West Yorkshire devolution deal](#), March 2021

11. During our inquiry, we received lots of positive evidence about the successes of devolved authorities. Authorities with devolution deals that submitted evidence highlighted their achievements.<sup>21</sup> For instance, Sheffield City Region Combined Authority pointed to the £500 million brought into the region through private investment through its efforts; the 15,150 jobs it and the local enterprise partnership had created; and the 8,384 people its skills programme had trained.<sup>22</sup> Evidence from other organisations was similarly positive. We were told Cornwall and the Isles of Scilly had “a very successful mode of governance and scrutiny”. Their leadership board “works quite well with communities” along with parish councils and the local enterprise partnership (LEP).<sup>23</sup> Greater Manchester’s long history of stakeholder co-operation and coterminous boundaries saw it described as “an exemplar for [the] possibilities of devolution”.<sup>24</sup> Specific policies pursued by devolved authorities were singled out for praise. These included Greater Manchester’s creation of a single health and social care budget,<sup>25</sup> which had broken down siloes;<sup>26</sup> “the visibility and voice afforded by the mayor”;<sup>27</sup> and its workforce relations.<sup>28</sup> Across different combined authorities the advent of bus franchising,<sup>29</sup> lower bus fares,<sup>30</sup> and increased adult education provision were also highlighted;<sup>31</sup> as was the Mayoral Development Corporation’s help for the Redcar steelworks in the Tees Valley.<sup>32</sup>

12. London too received praise. Its governance model was commended;<sup>33</sup> as was the use of policy levers to improve transport, for example introducing the congestion charge.<sup>34</sup> The different mayors were seen as having given London “a strong voice at the national and international level”. Examples cited included the 2012 Olympics, securing transport infrastructure investment, and the role played by the mayor as a spokesperson responding to the Grenfell Tower fire and to terrorist attacks in 2005 and 2017.<sup>35</sup>

13. We also however heard about the impact of devolution deals on neighbouring areas without deals.<sup>36</sup> Sunderland Council, which does not have a devolution deal, opined that:

It is clear to us that devolution deals can and do confer a competitive advantage upon those areas with deals over those that don’t, particularly

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21 Manchester Combined Authority ([PDE0032](#)), Mayor Dan Jarvis ([POD0017](#)), Liverpool City Region Combined Authority ([POD0018](#))

22 Sheffield City Region Combined Authority ([PDE0016](#))

23 [Q66](#) (Andrew Walker, Head of Research, Local Government Information Unit). Local Enterprise Partnerships (LEPs) are designed to support businesses. They were established to replace Regional Development Agencies abolished in 2010. There are 38 of them across England. They are led by a board, chaired by a business leader, and made up of a mixture of business and public sector representatives. Department for Business, Energy and Industrial Strategy, [Local Enterprise Partnerships Capacity and Capabilities Assessment](#), BEIS Research Paper Number 2020/011, (July 2020), p 9

24 [Q7](#) (Francesca Gains, Professor of Public Policy, University of Manchester)

25 IPPR North ([PDE0023](#))

26 Policy Connect ([POD0016](#))

27 IPPR North ([PDE0023](#))

28 [Q81](#) (Mike Short, Senior National Officer for Local Government, UNISON)

29 IPPR North ([PDE0023](#))

30 Centre for Cities ([PDE0030](#))

31 Policy Connect ([POD0016](#))

32 Centre for Cities ([PDE0030](#)), Local Government Association ([POD0014](#))

33 [Q7](#) (John Stanton, Senior Lecturer in Law, University of London), [Q162](#) (James Palmer, Metro Mayor, Cambridgeshire and Peterborough Combined Authority)

34 Centre for London ([PDE0018](#))

35 Centre for London ([PDE0018](#))

36 Local Government Association ([PDE0011](#)), Regional Studies Association ([POD0019](#))

where additional financial resources form part of a formal agreement ... Residents and businesses in areas without a deal are unable to access the same resources and opportunities.<sup>37</sup>

The Confederation of British Industry (CBI) agreed that “when you go down the route of devolution with mayoral combined authorities, there is a danger of some areas being better placed to attract funds and investment.” However, their solution was extending devolution to those neighbouring areas.<sup>38</sup> Similarly, the housing developers Midland Heart proposed “a review of the regions not currently participating in the devolution process such as the East Midlands, to ensure no regions fall behind.”<sup>39</sup>

14. Other assessments of devolution arrangements did not criticise the action or effect of combined authorities, but rather regretted their lack of sufficient powers and responsibilities. Evidence from De Montfort University (written by Emeritus Professor Colin Copus), told us that “what has occurred with devolution so far, is more administrative and task based decentralisation than the devolution of power.” There was a lack of “decision-making power or financial autonomy” comparable to that in Scotland and Wales.<sup>40</sup> Particular problems with the North of Tyne arrangements were ascribed to the lack of powers relative to other combined authorities, the small size and lack of “meaningful economic geography”, and “weak identification amongst the wider public”. It was feared these weaknesses would undermine public support for devolution.<sup>41</sup>

15. Devolution deals were also critiqued for being inconsistent between different places, for example: the exclusion from oversight by Cambridgeshire and Peterborough Combined Authority of the city deal arrangements that are overseen by other combined authorities;<sup>42</sup> the combining of the mayor with the police and crime commissioner in some but not all areas;<sup>43</sup> and some areas having statutory spatial planning powers and others have not.<sup>44</sup>

## The Government review of May 2021

16. In May 2021 the Government published an evaluation of existing devolved institutions. This was undertaken by the consultancy firm, Warwick Economics and Development Ltd. Its surveys of the public and business found positive views of metro mayors, who are seen as providing clear leadership and a single voice for an area. It was recommended that additional clarification be provided of the role, remit and powers of mayors, chief executives and other senior management in combined authorities. Further clarity was also needed on three core principles. First, the legal standing of devolved authorities. Secondly, the principle of subsidiarity, with regular reviews about which decisions can be made closer to the people affected. Thirdly, the level of fiscal autonomy provided, with a move towards a self-sustaining financial system at local level. In addition, for devolution to succeed there needed to be improved civic engagement, improved working relations between local and combined authorities (including clarity on responsibilities between

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37 Sunderland City Council ([PDE0015](#))

38 CBI ([PDE0031](#))

39 Midland Heart ([PDE0027](#)). See also for the idea of regular reviews of devolution the Regional Studies Association ([POD0019](#))

40 De Montfort University ([PDE0003](#))

41 Centre for Urban and Regional Development Studies (CURDS), Newcastle University, UK ([PDE 0006](#))

42 [Q155](#) (James Palmer, Metro Mayor, Cambridgeshire and Peterborough Combined Authority)

43 UNISON ([POD0008](#))

44 Midland Heart ([PDE0027](#))

local authorities), and strengthened capacity and capabilities for devolved institutions, including ensuring sources of long-term funding. The review also proposed monitoring and assessment of the capacity of areas to take on a devolution deal or further powers; and advocated greater public engagement during and after the negotiations of the deal. It also stressed it was unclear how the devolution deal with Cornwall could be extended or whether it could be replicated elsewhere in England.<sup>45</sup>

**17. There has been important progress with devolution in England since our predecessor committee's report in 2016. But further progress can and should be made over the course of this Parliament. The remainder of this report sets out our recommended next steps for extending devolution.**

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45 Department for Business, Energy and Industrial Strategy, [Evaluation of Devolved Institutions: Final Report](#), BEIS Research paper number 2021/024, (May 2021), paras 3.9, 3.12, 4.9, 6.9, 6.12

### 3 The role of central government

18. For devolution to be expanded, and to succeed, it needs support by central government. This includes the need for the Government to set out a clear purpose or set of purposes for devolution. There also needs to be a negotiation process that produces a successful outcome for all concerned and draws in the wider public. This would contrast with the failure of various previous negotiations which our predecessor committee highlighted in its 2016 report.<sup>46</sup> This chapter considers the purpose of devolution, and how far Whitehall is committed to English devolution. It then explores how the negotiation process can be improved. Finally, it examines the case for whether and in what form the Government should create a devolution framework.

#### The purpose of devolution

19. Our predecessor committee's 2016 report into devolution in England urged the then Government to clarify the aims of devolution, and to set out a clear hierarchy for what devolution is seeking to achieve and how the proposed form of devolution will achieve its objectives.<sup>47</sup> The Government's response emphasised supporting local places "to identify and achieve their own objectives". It did then stress its interest in proposals from local areas for devolution deals which supported local economic growth and productivity; which improved the "alignment, coordination, and efficiency of public services"; and which supported "engagement with local democratic decision-making."<sup>48</sup>

20. In its September 2019 submission to this inquiry, MHCLG said that it had laid out clear aims for devolution in 2015:

there are four interconnected aims of English devolution—to boost economic growth, to increase public service efficiency, to improve Britain's weak productivity, and to rebalance the economy, including strengthening further the Northern Powerhouse and backing other pan regional corridors.<sup>49</sup>

21. However, other evidence we received disputed that devolution had clear aims. The initial focus had been on bolstering economic growth,<sup>50</sup> with combined authorities having a strategic focus.<sup>51</sup> But it had become "an ad hoc, incremental and piecemeal episode of decentralisation" with multiple rationales advanced to justify it.<sup>52</sup> We heard that different aims "require different approaches and each have their own implications. This lack of clarity of purpose has undermined the [devolution] deals and caused confusion."<sup>53</sup> It was

46 Communities and Local Government Committee, First Report of Session 2015–16, [Devolution: the next five years and beyond](#), HC 369, paras 51–56

47 Communities and Local Government Committee, First Report of Session 2015–16, [Devolution: the next five years and beyond](#), HC 369, para 18

48 Department of Communities and Local Government, *Government Response to CLG Select Committee Report: "Devolution: the next five years and beyond"*, [Cm 9291](#), May 2016, p 6

49 Ministry of Housing, Communities and Local Government ([PDE0033](#))

50 De Montfort University ([PDE0003](#)), Dr John Stanton ([PDE0007](#)), British Academy ([PDE0008](#)), Local Government Association ([PDE0011](#)), National Audit Office ([PDE0024](#)), [Q2](#) (Colin Copus, Emeritus Professor in Local Politics, De Montfort University), [Q57](#) (Abdool Kara, Executive Leader on Local Services, National Audit Office)

51 [Q65](#) (Ed Hammond, Director, Centre for Public Scrutiny), [Q78](#) (Abdool Kara, National Audit Office), [Q169](#) (James Palmer, Metro Mayor, Cambridgeshire and Peterborough Combined Authority)

52 Centre for Urban and Regional Development Studies (CURDS), Newcastle University, UK ([PDE0006](#))

53 British Academy ([PDE0008](#)). See also [Q166](#) (Jamie Driscoll, Metro Mayor, North of Tyne Combined Authority)



also argued that the purpose of devolution will affect its geography. Devolution to enhance economic growth, bolster democracy, service provision or administrative convenience would have “different geographic bases”.<sup>54</sup>

22. We received various different possible rationales for devolution. That devolution arrangements should reflect local identities was manifested in the call by the political party, Mebyon Kernow, for a Cornish National Assembly.<sup>55</sup> It was also stressed that devolution needed to reflect geographies people identified with, to ensure devolution enjoys popular support.<sup>56</sup> A second rationale focused on economic growth. There were mixed views about how far existing evidence substantiates the belief that devolution brings greater economic growth. The National Audit Office (NAO) stated the evidence for improvement is “mixed and inconclusive.”<sup>57</sup> However, it was thought that improving cities with devolution arrangements would also benefit neighbouring areas.<sup>58</sup> Those who focused on economic growth as the core purpose of devolution often thought the boundaries of devolved areas should reflect the economic geography.<sup>59</sup> Opinions were also divided over whether a focus on economic growth was as appropriate for devolution to rural areas as for urban.<sup>60</sup> One reason for the focus on economic growth is to aid levelling up—the reduction of inequalities, particular economic disparities, between different areas of England. The CBI declared that the “purpose of devolution” was “unlocking regional growth”,<sup>61</sup> with local knowledge leading to appropriate policies for the locality.<sup>62</sup> This was balanced by worries that further devolution would reduce redistribution of funds and leave poor areas worse off;<sup>63</sup> or would be purely symbolic.<sup>64</sup> Another rationale was that devolution would improve the delivery of public services in local areas, enabling an outcomes-based approach, utilising local knowledge and breaking down the siloes of government departments.<sup>65</sup> Finally, devolution was also presented as a way of reenergising local government and local democracy, bringing decisions closer to the voter.<sup>66</sup> It was also suggested that devolution could and should serve multiple purposes.<sup>67</sup>

23. Alongside these rationales there were clear expressions of the principles that should underlie devolution. These included a move away from a ‘take it or leave it’ approach to

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54 British Academy ([PDE0008](#)), IPPR North ([PDE0023](#))

55 Mebyon Kernow ([PDE0009](#))

56 Centre for Urban and Regional Development Studies (CURDS), Newcastle University, UK ([PDE0006](#)), British Academy ([PDE0008](#)), IPPR North ([PDE0023](#)), [Q190](#) (David Williams, Leader, Hertfordshire County Council)

57 National Audit Office ([PDE0024](#)). See also Centre for Urban and Regional Development Studies (CURDS), Newcastle University, UK ([PDE 0006](#))

58 National Audit Office ([PDE0024](#)), [Q24](#) (Colin Copus, De Montfort University)

59 Centre for Cities ([PDE0030](#)), [Q157](#) (Jamie Driscoll, Metro Mayor, North of Tyne Combined Authority)

60 Francesca Gains believed there was cross-over of purpose between areas: [Q9](#) (Francesca Gains, University of Manchester); whereas John Stanton thought transport links, supporting small and local businesses, and service delivery was paramount in rural areas: Dr John Stanton ([PDE0007](#))

61 CBI ([PDE0031](#)). See also British Chambers of Commerce ([PDE0029](#))

62 Policy Connect ([POD0016](#))

63 British Academy ([PDE0008](#))

64 UK2070 Commission ([POD0012](#))

65 Centre for Cities ([PDE0030](#)), Cumbria Council ([PDE0035](#)), DevoConnect ([POD0006](#)), [Q61](#) (Ed Hammond, Centre for Public Scrutiny), [Q115](#) (Kate Kennally, Chief Executive, Cornwall Council), [Q200](#), [Q202](#), [Qq231–232](#) (James Jamieson, Chair, Local Government Association). See also [Rt Hon Baroness Armstrong of Hill Top, Chair of the House of Public Services Committee, to the Rt Hon Boris Johnson MP, Prime Minister, 20 May 2021](#)

66 Centre for London ([PDE0018](#)), UNISON ([POD0008](#)), [Q2](#) (Francesca Gains, University of Manchester), [Q3](#), [Q49](#) (Colin Copus, De Montfort University), [Q48](#) (John Stanton, University of London), [Q237](#) (James Jamieson, Local Government Association)

67 UNISON ([POD0008](#)), UK2070 Commission ([POD0012](#)), [Q166](#) (Jamie Driscoll, Metro Mayor, North of Tyne Combined Authority)

devolution to one where there was a “clear commitment from government that it believes fundamentally in the benefits of devolution.”<sup>68</sup> Furthermore, Sheffield City Region Combined Authority stated that “Devolution is not an event. It’s a journey.”<sup>69</sup> This was echoed in statements that “devolution is a process as well as a principle” which required partnership with elected Mayors, local government, businesses and other stakeholders.<sup>70</sup> Sustainable devolution “should be bottom up and not top down.”<sup>71</sup>

**24. Devolution across the United Kingdom has been pursued for different purposes, and its scope, structure, and geography reflect this. There needs to be clarity on the most important purposes of English devolution. This can then guide discussions on the appropriate geography and institutions that are needed. *The Government should clearly outline what it considers to be the purpose(s) of devolution and why those are the right ends for which devolution is the means. It should then consult widely with stakeholders and the public on its proposed purposes. Careful consideration should particularly be given to the purpose of combined authorities and the appropriate boundaries for them to have.***

## Whitehall and English devolution

25. Our predecessor committee’s 2016 report urged that devolution should be seen “as of right, not subject to the fluctuating enthusiasm of central government”. To embed a culture of devolution in all Government departments the committee recommended that the Government’s annual report on devolution, introduced by the Cities and Local Government Devolution Act 2016,<sup>72</sup> “should be prepared with input from a wide range of Departments”, and should include a section where local authorities “report back on the Government’s commitment to devolution and rating their experience of different Departments.”<sup>73</sup> Although annual reports have been published, they do not include the views of local authorities.<sup>74</sup>

26. Our submissions generally painted a mixed picture of the levels of support for devolution found in different government departments. We heard that devolution deals before 2016 were achieved through “very strong ... leadership at a political level, with Cabinet clout.”<sup>75</sup> Subsequently Brexit and covid-19 were cited as having caused a slowdown in the evolution and extension of devolution.<sup>76</sup> The current combined authorities were

68 Centre for Cities ([PDE0030](#))

69 Sheffield City Region Combined Authority ([PDE0016](#))

70 DevoConnect ([POD0006](#)). See also [Q67](#) (Andrew Walker, Local Government Information Unit)

71 Kent Association of Local Councils ([POD0011](#)). See also Local Government Association ([POD0014](#))

72 [Cities and Local Government Devolution Act 2016](#), section 1

73 Communities and Local Government Committee, First Report of Session 2015–16, [Devolution: the next five years and beyond](#), HC 369, paras 44–45

74 Ministry of Housing, Communities and Local Government, [Secretary of State’s Annual Report on Devolution 2016–17](#), January 2018; Ministry of Housing, Communities and Local Government, [Secretary of State’s Annual Report on Devolution 2017–18](#), March 2019; Ministry of Housing, Communities and Local Government, [Secretary of State’s Annual Report on Devolution 2018–19](#), April 2020; Ministry of Housing, Communities and Local Government, [Secretary of State’s Annual Report on Devolution 2019–20](#), March 2021

75 [Q203](#) (Lord Kerslake, Chair, UK 2070 Commission). See also [Q204](#) (James Jamieson, Local Government Association), [Q207](#) (Greg Clark MP, Chair of the Science and Technology Committee)

76 Core Cities ([PDE0012](#)), IPPR North ([PDE0023](#)), Centre for Cities ([PDE0030](#)), [Q152](#) (James Palmer, Metro Mayor, Cambridgeshire and Peterborough Combined Authority)

described as a “half-hearted project” that central government “regard as experiments, that many in London would appear not to care whether they succeed or fail.”<sup>77</sup> The Local Government Association (LGA) explained that after 2016:

While Ministers in the Ministry of Housing, Communities and Local Government (MHCLG) continue to support and promote the deals, engagement with other Government departments has fragmented. This has led to a shift away from a joined-up Whitehall response to promoting local growth and public service reform, and towards a transactional model between national departments and individual devolution areas focused on funding and powers. In general, the approach to those areas with deals already secured has developed a more pronounced focus on medium term viability and short-term delivery.<sup>78</sup>

27. We heard that different government departments displayed starkly differing levels of commitment to devolution, resulting in uneven rates of devolution in different policy areas, and causing negotiations to be siloed and inflexible.<sup>79</sup> Departments praised for their engagement were MHCLG, the Department of Health and Social Care, the Department for Business, Energy and Industrial Strategy (BEIS) and the Department for Transport.<sup>80</sup> By contrast, there was criticism of the lack of engagement by the Department for Education and the Department for Work and Pensions.<sup>81</sup> These differing levels of engagement are significant because MHCLG, BEIS, Education and the Treasury were singled out as the crucial departments for devolution.<sup>82</sup> A wish was also voiced for greater involvement from the Department for Digital, Culture, Media and Sport and from the Department for the Environment, Food and Rural Affairs.<sup>83</sup>

28. The NAO reported fears that the Cities and Local Growth Unit within MHCLG, despite increases in staffing levels, lacked the capacity to negotiate and implement multiple devolution deals simultaneously and to maintain momentum for devolution across Whitehall without senior political commitment to it.<sup>84</sup>

## Covid-19

29. It was also feared that the covid-19 pandemic could delay the further extension of devolution:

There is a risk of capacity in central Government to want to push ahead with something like devolution when there is so much else that they will need to be dealing with. We saw a similar thing happening when Brexit rather steered us off course.<sup>85</sup>

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77 Cambridge City Council ([PDE0026](#))

78 Local Government Association ([PDE0011](#))

79 Greater Manchester Combined Authority ([PDE0032](#)). See also CBI ([PDE0031](#))

80 Cornwall and the Isles of Scilly Leadership Board ([PDE0014](#)), Sheffield City Region Combined Authority ([PDE0016](#)), [Q207](#) (Greg Clark MP)

81 [Q151](#) (Jamie Driscoll, Metro Mayor, North of Tyne Combined Authority), [Q207](#) (Greg Clark MP), Sheffield City Region Combined Authority ([PDE0016](#))

82 [Q21](#) (Francesca Gains, University of Manchester)

83 Sheffield City Region Combined Authority ([PDE0016](#))

84 National Audit Office ([PDE0024](#))

85 [Q57](#) (Andrew Walker, Local Government Information Unit)

30. We heard mixed views over whether combined authorities had been particularly successful in responding to the pandemic.<sup>86</sup> There was however uniform praise for the response of local government as a whole.<sup>87</sup> It was stressed it will play an important role in the economic and social recovery.<sup>88</sup> Furthermore, there was strong criticism of central government, with its “over-centralised system of governance” seen to have been “found wanting in several ways” in responding to the crisis.<sup>89</sup>

31. The enthusiasm for devolution in central government was also thought to have diminished following the controversy, particularly in October 2020 in Greater Manchester, over implementing different tiers of restrictions in different parts of England.<sup>90</sup> David Williams, the then leader of Hertfordshire County Council, commented that “I am really concerned the wind has been taken out of the Government’s sails on this.”<sup>91</sup> Subsequently, the Prime Minister has emphasised his support for devolution and its link to ‘levelling up’.<sup>92</sup>

### **Interactions with central government**

32. Opinions were divided over how satisfactory devolved areas’ interactions were with central government. The public affairs and communications agency DevoConnect quoted one mayoral office as stating: “The relationship with Departments is positive but still suffers from a client/master deficit.”<sup>93</sup> The Cornwall and the Isles of Scilly Leadership Board gave a balanced account. On the positive side it pointed to a number of good meetings and successes in achieving formal approval for the requests outlined in its *New Frontiers* document.<sup>94</sup> However, in other cases requests for further devolution had been refused, with its rural geography being cited as the reason.<sup>95</sup> We were also told other devolved authorities, notably Greater Manchester, had encountered problems, with “several cases of various kinds of policy that were made harder to deliver because of centrally demanded frameworks.”<sup>96</sup> Greater Manchester Combined Authority explained there had been ongoing discussions with departments over the interpretation and spirit of aspects of its deals.<sup>97</sup> James Palmer, the then Metro Mayor of Cambridgeshire and Peterborough, characterised the relationship as one as “for everything that we do, we have to go to teacher

