

Written evidence from DevoConnect (EDE 09)

Public Administration and Constitutional Affairs Committee The Evolution of Devolution: English Devolution

INTRODUCTION:

- DevoConnect is at the forefront of the devolution agenda. It is the leading consultancy focussed on shaping the debate on the economic benefits more and better English devolution could bring. We believe that devolving greater power away from Westminster to cities and regions will boost inclusive growth and reduce regional inequalities to the benefit of the public, business and third sectors.
- Chief Executive, Gill Morris, and Director, Steve Barwick, pioneered the formation of regional APPGs including Yorkshire and Northern Lincolnshire in 2012, West Midlands in 2016, Greater Manchester, East of England (both in 2017) and Liverpool City Region in 2018 to help connect regional voices with Westminster decision makers and influencers.
- DevoConnect were commissioned in 2019 by Lord Kerslake's UK2070 Commission to conduct a review and audit of leading decision makers' and influencers' views on the future of devolution in England. **The Devo 3.0 Review: Laying the foundations for more and better devolution** can be found on both the [DevoConnect](#) and [UK2070 Commission](#) websites.
- Gill Morris, founder of DevoConnect, and Steve Barwick, the lead author of the Devo 3.0 Review, would welcome the opportunity to give oral evidence to the PACA Committee. They both frequently speak and blog on the issue of the evolution of devolution – see [Six Key Tests to Judge the Devolution White Paper](#) and [What Will Happen to Devolution in 2020?](#)

THE DEVO 3.0 REVIEW:

- The Devo 3.0 Review was a detailed audit of devolution decision makers' and opinion formers' views of the strengths and weaknesses of the English Metro Mayoral model of devolution and sought to identify what in the long term more and better devolution looks like.
- 42 high profile participants - central to the future of devolution - were involved in the review. These included Metro Mayors, key local authority leaders, think tanks, advocacy groups, quangos and business associations as well as Parliamentarians from across the political spectrum.
- The Devo 3.0 Review focused on many of the key questions referenced in the Public Administration and Constitutional Affairs Committee's call for evidence. This submission details its relevant findings and also adds some observations based on DevoConnect's insight gained during the last 8 months.

DEVOCONNECT'S RESPONSE TO PACAC'S SPECIFIC EIGHT QUESTIONS:

1. Should there be comprehensive reform of the English devolution and local government system?

The overwhelming majority of respondents to the Devo 3.0 Review agreed that the Government's approach to English devolution should be more systematic and comprehensive.

The short term proposal to 'level up' Metro Mayor powers for all combined authorities was a good idea. However, in the longer term, there was strong support for a framework approach. The Review concluded that “the Government must set out a clear devolution framework, or continuum, showing the range of current Government powers and funding suitable for devolving and which can be accessed as capacity and competence, as well as leadership and demand, becomes available at the devolved level.”

The overwhelming majority - 34 out of 42 - also agreed or strongly agreed with the proposition that ‘Devolution deals should eventually cover the whole of England’. The 34 positive respondents were then asked to suggest what would be an appropriate timeframe for devolution to be rolled out across England: 21 respondents said ‘one term’, as in a single Government term of five years or less; 6 respondents chose two terms; 3 respondents chose three terms; 4 gave another answer.

Some of those who suggested ‘one term’ stated that this should happen as soon as possible, or similar. Lord Heseltine, for example, suggested ‘*yesterday*’ to emphasise the urgency of the task. The consensus was that goal should be to agree devolution deals across the whole of England by the end of 2024.

It is also worth noting that the review concluded “the next wave of devolution in England should **NOT** be conditional on local government reform [for example, unitarization] but ultimately what is needed is triple devolution: to local government; to the sub-regional (Mayoral) level; and to the sub-national level, i.e. the North, the Midlands, London and the wider South East.”

DevoConnect have been critical of reports that devolution will of necessity be linked to unitarization. It has also lamented the delay in the publication of the Devolution and Local Recovery White Paper. Our experience shows to us that devolution is one part of the solution to combatting the Covid 19 pandemic and delivering the recovery from recession. Progress towards devolution should therefore be speeded up not slowed down.

2. What aims and principles should underpin devolution in England?

The Devo 3.0 Review concluded there were 10 principles which should inform the next wave of devolution:

1. Devolution must be a top five priority for the Government which should be **clear** about the purposes of devolution: supporting a new Treasury objective of rebalancing the economy geographically; creating more democratic governance; and the better delivery of public services.

