



BRIEFING PAPER

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Devolution to local government in England

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Summary

This note summarises the main developments regarding the process of devolution of powers to local government. It covers the devolution deals agreed to date between the Government and local areas, including the powers to be devolved, the procedures required for devolution to take place, and reactions to the policy from the local government and policy-making worlds.

This note addresses the debate around devolution of power to local government in England only. Local government is a devolved matter in Scotland, Wales and Northern Ireland. The Library has also published notes on the [West Lothian Question; the English Question; English Votes for English Laws](#); and notes on the introduction of the [Cities and Local Government Devolution Bill](#), and on its [progress through Parliament](#).

1. Devolution in England: inception

1.1 Background: 2010-15

Following the 'no' vote in the September 2014 Scottish independence referendum, the Prime Minister announced that, alongside proposals for additional devolution to Scotland, Wales and Northern Ireland:

It is also important we have wider civic engagement about how to improve governance in our United Kingdom, including how to empower our great cities — and we will say more about this in the coming days.¹

This followed the production of several reports during 2014 making proposals for the transfer of additional powers to local authorities, or to local areas. These built upon the 2012 report [*No Stone Unturned: in Pursuit of Growth*](#) ('the Heseltine report'), which recommended the merging of various funding streams to provide much greater local responsibility for economic development. Efficiency in public service provision, triggered by continuing reductions in local government funding, was also prioritised within the more recent reports. Changes proposed include:

- Giving new powers in specific policy areas to local authorities;
- The transfer of additional budgets alongside those powers;
- Enhanced power over local taxes (council tax and business rates), additional local taxation powers, and more flexibility around borrowing and financial management;
- The creation of combined authorities and/or directly-elected mayors.²

More details of these proposals can be found in the Library briefing papers [Local government devolution: policy proposals](#) and [Local government devolution: fiscal proposals](#).

1.2 Devolution deals

The first 'devolution deal' was announced by the Government and the Greater Manchester Combined Authority in November 2014. In advance of the 2015 general election, further deals followed with Sheffield (December 2014) and West Yorkshire (March 2015).

Following the 2015 General Election, the Chancellor, George Osborne, gave a speech on 14 May in which he said that a 'Cities Devolution Bill' would feature in the 2015 Queen's Speech:

...a central part of our Queen's speech will be a bill to enable a radical new model of city government.

Here's the deal:

We will hand power from the centre to cities to give you greater control over your local transport, housing, skills and healthcare.

¹ See BBC, [David Cameron's statement on the UK's future](#), 19 September 2014

² See the Library briefing papers on [combined authorities](#) and [directly-elected mayors](#).

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And we'll give the levers you need to grow your local economy and make sure local people keep the rewards.

But it's right people have a single point of accountability: someone they elect, who takes the decisions and carries the can.

So with these new powers for cities must come new city-wide elected mayors who work with local councils.

I will not impose this model on anyone. But nor will I settle for less.

London has a mayor.

Greater Manchester has agreed to have a mayor as part of our Northern Powerhouse - and this new law will make that happen.

My door now is open to any other major city who wants to take this bold step into the future.

This is a revolution in the way we govern England.³

As of March 2016, devolution deals with eleven areas have been agreed. Discussions have also taken place on further devolution to Greater London. Table 1 below sets out the details of the devolution deals agreed as of March 2016, including links where available.

Table 1: Devolution deals

	Devolution deal agreed	Bid document
Greater Manchester	3 Nov 2014 27 Feb 2015 8 Jul 2015 25 Nov 2015 16 Mar 2016	n/a
Sheffield City Region	5 Oct 2015 12 Dec 2014	n/a
West Yorkshire	18 Mar 2015	n/a
Cornwall	27 July 2015	March 2015
North-East	23 Oct 2015	2015 (undated)
Tees Valley	23 Oct 2015	Not published
West Midlands	17 Nov 2015	July 2015
Liverpool City Region	17 Nov 2015 16 Mar 2016	2015 (undated)
East Anglia	16 Mar 2016	4 Sep 2015 (Suffolk);
West of England	16 Mar 2016	4 Sep 2015
Greater Lincolnshire	16 Mar 2016	4 Sep 2015

³ HM Treasury, "[Chancellor on building a Northern powerhouse](#)", 14 May 2015

1.3 Powers to be devolved

The main powers that Government has agreed to devolve in multiple areas in the devolution deals agreed to date can be found in the Appendix. A number of core powers have been made available to most areas, whilst most areas have also been provided with one or more unique responsibilities (see section 3.1).

To have their proposals taken into account in the autumn 2015 Spending Review, any further proposals for devolution from local areas were required to be submitted to the Treasury by 4 September 2015. In the event, four deals were announced in advance of the Spending Review, but none as part of the Review itself. The Government indicated that departments of state were expected actively to consider devolving powers wherever possible:

3.15 The government is committed to building strong city regions led by elected mayors, building on the ground-breaking devolution deal with Greater Manchester in November 2014. The Chancellor has asked all relevant Secretaries of State to proactively consider what they can devolve to local areas and where they can facilitate integration between public services....

3.16 As part of the Spending Review, the government will look at transforming the approach to local government financing and further decentralising power, in order to maximise efficiency, local economic growth and the integration of public services.⁴

1.4 Ratification of deals

Devolution deals have been negotiated in private between Government teams and local authority leaders. Once the deal document has been agreed and published, each council involved must then itself approve its participation in the deal. This has been referred to by some reports as 'ratification'.

Commonly the majority of councillors are not provided with information on a devolution deal until the final document is published. Some have, at that point, expressed scepticism about the deal. Cambridgeshire County Council voted against accepting the East Anglia deal by 64 votes to 1 on 21 March 2016. In March 2016, Sunderland, Durham, South Tyneside and Gateshead have postponed a final decision on the North-East devolution deal.

