



House of Commons
Communities and Local
Government Committee

Devolution: the next five years and beyond

First Report of Session 2015–16



House of Commons
Communities and Local
Government Committee

Devolution: the next five years and beyond

First Report of Session 2015–16

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

*Ordered by the House of Commons to be printed
25 January 2016*

Communities and Local Government Committee

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

Current membership

[Mr Clive Betts](#) (*Labour, Sheffield South East*) (Chair)

[Bob Blackman](#) (*Conservative, Harrow East*)

[Jo Cox](#) (*Labour, Batley and Spen*)

[Helen Hayes](#) (*Labour, Dulwich and West Norwood*)

[Kevin Hollinrake](#) (*Conservative, Thirsk and Malton*)

[Liz Kendall](#) (*Labour, Leicester West*)

[Julian Knight](#) (*Conservative, Solihull*)

[David Mackintosh](#) (*Conservative, Northampton South*)

[Mr Mark Prisk](#) (*Conservative, Hertford and Stortford*)

[Mary Robinson](#) (*Conservative, Cheadle*)

[Alison Thewliss](#) (*Scottish National Party, Glasgow Central*)

Powers

The committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the internet via www.parliament.uk.

Publication

Committee reports are published on the Committee's website at www.parliament.uk/clg and by The Stationery Office by Order of the House.

Evidence relating to this report is published on the [inquiry page](#) of the Committee's website.

Committee staff

The current staff of the Committee are Mark Etherton (Clerk), Helen Finlayson (Second Clerk), Tamsin Maddock (Committee Specialist), Craig Bowdery (Committee Specialist), Tony Catinella (Senior Committee Assistant), Eldon Gallagher (Committee Support Assistant) and Gary Calder (Media Officer).

Contacts

All correspondence should be addressed to the Clerk of the Communities and Local Government Committee, House of Commons, London SW1A 0AA. The telephone number for general enquiries is 020 7219 4972; the Committee's email address is clgcom@parliament.uk.

Contents

Summary	3
1 Introduction	5
The development of devolution	6
The Cities and Local Government Devolution Bill	8
2 Devolution: objectives and approach	9
Objectives	9
Approach: deal-making	11
3 Agreed deals	13
Greater Manchester	13
Health devolution	15
Other places: how bespoke is devolution?	16
General observations	20
Commitment to devolution across Government Departments	20
Government capacity	21
4 Bids, negotiation and agreement of deals: key themes	24
Public engagement	24
Timetable	26
Balancing central and local influence	28
5 Governance and accountability	30
Directly-elected mayors	30
Attitudes to directly-elected mayors	30
Non-metropolitan areas	31
Scrutiny	32
Potential for confusion	34
6 Health devolution	36
7 London	42
Fiscal devolution	42
Subregional devolution	43
The Mayor of London and the London Assembly	44

8 Looking ahead	47
Conclusions and recommendations	50
Formal Minutes	60
Witnesses	61
Published written evidence	63
List of Reports from the Committee during the current Parliament	65

Summary

The Government has announced a ‘devolution revolution’, transferring powers and opportunities to local government through a series of ‘devolution deals’. The Cities and Local Government Devolution Bill gives statutory authority to deals and enables some of the specific reforms the Government wishes to make, such as introducing directly-elected mayors for combined authorities. This inquiry set out to examine the contents of the Bill and, in particular, whether Greater Manchester’s deal is a model for other areas, but its scope quickly widened to a review of the way in which devolution in England is proceeding.

We strongly support the principle of devolution. We welcome the fact that, at the start of this new Parliament, it occupies such a prominent position on the Government’s agenda. We acknowledge the personal contribution of Greg Clark, whose support and involvement since 2010 has been key in driving devolution. We expect to see this commitment continue, and for it to be shared by an increasing number of Departments, over the next four and a half years.

We are acutely aware that all deals are at an early stage and need time to bed in, and that many devolution bids are still to be negotiated. We therefore expect to review progress by the end of this Parliament and at regular intervals thereafter. Although it was not the focus of this inquiry, in line with our predecessors, we will continue to press for fiscal devolution: our next inquiry will look at the plans to allow local authorities to retain 100 per cent of business rates, and we will review the progress made on fiscal devolution.

We have identified various aspects of the current approach that we recommend are refined and improved now. Otherwise, the policy risks being rushed and appearing driven by a purely political timetable. We see a role for scrutiny by select committees of the secondary legislation enacting deals and the Government’s annual report on devolution, required by the Bill.

We have found a significant lack of public consultation and engagement at all stages in the devolution process. People are keen to be involved; our public session in Greater Manchester highlighted residents’ strong appetite to be included and consulted. The public should be engaged in the preparation of devolution proposals, insofar as possible during the negotiations and once the results of a deal have begun to make an impact, and communicated to throughout the process. This is particularly the case for health devolution where the systems in place are complex, changes are consequently more difficult to understand and the public’s response is likely to be more emotional.

We also believe that the Government’s approach to devolution in practice has lacked rigour as to process: there are no clear, measurable objectives for devolution, the timetable is rushed and efforts are not being made to inject openness or transparency into the deal negotiations. We suggest various ways in which proper process can be ensured; for example, with an agreed timetable for the negotiation and agreement of a deal.

Once deals are up and running, there will be a complex division of responsibility—between local authorities, the combined authority and, in some places, the directly-elected mayor—which will not necessarily be apparent to the public. Responsibility needs to be determined in a way that makes sense to the public, and consideration of these issues should be a significant part of the deal-making process with the division of responsibilities clearly spelled out. We received no clear explanation as to how accountability under health devolution will work and have recommended that the Government revisits this issue. There is a need for a clear articulation of how health devolution will work.

We strongly believe that areas should be able to acquire further devolved powers over time. Where an area has asked for particular devolved powers but was refused, those powers should be available to it if they are given to other similar areas at a later date.

Our ambition is that, by the end of this Parliament, the Government and local authorities will reach the position of ‘devolution by right’, with the Government having announced a package of powers that will be on offer to local government. This would be a starting point for even more ambitious and wide-ranging future deals and possibly a more comprehensive package of devolved measures agreed between Government and local government as a whole.

1 Introduction

1. We have a continuing interest in devolution of power from central to local government. In July 2014, our predecessors published a report entitled *Devolution in England: the case for local government*.¹ That report's principal conclusion was that local communities in England should be allowed to take greater control over how money is raised and spent in their areas and we remain committed to that approach. We were therefore eager to examine the Cities and Local Government Devolution Bill² which introduces directly-elected mayors³ for combined authorities and transfers powers to local areas in England, and announced our intention to conduct an inquiry shortly after our first meeting as a newly constituted committee. Although the inquiry was designed around the contents of the Devolution Bill, it became wider in scope as it progressed, looking at the consequences of the approach to devolution that the legislation facilitates. It also became clear that the term 'devolution' was being used to describe situations other than, but similar to, the transfer of responsibilities to local government: for example, in the health context, it was being used to describe what is, in practical terms, delegation, and 'devolution' deals include various joint working initiatives.