86 [Q53](#) (Abdool Kara, National Audit Office), [Q57](#) (Ed Hammond, Centre for Public Scrutiny), [Q57](#) (Andrew Walker, Local Government Information Unit), [Q109](#) (Bill McCarthy, North West Regional Director, NHS England/NHS Improvement)

87 [Q100](#) (Mike Short, UNISON), (Simon Parkinson, Chief Executive and General Secretary, Workers’ Educational Association), (Jim Hubbard, Head of Regional Policy, CBI), [Q109](#) (Helen Charlesworth-May, Strategic Director of Public Health and Care at Cornwall Council & Accountable Officer at Kernow Clinical Commissioning Group), (Kate Kennally, Cornwall Council), [Q205](#) (James Jamieson, Chair, Local Government Association), Professor Francesca Gains ([POD0009](#))

88 [Q54](#) (Ed Hammond, Centre for Public Scrutiny), [Q57](#) (Abdool Kara, National Audit Office), [Q179](#) (Amy Harhoff, Corporate Director of Regeneration, Economy and Growth, Durham County Council), [Q234](#) (James Jamieson, Local Government Association), Britain’s Leading Edge ([POD0007](#)), Professor Francesca Gains ([POD0009](#))

89 [Q55](#) (Andrew Walker, Local Government Information Unit), [Q56](#) (Abdool Kara, National Audit Office)

90 [Q204](#) (Greg Clark MP), “[Covid: Greater Manchester to move to tier 3 restrictions from Friday](#)”, BBC News Website, 20 October 2020

91 [Q179](#), [Q182](#) (David Williams, Hertfordshire Council)

92 Prime Minister’s Office, 10 Downing Street, [The Prime Minister’s Levelling Up speech: 15 July 2021](#), 15 July 2021

93 DevoConnect ([POD0006](#))

94 Cornwall and the Isles of Scilly Leadership Board, *New Frontiers: An inclusive approach to an economy, environment and society that works for everyone in Cornwall and the Isles of Scilly*, (April 2018)

95 Cornwall and the Isles of Scilly Leadership Board ([PDE0014](#))

96 [Q62](#) (Andrew Walker, Local Government Information Unit)

97 Greater Manchester Combined Authority ([PDE0032](#))

and ask if it can be done first.” Accordingly, power remained with MHCLG as “it holds our purse strings”, meaning “That makes it really difficult to plan ahead and to deliver across a wide remit of exceptional challenges.”<sup>98</sup>

33. One way of breaking the siloed approach to devolution in Whitehall is departmental and ministerial reorganisation. Before the recent Cabinet reshuffle, oversight of English devolution rested with Luke Hall MP, the then minister of state for regional growth and local government, and not with the Secretary of State who had overall leadership and strategic direction of the department. This contrasted with other departments where the secretary of state also has specific policy responsibilities.<sup>99</sup> At the time of agreeing this report it is not clear where that responsibility now sits. Proposals were advanced for a department of the English Regions,<sup>100</sup> a department for devolution across the UK,<sup>101</sup> or a secretary of state leading on devolution.<sup>102</sup> Rt Hon Greg Clark MP, whose ministerial responsibilities during the Coalition Government had included decentralisation and cities, recounted his belief that the minister needed to be in the Cabinet Office close to the Prime Minister, thereby exercising sway over the whole breadth of government.<sup>103</sup> Andrew Walker, Head of Research at the Local Government Information Unit responded by arguing:

I would even ask the question of what the Ministry of Housing, Communities and Local Government is for if it is not to play that role, to progress devolution, to be promoting the agenda across Government and to be out there in the regions.<sup>104</sup>

34. We heard other proposals to bolster devolution. These included establishing an “Independent Advisory Board to assess and advise on devolution deals against the published framework.”<sup>105</sup> We heard arguments for a mayoral council that could meet with the Prime Minister at least twice a year, both providing additional scrutiny of central government and publicly showing the Government’s commitment to devolution.<sup>106</sup> There was also a proposal for greater regional cooperation between combined authorities which would “have a ministerial champion and report to a parliamentary committee”.<sup>107</sup>

***35. To embed devolution at the heart of central government the new Secretary of State for Levelling Up, Housing and Communities should be responsible for vigorously driving forward English devolution and this should be explicitly stated as one of his responsibilities. Our predecessor committee’s recommendation of permitting local authorities to report on their interactions with different government departments in the annual report on devolution should be adopted to drive a culture of positive and proactive support across the whole of Whitehall for devolution. Furthermore, a council of all areas with devolution deals should be established and hold meetings at least twice a year with the Prime Minister.***

98 [Q170](#) (James Palmer, Metro Mayor, Cambridgeshire and Peterborough Combined Authority)

99 Cabinet Office, [List of Ministerial Responsibilities](#), March 2021, p 19

100 Lord Heseltine, *Empowering English Cities*, (July 2019), p 60, UK2070 Commission ([PDE0020](#))

101 [Q206](#) (Lord Kerslake, UK2070 Commission)

102 DevoConnect ([POD0006](#))

103 [Q206](#) (Greg Clark MP)

104 [Q79](#) (Andrew Walker, Local Government Information Unit)

105 CBI ([PDE0031](#))

106 Sheffield City Region Combined Authority ([PDE0016](#)), CBI ([PDE0031](#)), [Q79](#) (Andrew Walker, Local Government Information Unit)

107 UK2070 Commission ([PDE0020](#)). See also DevoConnect ([POD0006](#))

## Negotiations

### *Criteria for devolution*

36. In 2016 our predecessor committee expressed grave concern about the manner in which devolution deals had been negotiated. It expressed unease about the capacity of government to handle the different bids it was receiving. It argued that better engagement with the public throughout the negotiating process was needed, and that greater openness was needed about the offers, counter-offers, and the deal. The Government was urged to “publish the criteria it uses to assess and agree proposals so local areas can refer to these when drawing up their devolution bid.”<sup>108</sup> The Government disagreed that there should be assessment criteria for deals, arguing that “there is no blueprint for devolution proposals”. Accordingly, it argued that governance arrangements needed to be appropriate for the powers devolved, but each deal would be unique.<sup>109</sup>

37. Subsequent government comments have diverged from this statement. We were told that the One Yorkshire proposals (for a devolution deal covering the whole of Yorkshire) had been rejected by the Government because they “do not meet our devolution criteria”,<sup>110</sup> without such a criteria having been published.<sup>111</sup> On several occasions in the last two and a half years ministers have referred to a “criteria for devolution” in Parliament.<sup>112</sup>

### *Transparency and public engagement with devolution negotiations*

38. We also wanted to know whether there had been improvements in the transparency of and levels of public engagement with the negotiating process. Due to the slowdown in the momentum of devolution since 2017, much of our evidence concentrated on the negotiations of 2015–17. It was argued that deals had been prevented by party politics and disputes over geography.<sup>113</sup> Other complaints voiced about those negotiations were their secretive nature, the lack of focus and cohesion in government,<sup>114</sup> the lack of clear responses from government, the absence “criteria for success”, alongside the excessive pace of negotiations and insistence on a directly elected mayor.<sup>115</sup> The LGA proposed that further governance arrangements should be bottom-up, led by councils.<sup>116</sup>

39. Commentary on more recent negotiations suggested little had changed. In its evidence, the Home Builders Federation complained that it was unclear to the public why there had been delays to the agreement of the devolution for the West Yorkshire Combined Authority.<sup>117</sup> The consultation on the 2020 Sheffield City Region devolution deal was also criticised. It took place after the deal has been struck, with little public engagement

108 Communities and Local Government Committee, First Report of Session 2015–16, [Devolution: the next five years and beyond](#), HC 369, paras 49, 53, 56

109 Department of Communities and Local Government, *Government Response to CLG Select Committee Report: “Devolution: the next five years and beyond”*, [CM 9291](#), May 2016, p 12

110 HL Deb, 10 February 2020, [col 2069](#) (Lords Chamber), HL Deb, 24 July 2020, [col 2517](#) (Lords Chamber)

111 Centre for Urban and Regional Development Studies (CURDS), Newcastle University, UK ([PDE 0006](#))

112 HL Debate, 10 February 2020, [col 2069](#). See also HC Debate, 6 March 2019, [col 957](#) (Commons Chamber), HL Debate, 11 February 2020, [col 2070](#) (Lords Chamber), HL Debate, 24 July 2020, [col 2517](#) (Lords Chamber)

113 De Montfort University ([PDE0003](#)), British Academy ([PDE0008](#)), IPPR North ([PDE0023](#)), Cambridge City Council ([PDE0026](#)), County Council Network ([PDE0028](#))

114 CBI ([PDE0031](#)). See also Centre for Public Scrutiny ([PDE0002](#))

115 Local Government Association ([PDE0011](#)). See also [Q73](#) (Andrew Walker, Local Government Information Unit)

116 Local Government Association ([POD0014](#))

117 Home Builders Federation ([POD0013](#))

or understanding, and the consultation was dismissed as a box ticking exercise.<sup>118</sup> The consequence of this lack of public engagement is that negotiations for devolution remain “organisations that are too big—councils, collections of councils and Government—talking to each other, and the public have fallen through the gap.”<sup>119</sup>

40. Consequently, it appears that “putting it charitably, [there is] limited public awareness of combined authorities and their roles.”<sup>120</sup> We heard various proposals for enhancing public engagement. These included using citizens’ assemblies,<sup>121</sup> alongside greater councillor interaction with their constituents, and enhanced use of social media in discussing and publicising devolution.<sup>122</sup> Public engagement ahead of negotiations with central government could help fashion a negotiating mandate for those local and combined authorities.<sup>123</sup>

**41. The lack of transparency and public engagement in the negotiation of devolution deals have not been addressed since our predecessor committee’s 2016 report. Both have remained minimal. We reiterate our predecessor committee’s recommendation that there should be greater efforts to engage the public before as well as after negotiations, through consultations, citizens assemblies and better publicity. To ensure that local councils use their limited resources on compiling proposals with a chance of being accepted, the Government should also publish the criteria it uses to assess and agree proposals.**

## Devolution framework

42. In October 2019 the then Secretary of State, the Rt. Hon Robert Jenrick MP, told our predecessor Committee that a forthcoming devolution White Paper would:

[ ... ] provide a framework for devolution and decentralisation across England, which will not be limited to what we might offer to those parts of the country that want to come forward and do what is now, as I say, quite a well-established model of having a mayor and a combined authority. The level of powers and responsibilities will obviously vary depending on the degree of reform and accountability that areas of the country want to embrace.<sup>124</sup>

43. This idea of a devolution framework was one we pursued throughout our inquiry. We wanted to assess its merits compared to the current ‘deal’ approach, and to clarify what the framework should contain and what its purpose should be. Although the framework has not yet been published, the LGA reported that their “soundings” with the government had “suggested a familiar, transactional approach to devolution, with local areas encouraged to bid for a centrally determined set of powers in exchange for some degree of governance reform.”<sup>125</sup>

118 IPPR North ([PDE0023](#)). See also Sunderland City Council ([PDE0015](#)), Mr Richard Styles ([POD0003](#)), [Q34](#) (John Stanton, University of London)

119 [Q35](#) (Colin Copus, De Montfort University)

120 [Q58](#) (Ed Hammond, Centre for Public Scrutiny)

121 [Q34](#) (Francesca Gains, University of Manchester), UK2070 Commission ([PDE0020](#))

122 [Q36](#) (Colin Copus, De Montfort University)

123 [Q217](#) (Greg Clark MP), [Q218](#) (Lord Kerslake, UK2070 Commission). See also Kent Association of Local Councils ([POD0011](#))

124 Oral evidence taken on 28 October 2019, HC (2019) 24, [Q85](#) (Robert Jenrick MP)

125 Local Government Association ([POD0014](#)). See also [Q46](#) (Francesca Gains, University of Manchester)

44. There were defenders of the current approach of ad hoc negotiations between central government and areas seeking devolution. These included De Montfort University, which warned that a national framework could “create a one-size-fits-all approach to what should be a locally driven process. Any framework ... should be light touch and advisory only.” The insistence on directly elected mayors was cited as evidence of where a one-size-fits-all approach had frustrated devolution in the past.<sup>126</sup> Dr John Stanton, Senior Lecturer in Law at the University of London, agreed the bespoke element of devolution deals “is their primary selling point” and “one of their greatest strengths”.<sup>127</sup> He argued a framework “cannot be too detailed” nor should it “be too top-down”; and that bespoke deals “should be protected in any further alterations”.<sup>128</sup> Colin Copus, Emeritus Professor of Local Politics at De Montfort University, argued the framework would inevitably be both detailed and top-down, and feared it would drive undesirable local government reorganisation. Instead he favoured “some form of basic silver, gold and platinum package of devolution”. The silver would apply to all local authorities, and “Above that are different tiers of devolution that you can buy into if you get the support from a collection of local authorities.”<sup>129</sup> Greg Clark MP argued a bespoke approach was needed “to reflect what the local areas want”. However, he distinguished between “devolution as a blanket policy” where every local authority received a particular policy responsibility, and a framework where local authorities might need to produce a plan for government, who could then judge whether the authority could succeed if that policy area was devolved.<sup>130</sup>

45. Some submissions recognised both the advantages of a framework whilst voicing concerns about aspects of it. Cllr James Jamieson, Chair of the LGA, emphasised that he would support a framework which was clear and bottom-up; but feared it would “top-down” and ambiguous. Moreover, there needed to be less focus on structures, than on “the underlying function, which is to get improvements to our communities through devolving powers”. Cllr Jamieson disagreed with Greg Clark’s idea of central government determining whether an area was ready for devolution, opining that this approach would lead to nothing being devolved at all and saying that “An alternative would be to say that Whitehall needs to justify why you should not be able to do it.”<sup>131</sup> Similarly, the Centre for Public Scrutiny noted a lack of details—such as whether a bespoke element would be retained—made it hard to comment on the framework idea. It argued a framework could lead to consistency that would aid negotiations; but worried it would “lead to limitations in flexibility” and create “unequal negotiating positions between Government and local areas.” Their solution was that local government should be consulted and should need to agree to the framework for it to proceed.<sup>132</sup>

46. The majority of our submissions supported some form of a devolution framework. The two metro mayors who appeared before us approved of the idea,<sup>133</sup> as did Greater Manchester Combined Authority.<sup>134</sup> Abdool Kara, Executive Leader on Local Services at the NAO, argued that “The sector is crying out for the devolution framework to give

126 De Montfort University ([PDE0003](#)). See also British Academy ([PDE0008](#))

127 Dr John Stanton ([PDE0007](#)). See also Local Government Association ([PDE0011](#))

128 [Q19](#) (John Stanton, University of London)

129 [Q19](#) (Colin Copus, De Montfort University)

130 [Q209](#), [Q211](#) (Greg Clark MP)

131 [Qq209–210](#) (James Jamieson, Local Government Association)

132 Centre for Public Scrutiny ([PDE0002](#))

133 [Q158](#) (Jamie Driscoll, Metro Mayor, North of Tyne Combined Authority), (James Palmer, Metro Mayor, Cambridgeshire and Peterborough Combined Authority)

134 Greater Manchester Combined Authority ([PDE0032](#))



everybody a starting point to work from and to buy in or at least expose those Government Departments that are not at the table.”<sup>135</sup> The Institute for Public Policy Research (IPPR) North argued that “Setting a clear framework, based on principles and not on rules, is key to ensure the effectiveness of the devolution agenda in the long term.”<sup>136</sup>

## What should a devolution framework look like?

47. Proposals for a devolution framework had several core themes. Professor Francesca Gains, Professor of Public Policy at the University of Manchester, supported “a clear statement in presumption of devolution”, with clarity about the potential and requirements (in terms of capacity and evidence needed) for further devolution.<sup>137</sup> This wish for a basic criteria for devolution, which expressed the principles underpinning it, was found elsewhere, alongside a wish for clarity on the geographical scope of devolution.<sup>138</sup> Secondly, there were calls for the framework to build in flexibility and to be locally-led, to put in place mechanisms for deciding on local priorities and how they would relate to national priorities.<sup>139</sup> Thirdly, the framework should also ensure “scrutiny and oversight of the design of the negotiating process” including enabling a range of viewpoints to contribute to negotiations.<sup>140</sup> The CBI proposed an independent advisory board to assess new deals against the framework.<sup>141</sup> Fourthly, the framework should explain how ongoing scrutiny of the delivery of devolution would work.<sup>142</sup> A fifth idea, was “a menu of choices” produced by local and central government,<sup>143</sup> as part of “a stepping-stone approach” with devolution being extended at the pace right for the local area.<sup>144</sup> Centre for Cities proposed that “a clearer and more straightforward approach” would involve using the ‘reserved powers’ model used for devolution to Scotland, whereby on those powers not being devolved are specified and all others are automatically devolved.<sup>145</sup>

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135 [Q80](#) (Abdool Kara, National Audit Office)

136 IPPR North ([PDE0023](#)). See also Centre for Urban and Regional Development Studies (CURDS), Newcastle University, UK ([PDE0006](#)), Cornwall and the Isles of Scilly Leadership Board ([PDE0014](#)), UK2070 Commission ([PDE0020](#)), County Council Network ([PDE0028](#)), Cumbria Council ([PDE0035](#)), UK2070 Commission ([POD0012](#)), Policy Connect ([POD0016](#))

137 [Q19](#) (Francesca Gains, University of Manchester)

138 [Q67](#) (Ed Hammond, Centre for Public Scrutiny), Core Cities ([PDE0012](#)), IPPR North ([PDE0023](#))

139 [Q67](#) (Andrew Walker, Local Government Information Unit), Sunderland City Council ([PDE0015](#)), Sheffield City Region Combined Authority ([PDE0016](#)), Centre for London ([PDE0018](#)), IPPR North ([PDE0023](#))

140 Centre for Public Scrutiny ([PDE0002](#))

141 CBI ([PDE0031](#))

142 Centre for Public Scrutiny ([PDE0002](#)), CBI ([PDE0031](#))

143 [Q211](#) (Lord Kerslake, UK2070 Commission), Core Cities ([PDE0012](#))

144 [Q211](#) (Lord Kerslake, UK2070 Commission), Centre for Urban and Regional Development Studies (CURDS), Newcastle University, UK ([PDE0006](#)), UK2070 Commission ([POD0012](#))

145 Centre for Cities ([PDE0030](#))

48. We approve of the principle of a devolution framework. It will provide clarity as to what is available for devolution. *The Government should work with local government and other stakeholders to produce a devolution framework. To succeed, the framework must provide flexibility and be grounded in a comprehensive consultation with stakeholders to avoid being a top-down imposition from central onto local government. It should include a set of principles committing the Government to devolution as an evolving process with a forward direction. Devolution is not just about increasing the powers of combined authorities, but enhancing the powers of local government as a whole. A key principle should be that devolution is the default option unless there is a good and compelling reason why a policy area should not be devolved. The Government should consider following the model used for the devolved nations, where there is a list of reserved powers not available for devolution, with all other powers available for combined and local authorities. It should not be obligatory for any area to take on all of the available powers straightaway or at all. Furthermore, councils should also devolve to their local communities—devolution does not stop at the town hall door.*

49. The Government has previously stated it wishes to ‘level up’ the powers of existing combined authorities to match those held by Greater Manchester, with the exception of health devolution.<sup>146</sup> We were told that Greater Manchester’s model was not a panacea for everywhere;<sup>147</sup> and instead stakeholders thought that “to ‘level up’ metro mayor powers for all combined authorities was a good idea”, and should precede a devolution framework.<sup>148</sup>

50. *Instead of using Greater Manchester as a yardstick, all existing places with devolution deals should be offered the same powers as all others currently have. They may not choose to immediately take them up, but the option should be available.*

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146 [Jenrick confirms no health devo in ‘levelled up’ deals](#)”, Local Government Chronicle, 2 October 2019

147 De Montfort University ([PDE0003](#)), British Academy ([PDE0008](#)), [Q166](#) (James Palmer, Metro Mayor, Cambridgeshire and Peterborough Combined Authority)

148 DevoConnect ([POD0006](#))

## 4 Financial devolution

51. Our predecessor committee in 2014 underlined the need for financial devolution. It highlighted how fiscal devolution “provides enhanced local autonomy”, “would encourage greater economic growth across England”, and “presents an opportunity to improve accountability” of local politicians.<sup>149</sup> In 2016 another committee report reiterated this call, stating that it expected further action by government on devolution during that Parliament “including moves towards fiscal devolution.” With regards to London it was stated that “we believe fiscal devolution is essential to London’s continuing success”.<sup>150</sup> Five years on, the necessity for action on this front has grown. The pressures on local government finances, which we have recently detailed, have persisted and have been augmented by the impact of covid-19.<sup>151</sup> This chapter makes the case for financial devolution and examines what form it could take.