There have been reports that the Government has set a deadline for all existing deals to be ratified by 30 June 2016, though it is not clear what happens if that deadline is not met.⁵

1.5 Implementation of deals

Many aspects of the deals are to be implemented via Orders under the [Cities and Local Government Devolution Act 2016](#).

⁴ HM Treasury, [A country that lives within its means](#), 2015, p. 15

⁵ Jon Bunn, "Cambridgeshire has 'mountain to climb' to agree East Anglia deal", [Local Government Chronicle](#), 1 April 2016

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Orders under the 2016 Act must be approved by both Houses of Parliament (the 'affirmative procedure'). They must then be 'made' by the Secretary of State. At this point, new combined authorities – or changes to existing ones - will formally come into existence.

Many elements of the devolution deals do not concern statutory functions, and as such will not need to be implemented via Orders. Some commitments in the devolution deals so far have already been implemented (for examples, see section 2.6 below).

At the time of writing, two orders have been made under the 2016 Act: one for an elected mayor of Greater Manchester, and one for the Tees Valley combined authority.⁶ The Tees Valley order does not include provision for the agreed elected mayor: this will be implemented via a further Order at a later date.

1.6 Deals under negotiation

The Government received [38 bids for devolved powers](#) by 4 September 2015.⁷ Some areas have published bids or 'prospectuses'. The existence of a published document does not guarantee that the Government will agree a deal with the area: indeed, some documents explicitly state that they are intended to begin a discussion with Government rather than representing a final position. Some areas are seeking to establish combined authorities and/or directly-elected mayors, whilst some are not.⁸

The *Local Government Chronicle* has produced [a map of the state of play](#) in different parts of England as of December 2015. Deals are under negotiation in [Derbyshire and Nottinghamshire](#) (since agreed in draft as the '[North Midlands](#)'); [Hampshire / Isle of Wight](#) (though alternative negotiations with the urban South Hampshire region have also been reported in March 2016)⁹; [Gloucestershire](#); and [Cumbria](#). Devolution bids, or expressions of interest / prospectuses, have also been published in [Leicestershire](#); [North and East Yorkshire](#); [Surrey and Sussex](#); [Greater Essex](#); [Devon / Somerset](#); and [Cheshire and Warrington](#).

⁶ See the [Tees Valley Combined Authority Order 2016](#) (SI 2016/449); the [Greater Manchester Combined Authority \(Election of Mayor with Police and Crime Commissioner Functions\) Order 2016](#) (SI 2016/448); also the debates on the orders at [HLDeb 23 Mar 2016 c2412](#)

⁷ This figure included bids from Cardiff, Edinburgh, Aberdeen, and Inverness; and the deals that had already been agreed with Greater Manchester, Sheffield, West Yorkshire and Cornwall. The geographical areas of some of the bids overlapped with one another e.g. North and East Yorkshire vs West Yorkshire.

⁸ See David Paine, "Power to shape economies tops devolution demands", [Local Government Chronicle](#), 17 September 2015. The online page also includes a link to a spreadsheet showing which powers each area has bid to take over.

⁹ Mark Smulian, "Minister invites separate devo bid from South Hampshire", [Local Government Chronicle](#), 29 February 2016

2. The Greater Manchester devolution deals

This section outlines the devolution deals agreed with the Greater Manchester Combined Authority.

2.1 The Greater Manchester Agreement

The [Greater Manchester Agreement](#) set out proposed new powers for the [Greater Manchester Combined Authority \(GMCA\)](#).¹⁰ A directly-elected mayor will be established for the whole Greater Manchester area. The first mayoral election will take place in 2017, the next in 2020, followed by four-yearly terms. The elected mayor would receive the following powers and resources:

- A consolidated, multi-year transport budget;
- Responsibility for franchised bus services, railway stations, and 'smart ticketing' (an example of this is London's Oyster Card) in Greater Manchester;
- A Housing Investment Fund of £300m over 10 years, making loans to housebuilders (and thus being self-sustaining over time);
- The power to produce a statutory spatial strategy, equivalent to the power of the Mayor of London: this would be subject to unanimous approval by the 'combined authority cabinet' (i.e. the ten leaders of the combined authority's member authorities);
- An enhanced form of the Manchester 'earn-back' agreement;
- The elected mayor will also become the Police and Crime Commissioner for Greater Manchester.¹¹

Meanwhile, the GMCA itself will receive the following additional powers and resources:

- Devolved business support budgets: the Growth Accelerator, Manufacturing Advice Service and UKTI Export Advice;
- Power to restructure further education in Greater Manchester, plus control of the Apprenticeship Grant for Employers;
- Joint commissioning, with the Department for Work and Pensions, of the next stage of the Work Programme;
- Control over the housing investment fund and the earn back deal, subject to the requirements set out in the *Agreement*, before these transfer to the mayor once s/he is elected.¹²
- The opportunity to plan the integration of health and social care (see also section 2.2).¹³

The new elected mayor will be subject to scrutiny by the existing scrutiny committee of the GMCA: the '[GMCA Scrutiny Pool](#)', made up of 30 non-executive councillors drawn from the ten Manchester boroughs.

¹⁰ See also a Written Ministerial Statement at [HCDeb 3 Nov 2014](#) c36-7WS

¹¹ HM Treasury, [Greater Manchester Agreement](#), November 2014, p. 1

¹² *Ibid.*, p. 5

¹³ *Ibid.*, p. 1

The Government passed an amending Order to create an eleventh member of the GMCA (alongside the ten borough leaders) to be the 'interim mayor' until the first mayoral election. Tony Lloyd, currently Greater Manchester Police and Crime Commissioner, was appointed to the post (by the existing members of the GMCA) on 29 May 2015.¹⁴

2.2 Health devolution in Greater Manchester

The Government published the [Greater Manchester Health and Social Care Devolution Memorandum of Understanding](#) on 27 February 2015.