2. The Devolution Bill does not enable fiscal devolution, giving only limited financial powers to local areas.⁴ One of our Greater Manchester witnesses said, "We have had devolutionary powers with almost no devolution of borrowing power [...] It's utterly nonsensical".⁵ We agree, believing fiscal devolution to be essential to genuine devolution. The recently announced business rates reforms and the social care 'precept' are moves in the right direction,⁶ but we could go much further. We endorse the recommendations of our predecessors who called for greater freedom over council tax and business rates, devolution of other property taxes and, in time, the devolution of larger-scale, more comprehensive fiscal powers to groups of local authorities, including borrowing powers and examining the apportioning of income tax and VAT.⁷ Although not the focus of this report, we will continue to press for fiscal devolution: our next inquiry will look at the plans to allow local authorities to retain 100 per cent of business rates, and we will review the progress made on fiscal devolution.

3. We received over 50 submissions from local authorities, the voluntary and community sectors, academics, think tanks and members of the public. The themes emerging from our written evidence were explored in five evidence sessions, which took place between October and November 2015. We also visited Greater Manchester to see for ourselves how their devolution deal is taking shape and better understand the practicalities of it by speaking to the people involved. We also held a well-attended, lively question and answer session with residents to gauge their reaction to the reforms taking place in their city.

1 Communities and Local Government Committee, First Report of Session 2014-15, [Devolution in England: the case for local government](#), HC 503

2 [Cities and Local Government Devolution Bill](#) [Lords] [Bill 80 (2015-16)] [hereafter "the Devolution Bill"]

3 Hereafter, the term 'mayor' or 'elected mayor' should be taken to mean a directly-elected mayor.

4 See, for example the Local Government Association ([DEV 021](#)) para 2.3 and the County Councils Network ([DEV 052](#)) Q74

5 "Chancellor unveils 'devolution revolution'", HM Treasury press release, [5 October 2015](#) and HM Treasury, [Spending Review 2015](#), November 2015, p33

7 Communities and Local Government Committee, First Report of Session 2014-15, [Devolution in England: the case for local government](#), HC 503

4. We are grateful to all those who gave us written and oral evidence, to our hosts in Greater Manchester, to the Working Well programme and to the residents who attended our public session. Particular thanks are due to our specialist advisers, Professor Tony Travers of the London School of Economics and Professor Alan Harding of the University of Liverpool.⁸

The development of devolution

5. Devolution of responsibilities and powers to local government has been developing incrementally. During the last Parliament, the then Government introduced a number of devolutionary measures, the most important of which were city deals and Local Enterprise Partnerships (LEPs).

6. A series of ‘city deals’ were agreed between 2011 and 2014; a ‘first wave’ with the eight Core Cities⁹ by July 2012 and, by July 2014, another 20 with smaller cities and city regions.¹⁰ The deals did not transfer general powers to local authorities. Instead, they provided cities, working with the local LEP, with a small amount of additional funding to be used flexibly for specific programmes and outcomes.¹¹ Some of them also provided selective, additional borrowing capacity, retention of some or all of any growth in income from business rates and greater influence over programmes formerly delivered by Government Departments, their agencies and contractors.

7. A range of influential reports on devolution, published in 2014,¹² proposed that local areas should take on more powers linked to growing local economies, such as skills, new housing development and business support, and reforming public services, for example health and social care. They also suggested new governance models, recommended devolution to combined authorities and the prioritisation of cities or ‘metros’, as well as enhanced powers over local taxes.

8. It was in this context that, in June 2014, the Chancellor gave a speech in Manchester in which he introduced the idea of a ‘Northern Powerhouse’, saying:

The cities of the north are individually strong, but collectively not strong enough [...] So the powerhouse of London dominates more and more. And that’s not healthy for our economy. It’s not good for our country. We need a Northern Powerhouse too. Not one city, but a collection of northern cities—sufficiently close to each other that combined they can take on the world.¹³

8 Tony Travers declared the following interests: Occasional fees for speaking engagements, work on commissions and consultancy. Alan Harding declared the following interests: I have verbally been offered the job of Chief Economist to the Greater Manchester Combined Authority and have accepted in principle, subject to contract. I am due to start the new role in January and remain in my current academic post until then.

9 Birmingham, Bristol, Leeds, Liverpool, Manchester, Newcastle, Nottingham and Sheffield

10 For full details of the 20 other city deals, see Centre for Cities, [Cities Policy Briefing: Setting out Coalition Government policies across a common framework](#), September 2014, p9

11 For details of the Wave 1 city deals, see HM Treasury, [Unlocking growth in cities: city deals—wave 1](#), July 2012

12 See, for example, City Growth Commission, [Unleashing metro growth: final recommendations of the City Growth Commission](#), October 2014; IPPR North, [Decentralisation decade: A plan for economic prosperity, public service transformation and democratic renewal in England](#), September 2014; ResPublica, [Devo Max Devo Manc: Place-based public services](#), September 2014

13 “Chancellor: ‘We need a Northern powerhouse’”, HM Treasury press release, [23 June 2014](#)

9. Devolution gathered further momentum after the referendum in September 2014 on independence for Scotland, when 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”.¹⁴ In November, the first ‘devolution deal’ was announced between the Government and Greater Manchester. This was followed by deals for Sheffield,¹⁵ Leeds¹⁶ and Cornwall.¹⁷

10. In May 2015, legislation to “provide for the devolution of powers to cities with elected metro mayors, helping to build a Northern Powerhouse” was announced in the Queen’s Speech. Originally trailed in the press as a ‘City Devolution Bill’, the announcement of a ‘Cities and Local Government Devolution Bill’¹⁸ was welcomed by local authorities as enabling devolution to all parts of England, not just cities.¹⁹

11. The Treasury invited areas to submit devolution proposals by 4 September 2015 to be considered during the 2015 Spending Review process. 38 cities and regions (including four in total from Scotland and Wales) put forward bids²⁰ and deals were subsequently agreed with the North-East,²¹ Tees Valley,²² the West Midlands,²³ Liverpool²⁴ and a further deal with Sheffield.²⁵ Other deals are still in negotiation. Deals are negotiated and implemented by the Cities and Local Growth Unit, a joint team from the Cabinet Office, Department for Communities and Local Government and Department for Business, Innovation and Skills. Previously, the Unit had been called the ‘Cities Policy Unit’ and, based in the Cabinet Office, had negotiated city deals.