### The necessity of financial devolution

52. The case for financial devolution has been previously stressed by the Prime Minister. In 2014, when Mayor of London, he advocated to our predecessor committee the devolution of five property taxes (stamp duty, council tax, business rates, annual tax on enveloped dwellings and capital gains tax) to London and other large cities. He said of fiscal devolution “This is a reform whose time has really come.”<sup>152</sup> This advocacy was echoed in the continued support we heard for the recommendations of the London Finance Commissions of 2013 and 2017 for devolving property taxes.<sup>153</sup>

53. The need for financial devolution was also emphasised in our evidence. Professor Colin Copus from De Montfort University declared that: “The need for fiscal devolution is vital now. We have got to a stage where we cannot sustain the system we are developing based on handouts from the centre.”<sup>154</sup> The Metro Mayor of the North of Tyne Combined Authority, Jamie Driscoll proclaimed “If we are going to make a difference, though, it is going to require significant fiscal devolution”, and that “there is no chance of devolution working unless fiscal devolution comes with it—none whatsoever.”<sup>155</sup> The benefit of fiscal devolution was explained by Ed Hammond, Director of the Centre for Public Scrutiny, who argued that fiscal devolution was needed to ensure the sustainability of local government. In particular giving “fiscal freedom” in place of ringfenced funding would facilitate taking longer-term, more strategic decisions.<sup>156</sup> It would overcome the situation of accountability without responsibility in issues such as transport, where mayors are blamed but lack the

149 Communities and Local Government Committee, First Report of Session 2014–15, [Devolution in England: the case for local government](#), HC 503, paras 25, 28, 30

150 Communities and Local Government Committee, First Report of Session 2015–16, [Devolution: the next five years and beyond](#), HC 369, paras 2, 96, 103

151 Housing, Communities and Local Government Committee, Second Report of Session 2021–22, [Local authority financial sustainability and the section 114 regime](#), HC 33, para 32

152 Oral evidence taken on 3 March 2014, HC (2013–14) 1018, [Q240](#), [Q249](#) (Boris Johnson)

153 London Finance Commission, [Raising the capital: The report of the London Finance Commission](#), May 2013; London Finance Commission, [Devolution: a capital idea: The report of the London Finance Commission](#), January 2017; Core Cities ([PDE0012](#)), Centre for London ([PDE0018](#)), London Assembly ([PDE0021](#))

154 [Q28](#) (Colin Copus, De Montfort University)

155 [Q158](#) [Q170](#) (Jamie Driscoll, Metro Mayor, North of Tyne Combined Authority). See also [Q170](#) (James Palmer, Metro Mayor, Cambridgeshire and Peterborough Combined Authority), Centre for London ([PDE0018](#))

156 [Q75](#) (Ed Hammond, Centre for Public Scrutiny)

funding and powers to directly tackle the problems.<sup>157</sup> Furthermore, the County Councils Network cited a report by Oxford Economics arguing devolution of taxation and spending to “counties could save £36 billion over five years, and add £26 billion to the economy.”<sup>158</sup>

## Council tax

54. Local government currently draws its tax revenue from council tax and business rates (formally called non-domestic rates). Our predecessor committee’s report in 2019 into local authority finance pledged that the devolution inquiry would examine the issue of new bands for council tax.<sup>159</sup> Earlier this year, we called for reform to council tax and business rates.<sup>160</sup>

55. We received evidence calling for reforms to the council tax system. These could include abolishing the referendum requirement for increases of 2% or above in general council tax,<sup>161</sup> and following the example of Wales in adding extra council tax bands.<sup>162</sup> Council tax was criticised as regressive and needing a national revaluation, organised to ensure it is revenue neutral.<sup>163</sup> It was suggested there could be devolution of the determination of council tax discounts (for example for students and single persons), possibly to groupings of local authorities.<sup>164</sup>

## Business rates

56. Business rates are based on a nationwide valuation of properties, with the rateable value of a property reflecting the annual rent that would have been charged on the open market. Multipliers, set as the pence in the pound of rateable value, are then set by central government. Both the setting of valuations and multipliers was formerly undertaken by local government—valuations were assessed locally until 1948 and the multiplier was set locally until 1988.<sup>165</sup> The standard multiplier in England is 51.2p, meaning a rateable value of £100,000 would mean the business would have an annual liability of £51,200. Properties of a rateable value of under £51,000 have a multiplier of 49.9p.<sup>166</sup>

57. A recent development has been the piloting of the retention of 75% or 100% business rate revenue by certain local councils and combined authorities. The combined authorities in Greater Manchester, Liverpool City Region, West of England, and West Midlands, along with Cornwall Council, have had 100% retention of business rates from 2017–18.

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157 DevoConnect ([POD0006](#))

158 County Council Network ([PDE0028](#))

159 Housing, Communities and Local Government Committee, Eighteenth Report of Session 2017–19, [Local government finance and the 2019 Spending Review](#), HC 2036, paras 74-5

160 Housing, Communities and Local Government Committee, Second Report of Session 2021–22, [Local authority financial sustainability and the section 114 regime](#), HC 33, para 32

161 Core Cities ([PDE0012](#)), UNISON ([POD0008](#)), Kent Association of Local Councils ([POD0011](#))

162 [Q136](#) (Guy Ware, London Councils)

163 [Q128](#) (Andrew Carter, Chief Executive, Centre for Cities), (David Phillips, Associate Director, Institute for Fiscal Studies)

164 [Q128](#) (Andrew Carter, Centre for Cities), (David Phillips, Institute for Fiscal Studies)

165 [Local Government Act 1948](#), section 33; [Local Government Finance Act 1988](#), schedule 7

166 [Business Rates](#), Standard Note [SN06247](#), House of Commons Library, April 2021, pp 5-6

This has meant them foregoing some grant funding from the government.<sup>167</sup> For local councils other than Cornwall, the Government’s proposal for 100% retention proposed in 2015 was reduced to 75% in 2017. This in turn was postponed in 2019 and 2020.<sup>168</sup> We recently recommended that local councils should be able to retain 75% of business rate revenue from 2022 without a commensurate cut in grant funding. We also advocated reforming business rates to level the playing field between physical and online retailers and consideration of alternatives to business rates and council tax.<sup>169</sup> These proposals echoed our predecessor committees’ calls for business rate retention to be used to tackle existing cost pressures and the devolution of other property taxes to local councils,<sup>170</sup> for an online sales tax to help the high streets,<sup>171</sup> and consideration of alternatives to business rates.<sup>172</sup> In 2018 the then Government held a consultation into business rate retention, but there has been no Government response.<sup>173</sup> Nor did the Government engage with the previous committee’s proposal for devolution of other property taxes.<sup>174</sup> The Treasury has been consulting about business rates.<sup>175</sup> But the final response to consultation has been postponed until the autumn of 2021.<sup>176</sup>

58. We received many sympathetic views concerning business rate retention. Examples of success were cited by Cornwall and Isles of Scilly Leadership Board and by Greater Manchester, with the latter claiming continuing with it “would help to put investment on productivity growth on a sustainable basis.”<sup>177</sup> The London Assembly voiced unhappiness about the reduction from 100% to 75% retention in 2019–20 in London.<sup>178</sup> Greg Clark MP argued that “Business rate retention has been very important in establishing that central connection between the leadership of a place and the businesses there.”<sup>179</sup> Due to the success of retention the LGA commented that “It should be increased further without

167 Ministry of Housing, Communities and Local Government, [2019–20 Business Rates Retention Pilots - Explanatory Note](#), January 2019; Ministry of Housing, Communities and Local Government, [2020–21 Authorities with Increased Business Rates Retention Arrangements - Explanatory Note](#), February 2020; Ministry of Housing, Communities and Local Government, [Explanatory note for authorities with increased business rates retention arrangements](#), February 2021

168 Department for Communities and Local Government, Self-sufficient local government: 100% Business Rate Retention, July 2016; *Reviewing and reforming local government finance*, No. 07538, House of Commons Library, August 2020, p 10; HC Deb, 29 April 2020, [col 220WS](#) (Commons written ministerial statement)

169 Housing, Communities and Local Government Committee, Second Report of Session 2021–22, [Local authority financial sustainability and the section 114 regime](#), HC 33, paras 24–6, 32, 37

170 Housing, Communities and Local Government Committee, Fifth Report of the Session 2017–19, [Business Rate Retention](#), HC 552, paras 22, 26, 39

171 Housing, Communities and Local Government Committee, Eleventh Report of Session 2017–19, [High streets and town centres in 2030](#), HC 1010, paras 76–77

172 Housing, Communities and Local Government Committee, Eighteenth Report of Session 2017–19, [Local government finance and the 2019 Spending Review](#), HC 2036, para 64

173 Ministry of Housing, Communities and Local Government, [Business rates retention reform](#), 13 December 2018

174 Ministry of Housing, Communities and Local Government, *Government Response to the Housing, Communities and Local Government Committee’s Fifth Report of Session 2017–19 on Business Rates Retention*, [Cm 9686](#), August 2018, paras 34–6

175 HM Treasury, [Business Rates Review: Call for Evidence](#), July 2020; HM Treasury, [Business Rates Review: Interim Report](#), March 2021; HM Treasury and Ministry of Housing, Communities and Local Government, [Consultation: more frequent revaluations Fundamental Review of Business Rates](#), July 2021

176 [“Sunak delays business rates review until autumn”](#), Financial Times, 18 February 2021

177 Greater Manchester Combined Authority ([PDE0032](#)), Cornwall and the Isles of Scilly Leadership Board ([PDE0014](#)). See also [Q138](#) (David Phillips, Institute for Fiscal Studies)

178 London Assembly ([PED0021](#))

179 [Q233](#) (Greg Clark MP)

any additional responsibilities or phasing out of other grants.”<sup>180</sup> Similarly, the Chief Executive of the Centre for Cities think tank, Andrew Carter, suggested there needed to be 100% retention everywhere, accompanied by other reforms to the tax.<sup>181</sup>

59. These positive views of business rate retention were not universally shared.<sup>182</sup> The British Academy argued that retention created perverse incentives to promote out-of-town distribution and shopping centres. Moreover, reduced redistribution left some “councils more dependent on a small number of large employers who may threaten to leave or be forced to do so by wider economic conditions.” It argued retention risked unpopular tax competition and variations in service provision resulting from different taxation;<sup>183</sup> and cited NAO research to argue that “the statistical ratio between business rates yield and need is precisely zero”, and that “There is no direct link between economic activity and business rate yield.”<sup>184</sup>

60. There was concern that business rates did not provide sufficient revenue for local councils. Guy Ware, Director of Local Government Performance and Function at London Councils, stated: “Sitting on business rates as a form of income is not very comfortable right now.”<sup>185</sup> Professor Colin Copus from De Montfort University saw this as part of a wider problem of the insufficiency of existing local government taxation, stating that “English local government has the narrowest basket of taxation powers available to it across Europe.”<sup>186</sup> We were also told that there needed to be reform to business rates.<sup>187</sup> Proposals included reducing the length of transitional relief,<sup>188</sup> and devolution of exemptions to local authorities.<sup>189</sup>

***61. We reiterate our recommendation from our recent report into local authority financial sustainability that the Government should allow councils to retain 75% of business rates from 2022, and that it should not impose commensurate cuts to grant funding. The additional funding should then be put towards equalisation in a separate grant designed for this purpose. As we also recommended in that report, in the longer term, the Government should consider options for wider reform of council tax and business rates, including possibly replacing them with a proportional property tax.***

## Income tax

62. There was support for devolving income tax.<sup>190</sup> David Phillips, Associate Director at the Institute for Fiscal Studies, explained that it had researched local income tax as a major tax capable of generating £5 to £15 billion a year. It was seen as preferable to devolving corporation tax, stamp duty, or VAT. Its benefits were fourfold: it would raise substantial revenue, it is administratively easier to access, it is paid for by local voters who can hold

180 Local Government Association ([PDE0011](#))

181 [Q139](#) (Andrew Carter, Centre for Cities)

182 Sunderland City Council ([PDE0015](#)), Cumbria Council ([PDE0035](#))

183 British Academy ([PDE0008](#))

184 British Academy ([PDE0008](#))

185 [Q127](#) (Guy Ware, Director of Local Government Performance and Function, London Councils). See also IPPR North ([PDE0023](#)), [Q230](#) (Lord Kerslake, UK2070 Commission)

186 [Q28](#) (Colin Copus, De Montfort University)

187 [Q138](#) (Andrew Carter, Centre for Cities), [Q233](#) (Lord Kerslake, UK2070 Commission)

188 [Q138](#) (Andrew Carter, Centre for Cities)

189 Core Cities ([PDE0012](#)), Local Government Association ([POD0014](#))

190 Mebyon Kernow ([PDE0009](#)), UK2070 Commission ([PDE0020](#)), [Q28](#) (Colin Copus, De Montfort University), [Q176](#) (James Palmer, Metro Mayor, Cambridgeshire and Peterborough Combined Authority)

local politicians to account, and it would provide “broader incentives to local politicians and councils to boost the economy.”<sup>191</sup> We were told that in most countries where income tax is devolved there was a flat rate devolved rather than the power to vary rates across different income thresholds. This is to prevent tax competition,<sup>192</sup> and to reduce the fluctuations in revenue and inequalities between local authorities.<sup>193</sup> We heard that the main barrier to devolution is that Her Majesty’s Revenue and Customs (HMRC) do not know where 5% of taxpayers live.<sup>194</sup> However, it was pointed out that such problems were overcome when devolving income tax rates to Scotland.<sup>195</sup>

## Tourist tax

63. Various submissions recommended a tourist tax as a way to raise revenue.<sup>196</sup> This can fund the cultural amenities,<sup>197</sup> and the physical infrastructure used by tourists.<sup>198</sup> Bath Council proposed such taxes in 2017 and 2018.<sup>199</sup> The Isle of Wight council are said to be considering a tax, levied at £1 to £1.50 on each vehicle visiting the island.<sup>200</sup> They are also found in Italy, Germany and the Netherlands.<sup>201</sup>

64. Three challenges were outlined with introducing a tourist tax. First, not all areas attract the same volume of tourists and therefore revenue would be unevenly distributed across the country.<sup>202</sup> Secondly, a clear purpose is needed for the tax—is it to raise revenue or is it to off-set the costs imposed by tourists? This is particularly important if it were devolved to an authority where tourism is heavily concentrated in one part of the town, county or city as it would raise questions about where the revenue should be spent.<sup>203</sup> Thirdly, it is estimated it would only raise c.£420 million a year across England if levied at the £1 per overnight stay proposed by Bath council. If it were levied at £5 per overnight stay it could raise over £2 billion.<sup>204</sup> It was therefore questioned how far a tourism tax could raise the significant sums needed to fund greater devolved powers or meet the rising costs of local services,<sup>205</sup> for example the needs of adult social care.<sup>206</sup>

191 [Q127](#) (David Phillips, Institute for Fiscal Studies)

192 [Q136](#) (David Phillips, Institute for Fiscal Studies)

193 Institute for Fiscal Studies, [Taking control: which taxes could be devolved to English local government?](#), March 2019, p 49

194 [Q136](#) (David Phillips, Institute for Fiscal Studies)

195 [Q137](#) (Guy Ware, London Councils)

196 Core Cities ([PDE0012](#)), Centre for London ([PDE0018](#)), Centre for Cities ([PDE0030](#)), Local Government Association ([POD0014](#)), [Q26](#) (Colin Copus, De Montfort University), [Q127](#) (David Phillips, Institute for Fiscal Studies)

197 Core Cities ([PDE0012](#))

198 Centre for London ([PDE0018](#))

199 “[Bath revisits plan to introduce tourist tax](#)”, *Sky News Website*, 13 January 2018

200 “[Isle of Wight poised to bring in tourist tax as charge for day-trippers proposed](#)”, *Daily Express*, 9 September 2021

201 Institute for Fiscal Studies, [Taking control: which taxes could be devolved to English local government?](#), March 2019, Table 2.1 p 14

202 [Q29](#) (Colin Copus, De Montfort University)

203 Institute for Fiscal Studies, [Taking control: which taxes could be devolved to English local government?](#), March 2019, pp 58-60

204 Institute for Fiscal Studies, [Taking control: which taxes could be devolved to English local government?](#), March 2019, p 60

205 [Q127](#) (David Phillips, Institute for Fiscal Studies)

206 Britain’s Leading Edge ([POD0007](#)), [Q109](#) (Sir Richard Leese, Leader, Manchester City Council and the Chair, Greater Manchester Health and Social Care Partnership), [Q230](#) (James Jamieson, Local Government Association)

## Other taxes

65. Various other taxes were suggested to us as suitable for devolution. This included the creation of an e-commerce levy.<sup>207</sup> A couple of witnesses pointed to the success of sales taxes in the USA as suggesting VAT could be devolved;<sup>208</sup> although it was noted that local variations in VAT could be hard to administer.<sup>209</sup> There was also support for creating and devolving a land value tax.<sup>210</sup> This was seen as a way to raise revenue for infrastructure in places of high house values.<sup>211</sup>

66. There were also proposals to devolve stamp duty land tax.<sup>212</sup> These were particularly urged in a London context, where stamp duty land tax was criticised for acting as a barrier to Londoners wishing to move.<sup>213</sup> However David Phillips from the Institute for Fiscal Studies argued that stamp duty had very volatile revenue over time and revenue would differ across England because of the differences in property markets.<sup>214</sup>

## Allocation of revenue from designated taxes

67. Given the potential problems posed by the uneven distribution of revenue across England, an alternative option involves allocating revenue from designated taxes to local and combined authorities. This could take two forms—allocating a set proportion of a national tax or taxes to local authorities; or assigning a proportion of the revenue raised by a tax in an area to that area's local authority. There are examples of this. A share of the VAT revenue raised in Scotland is allocated to the Scottish Government.<sup>215</sup> European countries such as Germany, Belgium, Italy, Spain, Portugal, Finland, Denmark all have allocations of different taxes to sub-national and local government.<sup>216</sup>

68. There was wariness about the dedication of certain tax revenue (hypothecation) to individual services such as social care. This resulted both from worries about variations in revenue, and a wish for greater freedom for local authorities to decide what to spend on (including revenue from fees and charges).<sup>217</sup>

69. However, we also heard were calls for the allocation of revenue from income tax,<sup>218</sup> from fuel duties,<sup>219</sup> and from stamp duty.<sup>220</sup> It was also proposed that a portion of revenue raised in London through vehicle excise duty should be allocated to Transport for London to fund trunk roads.<sup>221</sup> The CBI's Head of Regional Policy, Jim Hubbard articulated a

207 Centre for London ([PDE0018](#)), Local Government Association ([POD0014](#))

208 [Q28](#), [Q32](#) (Colin Copus, De Montfort University), [Q137](#) (Guy Ware, London Councils)

209 [Q127](#) (David Phillips, Institute for Fiscal Studies). See also Institute for Fiscal Studies, [Taking control: which taxes could be devolved to English local government?](#), March 2019, p 43

210 British Academy ([PDE0008](#)), Centre for London ([PDE0018](#)), [Q171](#) (Jamie Driscoll, Metro Mayor, North of Tyne Combined Authority)

211 Royal Town Planning Institute ([POD0010](#))

212 Mebyon Kernow ([PDE0009](#)), Core Cities ([PDE0012](#)), London Assembly ([PED0021](#))

213 Centre for London ([PDE0018](#))

214 [Q127](#) (David Phillips, Institute for Fiscal Studies)

215 HM Treasury, [Scottish VAT assignment – Summary of VAT assignment model](#), 22 November 2018.

216 [Q231](#) (Lord Kerslake, UK2070 Commission), IPPR North ([PDE0023](#)). See also Institute for Fiscal Studies, [Taking control: which taxes could be devolved to English local government?](#), March 2019, Table 2.1, p 14

217 [Q134](#) (David Phillips, Institute for Fiscal Studies), (Andrew Carter, Centre for Cities)

218 Local Government Association ([PDE0011](#)), Centre for London ([PDE0018](#)), [Q132](#) (Andrew Carter, Centre for Cities), (David Phillips, Institute for Fiscal Studies)

219 Local Government Association ([PDE0011](#)), [Q32](#) (Colin Copus, De Montfort University)

220 Local Government Association ([PDE0011](#)), [Q32](#) (Colin Copus, De Montfort University)

221 Centre for London ([PDE0018](#)), London Assembly ([PED0021](#)), [Q133](#) (Guy Ware, London Councils)



preference among businesses for funds to be put into the hands of councils rather than “developing a network of a confusing tax landscape that would lead to some negative impacts down the line.”<sup>222</sup> This reflected wider support amongst our witnesses.<sup>223</sup> For instance, Cllr James Jamieson from the LGA commented “I quite like incentivisation. By assigning a proportion of income that is raised locally, it can incentivise people, for instance, to support growth and so forth”.<sup>224</sup>

## Other sources of revenue

70. We also received proposals to raise money from other, non-tax, sources. One such source was increasing the amount of money captured from the uplift in land values resulting from infrastructure projects.<sup>225</sup> This echoes the recommendations in our predecessor committee’s report of September 2018.<sup>226</sup> Secondly, there was a wish for greater borrowing powers for combined authorities.<sup>227</sup> Thirdly it was proposed combined authorities should have greater commercial freedoms.<sup>228</sup> Fourthly, there could be greater freedom over how sales, fees and charges can be spent,<sup>229</sup> and that local authorities should be able to set planning fees to recover the costs of the planning system.<sup>230</sup>

**71. Financial devolution is necessary to ensure the success of devolution through giving devolved authorities greater freedom from central government, enabling them to take longer-term decisions reflective of their strategic purpose, and enhancing their direct accountability to their electorates. It must be accompanied by redistributive measures to ensure areas with lower revenue raising potential do not lose out. We therefore recommend that the Government should:**

- *explore alternative ways in which revenue can be raised, which could reduce reliance on council tax and business rates.*
- *consider offering devolution of a tourism tax, possibly to combined authorities where the revenue can be redistributed as well as meet the costs incurred by tourists.*
- *follow our previous recommendation to explore how to level the playing field between bricks and mortar retailers and online retailers.*

*Further financial devolution could follow these measures if they prove to be a success.*

**72. The Government should commission research into how income tax or other national tax revenue could be allocated to local and combined authorities, or how a local income tax across a combined authority area could work, including details of tax setting,**

222 [Qq89–90](#) (Jim Hubbard, CBI). See also [Q90](#) (Mike Short, UNISON)

223 [Q231](#) (Greg Clark MP), (Lord Kerslake, UK2070 Commission)

224 [Q231](#) (James Jamieson, Local Government Association)

225 Core Cities ([PDE0012](#)), UK2070 Commission ([POD0012](#)), [Qq170-1](#) (Jamie Driscoll, Metro Mayor, North of Tyne Combined Authority), (James Palmer, Metro Mayor, Cambridgeshire and Peterborough Combined Authority), [Q183](#), [Q195](#) (David Williams, Hertfordshire Council)

226 Housing, Communities and Local Government Committee, Tenth Report of the Session 2017–19, [Land Value Capture](#), HC 766

227 Core Cities ([PDE0012](#)), [Q170](#) (Jamie Driscoll, Metro Mayor, North of Tyne Combined Authority)

228 [Q30](#) (Colin Copus, De Montfort University)

229 [Q134](#) (David Phillips, Institute for Fiscal Studies), (Andrew Carter, Centre for Cities)

230 Local Government Association ([PDE0011](#))

*funding equalisation, and how HMRC can better identify where taxpayers live. The Government should consider permitting other measures, including land value capture for local authorities, to help them raise additional money.*

## Funding

73. The other side of financial devolution is ensuring sufficient money for devolved areas, so that areas less able to raise revenue do not lose out. Equally, we heard calls for greater control over money spent in devolved areas, including over aspects of the UK Shared Prosperity Fund (UKSPF) and reducing the conditions attached to local authority funding.