This paper envisaged a new Greater Manchester Health and Social Care Partnership Board (GMHSPB), which will produce a joint health and social care strategy for Greater Manchester. The GMHSPB ran in shadow form in 2015-16, before going live in April 2016. It has two sub-groups: a Greater Manchester Joint Commissioning Board (JCB) and an Overarching Provider Forum. Members of the former are the 12 Clinical Commissioning Groups (CCGs) in Greater Manchester; the 10 Greater Manchester boroughs; and NHS England. Members of the latter are service providers: acute care trusts, mental health trusts, ambulance trusts, LMCs (local medical committees), and others.

Through the JCB, strategic decisions regarding commissioning of health and social care services in Greater Manchester will be agreed by NHS England, CCGs, and local political actors. The JCB will commission health and social care services across Greater Manchester on behalf of its constituent organisations, pooling the pooled commissioning budgets of the CCGs and the social care budgets of the boroughs.

At local (borough) level, Health and Wellbeing Boards, made up of representatives from CCGs and boroughs, will ensure that health and social care services are provided in a joined-up fashion, in line with the GMHSPB's Strategic Sustainability Plan. The proposals will not lead to a wholesale transfer of functions or funds from the NHS to local authorities, or vice versa. Chris Ham, chief executive of the Kings Fund, stated:

Devolution to Greater Manchester should enable decisions to be taken much closer to the population being served, with councillors having a bigger influence on future decisions. ...The unanswered question is how much freedom public sector leaders will have to depart from national policies in taking greater control of NHS resources.¹⁵

These proposals are being implemented via section 75 of the *National Health Service Act 2006*, which permits agreements to share functions and budgets between NHS bodies and local authorities. The elected mayor will not have any formal control over the integration of health and social care. The GMHSPB has appointed its own chief executive, Jon Rouse, as of 31 March 2016.

¹⁴ See the [Greater Manchester Combined Authority \(Amendment\) Order 2015](#) (SI 2015/960). The interim mayor must be a councillor, MP, MEP or Police and Crime Commissioner in the Greater Manchester area.

¹⁵ Chris Ham, "What Devo Manc could mean for health, social care and wellbeing in Greater Manchester", [Kings Fund](#), 2 March 2015

The chief executive of the NHS, Simon Stevens, said in December 2015 that 'not many' other areas were likely to take on health responsibilities in the near future. So far, the only other areas to take steps in this direction are Cornwall and some London boroughs.¹⁶ A document entitled [NHS Devolution: Proposed Principles and Decision Criteria](#), published in September 2015, sets out the NHS's preferred approach to proposals for health and social care integration.

2.3 Further proposals: July 2015 budget

The July 2015 Budget made additional proposals for devolution of power to Greater Manchester:

- The Greater Manchester Fire Service will be abolished and its functions transferred to the Mayor.¹⁷ The Fire Service is currently managed by a joint board of the ten Greater Manchester boroughs, having previously been run by the former metropolitan county;
- A Greater Manchester Land Commission will be established. This reflects recent Government interest in taking a more strategic approach to the management of public sector land. The idea builds on the Government's '[One Public Estate](#)' programme, which seeks to bring public bodies together to rationalise the management of public sector-owned land and buildings;
- The Mayor is to be given powers to introduce Mayoral Development Corporations, similar to those which exist in Greater London; and to make Compulsory Purchase Orders, with the agreement of the borough in which a CPO is made;
- Further discussion regarding joint working between central government and Greater Manchester on children's services and employment programmes, including "greater local flexibility in employment and skills programmes generally";¹⁸
- The Government published a consultation on the devolution of powers over Sunday trading hours to elected mayors and/or local authorities.¹⁹ This plan has since been dropped, after the Government was defeated in the House of Commons on an amendment to the *Enterprise Bill* on 9 March 2016.²⁰

The Government also agreed, on 12 August 2015, to pass control over European Union structural funds to the GMCA. It will become an 'intermediate body' as of 1 April 2016, giving it the power to decide on the allocation of EU structural funds in the Greater Manchester area.²¹

¹⁶ David Williams, "Exclusive: Stevens casts doubt over NHS devolution outside Manchester", *Health Service Journal*, 14 Dec 2015

¹⁷ See HM Treasury, [Further devolution to the Greater Manchester Combined Authority and directly-elected Mayor](#), July 2015, p. 3

¹⁸ *Ibid.*, p. 4

¹⁹ DCLG / BIS, [Consultation on devolving Sunday trading rules](#), July 2015

²⁰ See [HCDeb 9 Mar 2016 c371-4](#); also the Library briefing [Shop opening hours and Sunday trading](#).

²¹ See David Paine, "Greater Manchester to get control of £300m European funding", [Local Government Chronicle](#), 12 August 2015

2.4 Spending Review 2015

The 2015 Spending Review announced the following further powers for the GMCA:²²

- Power to impose a community infrastructure levy (CIL) on new properties in its area. This power is already available to local authorities and the Greater London Authority. See the Library briefing paper [Community Infrastructure Levy](#) for further details of how CILs work;
- Clarity that the elected mayor of Greater Manchester will be able to set a business rates supplement, subject to LEP agreement: this has formed part of many devolution deals since November 2014;
- Joint working with the British Business Bank to support Greater Manchester small and medium enterprises (SMEs);
- An 'integrated approach' to children's services. This is likely to consist of increased joint working between local authority departments;
- Further discussion on devolution of 16-18 vocational education and adult skills funding;
- Continued working on devolving power over railway stations; examining housing regulatory reform; tailoring national energy programmes; and a science and innovation audit.

2.5 Budget 2016

The March 2016 Budget announced the following additional powers for the GMCA:

- Bringing together work on Troubled Families, Working Well, and the Life Chances Fund into a single Life Chances Investment Fund;
- work with the Government and PCC on joint commissioning of offender management services, youth justice and services for youth offenders, the courts and prisons estates, 'sobriety tagging', and custody budgets;
- taking on adult skills funding (in contrast to other devolution deals, Greater Manchester had previously held back from this, unconvinced of the benefits);
- further discussion over approaches to social housing.