12. Alongside the deals, two significant fiscal reforms have been announced. In a speech to the Conservative Party Conference in October 2015 in which he spoke of a “devolution revolution”,²⁶ the Chancellor outlined his plan to allow local authorities to retain 100 per cent of business rates by the end of this Parliament. Local authorities will also have powers to reduce rates and increases will be restricted to 2p on the rate, to be spent on infrastructure, for mayoral combined authorities that secure agreement from their LEP. Then, in November, the Spending Review announced that local authorities dealing with social care could apply a social care ‘precept’ of a 2 per cent rise in council tax, over and above any referendum threshold set for local authorities in general (in recent years, 2 per cent), which implies a 4 per cent threshold for relevant authorities.²⁷

14 “*Scottish Independence Referendum: statement by the Prime Minister*”, Prime Minister’s Office press release, [19 September 2015](#)

15 HM Government, [Sheffield City Region Agreement on Devolution](#), December 2014, followed by HM Treasury, [Sheffield City Region Devolution Agreement](#), October 2015

16 HM Government, [Leeds City Region and West Yorkshire Agreement on Devolution](#), March 2015

17 HM Government, [Cornwall Devolution Deal: Kevambos Digresennans Kernow](#), July 2015

18 [Cities and Local Government Devolution Bill \[Lords\] \[Bill 80 \(2015-16\)\]](#)

19 “*Devolution bill name change ‘encouraging’*”, Local Government Chronicle, 27 May 2015

20 “*Landmark devolution bids submitted from right across the country*”, Department for Communities and Local Government press release, [11 September 2015](#)

21 HM Treasury, [North East devolution agreement](#), October 2015

22 HM Government, [Tees Valley devolution agreement](#), October 2015

23 HM Treasury, [West Midlands Combined Authority devolution agreement](#), November 2015

24 HM Treasury, [Liverpool City Region devolution agreement](#), November 2015

25 HM Government, [Sheffield City Region Agreement on Devolution](#), December 2014 and HM Treasury, [Sheffield City Region Devolution Agreement](#), October 2015

26 “*Chancellor unveils ‘devolution revolution’*”, HM Treasury press release, [5 October 2015](#)

27 HM Treasury, [Spending Review 2015](#), November 2015, p33

The Cities and Local Government Devolution Bill

13. The Explanatory Notes describe the Devolution Bill as “enabling legislation” providing “a legislative framework which can be applied flexibly to different areas by secondary legislation”.²⁸ It provides for the creation of a directly-elected mayor of a combined authority to exercise specified functions, widens the range of functions that can be conferred on a combined authority beyond economic development, regeneration and transport, enables the changing of local government structures (such as mergers of councils and moves to unitary structures) and allows for public authority functions to be conferred on a combined or local authority. It enables Orders to be made for each local area to transfer powers in accordance with a devolution deal. Evidence we received raised concerns about whether the secondary legislation arising from the Devolution Bill would receive adequate parliamentary scrutiny.²⁹ A parliamentary debate on the North East Devolution Deal was held in November 2015 at the request of a local Member of Parliament,³⁰ but this is not standard practice. Secondary legislation receives little or no parliamentary scrutiny. **For most of the Orders brought forward under the Bill, parliamentary scrutiny is likely to be limited. We therefore recommend regular select committee scrutiny of statutory instruments implementing devolution and the Government’s annual report on devolution, which is required by the Devolution Bill; for example, the Transport Committee might wish to examine proposals for devolution of transport powers.**

14. The Devolution Bill has been widely welcomed: for example, Greater Manchester Combined Authority welcomed “the permissive nature of the Bill [...] drafted to incorporate the maximum degree of flexibility regarding the powers and functions that can be devolved”.³¹ However, Professor Colin Copus of De Montfort University said that it “maintains a centralist perspective in that ‘deals’ and ‘agreements’ must be negotiated with and agreed at the centre, rather than providing a framework within which local government can construct [...] its own ways of operating”,³² and concluded that “it does not facilitate a fundamental shift from the centre”.³³

28 [Explanatory Notes to the Cities and Local Government Devolution Bill](#) [Bill 80 (2015-16) – EN]

29 NHS Confederation ([DEV 046](#)) para 4.3

30 HC Deb, 26 November, [col 453WH](#) [Westminster Hall]

31 Greater Manchester Combined Authority ([DEV 009](#))

32 Professor Colin Copus ([DEV 019](#))

33 Professor Colin Copus ([DEV 019](#))

2 Devolution: objectives and approach

Objectives

15. The consensus of the evidence we received is that devolution is a good thing. The large majority of our witnesses approved of the Government's intentions, with some individual caveats, and were enthusiastic at the prospect of local areas gaining greater powers. We sought to identify the objectives of devolution and see whether there was a consistent sense at all levels of what it was designed to achieve. Our witnesses offered us a whole range of possible objectives. Professor Andy Pike, Newcastle University, said:

There are about five at last count. There is certainly the local growth and economic development side of things. [...] There is the public sector transformation and savings stuff. There are two others as well that perhaps do not get addressed as much. One is the idea of greater accountability—the idea that Government can be brought closer to the people and made more accountable as a result—and then perhaps the other is about decentralisation being a better way to address some of these big societal challenges around ageing, climate change and so forth through more devolved arrangements.³⁴

16. Professor Colin Copus, De Montfort University, said devolution is about economic growth and “rebalancing the economy”, by which we understand a more selective geographic rebalancing of the economy aspired to by, for example, the Northern Powerhouse and the Midlands Engine. He went on to say that:

In that journey, there have been a number of other objectives collected as well. Public sector reform, certainly, looking at issues like transport, health and housing, and how those particular service areas integrate across any given geographical area, is central to this particular agenda. That brings up another objective about what is the role of local government with all of this and whether there is a barely-hidden agenda, maybe, to start to think about restructuring.³⁵

17. We heard that health devolution had its own different set of objectives. During our visit to Greater Manchester, we were told that their ambitions for health devolution included, as well as improving population health and longevity, helping people into work, improving self-care, standardising hospital treatment, caring for people with long-term conditions at home and provision of wraparound services for people with dementia.