## Avoiding inequalities between places

74. The major fear about fiscal devolution is that retaining more tax revenue where it is raised will mean places with lower taxes bases would end up with less money to spend. Various submissions, particularly from local authorities, emphasised the need for sufficient spending for local government and that fiscal devolution should not disadvantage areas less able to raise revenue.<sup>231</sup> Areas such as Hertfordshire Council which raise considerable revenue through council tax nonetheless stressed that there still needed to be equalisation.<sup>232</sup> A further worry was that whilst there are numerous possible sources of funding from central government pots, and local authority and private sector schemes, access to them depends on the “internal capabilities” of local enterprise partnerships and combined authorities to access the scheme, which has created divisions and risks reinforcing regional divides.<sup>233</sup> These are both concerns we recently highlighted in our report on local government finance.<sup>234</sup> These concerns led two submissions to express scepticism about the principle and wisdom of financial devolution. The British Academy worried about the devolution of taxation “due to the potential impact this has on the pooling and redistribution of funds ... Fiscal devolution increases the risk that some authorities may become financially unsustainable.”<sup>235</sup> The Regional Studies Association similarly opined that:

the only governance set-up which is worse than a top-down centralised system, is a devolved system which is primarily dependent on local finances ... Rapid fiscal decentralisation raises genuine concerns about zero-sum tax competition, which may adversely affect local public services and exacerbate regional divides.<sup>236</sup>

75. However, it was also argued that fiscal devolution can help reduce inequalities between different parts of England. At present, as Lord Kerslake, the Chair of UK2070 Commission and former Head of the Home Civil Service, stated, “We have some regions whose productivity levels are lower than parts of East Germany at the point that it unified with West Germany.”<sup>237</sup> It was noted that Germany had managed to combine high levels

231 Sunderland City Council ([PDE0015](#)), Cumbria Council ([PDE0035](#)), UNISON ([POD0008](#)), Kent Association of Local Councils ([POD0011](#))

232 [Q193](#) (David Williams, Hertfordshire Council)

233 Regional Studies Association ([POD0019](#))

234 Housing, Communities and Local Government Committee, Second Report of Session 2021–22, [Local authority financial sustainability and the section 114 regime](#), HC 33, paras 24–26, 31–2, 36–7, 42–4

235 British Academy ([PDE0008](#))

236 Regional Studies Association ([POD0019](#))

237 [Q234](#) (Lord Kerslake, UK2070 Commission)

of financial devolution with sizeable redistribution of resources.<sup>238</sup> Compared to other OECD countries, only a few nations such as Slovakia, the Republic of Ireland, and the Czech Republic (which have far smaller populations than England or the UK) have such a comparably low rate of tax revenue raised by local and regional government as the UK. These countries also have the greatest level of regional inequality.<sup>239</sup> It was contended that evidence from other OECD countries showed that devolution there had invariably produced better value for money, “better recovery” and “better local solutions”.<sup>240</sup> Andrew Carter from Centre for Cities noted that countries such as Sweden, Spain and Poland had, in the last twenty to thirty years, shifted aspects of tax-raising powers and their tax base from national to local level.<sup>241</sup> It was acknowledged that no country had rapidly overturned problems with regional inequalities.<sup>242</sup> The situation in England also contrasts with the block grants paid to the Scottish Government, Welsh Government and the Northern Ireland Executive from the Exchequer through the Barnett Formula. This means they have greater levels of autonomy; and enjoy higher levels of expenditure per person than in England.<sup>243</sup> Greater Manchester Combined Authority recommended the Scottish model, with greater predictability of revenues and investment support as an “appropriate aspiration for sub-national areas in England [rather] than one confined only to bespoke, time-limited deals.”<sup>244</sup>

### **UK Shared Prosperity Fund**

76. We received considerable evidence about the future of the UKSPF. This will replace the European Structure and Investment (ESIF) funds—specifically the European Regional Development Fund (ERDF) and the European Social Fund (ESF)—received from the European Union prior to Brexit. In total England received on average £1.3 billion per year in 2014–20, out of the £2.1 billion received by the UK as a whole.<sup>245</sup> Our predecessor committee’s report into the operation of European regional development funds in 2012 emphasised the need for value for money, support for innovative projects, and action to address the shortage of match funding from other sources often needed for projects to gain funding or to succeed.<sup>246</sup>

77. The chair of our committee has co-written, with other select committee chairs, several letters calling for clarity on the how the UKSPF would operate.<sup>247</sup> Other committees

238 [Q130](#) (Andrew Carter, Centre for Cities)

239 [Q127](#) (Guy Ware, Director of Local Government Performance and Finance, London Councils)

240 [Q234](#) (James Jamieson, Local Government Association)

241 [Q129](#), [Q135](#) (Andrew Carter, Centre for Cities). See also Midland Heart ([PDE0027](#))

242 [Q136](#) (Andrew Carter, Centre for Cities)

243 HM Treasury, Public Expenditure Statistical Analyses 2021, [CP 507](#), July 2021, Table 9.3b, p 128

244 Greater Manchester Combined Authority ([PDE0032](#))

245 *The UK Shared Prosperity Fund*, Research Briefing [No. 08527](#), House of Commons Library, January 2021, p 6

246 Communities and Local Government Committee, Second Report of Session 2012–13, [European Regional Development Fund](#), HC81, paras 25, 41, 50, 56

247 [Letter from the Chair to the Rt Hon Robert Jenrick MP, Secretary of State for Housing, Communities and Local Government](#), 17 September 2020; [Letter from Luke Hall MP, Minister for Regional Growth and Local Government, to the Chair](#), 13 October 2020. See also: [Joint Letter from Select Committee Chairs to the Rt Hon Robert Jenrick MP](#), 5 June 2020; [Letter from Simon Clarke, Minister of State for Regional Growth and Local Government to the Select Committee Chairs](#), 19 June 2020; [Letter from Sir William Cash MP, Chair of the European Scrutiny Committee to Simon Clarke MP, Minister of State for Regional Growth and Local Government](#), 23 July 2020; [Letter from Simon Clarke, Minister of State for Regional Growth and Local Government to Sir William Cash MP, Chair of the European Scrutiny Committee](#), 3 September 2020; [Letter from Sir William Cash MP, Chair of the European Scrutiny Committee to Luke Hall MP](#), 8 October 2020; [Letter from Luke Hall MP, Minister for Regional Growth and Local Government to Sir William Cash MP](#), 29 October 2020

have also examined how the UKSPF could operate and have recommended a simple and accessible funding schemes in place of the complexity of the ESIF,<sup>248</sup> and for devolution of funding decisions and delivery.<sup>249</sup> There were calls for clarity on the amount of funding per year, the selection process for UKSPF and how it would relate to the Community Renewal Fund. The Government was also urged to hold a formal consultation on the UKSPF and evaluate its progress after one year.<sup>250</sup> The NAO's report on local enterprise partnerships in May 2019 also highlighted that MHCLG needed to learn from the problems with the Local Growth Fund when designing the new UKSPF.<sup>251</sup>

78. The UK Government has made two major announcements on how the UKSPF will operate. The 2020 Spending Review pledged that UK-wide funding would rise to meet EU funding (which will finish being paid out in 2023) and reach c.£1.5 billion a year. Funding would partly be aimed at deprived places; and at people most in need, with employment and skills programmes focused on local need. It was also promised that further details of the UKSPF would be included in a UK-wide investment framework to be published in spring 2021.<sup>252</sup> However, in March 2021 it was stated the UK-wide investment framework would be published later in 2021 and that the UKSPF investment framework was still being developed.<sup>253</sup> Secondly, the 2021 Budget, announced a one-year pilot programme, the UK Community Renewal Fund. The fund would be worth £220 million, and funds would be allocated by competitively bidding. The Government has identified 100 priority places to receive capacity funding to help it coordinate their applications.<sup>254</sup> The prospectus for the UK Community Renewal Fund stated that funding would be aimed at investment in skills, businesses and communities; and supporting people into employment. Mayoral combined authorities, the Greater London Authority, county councils, and unitary authorities would be lead authorities that should invite projects from local organisations and district councils. It was also stated that the fund's arrangements would not necessarily be imitated by the UKSPF.<sup>255</sup>

79. One theme of our evidence was calls for the devolution of control over the UKSPF. This would follow the previous practice of regional development agencies,<sup>256</sup> and more recently Cornwall and Greater Manchester having powers over European funds.<sup>257</sup> We were told that there was support in the north-east of England for a “locally designed UK Shared Prosperity Fund [that] could help local partners better address regional inequality.”<sup>258</sup> This linked to the idea of a single pot of funding, which would be devolved

248 Work and Pensions Committee, Eighth Report of Session 2017–19, [European Social Fund](#), HC 848, paras 15-17

249 House of Lords, Report of the Select Committee on the Rural Economy, Session 2017–19, [HL Paper 330](#), para 135; Education Committee, Third Report of Session 2019–21, [A plan for an adult skills and lifelong learning revolution](#), HC278, paras 114-17.

250 Scottish Affairs Committee, Third Report of Session 2021–22, [The UK Shared Prosperity Fund and Scotland](#), HC 52, paras 11, 16, 24-5, 33

251 National Audit Office, *Local Enterprise Partnerships: an update on progress*, [HC 2139](#), May 2019, para 13

252 HM Treasury, *Spending Review 2020*, [CP330](#), November 2020, Box 3.1, p 37

253 Ministry of Housing, Communities and Local Government, [UK Community Renewal Fund: prospectus 2021–22](#), March 2021, section 1.3

254 HM Treasury, *Budget 2021 — Protecting the Jobs and Livelihoods of the British People*, [HC1226](#), March 2021, p 60

255 Ministry of Housing, Communities and Local Government, [UK Community Renewal Fund: prospectus 2021–22](#), March 2021

256 Communities and Local Government Committee, Second Report of Session 2012–13, [European Regional Development Fund](#), HC81, paras 31-38

257 Cornwall and the Isles of Scilly Leadership Board ([PDE0014](#)), Greater Manchester Combined Authority ([PDE0032](#))

258 Local Government Association ([PDE0011](#))

to combined authorities and spent on local priorities.<sup>259</sup> There was, however, opposition raised to letting LEPs administer the funds outside of combined authority areas, with county councils suggested as alternative administrators.<sup>260</sup> David Phillips from the Institute for Fiscal Studies also suggested that if different problems were being targeted—social problems “which are much more of a local issues”, and economic problems covering a wider area—that the best approach “might be to split the money between different tiers or to allocate some of it down to lower tiers where issues are properly tackled.”<sup>261</sup>

80. Another theme of our evidence was opposition to the UKSPF allocating funds through competitive bidding, Sheffield City Region argued funding should be targeted at “areas of need”, to aid in rebalancing the economy, and at supporting “those economies with the greatest potential to grow.”<sup>262</sup> The CBI proposed that formulas be used to direct funds towards the most deprived parts of the country.<sup>263</sup> Andrew Carter from the Centre for Cities and Guy Ware from London Councils supported a mixture of formula and objective based funding overseen by combined authorities and combinations of local authorities, modelled on the transforming cities fund.<sup>264</sup> The latter emphasised that the fund should not replace existing local government funds as it would not be funding “bread-and-butter services”.<sup>265</sup> David Phillips did acknowledge that the Institute for Fiscal Studies’ research into competitive bidding showed it had had mixed effectiveness, indicating cases exist where it has worked. If bidding were retained, Phillips argued it should only be retained for larger schemes. He also noted centrally attached conditions to spending reduced the accountability to local people for how it was spent.<sup>266</sup>

81. It was also emphasised to us that there needs to be continuity of funding from that received from EU funds.<sup>267</sup> This lay alongside complaints of the harm resulting from the lack of clarity on how UKSPF would operate.<sup>268</sup> The advocacy group Core Cities supported continuity whilst arguing the UKSPF should differ from European funds in terms of revising the “rules on eligibility, supporting businesses more than once and the types of support provided”.<sup>269</sup> Besides from continuity, there were calls that areas which would have been eligible for larger EU funds had the UK remained in the European Union should receive those greater funds through UKSPF.<sup>270</sup> Furthermore, in 2013 the UK Government decided not to pass on the increase in funding to England for the 2014–20 period that would have resulted from a strict application of the EU allocation formula, because this would have considerably reduced funds to Scotland, Wales and Northern Ireland.<sup>271</sup>

259 Core Cities ([PDE0012](#)), Sheffield City Region Combined Authority ([PDE0016](#)), Greater Manchester Combined Authority ([PDE0032](#)), [Q28](#) (Francesca Gains, University of Manchester), [Q141](#) (Andrew Carter, Centre for Cities), [Q144](#) (Guy Ware, London Councils), [Q172](#) (James Palmer, Metro Mayor, Cambridgeshire and Peterborough Combined Authority), (Jamie Driscoll, Metro Mayor, North of Tyne Combined Authority), [Q194](#) (David Williams, Hertfordshire Council), (Amy Harhoff, Durham County Council)

260 County Council Network ([PDE0028](#)), Cumbria Council ([PDE0035](#))

261 [Q142](#) (David Phillips, Institute for Fiscal Studies)

262 Sheffield City Region Combined Authority ([PDE0016](#))

263 CBI ([PDE0031](#))

264 [Q141](#) (Andrew Carter, Centre for Cities), [Q143](#) (Guy Ware, London Councils)

265 [Q144](#) (Guy Ware, London Councils), Regional Studies Association ([POD0019](#))

266 [Qq142-3](#) (David Phillips, Institute for Fiscal Studies)

267 Durham County Council ([PDE0001](#)), Core Cities ([PDE0012](#))

268 Sheffield City Region Combined Authority ([PDE0016](#))

269 Core Cities ([PDE0012](#))

270 Sheffield City Region Combined Authority ([PDE0016](#))

271 *The UK Shared Prosperity Fund*, Research Briefing [No. 08527](#), House of Commons Library, January 2021, Box 2, p 17

82. The Committee has persistently sought clarity from the Government about how the UK Shared Prosperity Fund will work. The Government has had over four years to design and bring forward a coherent alternative to the European Development Funds that will completely end in 2023. This delay has been unacceptable and requires an accelerated approach. *The Government should bring forward as soon as possible its proposals for how the UK Shared Prosperity Fund will work, including the funding profile to be controlled by combined authorities or local authorities. The majority of the funding should be allocated as block grants with local and combined authorities empowered to allocate the funds within the general principles of bolstering regeneration and tackling unemployment and skill shortages already announced by the Government. The Government should confirm that the £1.5 billion, equivalent to that formerly provided by the EU, will be increased to retain its real value over time. It should also increase the total amount of funding for the UK Shared Prosperity Fund to ensure that English regions that would have been eligible for greater sums of structural funding had the UK stayed in the EU and if the Government had strictly followed the EU's former allocation of funds do not lose out by its guarantee to retain the existing amounts of funding for other parts of the UK.*

### **Flexibility in funding**

83. Our evidence from MHCLG stated that Mayoral combined authorities had “significant control over funding through three key levers: control of long-term new investment funding; devolution of centrally held budgets; [and] new local revenue raising powers.” The total committed long-term funding amounted to £7.43 billion, including the Transforming Cities Fund, alongside additional budgets to specific areas (for example Greater Manchester’s Housing Investment Fund).<sup>272</sup> It has been suggested that the financial dependence on central government’s grants has seen mayoral combined authorities develop into ‘grant coalitions’, which focus “their limited capacity towards their relationship with central government, and lobbying to obtain additional funds and extend their formal power”.<sup>273</sup>

84. The case for greater flexibility in spending was put forward by Jamie Driscoll, the Metro Mayor, North of Tyne. He advocated for

invest-to-save and public service reform ... We know that obesity is going to cost £50 million a year by 2050. The best way to deal with that is better, more integrated, cheaper public transport but, at the moment, there is no mechanism where you can shift one to justify the other.<sup>274</sup>

The Centre for Cities similarly argued that revenue and capital funding to mayors should not have ringfencing, and proposed instead a “single multi-year budget, negotiated with HM Treasury.”<sup>275</sup> The British Chambers of Commerce also proposed: “No more fragmented funding from central government, which has only served to maintain the grip of Whitehall and ministers on local areas.” However, it did complain of “un-ringfenced

272 Ministry of Housing, Communities and Local Government ([PDE0033](#))

273 Mark Sandford, ‘Is devolution to England’s cities here to stay’, in *Has Devolution Worked? The first 20 years*, edited by Akash Paun and Sam Macrory, (2019), p 89. See also Mark Sandford, “[Money talks: The finances of English Combined Authorities](#)”, *Local Economy*, vol. 34.2 (2019), pp 106-22

274 [Q170](#) (Jamie Driscoll, Metro Mayor, North of Tyne Combined Authority)

275 Centre for Cities ([PDE0030](#)). See also [Q33](#) (Colin Copus, De Montfort University), (John Stanton, University of London)

monies intended for economic development” was being used “to plug holes in their [local council’s] service budgets.”<sup>276</sup> These criticisms of ring-fencing highlight how the progress in reducing it made under the Coalition Government has not been maintained.<sup>277</sup>

85. This aversion to ring-fenced spending tied to a fatigue with competitive bidding.<sup>278</sup> Bidding by both combined and local authorities was denounced for being bureaucratic, for leading to distorted priorities,<sup>279</sup> for making it hard “to plan strategically”, for instance over a five, ten or thirty year period;<sup>280</sup> and for being expensive as money had to be spent within a limited time period, and money is expended on the bid with no certainty of success.<sup>281</sup>

86. One alternative approach, proposed by Cllr James Jamieson from the LGA, was more outcomes-based funding, modelled on the New Homes Bonus.<sup>282</sup> Another alternative is greater block funding. The LGA proposed “a single investment pot rather than the current approach of decentralisation of funding streams”, including flexibility over capital spending.<sup>283</sup> The UK 2070 Commission, who had investigated into city and regional inequalities, argued block allocations would enable local priorities to be targeted, integration of activities and escaping “silo-based budgeting”.<sup>284</sup> Emphasis was also placed on the need for a long-term funding settlement to provide certainty.<sup>285</sup> Fixing social care was considered essential to addressing the financial challenges facing local government.<sup>286</sup>

**87. A sustainable approach to local government funding requires longer term budgetary arrangements and discretion for local authorities and combined authorities over how to spend. We therefore welcome that the 2021 spending review will be multi-year. This reflects the wider need for a long-term plan to support the finances of local government. We recommend that the principle of devolution funding should be that grants are given on a block basis to cover all services of which local and combined authorities have oversight, without ringfencing or competitive bidding.**

276 British Chambers of Commerce ([PDE0029](#))

277 National Audit Office, *Local government funding: Assurance to Parliament*, [HC174](#), June 2014, pp 7-8

278 [Q88](#) (Jim Hubbard, CBI), [Q208](#) (James Jamieson, Local Government Association), [Q232](#) (James Jamieson, Local Government Association), (Lord Kerslake, UK2070 Commission), (Greg Clark MP)

279 [Qq10-11](#) (Francesca Gains, University of Manchester)

280 [Q173](#) (Jamie Driscoll, Metro Mayor, North of Tyne Combined Authority), (James Palmer, Metro Mayor, Cambridgeshire and Peterborough Combined Authority), [Q187](#), [Q195](#) (Amy Harhoff, Durham County Council)

281 [Q173](#) (Jamie Driscoll, Metro Mayor, North of Tyne Combined Authority)

282 [Q221](#), [Q232](#) (James Jamieson, Local Government Association), (Lord Kerslake, UK2070 Commission). See also [Q61](#) (Ed Hammond, Centre for Public Scrutiny)

283 Local Government Association ([POD0014](#))

284 UK2070 Commission ([PDE0020](#))

285 [Q89](#) (Simon Parkinson, Workers’ Educational Association), Centre for Urban and Regional Development Studies (CURDS), Newcastle University, UK ([PDE0006](#))

286 [Qq230-3](#) (James Jamieson, Local Government Association), Mr Richard Styles ([POD0003](#))

## 5 Devolution of other powers

88. This chapter explores which powers currently held by central government should be devolved, adding to those already held by devolved authorities. We begin by addressing the overarching challenge to further devolution: the concern it will create or worsen the ‘postcode lottery’ in service provision. Next, we consider in turn the devolution of powers in different policy areas: health and adult social care; housing and planning; transport; education and skills; and other policy areas.