Greater Manchester (along with Liverpool and possibly Greater London) will pilot 100% retention of business rates as of 1 April 2017, in advance of this being extended to the whole of England by 2020. In parallel, a Government consultation is expected on this in summer 2016.

2.6 Progress in Manchester

Progress towards the delivery of the Manchester package has been tracked in a number of media reports during 2015:

- The GMCA has increased the funding available through the devolved Apprenticeship Grant for Employers, with the help of a

²² See HM Treasury, [Spending Review and Autumn Statement 2015 update: further devolution to the Greater Manchester Combined Authority and directly-elected Mayor](#), December 2015

- £7m grant from BIS and DfE. Businesses with up to 250 employees can receive up to £3,500 per qualifying apprentice aged between 16 and 24, compared with £1,500 elsewhere;²³
- Transport for Greater Manchester was reported in August to have cancelled its contract with the expected provider of the smart ticketing system;²⁴
 - A spatial development framework is being established via agreement between the ten boroughs, under section 28 of the *Planning and Compulsory Purchase Act 2004*. The GMCA states that this will become the responsibility of the elected mayor by 2017;²⁵
 - A [Greater Manchester Investment Fund](#), making business loans of up to £5m across the area, has been established;
 - A pilot of seven-day-per-week access to GPs is to be extended to the whole of Greater Manchester by the end of 2015, under the joint health and social care arrangements;²⁶
 - £66.3 million in loans has been committed by the Greater Manchester housing fund;²⁷
 - Public Health England state that they are “working with academia in Greater Manchester... to both drive innovation and best practice and to share this new knowledge with others”.²⁸

A [dedicated website](#) covering new arrangements for health and social care has also been established. This states that the early priorities of the new bodies will be: seven-day access to GPs (noted above); children’s mental health; mental health and work; better care for dementia sufferers; a joint public health strategy; and aligning the workforce policies of health provider organisations. Greater Manchester has also been awarded £450 million health service transformation funding over five years.²⁹

²³ David Paine, “Devolved budget funds new Manchester apprenticeship scheme”, [Local Government Chronicle](#), 31 July 2015

²⁴ Josh Halliday, “Manchester ‘Oyster card’ in chaos as contractor admits it cannot deliver”, [Guardian](#), 6 August 2015.

²⁵ GMCA, [Work on Greater Manchester Land Plan Reaches Latest Milestone](#), 28 July 2015

²⁶ Manchester City Council, [“Devolution set to propel seven day primary care coverage across Greater Manchester”](#), 10 June 2015

²⁷ Place North West, [GM housing fund commits £66m](#), 2 September 2015

²⁸ Mel Sirotkin, “Greater Manchester Devolution – the public health revolution”, [Public Health England](#), 14 August 2015

²⁹ David Paine, “Greater Manchester receives £450m to spur health transformation”, [Local Government Chronicle](#), 21 Dec 2015

3. Devolution deals in other localities

3.1 Deals: the 'menu'

The devolution deals agreed to date can be characterised as consisting of a 'menu with specials'. A number of items have been made available to most areas, but each deal also contains a few unique elements or 'specials' (typically consisting of commitments to explore future policy options). The following sections outline the nature of the 'menu' powers that have been made available to most of these areas. The exact nature of the powers devolved can be seen in the deal documents (see section 1.2 for links).

The devolution deals agreed so far have many similarities in terms of powers to be devolved. The core powers devolved include the following:

- **Restructuring the further education system.** This typically consists of local commissioning of the Adult Skills Budget from 2016-17, followed by full devolution of the budget from 2018-19. Areas will be required to undertake a full review of further education and skills provision, and to have agreed arrangements with the Government for managing financial risk. Some areas will also take on the Apprenticeship Grant for Employers.
- **Business support.** In most areas, local and central business support services will be united in a 'growth hub'. UK Trade and Investment will be required to partner with local business support services. In some areas, funding for trade services, Manufacturing Advisory Service, and/or GREAT Britain funding will be ring-fenced. Many deals have agreed a "devolved approach" to business support services from 2017.
- **The Work Programme.** This is the Government's main welfare-to-work programme. Unemployed people claiming Jobseeker's Allowance (JSA) or Employment and Support Allowance (ESA) are referred on to the programme from their local Jobcentre Plus, and remain on the programme for up to two years. The scheme is run by providers who have the freedom to introduce and implement their own ideas and schemes to help unemployed participants find work. Providers are paid by results. Many areas are to jointly develop a programme for 'harder-to-help' benefit claimants.
- **EU structural funds.** A number of areas are to become 'intermediate bodies', which means that they, instead of the Government, will be able to take decisions about which public and private bodies to give EU structural funds to. Local areas will be able to link these funding decisions to investment decisions they make in other devolved areas, such as further education and business support, provided their decisions remain within the terms of the EU structural funding agreement.
- **Fiscal powers.** Many deals include an investment fund, often of £30 million per year. The division of this fund into capital and revenue elements varies between areas. The power to retain 100% of business rates growth also appears in a number of deals. Elected mayors will have the power to add a supplement of up to

2p on business rates, with the agreement of the relevant Local Enterprise Partnership.