18. Professor Pike summed up: “Overall, there is a lack of clarity, in some ways. There is an overlap and a bit of confusion, perhaps, sometimes in terms of which rationales are promoted at which points”.³⁶ We asked the Secretary of State for Communities and Local Government, Rt Hon Greg Clark MP, for his objectives for devolution. He said “To restore to the cities, towns and counties of the country the ability to drive their local economies forward and to be more successful socially and environmentally as well”.³⁷ This formulation, while admirable in intent, is unspecific. The Minister for Community and Social Care, Rt Hon Alistair Burt MP, said the core objective for health devolution was

34 Q4 [Professor A Pike]

35 Q4 [Professor C Copus]

36 Q4 [Professor A Pike]

37 Q260

generating better health outcomes and giving an impetus to current work to integrate health services.³⁸ *We believe that the Government should set out the aims of its devolution policy more clearly, preferably in a way that would, over time, allow success to be measured. The Government needs a clear hierarchy for the many things it is trying to achieve through devolution—promoting local growth at minimum cost, achieving a better balanced economy, improving integration of public services, enhancing local freedom to experiment, bringing decision-making closer to local communities and enhancing the democratic process. It also needs to be clear how the forms of devolution it favours are intended to achieve them, while recognising that there may be a different balance and mix of objectives in different areas.*

19. Setting out clear objectives for devolution is of crucial importance so that there are measurable outcomes from the process. The Centre for Public Scrutiny (CfPS) said:

Devolution requires clarity on ‘why’ devolution is a necessity [...] we are concerned, from press coverage and from our own knowledge of the sector, that a number of councils are pursuing devolution deals without having the evidence to back up their assertions, or a clear sense of why devolution in certain areas will improve services.³⁹

20. Clear objectives, which can be embedded in devolution deals, are an essential part of the monitoring and assessment process. However, Professor Pike said that “There is a real gap in terms of monitoring, assessment and evaluation”.⁴⁰ We asked Greg Clark about how the effectiveness of deals would be monitored: he replied that, given the ambitions for devolution were broad, there was no single measure of success. He talked about the trend rate of growth in places with deals increasing, greater prosperity for residents, people feeling they are getting better services and, after a period of time, thinking “Actually, that was a move in the right direction”.⁴¹ Alistair Burt said that, with health devolution, local areas should be able to demonstrate that key outcomes, which may be health inequalities or other indicators, like winter pressures and moving seamlessly from secondary to primary care in the community, are better.⁴²

21. **As set out above, our witnesses gave us many important and ambitious reasons for pursuing devolution, particularly so for health devolution. However, with the exception of increasing economic growth, we are not certain whether these are intended to be the measurable objectives of devolution and are not convinced that the Government itself is any clearer. We are also not satisfied that the Government has considered and identified how to measure the success of a devolution deal once in place.**

22. *We recommend that the Government publishes, in order of priority, its long-term objectives for devolution, the mechanisms needed to achieve these and the means by which it will measure success. Following discussions with the local areas involved, relevant objectives can be incorporated in each devolution deal. This would enable areas to assess whether they are doing better with a deal than without. Linked to this, the Government should set up a mechanism for monitoring deals and reviewing and consulting the public on their impact. This would also make it easier to gather and*

38 Q223

39 Centre for Public Scrutiny ([DEV 041](#))

40 Q9

41 Q263

42 Q224

disseminate best practice and lessons learnt. Local areas must have the powers needed to achieve the objectives of devolution, for example to integrate and deliver public services aligned to local needs. In the annual report (described in more detail at paragraph 45), they should state whether they have been given sufficient powers, levers and resources by each of the Government Departments involved to achieve the objectives of a deal and what more is needed.

Approach: deal-making

23. After city deals, growth deals and now devolution deals, the current approach to devolution in England is overtly one of deal-making, which can be characterised as negotiations behind closed doors between central government and representatives of local authorities. Professor Pike said the deal-making process was a way of working between “a top-down Whitehall blueprint” and a “complete bottom-up free for all”.⁴³ Lord Kerslake, the Chair of the CfPS, and former Permanent Secretary at the Department for Communities and Local Government, said that approaching devolution in this way meant that:

You stop the problem that previously bedevilled devolution, which was unless everyone did it the same way, it was not going to happen. The risk of a formulaic or framework approach is that you get to a lowest common denominator.⁴⁴

24. Indeed, one of the consequences of deal-making is that devolution does not happen in a uniform manner; deals have so far been agreed with seven city regions⁴⁵ and with Cornwall. Professor Pike described it as “very ad hoc” and “piecemeal”.⁴⁶ This is compounded by the fact that some places are more ready to take on devolved powers than others and will forge ahead, for example Greater Manchester (which we will consider in more detail from paragraph 28 below) and Cornwall. As Cllr John Pollard, the Leader of Cornwall Council, told us:

We managed to be the first non-metropolitan area to secure a deal, because we were actually ready for it. We had been working for some 12 months before on fairer funding projects and trying to look at the funding of Cornwall in relation to the funding of other areas.⁴⁷

Alexandra Jones, the Chief Executive of the Centre for Cities, reinforced this point, saying “some places are ready for and want different powers. They want to take on more”.⁴⁸

25. But there also needs to be a readiness on the part of Government to devolve the new powers which local areas ask for. The Minister for Local Growth and the Northern Powerhouse, James Wharton MP, said “The issue has occasionally been, “The ask coming from this local area goes further than we can be confident in going at this time”.⁴⁹ However, he went on to say:

43 Q16

44 Q172

45 Greater Manchester, Sheffield, West Yorkshire, Liverpool, West Midlands, North East, Tees Valley

46 Q9

47 Q132

48 Q16

49 Q279

We often then discover that we can find some sort of compromise they are happy with and we will continue, as part of the nature of the devolution process, to look to see if we can go further in the future and what other levels we might be able to make available to them to reach their objectives.⁵⁰

We were pleased to hear the Government indicate that the deal-making process is ongoing and evolutionary. Greg Clark confirmed this by saying:

It is a characteristically ingenious approach from the leaders of Sheffield [...] that anything agreed with anywhere else should reopen the discussions with Sheffield. That is exactly the sort of ingenuity I had hoped for when we saw these deals.

Of course, everyone looks very closely at what is being negotiated in those places. Because this is not a one-off final chance, people do come back, and we have seen this in Greater Manchester. I am absolutely certain that Sheffield will, as it demonstrates its ability to make use of the powers, come back and ask for more. Some of those will be determined from the experience on the ground and some by looking over their shoulder and saying, “This city over there has done this. We did not think of that, but now we have seen it and we would like to do the same.” I very much expect this approach to continue.⁵¹#

26. We believe that deal-making, which seeks to find a balance between a ‘bottom-up’ or ‘top-down’ approach, is a pragmatic way to approach devolution, and we particularly agree with Lord Kerslake’s comments that a framework approach to devolution at this early stage in the process can lead to the lowest common denominator. The natural consequence of deal-making is bespoke but asymmetric devolution as places ready to take on more powers put forward proposals and agree deals ahead of others.

27. In acknowledgement of this asymmetry, it should be made explicit in each devolution deal that areas may acquire further devolved powers over time. Where an area has asked for particular devolved powers but was refused them, if still desired, such powers should be available to that area if they have been given to other similar areas at a later date. By the end of the Parliament, we should have reached the position of devolution by right to local areas, with the Government having announced the powers that will be on offer to local government. This would then provide a basis for the negotiation of further, more ambitious deals covering new policy areas and/or a more comprehensive package of devolved measures agreed between Government and local government as a whole.