### Postcode lotteries

89. A major concern with devolution is that it will create or exacerbate differences between areas in terms of public service delivery. To ensure the upholding of national standards, the trade union UNISON wanted central government to lay down “kitemarks or standards, principles for things you need to do as public services deliverers.”<sup>287</sup> Similarly, differentials in adult education were emphasised by the Workers’ Educational Association (WEA). Its Chief Executive and General Secretary, Simon Parkinson argued there had been a narrowing of adult education provision in some mayoral combined authorities following devolution.<sup>288</sup>

90. By contrast Andrew Carter, Centre for Cities, when asked about the potential challenge of devolution creating postcode lotteries, countered by stating that, “We have a postcode lottery now ... whatever indicator you wish to take, economic, health or social, there is huge variation.”<sup>289</sup> Lord Kerslake argued that certain principles, for example that the NHS be free at the point of delivery, could be determined nationally, but that “You can have common standards and allow variation in the way in which services are delivered. That is how innovation occurs.”<sup>290</sup> Likewise, Cllr James Jamieson, Chair of the LGA, argued that the postcode lottery was really “local choice and local priorities” and that:

What is right for Cheadle will not be right for Sheffield or for Harrow. There will be different priorities and different needs. We need to be able to deliver those.<sup>291</sup>

### Health

#### *Existing health devolution*

91. Our predecessor committee focused on health devolution in its 2016 report. It concluded that devolution did not accurately describe the situation in Greater Manchester, which was really “delegation of responsibilities or joint working”, but its arrangements could provide lessons for other areas. The Committee also urged that health devolution should have clearly defined objectives.<sup>292</sup>

287 [Q85](#) (Mike Short, UNISON)

288 [Q84](#) (Simon Parkinson, Workers’ Educational Association)

289 [Q130](#) (Andrew Carter, Centre for Cities)

290 [Q202](#) (Lord Kerslake, UK2070 Commission)

291 [Q202](#) (James Jamieson, Local Government Association)

292 Communities and Local Government Committee, First Report of Session 2015–16, [Devolution: the next five years and beyond](#), HC 369, paras 36, 84-92



92. Health devolution has taken different forms. The arrangements in Greater Manchester involved the creation of a Health and Social Partnership, made up of local NHS organisations and local councils.<sup>293</sup> The metro mayor has no formal role in the partnership, though he is a member of the non-statutory Greater Manchester Health and Care Board.<sup>294</sup> The Board had a degree of autonomy over the allocation of money in the Transformation Fund, which was a one-off fund which lasted until 2020–21 and was not replaced. The Greater Manchester partnership, alongside wider public health funding being devolved, was praised by Core Cities for “improvements in the prevention of ill health”.<sup>295</sup> The chair of the partnership, Sir Richard Leese, noted the on-going assessments are incomplete, but pointed to achievements in “population health and health inequalities”, such as reducing smoking and hospital admissions for alcohol-related conditions. He argued Greater Manchester showed that areas with 30,000 to 50,000 people could, through devolution, get better outcomes.<sup>296</sup> He acknowledged there had also been challenges, for example in transfers out of hospital.<sup>297</sup>

93. In London there is collaboration between the Mayor of London and the London Health Board instigated by the 2015 London Health and Care Collaboration Agreement.<sup>298</sup> In 2017 a Memorandum of Understanding was signed between the UK Government and London partners.<sup>299</sup> This arrangement has focused on public health.<sup>300</sup>

94. Cornwall was able to set up an integrated care systems (ICS) of the type now followed by the rest of the country through NHS restructuring.<sup>301</sup> NHS England have jointly funded a dedicated strategic director role with Cornwall Council, who gave evidence to us. But we were told that NHS England had lacked the appetite to pursue health devolution to Cornwall.<sup>302</sup> Cornwall Council’s representative acknowledged that Greater Manchester was a model it was keen to imitate, along with Scotland and Valencia.<sup>303</sup>

95. Given our predecessor committee’s doubts, we explored whether the current arrangements in different areas amounted to devolution. Cornwall Council were clear its arrangements did not.<sup>304</sup> Greater Manchester argued it was “a mixture of devolution and decentralisation”. Sir Richard Leese from the Greater Manchester Health and Social Care Partnership argued there was a dual accountability—NHS England being accountable

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293 Association of Greater Manchester Authorities, NHS England, NHS Greater Manchester Association of Clinical Commissioning Groups, [Greater Manchester Health and Social Care Devolution: Memorandum of Understanding](#), May 2018

294 Greater Manchester Health and Social Care Strategic Partnership Board, [GM HSC Partnership Governance Review: Proposals](#), January 2018, pp 3, 13

295 Core Cities ([PDE0012](#))

296 [Q111](#) (Sir Richard Leese, Greater Manchester Health and Social Care Partnership)

297 [Q102](#) (Sir Richard Leese, Greater Manchester Health and Social Care Partnership)

298 London CCGs, London Councils, Mayor of London, NHS England and Public Health England, [London Health and Care Collaboration Agreement](#), December 2015

299 HM Government, London Clinical Commissioning Council, London Councils, Mayor of London, NHS England, NHS Improvement, Public Health England, [London Health and Social Care Devolution: Memorandum of Understanding](#), November 2017

300 London Assembly ([PDE0021](#))

301 [Q107](#) (Helen Charlesworth-May, Kernow Care Commissioning Group). See also HM Government, Cornwall Council, Cornwall and Isles of Scilly Local Enterprise Partnership and NHS Kernow CCG, [Cornwall Devolution Deal](#), 15 July 2015, p 18

302 [Q103](#) (Kate Kennally, Cornwall Council)

303 [Q110](#) (Helen Charlesworth-May, Kernow Care Commissioning Group), [Q120](#) (Kate Kennally, Cornwall Council)

304 [Q103](#) (Kate Kennally, Cornwall Council)

to the Secretary of State for Health and Social Care and other services being overseen by local authorities. He also argued that Greater Manchester was putting a fragmented service back together again.<sup>305</sup>

### **Extending health devolution**

96. We heard support for extending health devolution. This was alongside assurances that NHS standards would continue with devolution; and that devolution would not lead to privatisation.<sup>306</sup> The British Academy commented that “Attendees at our health roundtable believed that the NHS is already national in name only and that this should be embraced. Taken to its logical conclusion this would be a service focused on outcomes in places, not national standards.”<sup>307</sup> James Palmer, then Metro Mayor, Cambridgeshire and Peterborough, commented that it was strange “that the only political figure who is responsible for health is the Secretary of State for Health.”<sup>308</sup> There were specific proposals for extending devolution, with Greater Manchester gaining greater oversight to incorporate hospitals.<sup>309</sup> We heard there was an appetite to “take on more of the decision making” in Lancashire, Cheshire and Merseyside.<sup>310</sup> This echoed the Metro Mayor of Greater Manchester, Andy Burnham’s, pronouncements in 2018 that he wanted “the ability to opt out of the activity tariff in the NHS”. It also appears there is appetite for types of health devolution in the combined authorities of Liverpool City Region, Tees Valley and West Yorkshire.<sup>311</sup> There was also support expressed for the integration of London Ambulance Service into mayoral oversight, and the creation of a “London Health Commissioner, with dedicated resources” to co-ordinate all of London health matters and advise the Mayor of London.<sup>312</sup> Likewise, Cumbria Council favoured strengthening the role and powers of health and wellbeing boards, primarily by having them control strategic commissioning, thereby enabling them to set priorities for their locality.<sup>313</sup>

97. However, there was caution about extending health devolution to other combined authorities. Jamie Driscoll, the Metro Mayor, North of Tyne, noted his combined authority had only been operating for eighteen months and so his answer was “not yet.”<sup>314</sup> James Palmer thought the current geography of Cambridgeshire and Peterborough would permit it, but there would need to be a separate chief executive and separate staff to help run the health arrangements.<sup>315</sup>

98. There were varying views over the role of local authorities in the integrated care systems. Greg Clark MP proposed the devolution framework could provide a criterion

305 [Q106](#) (Sir Richard Leese, Greater Manchester Health and Social Care Partnership)

306 [Q116](#) (Bill McCarthy, NHS England/NHS Improvement)

307 British Academy ([PDE0008](#))

308 [Q168](#) (James Palmer, Metro Mayor, Cambridgeshire and Peterborough Combined Authority)

309 [Q112](#) (Sir Richard Leese Greater Manchester Health and Social Care Partnership)

310 [Q117](#) (Bill McCarthy, NHS England/NHS Improvement)

311 Oral evidence taken on 4 June 2018 by the Public Administration and Constitutional Affairs Committee, HC (2017–19) 484, [Q708](#), [Q762](#) (Andy Burnham, Metro Mayor, Greater Manchester Combined Authority); Oral evidence taken on 14 July 2021 by the Public Administration and Constitutional Affairs Committee, HC (2021–22) 534, [Qq 74-5](#) (Tracy Brabin, Metro Mayor, West Yorkshire Combined Authority), [Qq 74-5](#), [Q85](#) (Ben Houchen, Metro Mayor, Tees Valley Combined Authority)

312 London Assembly ([PDE0021](#))

313 Cumbria Council ([PDE0035](#)), [Q120](#) (Kate Kennally, Cornwall Council), (Helen Charlesworth-May, Kernow Care Commissioning Group). See also [Q118](#) (Bill McCarthy, NHS England/NHS Improvement)

314 [Q167](#) (Jamie Driscoll, Metro Mayor, North of Tyne Combined Authority)

315 [Q168](#) (James Palmer, Metro Mayor, Cambridgeshire and Peterborough Combined Authority). See also British Academy ([PDE0008](#)), Cambridgeshire and Peterborough Liberal Democrats Coordinating Committee ([PDE0019](#))

to be met before health devolution proceeded.<sup>316</sup> Lord Kerslake thought that it would be “harder for those areas other than Manchester to make the ICSs work.” But he thought local government had not had a sufficiently big role.<sup>317</sup> Cllr James Jamieson, Chair of the LGA, also argued that there needed to be “genuine partnership at the local level and at place ... You cannot have the ICS as the accountable body for the NHS that is dictated to by the centre, which is setting priorities.”<sup>318</sup> The County Council Network proposed that the strategic commissioning should be shared between county councils and the NHS. This would build on existing arrangements and “close the democratic deficit that exists in NHS spend.”<sup>319</sup>

### ***The Health Devolution Commission and the Health and Care Bill***

99. During our inquiry the Health Devolution Commission, made up of a number of former health ministers,<sup>320</sup> published its report.<sup>321</sup> It recommended that “comprehensive health devolution” be developed throughout England “through a new Common Framework and a rapid joint implementation programme that best reflects local boundaries and organisational footprints.” Health devolution should be available to all areas, regardless of whether they had a metro mayor or combined authority. An Annual Joint Mandate should be established between the Secretary of State for Health and Social Care and each devolved health area leader. There should also be formal roles for local leaders, and statutory requirements on devolved leaders to improve public health and for the patient group Healthwatch. New city region health and prosperity scrutiny committees would scrutinise the system.<sup>322</sup>

100. Following our inquiry’s final evidence session, the Department of Health and Social Care published a policy paper outlining reforms to health and social care in England.<sup>323</sup> This was followed by the Health and Care Bill.<sup>324</sup> The bill proposes to introduce integrated care systems (ICSs) across the whole of England. They would consist of integrated care boards (ICBs) and integrated care partnerships (ICPs). The ICB would be responsible for running the NHS day to day. The chair of ICBs would be appointed by NHS England and approved by the Secretary of State. Ordinary members would include at least one member nominated by NHS trusts, one nominated by primary medical care providers, and one nominated by local authorities in the area of the ICB.<sup>325</sup> The ICB would have a formal duty to cooperate with local government. ICPs would include NHS, local authorities and wider social care and health stakeholders, and would develop an integrated care strategy to meet an areas health and social care needs.<sup>326</sup>

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316 [Q209](#) (Greg Clark MP)

317 [Q227](#) (Lord Kerslake, UK2070 Commission)

318 [Q227](#) (James Jamieson, Local Government Association)

319 County Council Network ([PDE0028](#))

320 Andy Burnham, Norman Lamb, Alistair Burt, Stephen Dorrell, Phil Hope. They were joined by Dr Linda Patterson, former Medical Director of Commission for Health Improvement, and Peter Hay former President of the Association of Directors of Adult Social Services.

321 Health Devolution Commission, [Building Back Health and Prosperity](#), August 2020.

322 Health Devolution Commission, [Building Back Health and Prosperity](#), August 2020, pp 51-2

323 Department of Health and Social Care, [Integration and innovation: working together to improve health and social for all](#), February 2021

324 [Health and Care Bill](#), [Bill 140 (2021–22)]

325 [Health and Care Bill](#), [Bill 140 (2021–22)] Schedule 1B

326 [Health and Care Bill](#), [Bill 140 (2021–22)] Clauses 19-20

101. The LGA largely approved of the new structures, although it was concerned about the possible undermining of the role of local authority health overview and scrutiny committees.<sup>327</sup> By contrast, the Health Devolution Commission, expressed concern that the Government's reforms could lead to greater centralisation. Among its proposals was that the ICB should be a partnership of equals between the NHS and local authorities, and that the chair of the ICB should be chosen by local partners and have one vice-chair from the NHS and from local authority. The ICP board should be chaired by a local government leader or metro mayor.<sup>328</sup>

**102. We retain our predecessor committee's scepticism about whether health devolution accurately describes the current arrangements in Greater Manchester. It clearly does not in Cornwall and the Isles of Scilly. We support the recommendations of the Health Devolution Commission on the future of health devolution and the role that should be played by local and combined authorities in the new Integrated Care System. The Government should seek to implement these proposals. It should also explore the merits of establishing a London Health Commissioner to oversee all London health matters, and of devolving the London Ambulance Service.**

## Education and skills

### *Assessing current devolution of education and skills*

103. From 2019 mayoral combined authorities have had powers over the adult education budget (AEB). Their money goes into a single pot; whereas similar funding for London is ringfenced and unspent funds can be clawed back if not allocated to future years' AEB spending. Cornwall does not have similar powers.<sup>329</sup> In 2019–20 the Government allocated £632 million in AEB funding to devolved authorities.<sup>330</sup>

104. We received mixed evidence on the experience of adult education devolution. Some submissions thought it was too early to say whether collaborative efforts had succeeded.<sup>331</sup> There were also positive evaluations. Liverpool City Region explained it had been using its AEB funding to support low wage sectors and promote employment. It had moved to using fewer providers, capped charges to subcontractors, and linked AEB funding with other spending sources such as for apprenticeships.<sup>332</sup> Greater Manchester and Liverpool have spearheaded a one-stop shop system for apprenticeships and employment.<sup>333</sup> There was also praise for Tees Valley and West Midlands Combined Authorities.<sup>334</sup>

105. Criticism of devolution came mainly from the Workers' Educational Association (WEA). Its Chief Executive and General Secretary Simon Parkinson explained the Association supported devolution, but were concerned recent devolution had added to

327 Local Government Association, [Health and Care Bill Second Reading , House of Commons, 14 July 2021](#), 9 July 2021

328 Health Devolution Commission, [Levelling Up Health: Report and Recommendations of the Health Devolution Commission on the Government's Proposed Health and Care Bill](#), June 2021, pp 4, 16

329 *Devolution to local government in England*, No. 07029, House of Commons Library, March 2020, pp 10-11, 35

330 Education Committee, Third Report of Session 2019–21, [A plan for an adult skills and lifelong learning revolution](#), HC278, para 110

331 Home Builders Federation ([PDE0013](#)), Regional Studies Association ([POD0019](#))

332 Liverpool City Region Combined Authority ([POD0018](#))

333 ["Greater Manchester now has its own UCAS-style system for apprenticeships"](#), Manchester Evening News, 5 February 2020; Liverpool City Region Combined Authority ([POD0018](#))

334 Policy Connect ([POD0016](#))

the complexity and cost of its operations.<sup>335</sup> The WEA wanted protections against adult learners being disadvantaged due to where they live; a focus by combined authorities on outcomes beyond employment and skills; and a two year extension of national grants as a transition period for national providers of adult education.<sup>336</sup> These concerns followed an evaluation of the devolution of the apprenticeship grant for employers (since abolished) which concluded it had failed to improve outcomes.<sup>337</sup>

### **Extending devolution of education and skills**

106. There has been support for additional devolution of parts of education and skills policy. The Education Committee praised devolution of the AEB to combined authorities, and supported consideration of further devolution of the AEB to “upper-tier authorities” and of national careers service funding to local and combined authorities and to LEPs.<sup>338</sup> Our submissions included calls for greater devolution of funding,<sup>339</sup> including devolution of all adult skills spending—not just the AEB—to combined authorities.<sup>340</sup> There were also calls for devolution to local authorities.<sup>341</sup>

107. Proposals for greater education devolution extended beyond adult education. These included a long-standing call for greater devolution of control over aspects of post-16 education, particularly further education.<sup>342</sup> Wider devolution of schools also featured, with calls for devolution of education, skills and childcare responsibilities to London,<sup>343</sup> and to transfer to local authorities the powers of regional school commissioners,<sup>344</sup> and the oversight over school places currently exercised by the Education and Skills Agency.<sup>345</sup>

***108. The devolution of the adult education budget should be part of the devolution framework, accompanied by transitional support and measures to mitigate differences in course options between areas. The same powers over adult education should be available to all areas with devolution deals. Further education, in particular FE colleges, should also be included in the framework. The Government should work with the Local Government Association to agree proposals as to how local authorities’ oversight of schools and their funding should be strengthened. This should include devolving the functions of the Education and Skills Funding Agency to county councils and combined authorities; and the transfer of the powers held by Regional School Commissioners to local authorities.***

335 [Q81](#), [Q93](#), [Q98](#) (Simon Parkinson, Workers’ Educational Association). See also Workers’ Educational Association ([POD0020](#))

336 Workers’ Educational Association ([PDE0010](#)), Workers’ Educational Association ([POD0020](#))

337 Centre for Vocational Educational Research, [Devolving Skills: The case of the Apprenticeship Grant for Employers](#), March 2019

338 Education Committee, Third Report of Session 2019–21, [A plan for an adult skills and lifelong learning revolution](#), HC278, paras 22-3, 122-3

339 Core Cities ([PDE0012](#))

340 Civil Engineering Contractors Association ([PDE0025](#)), Centre for Cities ([PDE0030](#)), Greater Manchester Combined Authority ([PDE0032](#)), DevoConnect ([POD0006](#)), UK2070 Commission ([POD0012](#))

341 Local Government Association ([PDE0011](#)), Cumbria Council ([PDE0035](#))

342 [Q166](#) (Jamie Driscoll, Metro Mayor, North of Tyne Combined Authority). See also CollabGroup, [Devolving the Adult Education Budget in England: Challenges and Opportunities](#), November 2019, p 27; “[Sadiq Khan: Extend skills devolution for London](#)”, TES, 16 September 2019

343 Centre for London ([PDE0018](#))

344 [Q208](#) (James Jamieson, Local Government Association). See also [Q193](#) (David Williams, Hertfordshire Council)

345 County Council Network ([PDE0028](#))

## Housing and planning

### *Assessing current devolution of housing and planning powers*

109. The devolution of housing and planning powers differs markedly from place to place. Powers vary to make compulsory purchase orders, create statutory spatial plans, or to call in planning permissions.<sup>346</sup> Opinions on the current use of those powers by combined authorities and by London were mixed. Greater Manchester's efforts to tackle homelessness,<sup>347</sup> West Midlands securing of funds on regeneration and influencing Homes England,<sup>348</sup> and Liverpool's spatial plans were singled out for praise.<sup>349</sup> Admiration was expressed of the powers of the Mayor of London's powers to formula the London Plan.<sup>350</sup> More mixed views were voiced about the spatial plans in Greater Manchester.<sup>351</sup> Concern was expressed about the West of England, with the problems posed by the differences between the boundaries of the authority and the housing market being singled out as a problem.<sup>352</sup> It was also feared local authorities would be discouraged from joining combined authorities for fear of housing numbers being allocated to them by the metro mayor.<sup>353</sup>

### *Extending devolution of housing and planning*

110. Lord Kerslake commented that "Housing is an area where there could be more devolution of power."<sup>354</sup> Devolution of housing powers to Scotland was cited as a precedent.<sup>355</sup> Certain specific proposals for devolution enjoyed wide support. For example, the extension of the statutory spatial planning powers to the three combined authorities currently only possessing non-statutory powers: the West Midlands, Sheffield City Region, and Cambridgeshire and Peterborough.<sup>356</sup> Lord Kerslake proposed devolving additional powers to London, notably permitting the licencing of private landlords without requiring the Secretary of State's approval.<sup>357</sup> Other recommendations for London included devolving funding for affordable housing, and the "devolution of housing benefit, right to buy receipts, and Help-to-Buy funds".<sup>358</sup> The Campaign to Protect Rural England (CPRE) particularly advocated devolution of housing powers to rural areas.<sup>359</sup> Similarly,

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346 *Devolution to local government in England*, No. 07029, House of Commons Library, March 2020, p 35; HM Treasury, Ministry of Housing, Communities and Local Government, City of Bradford Metropolitan District Council, Calderdale Council, Kirklees Council, Leeds City Council, Wakefield Council, [West Yorkshire Devolution Deal](#), March 2020, paras 100-101

347 [Q57](#) (Abdool Kara, National Audit Office)

348 CPRE ([PDE0004](#))

349 Midland Heart ([PDE0027](#)), Home Builders Federation ([POD0013](#))

350 CPRE ([PDE0004](#)), Midland Heart ([PDE0027](#)), Home Builders Federation ([POD0013](#))

351 Midland Heart ([PDE0027](#)) praised their efforts; whereas Home Builders Federation ([PDE0013](#)), Royal Town Planning Institute ([POD0010](#)) and Home Builders Federation ([POD0013](#)) voiced concerns.