2. The Government needs to have a **coherent and systematic approach** to devolution. The goal should be to agree devolution deals across the whole of England in the next five years.
3. The Government should commit to a **national dialogue** on the benefits of, and need for, devolution as well as a programme of **focused dialogue** with sub regional partners.
4. In the short term, there is a need for a **settlement with existing elected Mayors** focused on the devolution of all adult skills funding and powers; NIC's recommendation on devolving transport and other infrastructure spending; and some elements of fiscal devolution.
5. In the medium term, the Government must set out a **clear devolution framework**, or continuum, showing the range of current Government powers and funding suitable for devolving and which can be accessed as capacity and competence, as well as leadership and demand, becomes available at the devolved level.
6. The Government should publicly acknowledge that devolution is a process as well as a principle: something that can, and will, only be delivered in **partnership** with existing elected Mayors and local government as well as business and other stakeholders.
7. The next wave of devolution in England should **not** be conditional on local government reform but ultimately what is needed is **triple devolution**: to local government; to the sub-regional (Mayoral) level; and to the sub-national level, i.e. the North, the Midlands, London and the wider South East.
8. The next wave of devolution must *not* be 'half hearted' nor 'one size fits all'. Devo 3.0 needs to signify **the end of imposed blueprints** and shift the emphasis towards local and sub-regional partners taking the lead in agreeing deals. The Metro Mayoral model should not be the only model permitted.
9. A number of important issues need to be better understood and addressed: the **diversity deficit**, especially regards gender; and the arrangements for **scrutiny** of devolved structures at the sub-regional or city region level, as well as Westminster and Whitehall levels.
10. A Secretary of State should be appointed to lead the **implementation** of devolution. All Government Departments - including HMT and relevant quangos – need to be genuinely committed to the principle, and support the process, of devolution and rebalancing the economy.

3. Should devolution in England use the reserved powers to bring it in line with devolution in the rest of the UK?

No. It is accepted that there is a difference between regions/city-regions and nations. Devolution must be allowed to evolve and it will take different forms in different places. No

blueprint should be imposed although some features of the devolved powers that nations already have – for example fiscal devolution – should be considered for the devolved structures in England.

It is absolutely necessary for the Government to be proactive on this devolution agenda, encouraging and facilitating deals and showing a genuine commitment to devolve as demand emerges.

4. To what extent should there be consistency in devolved and local governance within England, and to what extent is asymmetry necessary?

The Review concluded that “The next wave of devolution must *not* be ‘half hearted’ nor ‘one size fits all’. Devo 3.0 needs to signify the end of imposed blueprints and shift the emphasis towards local and sub-regional partners taking the lead in agreeing deals. The Metro Mayoral model should not be the only model permitted.” Some level of asymmetry has to be accepted as an inevitable consequence of genuine ‘bottom-up’ devolution.

5. What is the purpose of current the “devolution” deals and mechanisms? Are these purposes being achieved?

The overwhelming majority of those participating in the Devo 3.0 Review considered that the Metro Mayoral model was working well or very well. It was felt that Metro Mayors are delivering three key benefits:

- joined up, longer term policy solutions
- better accountability and leadership
- by doing politics at the level of a place, they are ensuring more engagement

However, the overwhelming majority involved in the Devo 3.0 Review disagreed that existing devolution arrangements provided sufficient powers and funding to Metro Mayors. They also disagreed that it is right for the Government to be cautious in limiting the scope of devolution.

Asked about the weaknesses of the existing city region Metro Mayoral or combined authority models one anonymous contributor typified many responses when stating: ‘there is a lack of resources and an ongoing reliance on centralised decision making from Westminster.’ There were also comments from a Conservative and Labour Mayor respectively such as ‘trying to pedal with the brakes on’ and ‘holed below the water line.’ One Mayoral office spelt out why it currently feels like ‘devolution with strings attached’:

The Combined Authority’s policy toolkit is incomplete, meaning we occasionally have to compromise fidelity or clarity, or make circuitous arguments for investment - for example in the areas of wellbeing and environmental action. The lack of sustainable funding is a significant barrier - this relates to capital, revenue and admin. It makes it complicated to plan long term investment strategies and pipeline with full confidence in their delivery. Similarly, reporting lines between sub-regional and national government are complex.

The relationship with Departments is positive but still suffers from a client/master deficit.

The Mayor of London's Office condemned the inability to levy taxes to meet the needs of the city: 'Other cities around the world have way more freedom.' Henri Murison, Director, Northern Powerhouse Partnership, answered the question regarding weakness succinctly: 'The lack of significant meaningful fiscal devolution'. Andy Burnham, Mayor of Greater Manchester, pointed to a fundamental problem with current arrangements:

A Mayor inevitably creates expectations as a focal point for complaining but has not got the powers and funding, for example on transport, so you have accountability without genuine responsibility.