- **Integrated transport systems.** Many deals include the power to introduce bus franchising, which would allow local areas to determine their bus route networks and to let franchises to private bus companies for operating services on those networks (see the Library briefing paper [Buses: franchising](#) for further details).³⁰ Multi-modal 'smart ticketing' systems, akin to the Oyster Card in London, are to be introduced. Each deal also includes a unified multi-year transport investment budget, and most commit to improving joint working between the combined authority and Network Rail, Highways England, and (where relevant) plans for the HS2 line. Some deals include passing a 'key network of local roads' to the combined authority: this is a power that is currently exercised at local authority level.
- **Planning and land use.** Many deals include the power to create a spatial plan for the area, and/or the power to establish Mayoral Development Corporations. Each of these powers is available in Greater London. Some deals will also permit the combined authority to use Compulsory Purchase Orders, with the consent of the local authority in which the land or property is located. Non-statutory joint bodies ('Land Commissions' or 'Joint Asset Boards') will be established to improve the management of surplus land and buildings across public sector bodies, making joint decisions on whether to re-use, share, or sell unused land and buildings within the public estate.

The three deals announced at the 2016 Budget follow this pattern closely, with fewer of the unique features that characterised many of the earlier deals.

The following sub-sections set out the main features of the deals that vary from this pattern.

3.2 The Cornwall devolution deal

A devolution deal with Cornwall was agreed in July 2015.³¹ The deal was agreed with Cornwall Council and the Cornwall and Isles of Scilly NHS Trust. The deal does not require a combined authority or elected mayor to be established.

This is the only deal so far to be agreed with a single unitary authority: the powers to be devolved will be devolved to Cornwall County Council. The deal follows Cornwall Council's publication of a document entitled [The Case for Cornwall](#) in March 2015. Under the deal, the following powers will be transferred:

- Devolution of local transport funding and of power to franchise bus services, subject to primary legislation permitting this to be done and to public consultation in Cornwall: this will be accompanied by the introduction of a smart ticketing system;
- Joint working to "reshape further education training and learning provision for adults", with the new system to begin in 2017. This

³⁰ Powers to do this are expected to be introduced via a *Buses Bill*, expected to pass through Parliament during the 2015-16 session.

³¹ HM Treasury, [Cornwall Devolution Deal](#), July 2015

- will include aligning the Adult Skills and Adult Community Learning budgets with local funding for further education;
- Discussions with local partners to improve outcomes for Employment and Support Allowance claimants, and identifying new apprenticeship opportunities;
- Cornwall Council to have intermediate body status for EU Structural Funds, giving it the power to select projects for funding from April 2016;
- Government and Cornwall Council will work together to integrate local and national business support services, aimed at a “devolved approach” from April 2017;
- Proposals to be invited for a low carbon enterprise zone related to geothermal energy, plus joint working with the Government on energy efficiency in homes and community energy projects;
- Cornwall Council and local health bodies to produce a business plan for the integration of health and social care provision;
- Enhanced joint working regarding land and buildings owned by the public sector in Cornwall, including the NHS and the Homes and Communities Agency, building on the work of the Cornwall Property Board;
- Establishment of a Cornish Heritage Environment Forum.

3.3 London devolution agreements

In December 2015 the Government agreed a series of pilots around health and social care collaboration with groups of London boroughs, in partnership with the Greater London Authority (GLA) and London CCGs.³² NHS England and Public Health England are also fully involved. The London-based partners have also signed a [London Health and Care Collaboration Agreement](#), committing them to joint working regarding health and care services.

In London, a joint London Health Board is to supervise five pilot schemes for the integration of health and care. The pilots will focus on local integration of services (using section 75 of the NHS Act 2006 to pool funding, as in Greater Manchester); utilisation of estate assets, working with the London Land Commission; and transformation at a sub-regional level.

The London Health Board will also work with the Working Capital team in the GLA, which has begun a programme of supporting the hardest-to-help claimants into employment. There is a particular focus on mental health in the London context. European Social Fund money (also devolved to the GLA) is also being used.

The London boroughs, together with the GLA, have also put forward a number of plans for sub-regional devolution within London.³³ Most recently, in November 2015, a joint document produced by the Mayor, London Councils, and the London LEP, entitled [Skills Devolution to](#)

³² HM Treasury, [London health devolution agreement](#), 15 December 2015. See also Heather Jameson, “‘Giant leap’ for capital care after health deal is unveiled”, *Municipal Journal*, 17 Dec 2015

³³ These proposals have not been formally published. See also the London Assembly report [A New Agreement for London](#), September 2015

[London](#), was submitted to the Government. This contained a series of high-level outcomes sought for the skills system in London by 2020, and set out a prospectus for devolving power in order to achieve them:

- Devolution of the Adult Skills Budget, Adult Community Learning, and discretionary support for 19+ learners;
- Devolution of London's share of advanced learning loans;
- A guaranteed 'proportionate return' to London from the apprenticeships levy introduced at the 2015 Spending Review;
- Transfer of the Secretary of State's appointment powers over college boards;
- Protection of London's share of 16-19 skills funding;
- Creation of a Skills Commissioner for London.

3.4 The West Yorkshire devolution deal

The Chancellor of the Exchequer, George Osborne, announced a devolution deal with the West Yorkshire Combined Authority in the 2015 Budget on 18 March 2015. The deal "sees the Combined Authority take further responsibility over skills, transport, employment, housing and business support".³⁴ This includes:

- Reform the further education system in West Yorkshire, to be done jointly by the combined authority and the Government (BIS, DfE, SFA and EFA);
- Devolution of the Apprenticeship Grant for Employers (AGE);
- Consultation with the Department for Work and Pensions regarding joint commissioning of the next phase of the Work Programme, from 2017;
- National and local spending on business support to be aligned through the Leeds City Region Growth Hub, with more devolution of support from 2017 onwards; closer working with UKTI and the newly created LEP International;
- More control for the Leeds City Region over the delivery of local transport schemes; improved liaison with Highways England regarding investment in the strategic highways network; infrastructure works to be aligned with Leeds City Region's investment strategy for rail stations;
- Reconfiguration of the city region's Joint Assets Board with the Homes and Communities Agency (HCA); development of a joint Asset and Investment Plan.