352 CPRE ([PDE0004](#))

353 Home Builders Federation ([PDE0013](#)), Royal Town Planning Institute ([POD0010](#))

354 [Q208](#) (Lord Kerslake, UK2070 Commission). See also Core Cities ([PDE0012](#))

355 Core Cities ([PDE0012](#))

356 CPRE ([PDE0004](#)), Home Builders Federation ([PDE0013](#)), Midland Heart ([PDE0027](#)), Centre for Cities ([PDE0030](#)), Royal Town Planning Institute ([POD0010](#)), Home Builders Federation ([POD0013](#))

357 [Q211](#) (Lord Kerslake, UK2070 Commission)

358 Centre for London ([PDE0018](#))

359 CPRE ([PDE0004](#))

the County Council Network advocated extending statutory spatial planning powers to county councils, to enable them to duplicate the role of mayoral combined authorities. It called such devolution “a litmus test for any devolution to two-tier county areas.”<sup>360</sup>

111. There were also calls for the further devolution of housing funds. Presently, combined authorities receive limited funds compared to London;<sup>361</sup> local authorities can lack funds to run spatial planning services;<sup>362</sup> and the details of existing housing funds are often obscure.<sup>363</sup> One solution proposed was the creation of a ‘single housing pot’, or more generally greater flexibility over housing funding.<sup>364</sup> A limited version of the single pot was judged to have succeeded in Sheffield in quickly responding to local housing problems. It was suggested that devolution of the pot could be made conditional on areas producing and adopting a spatial plan.<sup>365</sup> The main benefit of such flexibility was portrayed as ensuring affordable housing could bolster regeneration,<sup>366</sup> and address shortfalls (for example in rural areas).<sup>367</sup>

112. Various other reforms were proposed to us. These included empowering all metro mayors to form development corporations, to use compulsory purchase powers,<sup>368</sup> to have ‘call-in’ powers for planning proposals, and to levy a strategic infrastructure tariff.<sup>369</sup> The latter proposal appears to enjoy support from MHCLG.<sup>370</sup> The tariff could also be extended to county areas to support large scale infrastructure.<sup>371</sup> There were also calls for greater powers for parish councils, partly to entrench the role of neighbourhood plans,<sup>372</sup> and for local authorities with oversight of regeneration and brownfield site funding.<sup>373</sup>

**113. *The devolution framework should provide for the devolution to combined and local authorities of the spatial planning powers, call-in powers for planning applications, the powers to establish development corporations, compulsory purchase orders, consultation on strategic planning applications, and strategic infrastructure levies, currently exercised by some combined authorities. There should be greater transparency about the process. The Government should also consider further devolution of housing powers to London. There should there be a single pot for housing, with a requirement that a spatial plan be adopted beforehand.***

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360 County Council Network ([PDE0028](#))  
 361 Home Builders Federation ([POD0013](#))  
 362 Royal Town Planning Institute ([POD0010](#))  
 363 Home Builders Federation ([PDE0013](#))  
 364 [Q208](#) (James Jamieson, Local Government Association), Core Cities ([PDE0012](#)), Home Builders Federation ([PDE0013](#))  
 365 Home Builders Federation ([PDE0013](#))  
 366 Midland Heart ([PDE0027](#))  
 367 CPRE ([PDE0004](#))  
 368 Home Builders Federation ([PDE0013](#))  
 369 Home Builders Federation ([PDE0013](#)), Home Builders Federation ([POD0013](#))  
 370 Ministry of Housing, Communities and Local Government ([PDE0033](#))  
 371 County Council Network ([PDE0028](#))  
 372 Councillor Barrie Taylor (Deputy Chairman at Wrington Parish Council) ([POD0001](#)), Kent Association of Local Councils ([POD0011](#))  
 373 [Q192](#) (Amy Harhoff, Durham County Council)

## Transport and infrastructure

### *Existing transport devolution*

114. There was general praise of current transport devolution.<sup>374</sup> The creation of Sub National Transport Bodies (STBs) was stressed as particularly beneficial.<sup>375</sup> Cornwall also emphasised how its devolved budget had, alongside private investment, enabled them to “mould services to better serve local need”, which had helped (pre-covid) to increase bus and rail passenger numbers.<sup>376</sup> We did, however, receive criticism of the handling of transport in Cambridgeshire and Peterborough Combined Authority.<sup>377</sup>

### *Extending transport devolution*

115. Given this general praise, there was consequently strong support for additional devolution of transport and infrastructure.<sup>378</sup> The National Infrastructure Commission’s recommendations in 2018 of funding and empowering cities to establish integrated strategies for transport, employment and housing was cited in support.<sup>379</sup> The benefits of devolution were seen to include fostering levelling up,<sup>380</sup> ensuring access to freight ports in the south-east of England,<sup>381</sup> and bolstering investment in rural transport.<sup>382</sup> Jamie Driscoll, Metro Mayor, North of Tyne, stated that “Transport is a key part of anything that you are going to do in an area. By definition, it is place-based. You cannot have non-place-based transport. That is in line with the objective of coming together as a region.” He added that there should be integration of local public transport provision with the work of Highways England and Network Rail, with a mandatory duty to work together.<sup>383</sup> Cornwall wanted to build on their successful pilot scheme by continuing to receive highways capital grants.<sup>384</sup> Cumbria Council proposed devolving transport funding to Transport for the North and that “Funding should be decentralised as far as practical, with decisions taken locally.”<sup>385</sup> On the other hand, the Regional Studies Association sounded a cautionary note about relying on city-regions, arguing that for the delivery of interregional transport systems they were too small; and that connections needed to be fostered between cities and with their hinterlands.<sup>386</sup>

116. There was particularly strong support for devolution of powers over railways and buses. This could include a single authority in a region overseeing all types of transport,<sup>387</sup> and extending bus franchising to non-metropolitan areas.<sup>388</sup> For existing combined

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374 Local Government Association ([PDE0011](#)), Sheffield City Region Combined Authority ([PDE0016](#)), Centre for London ([PDE0018](#)), IPPR North ([PDE0023](#)), Centre for Cities ([PDE0030](#)), Ministry of Housing, Communities and Local Government ([PDE0033](#))

375 Civil Engineering Contractors Association ([PDE0025](#))

376 Cornwall and the Isles of Scilly Leadership Board ([PDE0014](#))

377 Cambridgeshire and Peterborough Liberal Democrats Coordinating Committee ([PDE0019](#))

378 [Q211](#) (Greg Clark MP)

379 National Infrastructure Commission, [National Infrastructure Assessment](#), (July 2018), pp 75, 77; Core Cities ([PDE0012](#)), Greater Manchester Combined Authority ([PDE0032](#)), DevoConnect ([POD0006](#))

380 [Q208](#) (Lord Kerslake, UK2070 Commission)

381 Local Government Association ([PDE0011](#))

382 CPRE ([PDE0004](#))

383 [Q166](#) (Jamie Driscoll, Metro Mayor, North of Tyne Combined Authority). See also Cumbria Council ([PDE0035](#))

384 Cornwall and the Isles of Scilly Leadership Board ([PDE0014](#))

385 Cumbria Council ([PDE0035](#))

386 Regional Studies Association ([POD0019](#))

387 Civil Engineering Contractors Association ([PDE0025](#))

388 County Council Network ([PDE0028](#))



authorities Centre for Cities proposed replicating Transport for London-style powers alongside control of local railway networks.<sup>389</sup> The latter was also proposed for London.<sup>390</sup> We raised the political challenges this poses over accountability for services to areas beyond the Greater London Authority. Cllr James Jamieson from the LGA acknowledged there might need to be either formal or informal cooperation, and that the case also demonstrated the need for devolution to every area.<sup>391</sup>

117. It was broadly acknowledged that devolution of transport would require amendment of governing arrangements in combined authorities.<sup>392</sup> The Centre for Public Scrutiny argued that the subsuming of existing transport agencies into combined authorities had led to the continuation of old governance structures (e.g. transport committees).<sup>393</sup>

***118. The Government should consider the case for extending powers for Transport for London-style oversight of local buses to all transport authorities, whether combined or local authorities. Where transport services cross local authority boundaries, joint working relationships should be encouraged between the local authorities affected. Similarly, Network Rail, Highways England and other comparable bodies should be required to organise joint working arrangements with transport authorities. Local government should ensure there is proper and transparent scrutiny of transport arrangements in their areas.***

## Devolution of other policy areas

119. We also received evidence calling for devolution of responsibilities over the environment and energy. This echoes recent calls for greater devolution of powers to help the UK reach net-zero.<sup>394</sup> CPRE argued devolution could bolster the delivering of energy efficiency, pointing to Cornwall’s devolution deal as having delivered 500 to 1,000 social homes with energy efficient measures.<sup>395</sup> This echoed wider calls for devolution of the duty to reduce carbon and improve the environment through the advent of statutory local strategies.<sup>396</sup> This links with local authorities’ development of nature recovery strategies. National Parks and Areas of Outstanding Natural Beauty offered a possible framework for environmental devolution. CPRE noted the interest in the West Midlands for “an urban National Park”, similar to the approach taken in London which had delivered the Lee Valley Regional Park.<sup>397</sup> CPRE also advocated devolution of farming and forestry policy, on a par with that given to Scotland and Wales.<sup>398</sup> The LGA similarly highlighted that local government representatives in the south-west of England wanted “greater local influence over a domestic successor to Common Agricultural Policy”, namely the Environmental Land Management System.<sup>399</sup>

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389 Centre for Cities ([PDE0030](#))

390 Centre for London ([PDE0018](#))

391 [Q216](#) (James Jamieson, Local Government Association)

392 [Q156](#) (Jamie Driscoll, Metro Mayor, North of Tyne Combined Authority)

393 Centre for Public Scrutiny ([PDE0002](#))

394 “Give trusted local leaders the power to tackle climate change”, The Times, 13 July 2021; The Institution of Civil Engineers, [The role of subnational leadership in achieving net-zero](#), September 2021

395 CPRE ([PDE0004](#))

396 UK2070 Commission ([PDE0020](#)). See also Britain’s Leading Edge ([POD0007](#))

397 CPRE ([PDE0004](#))

398 CPRE ([PDE0004](#))

399 Local Government Association ([PDE0011](#))

120. Another area where there was support for devolution was of public assets. Cllr James Jamieson from the LGA suggested that councils should be able to acquire assets such as former RAF bases or redundant hospitals in return for using them.<sup>400</sup>

**121. We have heard, both in this inquiry and our inquiry into local government and the path to net-zero, that local government can play an important role in policies relating to energy efficiency. *The Government should strongly consider the case for devolution of further powers in this area. It should also examine how additional oversight can be given to local government of the environment, aspects of farming and forestry policies, and the takeover of public assets.***

## 6 Widening the geography of devolution

### The need for wider devolution

122. Only 41% of England’s population and 14% of the land area is currently in a mayoral devolved authority (including London).<sup>401</sup> To bolster ‘levelling up’ Prime Minister has stated his support for extending to county areas the same powers over infrastructure, transport, and skills enjoyed by combined authorities.<sup>402</sup> These would take the form of county deals, which would be bespoke to the needs of individual places, with government taking “a flexible approach to allow more places to agree devolution.”<sup>403</sup> Subsequent reports have suggested this might require a directly elected leader, though the government will consider alternative proposals.<sup>404</sup>

123. There was support for extending devolution to rural areas of England. CRPE argued there had not been sufficient devolution and a bespoke approach was needed to concentrate on local needs.<sup>405</sup> Cornwall and Cambridgeshire and Peterborough were both cited as examples of successful devolution to non-metropolitan areas.<sup>406</sup> We were also warned that without devolution non-metropolitan areas risked being left-behind.<sup>407</sup>

124. One way of extending devolution is to provide additional powers to county councils. Cumbria Council argued that “Devolution to County Councils must at a minimum be equal to the powers offered to city regions, with the expectation that devolved powers and functions should be effectively rural-proofed to cater for a county such as Cumbria”.<sup>408</sup> The County Council Network championed the idea of their councils as designated ‘strategic authorities’, which would have the same powers as mayoral combined authorities, alongside powers over statutory spatial plans, UK Shared Prosperity Fund distribution, bus franchising, and responsibilities currently exercised by the Education and Skills Funding Agency.<sup>409</sup>

### Should there be mayors everywhere?

125. One of the most controversial structural debates about English devolution has been whether directly elected mayors should be required to run devolved organisations. Previous governments insisted that the new combined authorities had to have a directly

401 Institute for Government, ‘[Metro Mayors](#)’, accessed 16 July 2021

402 Prime Minister’s Office, 10 Downing Street, [The Prime Minister’s Levelling Up speech: 15 July 2021](#), 15 July 2021

403 [“PM sets out new ‘County Deals’ to devolve power to local communities in Levelling Up speech”](#), Prime Minister’s Office, 10 Downing Street press release, 15 July 2021

404 [“Exclusive: Jenrick sets out ‘key principles’ to widen devolution beyond cities”](#), Local Government Chronicle, 15 July 2021; [“Minister’s devo deals vision: directly elected leaders and upper-tier leading role”](#), Local Government Chronicle, 28 July 2021

405 CPRE ([PDE0004](#)). See also Local Government Association ([PDE0011](#)), [Q8](#) (John Stanton, University of London), [Q24](#) (Colin Copus, De Montfort University)

406 Centre for Urban and Regional Development Studies (CURDS), Newcastle University, UK ([PDE0006](#)), Dr John Stanton ([PDE0007](#)), British Academy ([PDE0008](#))

407 Centre for Urban and Regional Development Studies (CURDS), Newcastle University, UK ([PDE0006](#)), Britain’s Leading Edge ([POD0007](#))

408 Cumbria Council ([PDE0035](#))

409 County Council Network ([PDE0028](#))

elected mayor.<sup>410</sup> All the combined authorities with devolution deals have one. There are two models of mayors—one where the mayor is held to account by a directly elected assembly (seen in London) and one where mayors sit on a council with the leaders of the constituent local councils. However, Cornwall, which has a devolution deal, does not have a mayor. The requirement to have one was blamed for the failure of negotiations of devolution deals in areas such as Hampshire, Lincolnshire, Suffolk and Norfolk; and the withdrawal of North Somerset from the West of England Combined Authority.<sup>411</sup>

126. We heard several arguments advanced in favour of mayors. Metro mayors could be a spokesperson, “figureheads for local areas”,<sup>412</sup> who enjoy greater sway through having been elected.<sup>413</sup> We were told the London mayor “is almost identified as a Prime Minister for London”.<sup>414</sup> Decisions are more public and can be subject to better scrutiny and accountability.<sup>415</sup> This in turn requires the mayors to interact with people across the whole of their area.<sup>416</sup> Mayors were credited for providing “joined up, longer term policy solutions”,<sup>417</sup> for being a clear contact for business,<sup>418</sup> for having secured and continuing to lobby for additional devolution,<sup>419</sup> and for providing a full-time focus on the combined authority.<sup>420</sup> They were praised for having and exercising soft power beyond their formal remit,<sup>421</sup> including holding central Government to account, for example over delays for rail passengers in the north of England.<sup>422</sup>

127. Professor Colin Copus from De Montfort University also pushed back against the idea that mayors would not work in rural areas.<sup>423</sup> He argued it was a myth that “mayors do not work in rural areas”, arguing instead that evidence “from across the globe” showed there were more directly elected mayors in rural than in urban areas.<sup>424</sup> The counter-argument was that mayors might be desirable, but were not indispensable.<sup>425</sup> We were told that many councils, particularly in county areas, were unhappy at having a mayor

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410 [Q72](#) (Ed Hammond, Centre for Public Scrutiny)

411 De Montfort University ([PDE0003](#)), British Academy ([PDE0008](#)), County Council Network ([PDE0028](#))

412 [Q12](#) (John Stanton, University of London). See also [Q17](#) (Colin Copus, De Montfort University), [Q57](#) (Andrew Walker, Local Government Information Unit), Dr John Stanton ([PDE0007](#)), Civil Engineering Contractors Association ([PDE0025](#)), Centre for Cities ([PDE0030](#)), CBI ([PDE0031](#)), Ministry of Housing, Communities and Local Government ([PDE0033](#))

413 [Q72](#) (Ed Hammond, Centre for Public Scrutiny), Professor Francesca Gains ([POD0009](#))

414 [Q40](#) (John Stanton, University of London)

415 [Q238](#) (Greg Clark MP)

416 De Montfort University ([PDE0003](#)), [Q16](#) (Francesca Gains, University of Manchester)

417 DevoConnect ([POD0006](#)). See also Regional Studies Association ([POD0019](#))

418 [Q81](#) (Jim Hubbard, CBI), [Q208](#) (Greg Clark MP)

419 [Q57](#) (Andrew Walker, Local Government Information Unit), [Q123](#) (Sir Richard Leese, Greater Manchester Health and Social Care Partnership), Centre for London ([PDE0018](#))

420 [Q123](#) (Sir Richard Leese, Greater Manchester Health and Social Care Partnership)

421 [Q73](#) (Abdool Kara, National Audit Office), [Q156](#) (Jamie Driscoll, Metro Mayor, North of Tyne Combined Authority), Greater Manchester Combined Authority ([PDE0032](#)), Ministry of Housing, Communities and Local Government ([PDE0033](#))

422 CBI ([PDE0031](#))

423 County Council Network ([PDE0028](#)), Royal Town Planning Institute ([POD0010](#))

424 [Q17](#) (Colin Copus, De Montfort University). See also [Qq14–15](#) (John Stanton, University of London)

425 [Q14](#) (John Stanton, University of London), [Q66](#), [Q72](#) (Ed Hammond, Centre for Public Scrutiny), [Q73](#) (Andrew Walker, Local Government Information Unit), [Q223](#) (Lord Kerslake, UK2070 Commission) See also Centre for Public Scrutiny ([PDE0002](#)), Local Government Association ([PDE0011](#)), Sheffield City Region Combined Authority ([PDE0016](#))

imposed,<sup>426</sup> partly because it might increase bureaucracy.<sup>427</sup> The question was also raised of how a directly elected mayor would operate in a unitary authority with its own council leader.<sup>428</sup>

128. Alternatives to a mayor were suggested. One model is a manager appointed by the local council to oversee a local area, an approach found in the Republic of Ireland and parts of America.<sup>429</sup> A second model is the council leader model found in most local authorities in England, including Cornwall.<sup>430</sup> This model was critiqued as risking the election of an individual only representing their local council, and being a closed process leading to low levels of public recognition and understanding resulting in a lack of high profile leadership.<sup>431</sup>

**129. Devolution should not be restricted solely to urban areas. The Government must strive to ensure devolution deals are reached with rural areas. *The Government must make pursuing devolution deals with non-metropolitan areas a priority. It should write to us with an update on its progress in this area no later than June 2022. The expansion of devolution should include sensitivity to local concerns about the requirement to have a directly elected mayor. The enhanced public consultation we have recommended should take place before and during the negotiations should including examining whether there is support in an area for a directly elected mayor. If such support is lacking this should not prevent devolution from taking place.***

## Local government reorganisation

130. Our evidence on local government reorganisation covered four themes. First, there was strong resistance to making the adoption of combined authority structures a condition of devolution.<sup>432</sup> There were also calls for clarity on the relationship between local and combined authorities.<sup>433</sup>

131. Secondly, there was support for folding Local Enterprise Partnerships into combined authorities,<sup>434</sup> preferably with coterminous boundaries.<sup>435</sup> This would require clear governance structures,<sup>436</sup> and retention of the distinctive voice they give to business.<sup>437</sup> This reflects our predecessor committee's report in 2017, which called for upper tier councils and combined authorities to monitor LEPs through their scrutiny committees,

426 Cambridgeshire and Peterborough Liberal Democrats Coordinating Committee ([PDE0019](#)), DevoConnect ([POD0006](#))

427 British Academy ([PDE0008](#)), Sunderland City Council ([PDE0015](#)), County Council Network ([PDE0028](#)), Royal Town Planning Institute ([POD0010](#))

428 [Q125](#) (Kate Kennally, Cornwall Council)

429 Dr John Stanton ([PDE0007](#))

430 Dr John Stanton ([PDE0007](#)). See also [Q188](#) (David Williams, Hertfordshire Council), [Q223](#) (Lord Kerslake, UK2070 Commission)

431 De Montfort University ([PDE0003](#))

432 [Q22](#) (Colin Copus, De Montfort University), County Council Network ([PDE0028](#)), Cumbria Council ([PDE0035](#)). See also Local Government Association, [People and Places Board Minutes](#), 10 November 2020, p 3 (unpaginated)

433 [Q157](#) (James Palmer, Metro Mayor, Cambridgeshire and Peterborough Combined Authority), Centre for Public Scrutiny ([PDE0002](#)), Cornwall and the Isles of Scilly Leadership Board ([PDE0014](#)), Sunderland City Council ([PDE0015](#)), Civil Engineering Contractors Association ([PDE0025](#)), Councillor Barrie Taylor (Deputy Chairman at Wrington Parish Council) ([POD0001](#))

434 [Q76](#) (Abdool Kara, National Audit Office), [Q96](#) (Simon Parkinson, Workers' Educational Association)

435 [Qq95-96](#) (Jim Hubbard, CBI). See also CBI ([PDE0031](#))

436 British Academy ([PDE0008](#))

437 [Q76](#) (Ed Hammond, Centre for Public Scrutiny)

including requiring them to provide information and attend committee meetings.<sup>438</sup> It also echoes the former Secretary of State's comments that he wanted to reform LEAs during 2021.<sup>439</sup> There was also praise for the existing combination of the position of Police and Crime Commissioner with metro mayor duties in Greater Manchester,<sup>440</sup> (it is similarly combined in West Yorkshire),<sup>441</sup> and support for its extension to all combined authorities.<sup>442</sup>

132. Thirdly, we received calls for greater regional cooperation, as city-regions were seen as too small to deal with issues such as energy, foreign direct investment, or interregional transport.<sup>443</sup> It was proposed this should be based on existing local government structures, modelled on the cooperation on housing and land planning in Scotland that persisted after regional councils were abolished.<sup>444</sup>

### ***Should England move to a unitary model of local authorities?***

133. The fourth theme of our evidence on local government reorganisation focused on whether to reorganise local government structures, abolishing the two-tiers of district and council councils and replacing them with a single tier of councils, unitary authorities. Since the 1990s all local authorities in Scotland, Wales and Northern Ireland have moved to a single layer of local government, and there are currently 56 unitary authorities in England.<sup>445</sup>

134. In 2020 there were indications that the Government was supporting a move to a unitary model across England, based around populations of 300,000 to 400,000 people, because this structure would lower costs.<sup>446</sup> Subsequently, government ministers have espoused their openness to alternative ways to save money and willingness to pursue an approach led by local councils.<sup>447</sup> Consultations were held and decisions made for

438 Communities and Local Government Committee, First Report of Session 2017–19, [Effectiveness of local authority overview and scrutiny committees](#), HC 369, para 96.