One respondent referred to this as the 'devolution deception' – the mismatch whereby a Mayor is held accountable for an issue but does not have the powers or funding to properly address - improve or reform - the issue. Sir John Armitt, Chair of the NIC, put it this way:

Not sure I would want to put myself up for that role without the fiscal freedom/financial wherewithal to ensure I could deliver. Politically Mayors are in a difficult position.

The Devo 3.0 Review concluded that the Government should provide Metro Mayors with a positive and determined, permissive and flexible, approach to devolution; more powers; and more funding including fiscal devolution. It was noted Sir Howard Bernstein called for 'a structured approach to functional and fiscal devolution - not a "one size fits all" approach but one which is related to earned autonomy.'

The Committee may also like to be aware that the independent and cross party inquiry into the value and accountability of devolved health systems - [the Health Devolution Commission](#) – recommended in its final report '**Building back health and prosperity**' that the Government should "create a permissive legislative framework that enables locally determined proposals for health devolution to be brought forward in Metro Mayor areas, Combined Authority areas with no Metro Mayors and non-Combined Authority areas." It also recommended that "a statutory public health improvement role is placed on all Metro Mayors. " In other words, the same statutory remit that the Mayor of London has.

DevoConnect would add that the evidence emerging from the national response to the pandemic, and to taking forward the recovery from recession, has shown that greater devolution of responsibility of leadership and for delivery would have been beneficial. Overall there is need for national Government to adopt more of a partnership approach with local and combined authorities.

6. How should decisions on English devolution be agreed?

As indicated above there is a need to shift the emphasis towards local and sub-regional partners taking the lead in agreeing deals. There is also the need for a framework approach which shows how far devolution could go and which details the opportunities (funding and powers) and the challenges (risks) that go with having more responsibility.

The Government should therefore publicly acknowledge that devolution is a process as well as a principle: something that can, and will, only be delivered in partnership with existing elected Mayors and local government as well as business and other stakeholders.

7. How should the interests of different parts or regions of England be better represented to central government and in intergovernmental arrangements as well as in Parliament?

The Devo 3.0 Review concluded that a Secretary of State should be appointed to lead the implementation of devolution. All Government Departments - including HMT and relevant quangos - need to be genuinely committed to the principle, and support the process, of devolution and rebalancing the economy.

In addition, the Government must state that Devolution is a top five priority for the Government and be clear about the purposes of devolution. These should be: to support a new Treasury objective of rebalancing the economy geographically; creating more democratic governance; and the better delivery of public services.

DevoConnect subscribe to the view that the long overdue reform of the House of Lords should consider a Senate structure which includes representatives of each of the sub regions, regions and nations of the UK elected by some form of proportional representation. This would ensure a more devolved approach to Governance were enshrined in the functioning of Parliament.

8. Is there a public demand for such structures/measures? On what basis should the form, geography and extent of devolved regions or areas be determined, and what should be the role of culture and identity?

In our experience, there is a strong sense that devolution is popular when it provides real powers - in other words the opportunity to affect change - and not just 'the transferring of responsibility for liabilities in a cost cutting exercise' as was suggested by one contributor to the Review. Transport, adult skills (16 plus) and housing were most commonly referenced although Metro Mayors were also seen as having a key role in reducing inequalities and they was some support for them to deliver inclusive growth with a focus on employment and skills more generally and health.

The recent discussions about the support available to different areas as they move into different lockdown tiers also demonstrated the popularity of Metro Mayors, who were able to provide a figurehead and leadership role.

There is no doubt that in the current policy and political context a short term settlement with existing elected Mayors - focused on providing deeper devolution for the devolution of all adult skills funding and powers; NIC's recommendation on devolving transport and other infrastructure spending; and some elements of fiscal devolution – would be extremely popular both nationally and in the areas concerned.

There is also a need to increase democratic participation in devolved decision making. The Devo 3.0 Review concluded that the top three actions Metro Mayors should take are:

consulting the public directly on decisions; increasing the visibility of decisions and the impact they have; and the devolution of further powers (increasing the importance of the decisions made.)

Regarding the shape and form of English devolution, as discussed in our response to question four, some level of asymmetry has to be accepted as an inevitable consequence of genuine 'bottom-up' devolution. This is in part because of the inevitable importance of identity and culture in the creation of lasting devolved structures.

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