50 Q279

51 Q279

3 Agreed deals

Greater Manchester

28. The Greater Manchester Agreement⁵² was concluded in November 2014 with health and other additional powers being agreed in February,⁵³ July⁵⁴ and November 2015.⁵⁵ The extent of the deal and the interest and attention it generated made us want to look at whether it was a model for other areas.

29. The Centre for Cities argued that the Greater Manchester deal was a good model for other city devolution deals, especially for large regions, in that it “set out clear terms for the type of governance arrangements expected, and which of the powers that underpin successful city economies could be devolved from central government”.⁵⁶ The New Local Government Network (NLGN) said that it appeared to provide a “de facto model for other cities”.⁵⁷ However, both organisations were cautious about its applicability to other areas; the former saying it could “not be easily lifted and dropped on to other city regions, where the physical and economic geography may differ”⁵⁸ and the latter saying the Government could not “simply roll out the same model everywhere”.⁵⁹ Professor Copus of De Montfort University also struck a note of caution when he said that “in the spirit of devolution it is dangerous to look for a model”⁶⁰ and the evidence we received warned many times against a “one-size-fits-all” approach.⁶¹

30. Many of our witnesses emphasised that the Greater Manchester devolution deal was the product of the city’s unique circumstances and was, therefore, not a model for other areas.⁶² The most significant difference compared to other places was the long history of joint working between the ten Greater Manchester authorities. The Greater Manchester Combined Authority said:

The ten Greater Manchester district councils have a long and unrivalled history of collaboration, characterised by consistent leadership and hard work over many years. Following the abolition of the Greater Manchester Council in the 1980s, the district councils established the Association of Greater Manchester

52 HM Treasury, [Greater Manchester Agreement: Devolution to the Greater Manchester Combined Authority and transition to a directly elected mayor](#), 3 November 2014

53 NHS England, [Greater Manchester Health and Social Care Devolution Memorandum of Understanding](#), 27 February 2015

54 HM Treasury, [Further devolution to the Greater Manchester Combined Authority and directly-elected Mayor](#), 8 July 2015

55 HM Treasury, [Spending Review and Autumn Statement Update, Further devolution to the Greater Manchester Combined Authority and directly-elected Mayor](#), 27 November 2015

56 Centre for Cities ([DEV 031](#))

57 New Local Government Network ([DEV 053](#)) para 5

58 Centre for Cities ([DEV 031](#)) para 3

59 New Local Government Network ([DEV 053](#)) para 10

60 Q25

61 See, for example, Greater Manchester Combined Authority ([DEV 009](#)), Chief Economic Development Officers Society and the Association of Directors of Environment, Economy, Planning and Transportation ([DEV 013](#)) para 12, Core Cities ([DEV 014](#)) para 1.3, British Property Federation ([DEV 028](#)) para 6

62 See, for example, Centre for Public Scrutiny ([DEV 041](#)), County Councils Network ([DEV 052](#)), South East England Councils ([DEV 026](#)), Core Cities ([DEV 014](#))

Authorities, a non-statutory body, with the aim of securing collaboration and joint-working on pan-GM issues. In April 2011, the Greater Manchester Combined Authority was established to provide strong and effective governance, with responsibilities and powers covering the transport-related functions previously administered by the Greater Manchester Integrated Transport Authority and a remit in relation to economic development and regeneration.⁶³

31. Joint working is bound to have been facilitated by the compact geography and structure of local government in the city region. South East England Councils said “The ten Manchester authorities have equal status and powers as metropolitan districts, cover a relatively small area and have one ‘core city’ as their major economic driver”.⁶⁴ The NLGN agreed, saying “Manchester benefits from an unusually coherent geography, clear agglomeration effects in the city region’s urban core, councils that are all of the same tier and a very cohesive political culture”.⁶⁵ Witnesses also mentioned the city’s “success story in political leadership” and its “prioritisation by particularly the Chancellor of the Exchequer”.⁶⁶ We also heard that Greater Manchester’s functional economic geography,⁶⁷ which aligns with the city’s boundaries, distinguishes it from other areas. Devolution to a functional economic area is the Government’s favoured approach⁶⁸ and we support this. Where the objective of a deal is economic growth, devolution should be to areas whose boundaries follow the local economic geography, while recognising the challenges this can pose to established local government arrangements.

32. We also heard that Greater Manchester Combined Authority had a particularly strong vision and set of ambitions for the city and its residents, including a focus on “a game-changing investment in growth” and “taking demand out of the system through better joined-up public services”.⁶⁹ The Centre for Public Scrutiny (CfPS) said “the development of a strong proposition to put to Government on devolution would have been far less of a challenge than elsewhere”.⁷⁰

33. Alexandra Jones, the Chief Executive of the Centre for Cities, suggested that there were “strong lessons” for other places from Greater Manchester’s experience of devolution “in the way they have done things—the way they have learned to work together and establish trust”.⁷¹ The CfPS also identified some other ‘lessons’:

Devolution is a process, not an event. The continual nature of the discussions in Manchester over the devolution of more powers over time is something we think reflects the reality across England, that devolution will be a continually running process.

63 Greater Manchester Combined Authority ([DEV 009](#))

64 South East England Councils ([DEV 026](#)) para 3.2

65 New Local Government Network ([DEV 053](#)) para 8

66 Q25 [Professor C Copus]

67 City of Wakefield Metropolitan Council ([DEV 010](#)) para 1.6 and County Councils Network ([DEV 052](#))

68 Department for Communities and Local Government ([DEV 027](#)) para 7c

69 Greater Manchester Combined Authority ([DEV 009](#))

70 Centre for Public Scrutiny ([DEV 041](#))

71 Q25

Devolution requires clarity on *why* devolution is a necessity. Manchester is unique in having long-standing subregional working arrangements. This allowed it to take a compelling, unified vision to Government about the future of the area.⁷²

34. The Greater Manchester deal provides a prime example of the type of governance arrangements expected by the Government and the powers that might be devolved. As it is a product of the particular circumstances of that city which are unlikely to be reproduced in other areas in all their aspects, this deal should not be assumed to be a model for other areas pursuing devolution, even cities. However, other areas pursuing deals may wish to reflect upon and cultivate Manchester's characteristics: a history of joint working between authorities, trust between leaders, acceptance that devolution will take place gradually and proactively presenting Government with ideas and solutions for their city.