The agreement states that:

In the event of any future agreement, West Yorkshire Combined Authority will consult on options for enhanced governance, decision-making and delivery arrangements that will be mutually agreed with Government.³⁵

³⁴ HM Treasury, [Budget 2015](#), 2015, p. 73

³⁵ HM Treasury, [Leeds City Region and West Yorkshire Devolution Agreement](#), 2015, p. 5

A media report in November 2015 suggested that disagreements over boundaries and the question of a directly-elected mayor have so far prevented a more extensive devolution deal for the area.³⁶

Sheffield: the December 2014 deal

The West Yorkshire deal is similar to the first Sheffield City Region deal, published on 12 December 2014.³⁷ Powers included in this deal were:

- The majority of the Adult Skills budget, and the Apprenticeship Grant for Employers, which will be used to 'build a new skills system';
- The opportunity to introduce 'Oyster-style' smart ticketing on the city-region's public transport system; funding for the Sheffield-Rotherham tram-train pilot; exploring the possibility of greater control over local transport schemes;
- Consultation with the Department for Work and Pensions regarding joint commissioning of the next phase of the Work Programme, from 2017;
- Close working between UK Trade & Investment and the Sheffield Local Enterprise Partnership; joint working with JobCentre Plus on improving outcomes for Employment Support Allowance recipients; plus devolved spending on business support, to be aligned via the Sheffield Growth Hub;
- Decisions regarding disposal or regeneration of assets and land held across the public sector to be taken jointly by the city-region and Government, via a Joint Assets Board.³⁸

3.5 Liverpool: second devolution deal

A second devolution deal for the Liverpool City Region was announced alongside the March 2016 budget. The city region will take on the following additional responsibilities:

- Beginning to plan for integration of health and social care;
- A review of the delivery of children's services;
- The Apprenticeship Grant for Employers, accompanied by discussions on the use of funding from the apprenticeship levy;
- Additional, unspecified transport and highway powers to accompany the city region's Key Local Roads Network;
- work on developing a Clean Air Zone.

Liverpool will also pilot 100% retention of business rates revenue as of 1 April 2017, in advance of English local government as a whole retaining 100% of business rates revenue from 2020.

³⁶ David Paine, "'Gerrymandering' and threat of mayoral veto derails Leeds deal", [Local Government Chronicle](#), 11 Nov 2015

³⁷ The full deal document is available on Parliament's deposited papers website: [reference DEP2015/0467](#).

³⁸ See Deputy Prime Minister's Office, ['Oyster-style' cards for Sheffield as Deputy PM agrees devolution deal](#), 12 December 2014; [HCDeb 18 Dec 2014](#) WMS 141

4. Analysis and perspectives

4.1 The available powers

The Government has stated on a number of occasions that it has had no preconceived ideas about which powers should be devolved, or to which areas. However, there are a number of evident similarities between the devolution deals agreed to date (the 'menu' noted in section 3.1 above). Powers over business support services, adult skills funding, transport budgets and bus franchising, and land management feature in almost all of the deals. By contrast, involvement in health services and policing, for instance, have been offered in only a small number of areas. The negotiations have been conducted in secret, leading to much speculation about the intentions underlying central government's approach.³⁹

The new elected mayors will have differing degrees of power over different matters. In areas such as Sheffield, they will have an effective veto over decisions. Under most deals, mayoral spending plans are to be subject to rejection by cabinet members on a two-thirds majority. Where powers to create a spatial strategy are available, this will require unanimous approval from the mayor and combined authority members. This contrasts with the situation in London (see Library briefing paper CBP05817, [The Greater London Authority](#)). The Mayor of London can take decisions without reference to the London boroughs. The London Assembly only has the power to veto a small number of high-level Mayoral decisions.

Despite the differing levels of formal power, the mayor's profile will be such that s/he is likely to become associated, in the public eye, with any new initiatives or policy changes in all of the 'devolved' areas. For instance, in Greater Manchester, the mayor will have no formal responsibility for the integrated health and social care bodies; but there may be pressure on him/her to broker agreements across the devolved institutions. The mayor may face being held accountable for things that s/he does not control. This points towards a reliance on 'soft power' and informal governance skills, rather than formal proceedings and votes, to achieve desired outcomes. This would be at one with practice so far: Lord Smith of Leigh, the chair of the Greater Manchester combined authority, has noted that "I have still not had a vote as chairman of the combined authority, and if I did have one I would think of it as a failure".⁴⁰

4.2 Governance

Most of the deals agreed so far have featured a new directly-elected mayor covering a combined authority area. The Government has stated that a directly-elected mayor will be required where substantial powers

³⁹ Background to the process leading up to the first agreement can be found at Simon Jenkins, "The secret negotiations to restore Manchester to greatness", [Guardian](#), 12 February 2015

⁴⁰ HLDeb 22 Jun 2015 c1413

are to be devolved.⁴¹ Baroness Williams, speaking for the Government in the House of Lords, has said:

First, nobody has been required to have a mayor. Secondly, it would be irresponsible of any Government to put in place devolution of the scale and ambition as in Tees Valley and Greater Manchester without the clear, single point of accountability that an elected mayor can bring.⁴²

Professor Francesca Gains, of the University of Manchester, stated:

For the chancellor it was important to have a clear public line of accountability for decision-making around significant spending streams if they were to be devolved from the existing departmental accounting conventions.⁴³

The IPPR report *Empowering Counties* suggests that a framework for Government thinking does exist:

...despite the rhetoric around locally tailored deals, it has become increasingly clear that the government does have some unwritten rules, particularly around scale and governance. County proposals that have been considered too small have been challenged, while, more significantly, in almost all cases where there is anything other than modest ambition, the government would appear to be insisting on the introduction of a directly elected mayor.⁴⁴

The report suggested that elected mayors were inappropriate for areas which did not have a single urban centre, and urged the Government to clarify what alternative governance arrangements would find favour in devolution deal negotiations.