439 Ministry of Housing, Communities and Local Government, [Local Government Association annual conference 2021: Secretary of State's speech](#), 6 July 2021

440 Greater Manchester Combined Authority ([PDE0032](#))

441 The Greater Manchester Combined Authority (Transfer of Police and Crime Commissioner Functions to the Mayor) Order 2017 ([SI 2017/470](#)); The West Yorkshire Combined Authority (Election of Mayor and Functions) Order 2021 ([SI 2021/112](#)) Part 10

442 [Q76](#) (Abdool Kara, National Audit Office)

443 Regional Studies Association ([POD0019](#))

444 UK2070 Commission ([PDE0020](#)), UK2070 Commission ([POD0012](#)), [Q215](#) (Lord Kerslake, UK2070 Commission)

445 *Unitary local government*, [CBP09056](#), House of Commons Library, April 2021, Appendix 1, p 47

446 [PQ 67820](#) (Local Government: Reorganisation), 10 July 2020; "[Read the Simon Clarke devo speech the ministry doesn't want you to see](#)", Local Government Chronicle, 17 July 2020

447 HC Deb 12 October 2020, [col 502WS](#) (Commons Written Minister Statement); [PQ HL12601](#) (Local Government: Oxfordshire), 9 February 2021. See also Local Government Association, [People and Places Board Agenda](#), 10 November 2020, p 30

local government reorganisations in North Yorkshire, Cumbria and Somerset.<sup>448</sup> The Government has announced its support for a single unitary authority in North Yorkshire,<sup>449</sup> and in Somerset,<sup>450</sup> and two in Cumbria.<sup>451</sup>

135. Representatives from existing unitary authorities argued their formation had proven beneficial. Cornwall’s unitary authority had let the county “speak with one voice” and improved public sector delivery, for example in fostering cooperation across health provision.<sup>452</sup> Creating the unitary Durham Council had “allowed us to co-ordinate our economy and resources” and to have a single local plan whilst retaining different social identities.<sup>453</sup> The achievements of Wiltshire Council,<sup>454</sup> and the reforms in Scotland, Wales and Northern Ireland were also cited in support of unitary authorities.<sup>455</sup>

136. Dr John Stanton from the University of London was amongst those advocating moving to a unitary structure. He argued that a major problem at present was confusion over responsibility where multiple tiers existed.<sup>456</sup> The two tier system was seen to have created “the misalignment between political and economic geographies” caused by the two-tier system.<sup>457</sup> By contrast reform could help to foster regional cooperation.<sup>458</sup> The retention of local links could be assured by sub-committees dealing with particular local areas.<sup>459</sup> David Williams from Hertfordshire Council supported moving to a unitary system and argued an individual local council should not be able to block it.<sup>460</sup> The County Council Network’s written evidence suggested both sympathy for moving to a unitary status whilst being willing to consider reforms within the existing two-tier structure.<sup>461</sup> Its August 2020 report argued that converting the 25 existing two-tier authorities to unitary status would save £2.943 billion over five years.<sup>462</sup>

137. The District Council Network disagreed with moves towards more unitary authorities. It argued district councils had been successful during covid-19 and anchored local government in local communities. By contrast, unitary authorities at a county-level would be 122 times larger than the average council in Germany, 14 times larger than in

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448 Ministry of Housing, Communities and Local Government, [Consultation on proposals for locally-led reorganisation of local government in Cumbria, North Yorkshire and Somerset](#), 22 February 2021; Ministry of Housing, Communities and Local Government, [Consultation response summary: local government reorganisation](#), 22 July 2021; HC Deb, 21 July 2021, [col 234WS](#) (Commons written ministerial statement)

449 [Letter from Paul Roswell, Head of Governance Reform and Democracy Unit, Ministry of Housing, Communities and Local Government to all Chief Executives of North Yorkshire Councils and the Chief Executive of York City Council](#), 21 July 2021

450 [Letter from Paul Roswell, Head of Governance Reform and Democracy Unit, Ministry of Housing, Communities and Local Government to all Chief Executives of Somerset Councils](#), 21 July 2021

451 [Letter from Paul Roswell, Head of Governance Reform and Democracy Unit, Ministry of Housing, Communities and Local Government to all Chief Executives of Cumbria Councils and the Chief Executive of Lancaster City Council](#), 21 July 2021

452 [Qq121–122](#) (Kate Kennally, Cornwall Council)

453 [Q184](#) (Amy Harhoff, Durham County Council)

454 Mr Richard Styles ([POD0003](#))

455 [Q148](#) (Andrew Carter, Centre for Cities)

456 [Q47](#) (John Stanton, University of London). See also Dr John Stanton ([PDE0007](#)), [Q85](#), [Q97](#) (Jim Hubbard, CBI), CBI ([PDE0031](#)), Mr Richard Styles ([POD0003](#))

457 [Q148](#) (Andrew Carter, Centre for Cities)

458 UK2070 Commission ([POD0012](#))

459 [Q148](#) (David Phillips, Institute for Fiscal Studies)

460 [Qq184–186](#) (David Williams, Hertfordshire Council)

461 County Council Network ([PDE0028](#))

462 County Council Network, [Evaluating the importance of scale in proposals for local government reorganisation](#), (August 2020), p 25

Denmark, and 5 times larger than the current average for all councils in England.<sup>463</sup> These criticisms were echoed in our evidence.<sup>464</sup> The political party Mebyon Kernow argued that the reforms in Cornwall had reduced the number of councillors from 331 in 2009 to 87 in 2021. It contrasted this with the 482 councillors in Devon and 410 in Somerset.<sup>465</sup> Professor Colin Copus from De Montfort University stated that adopting unitary authorities would mean “we then just end up with English local government, already being the largest across Europe by a country mile, growing exponentially.” He also argued that different countries have five or six tiers of local government, and that larger local government units tend to have lower turnouts.<sup>466</sup>

138. Advocates of change did acknowledge they were unsure whether the promised savings would be delivered.<sup>467</sup> This echoed a suggestion that previous unitary reorganisations had not delivered the promised savings.<sup>468</sup> Academic research into past reorganisations have also come to differing conclusions on whether the changes were beneficial in terms of savings and public service delivery.<sup>469</sup>

**139. There was a lack of consensus on the merits of moving to unitary authorities and resistance to making structural changes a condition of devolution. *The combined authority model may not be appropriate in all places and should not be a condition of a deal. The Government should commission a review of the benefits and costs, in economic, democratic, local connection, and service delivery terms, that have resulted from previous moves to unitary authority structures. This review would help inform the on-going debate over the structures of local authorities.***

**140. *The devolution framework should clarify the relationship of local authorities with combined authorities. As we have noted devolution is not just about increasing the powers of combined authorities, but enhancing the powers of local government as a whole. The Government should continue to ensure Local Enterprise Partnerships and combined authorities have the same boundaries and are effectively integrated. We reiterate our predecessor committee’s calling in 2017 for scrutiny committees from local and combined authorities to monitor the effectiveness of Local Enterprise Partnerships. The Government should support organisations such as the Northern Powerhouse to foster cooperation, without imposing any further formal layers of government.***

463 District Council Network, [Power in Place: devolution and districts driving our recovery](#), (September 2020), pp 2, 8, 15 (unpaginated)

464 [Qq74–75](#) (Andrew Walker, Local Government Information Unit), [Q75](#) (Ed Hammond, Centre for Public Scrutiny), [Q224](#) (Lord Kerslake, UK2070 Commission), CPRE ([PDE0004](#)), DevoConnect ([POD0006](#))

465 Mebyon Kernow ([PDE0009](#))

466 [Q19](#), [Q47](#) (Colin Copus, De Montfort University). See also Colin Copus, Steve Leach and Alistair Jones, [Bigger is not better: the evidence case for keeping ‘local’ government](#) (October 2020), Joshua McDonnell, “[Municipality size, political efficacy and political participation: a systematic review](#)”, *Local Government Studies*, vol 46 issue 3 (2020), pp 331-350.

467 [Q148](#) (Andrew Carter, Centre for Cities)

468 [Q148](#) (David Phillips, Institute for Fiscal Studies)

469 *Unitary local government*, [CBP09056](#), House of Commons Library, April 2021, pp 17-22



## 7 Scrutiny in combined authorities

141. In December 2017 our predecessor committee recommended that there needed to be adequate resourcing of the scrutiny of metro mayors.<sup>470</sup> This section looks at the different ways in which scrutiny of devolved areas can be enhanced.

### The nature of scrutiny in devolved areas

142. We were told that combined authorities are strategic and long-term in their approach. They do not “by and large, have that direct service delivery responsibility. It means that scrutiny needs to look quite different too.”<sup>471</sup> The Centre for Public Scrutiny identified five types of scrutiny within combined authorities: scrutiny of the Mayor chiefly by council leaders, scrutiny of the Mayor by other local partners, scrutiny by the public and press, scrutiny by the formal scrutiny bodies of the combined authorities, and scrutiny carried out by the individual constituent local authorities. The Centre also commented that “scrutiny in combined authorities is of a different and distinct nature to scrutiny in local government”, and therefore there needed to be greater clarity from combined authority on the place of scrutiny in their work. It worried that presently scrutiny was neglected “mainly because its role and impact are both indistinct.”<sup>472</sup>

143. MHCLG told us that combined authorities were subject to “independent external audit, the Freedom of Information Act and the Local Government transparency code.” They have open meetings and an overview and scrutiny framework, along with being obliged to have one overview and scrutiny committee, to examine decisions planned by the executive, and an audit committee.<sup>473</sup> Mayors are, of course, also scrutinised by and accountable to voters.<sup>474</sup>

144. We heard criticism of existing monitoring and evaluation of devolution authorities. The LGA criticised devolved areas having to fulfil certain delivery targets set by central government, arguing genuine devolution would rely on democratic accountability instead.<sup>475</sup> Ed Hammond from the Centre for Public Scrutiny noted that greater devolution more widely spread will make it harder for central government to keep track of those local activities, in turning necessitating the strengthening of local systems of scrutiny.<sup>476</sup>

### What are the right institutions for scrutiny?

145. There are broadly speaking two institutional models of scrutiny for directly elected mayors in English devolution. The first is the council in combined authorities that includes council leaders and the metro mayor. The combined authorities also have committees, formed of local councillors from the constituent councils, for areas such overview and

470 Communities and Local Government Committee, First Report of Session 2017–19, [Effectiveness of local authority overview and scrutiny committees](#), HC 369, para 104

471 [Q65](#) (Ed Hammond, Centre for Public Scrutiny), (Andrew Walker, Local Government Information Unit). See also Local Government Association ([PDE0011](#))

472 Centre for Public Scrutiny ([PDE0002](#))

473 Ministry of Housing, Communities and Local Government ([PDE0033](#)). See also [Q73](#) (Abdool Kara, National Audit Office)

474 [Q73](#) (Andrew Walker, Local Government Information Unit)

475 Local Government Association ([POD0014](#)). See also UK2070 Commission ([POD0012](#))

476 [Q58](#) (Ed Hammond, Centre for Public Scrutiny)

scrutiny and audit and governance. The second is the model in London of a separately elected assembly that holds the Mayor accountable. We sought to examine the relative merits of these two approaches.

146. The London Assembly argued in evidence to us that there are four ways that its scrutiny system is preferable to that of the combined authorities. First, because elections are by proportional representation and therefore the Assembly is not dominated by one party, it is more effective in challenging the mayor. Secondly, the combined authority approach risked council leaders chiefly focusing on the impact on their local area and meant “those scrutinising the Mayors have dual roles and, potentially, confused democratic mandates.” By contrast the London Assembly members represented either large constituencies or city-wide list members and therefore could take a more strategic, London-wide perspective. Thirdly, having its own budget, staff and legal identity meant the Assembly “can set its own priorities and carry out its functions with minimal interference from the executive.” Fourthly, it emphasised the benefit of Mayoral Question Time, which takes place ten times a year and is preceded by a written report from the Mayor, for publicly holding the Mayor to account.<sup>477</sup>

147. Various arguments were advanced in favour of an assembly-style model for combined authorities. It would have “a direct link to voters”, have “legitimacy derived from direct election”, would enjoy a “higher public profile”, and provide visible scrutiny.<sup>478</sup> Smaller political parties would be represented.<sup>479</sup> It would push governance and accountability back down to local level.<sup>480</sup> The role of the Assembly was also singled out contributing to the better record of London’s devolved institutions, compared to other combined authorities, in land development and transport.<sup>481</sup> In imitation of the eleven (out of 25 in total) London Assembly members representing the whole of the authority, Dr John Stanton from the University of London suggested there should be “four or five region-wide representatives on the combined authority with primarily a scrutiny function” who would be directly elected and sit on the combined authority council.<sup>482</sup>

148. Stanton did suggest there were two challenges with applying the Assembly model elsewhere. First, an assembly with a shared political allegiance with the mayor might provide less effective scrutiny. Secondly, it is unclear “whether combined authorities are capable of holding mayors to account in the same way [as in London].”<sup>483</sup> Lord Kerslake opposed introducing an assembly model, arguing that combined authorities were still in their early days, and it would be better “to let different models develop in each of those places and then test how they are working”.<sup>484</sup> This view was echoed by the Institute for Public Policy Research North, who commented that “All local areas should be given the ability to adopt governance models that are not imposed from the top, but are instead tailored around their specific needs, ambitions and circumstances.”<sup>485</sup>

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477 London Assembly ([PED0021](#))

478 De Montfort University ([PDE0003](#))

479 [Q43](#) (Colin Copus, De Montfort University). See also [Q71](#) (Ed Hammond, Centre for Public Scrutiny)

480 [Q60](#) (Ed Hammond, Centre for Public Scrutiny)

481 CPRE ([PDE0004](#))

482 [Qq38–39](#) (John Stanton, University of London)

483 [Q40](#) (John Stanton, University of London)

484 [Q235](#) (Lord Kerslake, UK2070 Commission)

485 IPPR North ([PDE0023](#))

149. There were also calls to strengthen the scrutiny system in London. These included a “borough leaders’ senate” sitting alongside the Assembly, or matching Assembly constituency boundaries to that of local authorities or their wards.<sup>486</sup> The London Assembly instead advocated extending its powers of scrutiny beyond the statutory functions of the Mayor, to areas such as London’s health trust, ambulance services and utilities. It also commented on how the Assembly does not have the ability to call-in decisions by the Mayor, or receive a forward plan from the Mayor.<sup>487</sup> This is despite our predecessor committee’s recommendation in 2013 and 2016 that the Mayor be required to publish a forward plan, and that the Assembly be given power to call-in mayoral decisions and to have a potential veto over the Police and Crime Plan and deputy mayoral appointments.<sup>488</sup>

150. The existing scrutiny arrangements for combined authorities were defended by Jamie Driscoll, Metro Mayor, North of Tyne:

Our colleague Steve Rotheram says frequently, “We are the most scrutinised politicians anywhere”. There are seven people in my cabinet, including me. There are 38 members of various scrutiny bodies and 41 people on various panels that we run. We are really quite heavily outnumbered. That is in addition to scrutiny officers, assurance frameworks, investment panels, technical officers groups and, inevitably, auditing. The short answer would be that it works very well. Perhaps to quote [T.S.] Eliot, people spend their times dreaming of systems so perfect that nobody has to be good. Scrutiny only works if people engage with it anyway.<sup>489</sup>

The sufficiency of existing scrutiny arrangements was also espoused by James Palmer then Metro Mayor, Cambridgeshire and Peterborough, although he did opine that the scrutiny committee “is still seen by many as a way of attacking politically, rather than questioning how better practice could be delivered.”<sup>490</sup>

151. Abdool Kara from the NAO argued that the weakness in the scrutiny of mayors was not of their exercise of formal powers, but of their softer convening powers.<sup>491</sup> Professor Francesca Gains, University of Manchester, did state that, in a Greater Manchester context, scrutiny had improved since 2016, with committees created reflecting the different policy work pursued by the authority.<sup>492</sup> Nevertheless she accepted that “scrutiny is a weaker part of the infrastructure”. Consequently, she proposed having scrutineers drawn from the individual authorities who could report back to non-executive councillors in those authorities. There are roughly 600 councillors whose “talent and creativity” could be harnessed.<sup>493</sup> James Palmer noted the committees on housing and skills in his combined authority had members who were councillors but not council leaders and “That creates a much better debate and more transparency”.<sup>494</sup> Ed Hammond from the Centre for Public

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486 [Q41](#) (John Stanton, University of London)

487 [London Assembly \(PED0021\)](#)

488 Communities and Local Government Committee, Fourth Report of Session 2013–14, [Post-legislative scrutiny of the Greater London Authority Act 2007 and the London Assembly](#), HC 213, para 37; Communities and Local Government Committee, First Report of Session 2015–16, [Devolution: the next five years and beyond](#), HC 369, para 101

489 [Q161](#) (Jamie Driscoll, Metro Mayor, North of Tyne Combined Authority)

490 [Q161](#) (James Palmer, Metro Mayor, Cambridgeshire and Peterborough Combined Authority)

491 [Q73](#) (Abdool Kara, National Audit Office)

492 [Q38](#) (Francesca Gains, University of Manchester)

493 [Q16](#), [Qq41–42](#) (Francesca Gains, University of Manchester)

494 [Q162](#) (James Palmer, Metro Mayor, Cambridgeshire and Peterborough Combined Authority)

Scrutiny thought directly elected scrutiny committees for combined authorities would create an alternative career path for local politicians akin to being a select committee chair in Parliament.<sup>495</sup> This could address the wider problem, detailed by Professor Colin Copus from De Montfort University, of local councillors being subjected to much more vigorous party whipping than MPs, which in turn has made scrutiny a less attractive career option than serving in the executive.<sup>496</sup> He did not think it was necessary to have directly elected scrutiny committees to oversee local councils.<sup>497</sup>

### **Local public accounts committees**

152. A specific way of further enhancing scrutiny was establishing local public accounts committees. This idea has been proposed the Centre for Public Scrutiny,<sup>498</sup> and supported by the All-Party Parliamentary Group on devolution.<sup>499</sup> Ed Hammond from the Centre for Public Scrutiny argued such committees would look at value for money in both local government and other public sector organisations. They could be directly-elected, and would be “place-based and would not be focused on holding the combined authority or local authorities to account”, but rather “system issues and value for money.”<sup>500</sup> Supporters of the proposal argued it could help establish parity of esteem between local and central government,<sup>501</sup> and could enhance public awareness and scrutiny.<sup>502</sup> It was suggested the committees could be piloted in mayoral areas.<sup>503</sup> However coolness about the idea was expressed by combined authority and local authority representatives. James Palmer said he was not opposed to it; but was not sure it would be necessary given existing audit and governance committees and external audit. Jamie Driscoll added that whereas such an approach might be appropriate in London, given the lack of “true executive power” of metro mayors it was unclear what the committee would be looking at.<sup>504</sup> The LGA’s Chair Cllr James Jamieson was also cautious, noting the existing scrutiny mechanisms and being wary of additional bureaucracy, although he recognised that there could be “some tidying up.”<sup>505</sup>

### **West Yorkshire’s approach**

153. During our inquiry the Government announced the West Yorkshire devolution deal. One distinct aspect of the combined authority, inherited from its original structure in 2014,<sup>506</sup> was the inclusion of three additional members, with voting rights, alongside council leaders and the elected mayor. These are chosen by the constituent councils to

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495 [Q60](#) (Ed Hammond, Centre for Public Scrutiny)

496 [Q38](#), [Q40](#), [Q44](#) (Colin Copus, De Montfort University)

497 [Q45](#) (Colin Copus, De Montfort university)

498 Centre for Public Scrutiny, [A Local Public Accounts Committee for every place](#), April 2015; Centre for Public Scrutiny, [Local public accounts committees: dealing with the governance of complexity at a local level](#), July 2018

499 The Devolution All-Party Parliamentary Group, [Levelling-up Devo: The role of national government in making a success of devolution in England](#), March 2021, p 9

500 [Q60](#), [Q69](#) (Ed Hammond, Centre for Public Scrutiny)

501 UK2070 Commission ([POD0012](#)), [Q239](#) (Lord Kerslake, UK2070 Commission)

502 [Q239](#) (Greg Clark MP)

503 UK2070 Commission ([POD0012](#))

504 [Q163](#) (James Palmer, Metro Mayor, Cambridgeshire and Peterborough Combined Authority), (Jamie Driscoll, Metro Mayor, North of Tyne Combined Authority)

505 [Q239](#) (James Jamieson, Local Government Association)

506 West Yorkshire Combined Authority Order 2014 ([SI 2014/864](#)) Schedule 1

reflect the political balance of participating local authorities.<sup>507</sup> We were interested in whether this aspect was a model for achieving better scrutiny. Lord Kerslake singled out West Yorkshire for bringing opposition members on to the combined authority “which would not naturally have happened if it were just the leaders from the local councils. That is a really interesting approach to sharpening scrutiny.”<sup>508</sup> Conversely Jamie Driscoll commented that the deal seemed “wonderfully ambitious but there are an awful lot of committees and an awful lot of people involved.” He therefore wondered whether there would be sufficient engagement and scrutiny.<sup>509</sup>

### ***Building a culture of scrutiny***

154. Ed Hammond at the Centre for Public Scrutiny underlined the importance that “there is a danger in focusing exclusively on the structures rather than thinking about people’s behaviours, culture and that kind of thing.”<sup>510</sup> We asked the metro mayors how they were embedding scrutiny in their combined authorities. James Palmer cited the committee system as opening up decision-making. Jamie Driscoll commented “As with all scrutiny, it works well if the relationships work well.” This included appearing before the scrutiny committee, having different boards, a regular mayor’s question time and a weekly video outlining his activities.<sup>511</sup> Other evidence highlighted measures to enhance public engagement such as the Liverpool City Regions Listens project in August to October 2019 in Liverpool.<sup>512</sup> It was also emphasised that polling, focus groups, citizens assemblies were particularly important for engaging women and other underrepresented groups.<sup>513</sup>

**155. There is no consensus on the optimum structure for scrutiny in a devolved authority, including as to whether the London Assembly is superior to the existing combined authority structures. *The new audit arrangements being introduced by the Government should consider the best way to conduct scrutiny and ensure greater transparency of the budgets of combined authorities. Scrutiny must be on a cross-party basis and scrutiny bodies should reflect this. We reiterate our predecessor committee’s recommendation in 2017 that the Government ensure there is adequate funding of the scrutiny of the metro mayors. We reiterate our predecessor committees’ recommendations in 2013 and 2016 that the London Assembly should receive a forward plan from the Mayor of London, receive call-in powers, and be able to reject the Mayor’s Police and Crime Plan and appointments for deputy mayors. The Government should also examine the case for permitting the London Assembly to scrutinise other aspects of London governance beyond those areas overseen by the mayoral administration.***

507 HM Treasury, Ministry of Housing, Communities and Local Government, City of Bradford Metropolitan District Council, Calderdale Council, Kirklees Council, Leeds City Council, Wakefield Council, [West Yorkshire Devolution Deal](#), March 2020, para 14

508 [Q235](#) (Lord Kerslake, UK2070 Commission)

509 [Q162](#) (Jamie Driscoll, Metro Mayor, North of Tyne Combined Authority)

510 [Qq60–61](#) (Ed Hammond, Centre for Public Scrutiny). See also [Q62](#) (Andrew Walker, Local Government Information Unit), [Q235](#) (Lord Kerslake, UK2070 Commission)

511 [Q164](#) (James Palmer, Metro Mayor, Cambridgeshire and Peterborough Combined Authority), (Jamie Driscoll, Metro Mayor, North of Tyne Combined Authority)

512 Liverpool City Region Combined Authority ([POD0018](#))

513 Professor Francesca Gains ([POD0009](#))

## Reform of the quorum rules

156. The proportion of members required to attend overview and scrutiny meetings (the quorum) for combined authorities is two-thirds of all members. This is more stringent than the one-third required for local authorities.<sup>514</sup> Sheffield City Region Combined Authority argued “a lot of time and effort” was spent ensuring meetings in combined authorities is quorate. It argued the rules should be reviewed.<sup>515</sup> The Centre for Public Scrutiny told us “In some CAs [combined authorities], inquoracy is a regular feature of meetings.”<sup>516</sup> It noted a Government consultation of 2016–19 on permitting remote attendance of committees, which endorsed permitting remote meetings to take place for local authority joint meetings and combined authorities but only from sites suitable for holding a meeting with public access (e.g. a town hall).<sup>517</sup>

**157. Scrutiny committees for combined authorities has been hindered by strict quorum rules. The Government should consider whether the quorum for combined authorities could be made one-half of the membership rather than the present two-thirds.**