Health devolution

35. The announcement in November 2014 of devolution of health and social care to Greater Manchester, and the subsequent signing of the Memorandum of Understanding⁷³ by the Greater Manchester Combined Authority, the Government, NHS England and 12 Clinical Commissioning Groups, have attracted a great deal of attention. We received convincing evidence that, as with the Greater Manchester devolution deal, health devolution to the city (which we discuss in further detail in chapter 6) was a product of its unique circumstances. The British Medical Association (BMA) said that “Few, if any, of the other areas which might seek devolved health and social care settlements have such a long history of collaboration and partnership working between local authorities”.⁷⁴ In addition, the Local Government Association pointed out that the broad health challenges facing the 10 local authority areas were similar, making the agreement of key strategic health and wellbeing priorities easier, and that there was a “high degree of congruence between the Greater Manchester Combined Authority and the health economy, with the majority of patient flows occurring within the Greater Manchester area”.⁷⁵ Rob Webster, the Chief Executive of the NHS Confederation, said:

Clearly it provides some themes and learning, but it is not a model for everywhere. [...] the Greater Manchester organisation has been working together since 1986. The footprints are different in terms of service from other places. Relationships are different. The financial and population issues are different.⁷⁶

72 Centre for Public Scrutiny ([DEV 041](#))

73 NHS England, [Greater Manchester Health and Social Care Devolution Memorandum of Understanding](#), 27 February 2015

74 British Medical Association ([DEV 003](#)) para 5

75 Local Government Association ([DEV 021](#)) para 5.3

76 Q111

36. The BMA and NHS Providers said, respectively, that “learning from the Greater Manchester deal could be considered by other areas”⁷⁷ and that it was a “valuable example” of how health devolution could work.⁷⁸ **Due to the city’s unique circumstances, and also the fact that the population, their health challenges and the health economy are different from other places, health devolution in Greater Manchester is not a model for other areas. What is happening in Greater Manchester is, however, something for other areas to learn from.**

Other places: how bespoke is devolution?

37. During the course of the inquiry, devolution deals have been agreed with the North-East, Tees Valley, the West Midlands, Liverpool and a further deal with Sheffield. Although the Government has frequently articulated its commitment to bespoke devolution,⁷⁹ the deals concluded share a number of common elements; for example, the powers to be devolved and the requirement for an elected mayor (see table). However, there are some bespoke elements appearing in individual deals, for example ultra-fast broadband in the North East. We found the extent of the similarities surprising.⁸⁰

77 British Medical Association ([DEV 003](#)) para 5

78 NHS Providers ([DEV 046](#)) para 2

79 See, for example, HC Deb, 14 October 2015, [col 329](#) [Commons Chamber]

80 [“Exclusive interview: Clark promises bespoke deals amid ‘big push’ on devolution”](#), Local Government Chronicle, [20 May 2015](#)

Table 1

		Greater Manchester	Sheffield	North-East	Tees Valley	Liverpool	West Midlands	Cornwall	West Yorkshire
Common elements									
Further education and skills	Redesign post-16 FE system	Devolved	Devolved	Devolved		Devolved	Under discussion	Devolved	Devolved
	Apprenticeship Grant for Employers	Devolved	Devolved						Devolved
	Adult skills funding by 2018-19	Under discussion	Devolved	Devolved	Devolved	Devolved	Devolved		
Transport	Devolved, consolidated transport budget	Devolved	Devolved	Devolved	Devolved	Devolved	Devolved	Devolved	Under discussion
	Bus franchising	Devolved	Devolved	Devolved	Possible	Devolved	Devolved	Devolved	
	Joint working with Highways England and Network Rail	Devolved	Devolved	Devolved			Devolved		Devolved
	Local roads network		Devolved			Devolved	Devolved	Cornwall CC ¹	
	Smart ticketing	Devolved	Devolved	Devolved		Devolved	Devolved	Devolved	Devolved
Business support	Growth Hub to align local and national business support services	Devolved	Devolved	Devolved	Devolved	Devolved		Devolved	Devolved
	Joint working with UKTI	Devolved	Devolved	Devolved	Devolved	Devolved	Devolved		Devolved
	Devolved approach to business support services from 2017	Devolved	Devolved	Devolved	Devolved	Devolved	Devolved	Devolved	Devolved
Employment support	Joint commissioning of support for harder to help claimants	Devolved	Devolved	Devolved	Devolved	Devolved	Devolved		
	Possible full joint commissioning from 2017	Devolved	Devolved						Devolved

		Greater Manchester	Sheffield	North-East	Tees Valley	Liverpool	West Midlands	Cornwall	West Yorkshire
Land and housing	Public land commission	Devolved	Devolved	Devolved	Devolved	Devolved	Devolved	Devolved	Devolved
	Housing Loan Fund	Devolved	Under discussion		Under discussion	Under discussion	Under discussion		
	Compulsory purchase orders	Devolved		Devolved		Devolved	Devolved	Cornwall CC	
	Mayoral Development Corporation	Devolved	Devolved		Devolved	Devolved	Under discussion		
Health and social care	Planning call-in powers		Devolved			Devolved		Cornwall CC	
	Statutory spatial strategy	Devolved	Devolved	Devolved		Devolved		Cornwall CC	
	Integration	Devolved							
Policing	Commission / business plan for integration			Devolved				Devolved	
	Mayor to become Police and Crime Commissioner	Devolved					Under discussion		
Fire service	Mayor to take over	Devolved					Under discussion	Cornwall CC	
	Intermediate body	Devolved	Under discussion	Devolved	Under discussion	Devolved	Under discussion	Devolved	
EU structural funds	Investment fund (per year)	£30 m	£30 m	£30 m	£15 m	£30 m	£36.5 m		
	Single funding pot	Devolved	Devolved	Devolved	Possible	Devolved	Devolved		
	Retention of 100 per cent business rates growth	Devolved	Devolved	Devolved	Devolved		Devolved		

1 Denotes power held by Cornwall Council in its capacity as a unitary authority

Source: House of Commons Library analysis

38. Cllr Jeffrey, Leader of Redcar and Cleveland Borough Council, said about Tees Valley's experience of negotiating the content of a deal that:

I suppose it is wrong to say we came across difficulties, but it was not easy to get in new stuff, so anything that had not been in other deals was very difficult to do. We talk about having a bespoke deal for the Tees Valley, but just how bespoke it is at the end of the day I do not know, because our deal includes a lot of things that have already been in other places. Indeed, that was something that came back to us: has another area done it? Has it been done elsewhere?⁸¹

She said that “we had some very specific things we wanted to do” but that it had been “difficult” to agree devolution for 16-to-18 further education and funding for culture.⁸² When we asked our Greater Manchester witnesses whether they got everything they wanted in the deal, Cllr Kieran Quinn, Leader of Tameside Metropolitan Borough Council, said “I don't think there was any secret that our ambitions were much larger than the deal itself”.⁸³ The witnesses indicated that they would have liked more freedom to work on criminal justice, fiscal and education powers.⁸⁴ It has been observed that devolution in England looks “like a menu with specials: certain options are available to all areas, but at the same time each area has been offered a few items that mark them out from their counterparts”.⁸⁵ These include the Tees Valley working with Arts Council England to examine how its funding for culture could support Tees Valley's economic growth and Cornwall working with the Government to support the development of deep geothermal energy resources.