Professor Francesca Gains, of the University of Manchester, has stated:

Research at the University of Manchester examining the first city mayors suggests that there are reasons why an elected mayor is the right model for the new settlement. The visibility of a mayor means the public knows who to hold to account for the spending decisions now to be made in and across the region. Being directly elected will keep the mayor responsive to all communities.⁴⁵

The Centre for Public Scrutiny, which is pursuing research into the governance and accountability surrounding combined authorities, has stated:

... the asymmetry involved [between the deals] also provides an additional impetus for transparency. Local people – anyone, indeed, not involved in the negotiations – need to understand what devolution priorities are being arrived at and agreed on. ... At the very least, the broad shape and principles of a bid for more devolved powers should be opened up to the public eye.⁴⁶

⁴¹ For instance, see [HCDeb 26 Nov 2015 c473WH](#)

⁴² [HLDeb 23 Mar 2016 c2414](#)

⁴³ Francesca Gains, "Metro Mayors: Devolution, democracy and the importance of getting the 'Devo Manc' design right", *Representation*, special issue, March 2016

⁴⁴ Ed Cox and Jack Hunter, *Empowering Counties: Unlocking County Devolution Deals*, 2015, p.4

⁴⁵ Francesca Gains, "The making of the Greater Manchester mayor – what next?", *On Devo*, policy@manchester, 2015, p. 6

⁴⁶ Ed Hammond, *Devo Why? Devo How?*, Centre for Public Scrutiny, 2015, p.8

4.3 Reactions

The Centre for Cities report [Firm Views](#), published in late 2015, indicated that businesses supported enhanced powers for local government, and found substantial support for additional taxation powers for local government. The report also found substantial regional variation in business concerns:

For example, in Bristol businesses felt that housing and planning must be the priority for the economy and therefore more local control over where and what sort of housing and developments could be built were seen as essential. In Birmingham, the focus was on alleviating transport pressures and using public assets more efficiently. In Manchester businesses were very positive about more powers being devolved, but there were concerns over the ground-breaking devolution of health budgets given their magnitude, and possible limited local capacity and institutional inexperience.⁴⁷

Much reaction from the local government world to the proposals has been positive, though this has not been a universal response.⁴⁸ Professor Francesca Gains has noted:

The interim mayor has to champion the region, and the idea of devolved powers, without having the budgets and powers fully in place. In the face of welfare cuts, cuts in adult social care and other non-protected spending areas locally, early visible signs of economic and infrastructural benefits of the devolution agenda will be important to demonstrate to the public the potential benefit of devolution ahead of the full devolution of powers and election of the mayor proper in 2017.⁴⁹

Helen McKenna, of the King's Fund, has suggested that health and social care integration in Greater Manchester could have a transformative effect:

Although what is currently happening in Manchester is technically more a case of delegation than devolution, particularly as formal accountabilities will remain with the national NHS bodies, it is nevertheless a far cry from 'business as usual'....In exchange for more of a say over its own future, Greater Manchester is promising to deliver changes to health and care services that we and many others have long been calling for... But what makes Greater Manchester's devolution project so exciting is the fact that their ambitions go much further than the integration of health and social care to consider public services in the round. This creates the opportunity to look beyond the role of health services in determining health outcomes to the (far more influential) wider

⁴⁷ Ed Clarke and Simon Jeffrey, [Firm views: the business take on devolution](#), Centre for Cities, 2015, p. 6-7

⁴⁸ For supportive responses, see Local Government Association, [LGA response to government announcement of devolved health budget to Greater Manchester](#), 27 February 2015; more cautious responses include Daisy Srblin, [Unanswered questions on devolved healthcare in Manchester](#); Fabian Society; Chris Ham, "What Devo Manc could mean for health, social care and wellbeing in Greater Manchester", [Kings Fund](#); Joy Furnival, [What Health and Social Care can learn from UK Devolution](#), University of Manchester.

⁴⁹ Francesca Gains, [The future of metro mayors – all eyes on Greater Manchester](#), 25 June 2015

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social determinants of health – for example, the roles of early years, education, employment and housing.⁵⁰

Iain Wright MP expressed a more critical view in a Westminster Hall debate in June 2015:

...the areas that are being identified for devolution are those that have suffered the greatest cuts. Areas are being set up to fail, which feeds my concern, shared by many others, that the primary thing the Government want to localise is the blame for cuts they have made in Whitehall.⁵¹

The commentator David Walker contrasted education policy with the approach of the deals, and questioned the resulting accountability structures:

Localism.. means taking responsibility for services run by others, while finance is moved away from local government and ... accountability disappears into a Sargasso Sea somewhere between schools, academy chains, the Schools Funding Agency and Parliament.⁵²

Phillip Blond, director of ResPublica and co-author of *Devo Max – Devo Manc*, was quoted as saying:

These deals are fairly average and fairly small. It's all sub-Manchester and a lot of the innovation hasn't really made its way past the first tier of negotiations.⁵³

Ben Harrison, of the Centre for Cities, suggested that the devolution offered to Greater Manchester may turn out to be 'a process not an event', as with devolution to Scotland, Wales and Northern Ireland:

The devolution settlements that have been struck in the UK over the last fifteen years have not remained static – the prize for city-regions vying for devolution is not just what is on offer in 2015, but what could end up being on the table in the decade to come....Rather than being evidence of some kind of Whitehall favouritism or political game-playing, these decisions ultimately illustrate the fact that the presence of strong, democratically accountable institutions, at the right geographic scale, makes a significant difference when it comes to decisions on where and how funding and functions are allocated.⁵⁴

The proposals to pass Police and Crime Commissioner (PCC) powers to elected mayors have been opposed by some PCCs, who were concerned that current relationships would be disrupted.⁵⁵ The Government has also published a consultation on passing control of fire and rescue authorities to PCCs where local areas agree.⁵⁶ This has already been