## Complaints about local and combined authorities

158. The Local Government and Social Care Ombudsman (LGSCO) voiced various concerns about the procedures for handling complaints in local and combined authorities. Given that it upheld 67% of complaints against local councils in 2020–21 it is important the public have proper means of redress.<sup>518</sup> Combined authorities “have made mixed progress towards putting in place a complaints system that we would judge to meet the needs and rights of their service users.” The LGSCO also lamented its lack of power to investigate complaints against parish and town councils who take on responsibilities formerly held by district councils when local government structures are reorganised into unitary authorities. It also wanted its writ extended to passenger transport authorities, fire and rescue authorities, and police and crime commissioners when they are integrated into combined authorities. For example, Merseytravel, now an executive body of the Liverpool City Region Combined Authority, is beyond the LGSCO’s oversight. In contrast the Transport for Greater Manchester Committee, a branch of the Greater Manchester Combined Authority, is under the LGSCO’s jurisdiction. Therefore, the LGSCO wanted confirmation that “all English local government administrative functions and services should fall clearly and unambiguously within our jurisdiction.”<sup>519</sup>

**159. The Local Government and Social Care Ombudsman expressed concerns about its oversight of combined authorities, pointing to uncertainties over its jurisdiction and a loss of oversight when unitarisation occurred. We agree that proper complaints procedures should be in place in all combined authorities. The Local Government and Social Care Ombudsman’s jurisdiction should also apply to services such as passenger**

514 Ministry of Housing, Communities and Local Government ([PDE0033](#))

515 Sheffield City Region Combined Authority ([PDE0016](#))

516 Centre for Public Scrutiny ([PDE0002](#))

517 Department of Communities and Local Government, [Connecting Town Halls: Consultation on allowing joint committees and combined authorities to hold meetings by video conference](#), November 2016; Ministry of Housing, Communities and Local Government, [Connecting Town Halls: consultation on allowing joint committees and combined authorities to hold meetings by video conference: Summary of consultation responses and the government response](#), July 2019

518 Local Government and Social Care Ombudsman, [Review of Local Government Complaints 2020–21](#), July 2021, p 9

519 Local Government and Social Care Ombudsman ([POD0004](#)), Local Government and Social Care Ombudsman (LGSCO) ([POD0021](#))

*transport authorities which are integrated into combined authorities unless there are equivalent complaint procedures already in place. The Local Government and Social Care Ombudsman should also be given jurisdiction over those powers which were formerly exercised by district councils which have been passed by unitary authorities to parish, town and community councils.*

## The data for scrutiny

160. A further measure to improve scrutiny is to enhance the quality of data relating to devolved areas. Gaps were identified in the provision of outcome data about equalities groups,<sup>520</sup> and in economic data at a city region level, such as GDP, inflation,<sup>521</sup> the balance of trade, investment and business growth.<sup>522</sup> The lack of data applies at a local authority level,<sup>523</sup> at a combined authority level (particularly when it is non-mayoral),<sup>524</sup> and at regional and city levels.<sup>525</sup> Furthermore, data—such as gross value added data for local areas—often takes too long to become available to influence policymaking,<sup>526</sup> and there is a lack of resources available to undertake thorough counter-factual evaluation of policies.<sup>527</sup> Government annual reports on devolution were also criticised, because

the financial information is very difficult to assess as it does not present year on year allocations or overall funding allocations over time by combined authority. The information provided in the report will not assist the requirement for scrutiny of devolved funding at either central government or combined authority level.<sup>528</sup>

**161. There is a need for more data about combined authority and other sub-national areas. The Government, the Office for National Statistics, and the Chartered Institute of Public Finance and Accountancy should develop datasets to enable effective evaluation of combined authorities and other sub-national areas. The Government should also ensure there are resources to enable areas with devolution deals to undertake more thorough evaluation of their own work.**

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520 [Q51](#) (Francesca Gains, University of Manchester)

521 Centre for Cities ([PDE0030](#))

522 Core Cities ([PDE0012](#))

523 Durham County Council ([PDE0001](#)), Centre for Cities ([PDE0030](#)), Regional Studies Association ([POD0019](#))

524 North East Combined Authority ([PDE0017](#)). See also Royal Town Planning Institute ([POD0010](#))

525 Core Cities ([PDE0012](#)), CBI ([PDE0031](#)), UK2070 Commission ([POD0012](#))

526 Centre for Cities ([PDE0030](#)), Regional Studies Association ([POD0019](#))

527 Cornwall and the Isles of Scilly Leadership Board ([PDE0014](#))

528 Professor Francesca Gains ([POD0009](#))

# Conclusions and recommendations

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## Current devolution

1. There has been important progress with devolution in England since our predecessor committee's report in 2016. But further progress can and should be made over the course of this Parliament. The remainder of this report sets out our recommended next steps for extending devolution. (Paragraph 17)

## The role of central government

2. Devolution across the United Kingdom has been pursued for different purposes, and its scope, structure, and geography reflect this. There needs to be clarity on the most important purposes of English devolution. This can then guide discussions on the appropriate geography and institutions that are needed. *The Government should clearly outline what it considers to be the purpose(s) of devolution and why those are the right ends for which devolution is the means. It should then consult widely with stakeholders and the public on its proposed purposes. Careful consideration should particularly be given to the purpose of combined authorities and the appropriate boundaries for them to have.* (Paragraph 24)
3. *To embed devolution at the heart of central government the new Secretary of State for Levelling Up, Housing and Communities should be responsible for vigorously driving forward English devolution and this should be explicitly stated as one of his responsibilities. Our predecessor committee's recommendation of permitting local authorities to report on their interactions with different government departments in the annual report on devolution should be adopted to drive a culture of positive and proactive support across the whole of Whitehall for devolution. Furthermore, a council of all areas with devolution deals should be established and hold meetings at least twice a year with the Prime Minister.* (Paragraph 35)
4. The lack of transparency and public engagement in the negotiation of devolution deals have not been addressed since our predecessor committee's 2016 report. Both have remained minimal. *We reiterate our predecessor committee's recommendation that there should be greater efforts to engage the public before as well as after negotiations, through consultations, citizens assemblies and better publicity. To ensure that local councils use their limited resources on compiling proposals with a chance of being accepted, the Government should also publish the criteria it uses to assess and agree proposals.* (Paragraph 41)
5. We approve of the principle of a devolution framework. It will provide clarity as to what is available for devolution. *The Government should work with local government and other stakeholders to produce a devolution framework. To succeed, the framework must provide flexibility and be grounded in a comprehensive consultation with stakeholders to avoid being a top-down imposition from central onto local government. It should include a set of principles committing the Government to devolution as an evolving process with a forward direction. Devolution is not just about increasing the powers of combined authorities, but enhancing the powers of local government as a whole. A key principle should be that devolution is the default option unless*



*there is a good and compelling reason why a policy area should not be devolved. The Government should consider following the model used for the devolved nations, where there is a list of reserved powers not available for devolution, with all other powers available for combined and local authorities. It should not be obligatory for any area to take on all of the available powers straightaway or at all. Furthermore, councils should also devolve to their local communities—devolution does not stop at the town hall door. (Paragraph 48)*

6. *Instead of using Greater Manchester as a yardstick, all existing places with devolution deals should be offered the same powers as all others currently have. They may not choose to immediately take them up, but the option should be available. (Paragraph 50)*

### Financial devolution

7. *We reiterate our recommendation from our recent report into local authority financial sustainability that the Government should allow councils to retain 75% of business rates from 2022, and that it should not impose commensurate cuts to grant funding. The additional funding should then be put towards equalisation in a separate grant designed for this purpose. As we also recommended in that report, in the longer term, the Government should consider options for wider reform of council tax and business rates, including possibly replacing them with a proportional property tax. (Paragraph 61)*

8. *Financial devolution is necessary to ensure the success of devolution through giving devolved authorities greater freedom from central government, enabling them to take longer-term decisions reflective of their strategic purpose, and enhancing their direct accountability to their electorates. It must be accompanied by redistributive measures to ensure areas with lower revenue raising potential do not lose out. We therefore recommend that the Government should:*

- *explore alternative ways in which revenue can be raised, which could reduce reliance on council tax and business rates.*
- *consider offering devolution of a tourism tax, possibly to combined authorities where the revenue can be redistributed as well as meet the costs incurred by tourists.*
- *follow our previous recommendation to explore how to level the playing field between bricks and mortar retailers and online retailers.*

*Further financial devolution could follow these measures if they prove to be a success. (Paragraph 71)*

9. *The Government should commission research into how income tax or other national tax revenue could be allocated to local and combined authorities, or how a local income tax across a combined authority area could work, including details of tax setting, funding equalisation, and how HMRC can better identify where taxpayers live. The Government should consider permitting other measures, including land value capture for local authorities, to help them raise additional money. (Paragraph 72)*

10. The Committee has persistently sought clarity from the Government about how the UK Shared Prosperity Fund will work. The Government has had over four years to design and bring forward a coherent alternative to the European Development Funds that will completely end in 2023. This delay has been unacceptable and requires an accelerated approach. *The Government should bring forward as soon as possible its proposals for how the UK Shared Prosperity Fund will work, including the funding profile to be controlled by combined authorities or local authorities. The majority of the funding should be allocated as block grants with local and combined authorities empowered to allocate the funds within the general principles of bolstering regeneration and tackling unemployment and skill shortages already announced by the Government. The Government should confirm that the £1.5 billion, equivalent to that formerly provided by the EU, will be increased to retain its real value over time. It should also increase the total amount of funding for the UK Shared Prosperity Fund to ensure that English regions that would have been eligible for greater sums of structural funding had the UK stayed in the EU and if the Government had strictly followed the EU's former allocation of funds do not lose out by its guarantee to retain the existing amounts of funding for other parts of the UK.* (Paragraph 82)
11. A sustainable approach to local government funding requires longer term budgetary arrangements and discretion for local authorities and combined authorities over how to spend. We therefore welcome that the 2021 spending review will be multi-year. This reflects the wider need for a long-term plan to support the finances of local government. *We recommend that the principle of devolution funding should be that grants are given on a block basis to cover all services of which local and combined authorities have oversight, without ringfencing or competitive bidding.* (Paragraph 87)

### Devolution of other powers

12. We retain our predecessor committee's scepticism about whether health devolution accurately describes the current arrangements in Greater Manchester. It clearly does not in Cornwall and the Isles of Scilly. *We support the recommendations of the Health Devolution Commission on the future of health devolution and the role that should be played by local and combined authorities in the new Integrated Care System. The Government should seek to implement these proposals. It should also explore the merits of establishing a London Health Commissioner to oversee all London health matters, and of devolving the London Ambulance Service.* (Paragraph 102)
13. *The devolution of the adult education budget should be part of the devolution framework, accompanied by transitional support and measures to mitigate differences in course options between areas. The same powers over adult education should be available to all areas with devolution deals. Further education, in particular FE colleges, should also be included in the framework. The Government should work with the Local Government Association to agree proposals as to how local authorities' oversight of schools and their funding should be strengthened. This should include devolving the functions of the Education and Skills Funding Agency to county councils and combined authorities; and the transfer of the powers held by Regional School Commissioners to local authorities.* (Paragraph 108)

14. *The devolution framework should provide for the devolution to combined and local authorities of the spatial planning powers, call-in powers for planning applications, the powers to establish development corporations, compulsory purchase orders, consultation on strategic planning applications, and strategic infrastructure levies, currently exercised by some combined authorities. There should be greater transparency about the process. The Government should also consider further devolution of housing powers to London. There should there be a single pot for housing, with a requirement that a spatial plan be adopted beforehand. (Paragraph 113)*
15. *The Government should consider the case for extending powers for Transport for London-style oversight of local buses to all transport authorities, whether combined or local authorities. Where transport services cross local authority boundaries, joint working relationships should be encouraged between the local authorities affected. Similarly, Network Rail, Highways England and other comparable bodies should be required to organise joint working arrangements with transport authorities. Local government should ensure there is proper and transparent scrutiny of transport arrangements in their areas. (Paragraph 118)*
16. *We have heard, both in this inquiry and our inquiry into local government and the path to net-zero, that local government can play an important role in policies relating to energy efficiency. The Government should strongly consider the case for devolution of further powers in this area. It should also examine how additional oversight can be given to local government of the environment, aspects of farming and forestry policies, and the takeover of public assets. (Paragraph 121)*

### Widening the geography of devolution

17. *Devolution should not be restricted solely to urban areas. The Government must strive to ensure devolution deals are reached with rural areas. The Government must make pursuing devolution deals with non-metropolitan areas a priority. It should write to us with an update on its progress in this area no later than June 2022. The expansion of devolution should include sensitivity to local concerns about the requirement to have a directly elected mayor. The enhanced public consultation we have recommended should take place before and during the negotiations should including examining whether there is support in an area for a directly elected mayor. If such support is lacking this should not prevent devolution from taking place. (Paragraph 129)*
18. *There was a lack of consensus on the merits of moving to unitary authorities and resistance to making structural changes a condition of devolution. The combined authority model may not be appropriate in all places and should not be a condition of a deal. The Government should commission a review of the benefits and costs, in economic, democratic, local connection, and service delivery terms, that have resulted from previous moves to unitary authority structures. This review would help inform the on-going debate over the structures of local authorities. (Paragraph 139)*
19. *The devolution framework should clarify the relationship of local authorities with combined authorities. As we have noted devolution is not just about increasing the powers of combined authorities, but enhancing the powers of local government as a whole. The Government should continue to ensure Local Enterprise Partnerships*

*and combined authorities have the same boundaries and are effectively integrated. We reiterate our predecessor committee's calling in 2017 for scrutiny committees from local and combined authorities to monitor the effectiveness of Local Enterprise Partnerships. The Government should support organisations such as the Northern Powerhouse to foster cooperation, without imposing any further formal layers of government. (Paragraph 140)*

### Scrutiny in combined authorities

20. *There is no consensus on the optimum structure for scrutiny in a devolved authority, including as to whether the London Assembly is superior to the existing combined authority structures. The new audit arrangements being introduced by the Government should consider the best way to conduct scrutiny and ensure greater transparency of the budgets of combined authorities. Scrutiny must be on a cross-party basis and scrutiny bodies should reflect this. We reiterate our predecessor committee's recommendation in 2017 that the Government ensure there is adequate funding of the scrutiny of the metro mayors. We reiterate our predecessor committees' recommendations in 2013 and 2016 that the London Assembly should receive a forward plan from the Mayor of London, receive call-in powers, and be able to reject the Mayor's Police and Crime Plan and appointments for deputy mayors. The Government should also examine the case for permitting the London Assembly to scrutinise other aspects of London governance beyond those areas overseen by the mayoral administration. (Paragraph 155)*
21. *Scrutiny committees for combined authorities has been hindered by strict quorum rules. The Government should consider whether the quorum for combined authorities could be made one-half of the membership rather than the present two-thirds. (Paragraph 157)*
22. *The Local Government and Social Care Ombudsman expressed concerns about its oversight of combined authorities, pointing to uncertainties over its jurisdiction and a loss of oversight when unitarisation occurred. We agree that proper complaints procedures should be in place in all combined authorities. The Local Government and Social Care Ombudsman's jurisdiction should also apply to services such as passenger transport authorities which are integrated into combined authorities unless there are equivalent complaint procedures already in place. The Local Government and Social Care Ombudsman should also be given jurisdiction over those powers which were formerly exercised by district councils which have been passed by unitary authorities to parish, town and community councils. (Paragraph 159)*
23. *There is a need for more data about combined authority and other sub-national areas. The Government, the Office for National Statistics, and the Chartered Institute of Public Finance and Accountancy should develop datasets to enable effective evaluation of combined authorities and other sub-national areas. The Government should also ensure there are resources to enable areas with devolution deals to undertake more thorough evaluation of their own work. (Paragraph 161)*

# Formal minutes

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**Wednesday 22 September 2021**

## **Members present**

Mr Clive Betts, in the Chair

Bob Blackman

Brendan Clarke-Smith

Ben Everitt

Andrew Lewer

Ian Byrne

Florence Eshalomi

Rachel Hopkins

Mary Robinson

Draft report (*Progress on devolution in England*) proposed by the Chair, brought up and read.

*Ordered*, That the report be read a second time, paragraph by paragraph.

Paragraphs 1 to 161 read and agreed to.

Summary agreed to.

*Resolved*, That the Report be the Fourth Report of the Committee to the House.

*Ordered*, That the Chair make the Report to the House.

*Ordered*, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134

## **Adjournment**

Adjourned till Monday 18 October at 3.30pm

## Witnesses

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The following witnesses gave evidence. Transcripts can be viewed on the [inquiry publications page](#) of the Committee's website.

### Monday 16 March 2020

**Professor Francesca Gains**, Professor of Public Policy, University of Manchester; **Professor Colin Copus**, Emeritus Professor in Local Politics, De Montfort University; **Dr John Stanton**, Senior Lecturer in Law, City, University of London [Q1–51](#)

### Monday 22 June 2020

**Abdool Kara**, Executive Leader, Local Services, National Audit Office; **Mr Ed Hammond**, Director, Centre for Public Scrutiny; **Andrew Walker**, Head of Research, Local Government Information Unit [Q53–80](#)

**Jim Hubbard**, Head of Regional Policy, CBI; **Simon Parkinson**, Chief Executive and General Secretary, Workers' Educational Association; **Mike Short**, Senior National Officer for Local Government, UNISON [Q81–100](#)

### Monday 7 September 2020

**Kate Kennally**, Chief Executive, Cornwall Council; **Helen Charlesworth-May**, Strategic Director for Public Health and Care, Cornwall Council; **Sir Richard Leese CBE**, Leader, Manchester City Council; **Bill McCarthy**, North West Regional Director, NHS England [Q101–125](#)

**Mr David Phillips**, Assistant Director, Institute for Fiscal Studies; **Andrew Carter**, Chief Executive, Centre for Cities; **Guy Ware**, Director of Local Government Performance & Finance, London Councils [Q126–148](#)

### Monday 30 November 2020

**Jamie Driscoll**, Metro Mayor, North of Tyne Combined Authority; **James Palmer**, Metro Mayor, Cambridgeshire and Peterborough Combined Authority [Q149–176](#)

**Amy Harhoff**, Corporate Director of Regeneration, Economy and Growth, Durham County Council; **David Williams**, Leader, Hertfordshire County Council [Q177–195](#)

### Monday 25 January 2021

**The Lord Kerslake**, Chair, UK2070 Commission; **Rt Hon Greg Clark MP**; **Cllr James Jamieson**, Chairman, Local Government Association (LGA) [Q196–240](#)

## Published written evidence

The following written evidence was received and can be viewed on the [inquiry publications page](#) of the Committee's website.

POD numbers are generated by the evidence processing system and so may not be complete.

- 1 Britain's Leading Edge ([POD0007](#))
- 2 Burton, Mr Nick ([POD0015](#))
- 3 DevoConnect ([POD0006](#))
- 4 Gains, Professor Francesca ([POD0009](#))
- 5 Home Builders Federation ([POD0013](#))
- 6 Jarvis, Mayor Dan ([POD0017](#))
- 7 Kent Association of Local Councils ([POD0011](#))
- 8 Liverpool City Region Combined Authority ([POD0018](#))
- 9 Local Government Association ([POD0014](#))
- 10 Local Government and Social Care Ombudsman ([POD0004](#))
- 11 Local Government and Social Care Ombudsman ([POD0021](#))
- 12 Natarajan, Dr Lucy ([POD0005](#))
- 13 Policy Connect ([POD0016](#))
- 14 Regional Studies Association ([POD0019](#))
- 15 Royal Town Planning Institute ([POD0010](#))
- 16 Styles, Mr Richard ([POD0003](#))
- 17 Taylor, Councillor Barrie (Deputy Chairman, Wrington Parish Council) ([POD0001](#))
- 18 UK2070 Commission ([POD0012](#))
- 19 UNISON ([POD0008](#))
- 20 Workers' Educational Association ([POD0020](#))

The following written evidence was received for the 2019 inquiry, Progress on devolution in England, and can be viewed on the [inquiry publications page](#) of our predecessor Committee's website.

- 1 British Chambers Of Commerce ([PDE0029](#))
- 2 Cambridge City Council ([PDE0026](#))
- 3 Cambridgeshire & Peterborough Liberal Democrats County Coordinating Committee ([PDE0019](#))
- 4 CBI ([PDE0034](#))
- 5 Centre for Cities ([PDE0030](#))
- 6 Centre for London ([PDE0018](#))
- 7 Centre for Public Scrutiny ([PDE0002](#))
- 8 Centre for Urban and Regional Development Studies (CURDS), Newcastle University ([PDE0006](#))
- 9 Civil Engineering Contractors Association ([PDE0025](#))
- 10 Core Cities UK ([PDE0012](#))

- 11 Cornwall & Isles of Scilly Leadership Board ([PDE0014](#))
- 12 County Councils Network ([PDE0028](#))
- 13 CPRE ([PDE0004](#))
- 14 Cumbria County Council ([PDE0035](#))
- 15 De Montfort University ([PDE0003](#))
- 16 Durham County Council ([PDE0001](#))
- 17 Greater Manchester Combined Authority ([PDE0032](#))
- 18 Home Builders Federation ([PDE0013](#))
- 19 IPPR North ([PDE0023](#))
- 20 Local Government Association ([PDE0011](#))
- 21 Mebyon Kernow - the Party for Cornwall ([PDE0009](#))
- 22 MHCLG ([PDE0033](#))
- 23 Midland Heart ([PDE0027](#))
- 24 National Audit Office ([PDE0024](#))
- 25 North East Combined Authority ([PDE0017](#))
- 26 Sheffield City Region Combined Authority ([PDE0016](#))
- 27 Stanton, Dr John ([PDE0007](#))
- 28 Sunderland City Council ([PDE0015](#))
- 29 The British Academy ([PDE0008](#))
- 30 The London Assembly ([PDE0021](#))
- 31 UK2070 Commission ([PDE0020](#))
- 32 Workers' Educational Association ([PDE0010](#))
- 33 West Yorkshire Combined Authority ([PDE0031](#))



# List of Reports from the Committee during the current Parliament

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All publications from the Committee are available on the [publications page](#) of the Committee's website.

## Session 2021–22

Number	Title	Reference
1st	The future of the planning system in England	HC 38
2nd	Local authority financial sustainability and the section 114 regime	HC 33
3rd	Permitted Development Rights	HC 32

## Session 2019–21

Number	Title	Reference
1st	Protecting rough sleepers and renters: Interim Report	HC 309
2nd	Cladding: progress of remediation	HC 172
3rd	Building more social housing	HC 173
4th	Appointment of the Chair of Homes England	HC 821
5th	Pre-legislative scrutiny of the Building Safety Bill	HC 466
6th	Protecting the homeless and the private rented sector: MHCLG's response to Covid-19	HC 1329
7th	Cladding Remediation—Follow-up	HC 1249