39. The Minister for Local Growth and the Northern Powerhouse, James Wharton MP, denied that the Government was prescribing what should be in devolution deals but also acknowledged that “It is easier to work through things that have been agreed in other areas, where you can look at an example and say ‘That is how it is being done there’”.⁸⁶ Later on in the discussion, he said “The reality is that a lot of deals have commonality”.⁸⁷ However, at various points, he also emphasised that the Government was “keen not to force areas to have an identikit approach”, the need for “a genuinely bottom-up process where different areas will ask for different things” and “imagination and ambition, and different things to come in”.⁸⁸

40. We appreciate that there will be areas of commonality between deals as certain powers, for example transport and business support, are natural candidates for devolution to local areas because of their role in driving economic growth. However, we have heard that areas are making imaginative and ambitious requests for specific powers only to have them turned down, which leads us to question the commitment across Government Departments to truly bespoke devolution (we consider this issue further in paragraphs 41-45). In each deal, we would expect to see more than “a few items” that are not common to other deals being devolved and are devised by an area

81 Q167

82 Q168

83 Q56

84 Q56 [Mr T Lloyd, Cllr K Quinn, Cllr S Derbyshire]

85 House of Commons Library, Second reading blog, [Devolution deals and the powers offered to localities: a menu with specials?](#), 9 September 2015

86 Q274

87 Q275

88 Q274

as a unique response to its geography, economy or social needs. In addition, we would expect to see that commonly devolved powers reflect and respond to the geography, economy and social needs of the local area to which they pertain.

General observations

Commitment to devolution across Government Departments

41. While we do not doubt the Treasury’s and the Department for Communities and Local Government’s commitment to devolution, the evidence we received suggested that some Government Departments are less keen to devolve powers to local areas. Cllr Quinn’s impression was that the Chancellor had “managed to bully, cajole or persuade lots of his other ministerial colleagues to give up some of their powers”.⁸⁹ Sarah Ayres, University of Bristol, who based her written evidence on interviews she conducted in 2012 and 2015 with Government officials working on decentralisation, said “there is a perception in Whitehall that the big delivery departments—health, education and welfare—remain quietly cautious about decentralising budgets and functions locally”.⁹⁰ James Wharton said that every Department recognised the importance of devolution, with the only challenge being “finding workable ways to deliver the asks that come forward”.⁹¹

42. During our visit to Working Well, a welfare to work programme in Manchester, co-commissioned with the Department for Work and Pensions (DWP), staff told us that the DWP believed that it was easier to run welfare to work nationally and the ‘joint bit’ of joint commissioning was missing. They also said that it was acting as a brake on what they wanted to do. Although still in its early stages, Working Well is, however, achieving high levels of success in getting its clients into work. When we asked the Minister for Employment, Rt Hon Priti Patel MP, whether she would like local areas to take the lead on future programmes, she said “We will work with them, obviously, in terms of co-design, commissioning and bringing together many of the potential services people need”⁹² and, later, that “It is working together. It is working in partnership”.⁹³ **There is an obvious difference between joint working and devolution, namely that devolution involves a transfer of responsibilities from, in this case, the DWP to a combined or local authority. With ‘joint working’, there is a risk that Departments will carry on without changing their practices. Devolution, on the other hand, leaves decision-making in the hands of local politicians, with accountability to local voters. We recommend that, where the terms ‘joint working’, ‘joint commissioning’ and ‘co-commissioning’ appear in a deal, they are challenged and defined in practical terms. In such cases, we would expect to see local areas actively involved in designing the project, performance management and its integration with existing local services. Joint working on or co-commissioning of services should be considered as a first step towards eventual fuller devolution.**

43. With regards to other Government Departments, we heard from Cllr Derbyshire, Leader of Stockport Metropolitan Borough Council, that education is the “most frustrating” area.⁹⁴ Her experience echoed Cllr Jeffrey’s comment that it was very difficult

89 Q56

90 Sarah Ayres ([DEV 006](#)) para 2.2

91 Q269

92 Q221

93 Q222

94 Q56

to get devolution of 16-to-18 further education in the Tees Valley deal⁹⁵ and, of course, the evidence from Sarah Ayres above. Given that the current policy trend is for reduced involvement of local authorities in education, it is perhaps unrealistic to expect much commitment from the Department for Education to devolution.

44. The Devolution Bill is just one part of enabling devolution. There also needs to be an enthusiasm for it across all Government Departments and a commitment to it as the ‘default position’, resulting in the devolution of substantial powers. Devolution should be as of right, not subject to the fluctuating enthusiasm of central government. The Devolution Bill should be seen as a first step towards a more comprehensive devolution framework for the whole of local government, covering significant spending and tax raising powers. Without this, economic growth, real public service reform, service integration, or any of the other objectives cited for devolution, will not be realised.

45. We would like to see a culture of devolution embedded in all Government Departments. The annual report on devolution, which is required under the Devolution Bill, should be prepared with input from a wide range of Departments, such as the DWP, the Department of Health, the Department for Education and the Department for Business, Innovation and Skills. A section of this report, left unedited by Government, should comprise local authorities’ reports back on the Government’s commitment to devolution and rating their experience of different Departments, in terms of what the Department was like to work with and whether it fulfilled its part of the deal. The Committee will use the report as a means of scrutinising the Government, and it may also be of use to other stakeholders in holding the Government to account.

Government capacity

46. After the 4 September 2015 deadline for devolution proposals, the Secretary of State for Communities and Local Government announced that “38 areas have submitted proposals for devolved powers and budgets. We will work with every area over the coming months to negotiate transformational devolution deals”.⁹⁶ Although an analysis of city deals, the evidence from the Centre for Urban and Economic Development Studies said that central government has found it “challenging from an institutional and individual capacity perspective—despite the creation of a specialist policy unit—to conduct simultaneous and complex negotiations with a large number of cities and city regions”.⁹⁷

47. By the time we came to take oral evidence, witnesses were able to comment on the progress of devolution deals. Ed Cox, the Director of IPPR North, said “The big problem we have seen in the deal-making process at the moment is that local authorities are expected to have bilateral conversations with lots of different departments” and said there should be a “cross-departmental team with which you can have a single conversation”.⁹⁸ He also said:

Some Departments then renege when they hear what other Departments are doing. The Treasury holds the final veto on virtually anything that might have taken a long time to decide.⁹⁹

95 Q168

96 HC Deb, 14 September 2015, [col 739](#) [Commons Chamber]

97 Centre for Urban and Economic Development Studies ([DEV 023](#)) para 2.9

98 Q171

99 Q171

When we asked the Minister about this, we were told that the Cities and Local Growth Unit was “cross-cutting across a lot of Departments” and took on a “large part of that coordinating work”.¹⁰⁰ He said that:

In some of the deals, the Treasury has been a lead Department in terms of pulling it together, but in other deals, DCLG is very much taking on the role of seeing how we can get all the different pieces to add up. Because different areas ask for different packages, the challenge is that you cannot say, “This will always be the lead Department for every deal,” or, “This will always be the Department with which we work most closely.”¹⁰¹

All contact and communications about a deal with a local area should be made through the Cities and Local Growth Unit, regardless of which Department leads a deal. This would ensure consistency of approach across Government Departments and have the practical advantage of being a single channel of communication for local authorities.