⁵⁰ Helen McKenna, "Devo Manc is a far cry from "business as usual"", *Manchester Policy Blogs*, 1 April 2016

⁵¹ [HCDeb 9 Jun 2015](#), c76WH

⁵² David Walker, "Why I'm unconvinced by Cameron localism and DevoManc chatter", *Manchester Policy Blogs*, 31 March 2016

⁵³ See Sam Clayden, "Deals of the century?", *Municipal Journal*, 26 Nov 2015, p. 12

⁵⁴ Ben Harrison, "There's more to devolution deals than the prizes on offer today", *Centre for Cities blog*, 13 August 2015

⁵⁵ Sam Clayden, "PCCs urge PM to rethink police commissioner plan", *Municipal Journal*, 20 Oct 2015

⁵⁶ DCLG, *Enabling closer working between the emergency services*, 2015

agreed for Greater Manchester (see section 2.3), but has been subject to some opposition.⁵⁷

The House of Commons Communities and Local Government Committee published a report in February 2016 entitled *Devolution: the next five years and beyond*. The Committee commended the general approach of devolving power, whilst recommending that greater attention be paid to transparency and accountability – both in the negotiation and implementation of deals.

4.4 Public consultation

A number of criticisms have been made of the lack of public consultation in most devolution negotiations. Professor Robin Hambleton of the University of the West of England has described the Government's policy as 'centralisation on steroids':

Ministers, not elected local politicians, still less local citizens, will decide whether the deals are acceptable. The accountability is up to distant figures in Whitehall, not down to local people.⁵⁸

The University of Sheffield and the Electoral Reform Society, with other partners, held two "citizens' assemblies" in autumn 2015, in Sheffield and Southampton. Over two weekends, selected members of the public discussed devolution options in their local areas. Details of the assemblies and the outcomes of the public discussions can be found at <http://citizensassembly.co.uk/>. Similarly, Coventry held a [one-day citizens' panel](#) on 9 September 2015, discussing whether the city should participate in the West Midlands combined authority.

Following the announcement of the North-East devolution deal, the leader of Durham Council, Simon Henig, announced that a referendum on the deal would be held, in County Durham only, in early 2016. Its cost has been estimated at £325,000.⁵⁹ In the event a number of questions were asked, and some 22% of the electorate responded. 60% said they thought the region getting some extra powers and controls from Whitehall would be a 'step in the right direction'. 40% of respondents thought an elected mayor for the North East should have quite a lot of power and influence, while 48% felt the mayor should have limited powers.⁶⁰

⁵⁷ See, for instance, the [Fire Brigades Union's press release](#) on 19 December 2015.

⁵⁸ Robin Hambleton, "The devolution deception must be exposed", *Local Government Chronicle*, 24 November 2015

⁵⁹ "Durham reveals devo poll costs", *Local Government Chronicle*, 18 December 2015

⁶⁰ David Paine, "Results in on Durham's devo poll", *Local Government Chronicle*, 19 February 2016

5. Further reading

The following reports contain proposals to devolve power to local authorities, combined authorities or local enterprise partnerships. The majority have been produced during 2014. The powers and budgets proposed for devolution are very varied.

Norman Warner and Jack O’Sullivan, [Letting go: how English devolution can help solve the NHS care and cash crisis](#), Reform, March 2015

Independent Commission on Non-Metropolitan England, [Devolution to Non-Metropolitan England: Seven Steps to Growth and Prosperity](#), March 2015

Independent Commission on Local Government Finance, [Financing English Devolution](#), LGA/CIPFA, February 2015

Mark Morrin and Phillip Blond, [Restoring Britain’s City States: Devolution, Public Service Reform and Local Economic Growth](#), ResPublica, February 2015

Centre for London, [The Brightest Star: A Manifesto for London](#), October 2014

City Growth Commission, [Human Capitals](#), [Connected Cities](#), [Powers to Grow](#), [Unleashing Metro Growth](#) [four papers], RSA/Core Cities Group, 2014

Key Cities, [Charter for Devolution](#), September 2014

Ed Cox, Graeme Henderson and Luke Raikes, [Decentralisation Decade: A plan for economic prosperity, public service transformation and democratic renewal in England](#), IPPR/PwC, September 2014

Mark Morrin and Phillip Blond, [Devo-Max, Devo Manc: Place-Based Public Services](#), September 2014

Kayte Lawton, Graeme Cooke and Nick Pearce, [The Condition of Britain: Strategies for Social Renewal](#), IPPR, June 2014

London Finance Commission, [Raising the Capital](#), GLA, 2013

Lord Heseltine, [No stone unturned in pursuit of growth](#), BIS, 2012, plus [Government response](#), 2013

Communities and Local Government Committee, [Devolution in England: the case for local government](#), HC-503 2013-14, July 2014

Communities and Local Government Committee, [Devolution: the next five years and beyond](#), HC-369 2015-16, Feb 2016

[On Devo](#), policy@manchester, 2015

[Representation](#), special issue, March 2016

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		Greater Manchester	Sheffield	North-East	Tees Valley	Liverpool	West Midlands	Cornwall	West Yorks	East Anglia	Greater Lincolnshire	West of England
Public services	Health and social care integration											
	Planning for health and social care integration											
	Children's services											
	Offender management, probation, prison estate											
	Troubled Families / Working Well											
	Mayor to become Police and Crime Commissioner											
	Fire service											
Finance	Intermediate body for EU Structural Funds											
	Investment fund (per year)	£30m	£30m	£30m	£15m	£30m	£36.5m			£30m	£15m	£30m
	Single funding pot											
	Retention of 100% business rates growth											
	Pilot retention of 100% business rates revenue											
	Mayor business rates supplement											
Community Infrastructure Levy												

To be devolved	
Under discussion	
[Cornwall CC]	

Note: Cornwall County Council holds a number of the powers set out here in its capacity as a unitary authority.

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