48. Our evidence did not reveal particular concerns about the Government’s current capacity to negotiate deals; for example, in the Mayor of Liverpool’s experience, it had not been a major problem.¹⁰² However, witnesses speculated on what might happen when there were more deals under discussion. The Director of Core Cities, Chris Murray, pointed out that the bulk of the work might take place after the deal was agreed, saying “Even once a deal is signed, getting it through the system can still take an awful lot of work”.¹⁰³ This was a concern for the Mayor of Liverpool, who said:

How we move forward after the deal. How we pull this together and deliver that. That is something that is a bit woolly, a little bit vague because clearly we are going to need more people, for instance, to deliver across the piece.¹⁰⁴

The Chief Executive of Wakefield Council, Joanne Roney, said:

I do think if we talk about 30 deals being negotiated with Treasury and a number of those having some degree of fiscal devolution attached to them in various models then there will be a challenge to try to capture this.¹⁰⁵

Lord Kerslake, the Chair of the CfPS, doubted it would be possible to agree large numbers of bespoke deals and thought that, in these circumstances, “some form of framework” and “consistency of approach” was needed.¹⁰⁶ Ed Cox suggested a “loose core settlement, basic framework or whatever you want to call it about the key elements you might want to have”.¹⁰⁷ Chris Murray suggested:

We might take a moderate approach to using the deals that are being done now, say, for example, on skills or housing and understand how that works systemically within Whitehall and across its agencies and within local

100 Q266

101 Q266

102 Q87 [Mayor of Liverpool]

103 Q87 [Mr C Murray]

104 Q86

105 Q87 [Ms J Roney]

106 Q172

107 Q171

government. Seeing if we can bank that as a model, so you are not starting everything from scratch every time when you come to negotiate and deliver future deals.¹⁰⁸

49. We asked the Secretary of State whether he was confident that his Department had the capacity to negotiate all the deals coming forward. He said there was “a lot of excitement about it” in the Department¹⁰⁹ and that “People are seeing it as part of their job and their role to engage in these negotiations”.¹¹⁰ **We are not at all convinced that the Government will have the capacity to work through all the bids that have been submitted and also to return to agreed deals to negotiate additional powers and then go on to deal with a ‘second wave’ of devolution proposals at a later date. Extra capacity will also be required to consider the wider, long-term implications of devolution for the Government and how it will change its modus operandi to deal with these. While it appears that the work is currently being adequately resourced, the Government should make an explicit commitment to provide the necessary additional resources as the number of deals under negotiation increases and, as discussed at paragraph 27, work on more extensive devolution develops. A programme of secondments of staff from the Cities and Local Growth Unit to local authorities, and vice versa, would aid sharing of knowledge, best practice and understanding of the different environments.**

108 Q83

109 Q277

110 Q278

4 Bids, negotiation and agreement of deals: key themes

50. As we have discussed in paragraph 23 above, devolution in England is generally proceeding by means of deals negotiated and agreed between local areas and the Government. This is a pragmatic way forward but there are risks in deal-making which, to be mitigated, require the use of proper processes—we are all familiar with the drawbacks of ‘back room’ deals. Openness, transparency, agreement of a timeframe and equal influence between the parties will help to ensure the process and the deal agreed are both beyond reproach. The evidence we received suggested that the current process could be improved in a number of ways.

Public engagement

51. We have been struck by the lack of discussion and consultation with the public in areas which have proposed, negotiated and agreed devolution deals. At the question and answer session we held with residents during our visit to Greater Manchester, the vast majority of contributions, often made in angry tones, arose from the perceived lack of efforts by the combined authority to engage the public about the deal relating to their local area. While many valid points were made, we note that attendees, having elected to attend the session, were not necessarily representative of all Greater Manchester residents who are likely to be less aware of devolution. We were told that there had been a “complete, utter and total lack of democratic engagement”, “insufficient information” and that most people did not understand what Devo Manc was all about.¹¹¹ When we raised this with our Greater Manchester witnesses, Cllr Kieran Quinn, the Leader of Tameside Metropolitan Borough Council, said he fully accepted there could have been more transparency.¹¹² Cllr Sue Jeffrey, the Leader of Redcar and Cleveland Borough Council, told us that Tees Valley had not consulted the public before signing up to a deal¹¹³ and Cllr Alan Rhodes, Leader of Nottinghamshire County Council, said they were talking about the deal in the media and would hold a public consultation once it was agreed.¹¹⁴

52. Lord Kerslake, the Chair of the Centre for Public Scrutiny (CfPS), said that public engagement should take place both during “the process of coming to the deal” and then “having done the deal”.¹¹⁵ We think there is an additional initial stage which involves local areas consulting on devolution proposals before the negotiations begin. The seven week Government-set deadline for submitting bids did not provide any scope for this. We heard it was challenging even to consult the authorities involved and then agree proposals by this date.¹¹⁶ Local areas clearly felt they had to capitalise on the Government’s enthusiasm to get a deal done: explaining why Tees Valley did not undertake public engagement, Cllr Sue Jeffrey said:

111 Communities and Local Government Committee, [Public question and answer session in Greater Manchester](#), 26 October 2015.

112 Q57 [Cllr K Quinn]

113 Q160

114 Q155

115 Q161

116 Q31

We were approached very quickly by James Wharton and co. to have a conversation about how the Tees Valley might like to move towards devolution, and we certainly saw it as being advantageous for us to get into that conversation quickly and to get on with that conversation.¹¹⁷

Cllr Quinn reasoned that, as the deal was bringing new powers to local people, not taking them away, limited public engagement could be excused.¹¹⁸ Ed Cox, the Director of IPPR North, commented that West Yorkshire was the only area that had undertaken public consultation and that their second deal had not yet been agreed. He believed that the Government had been trying to create a sense of momentum “in order to get deals done and to drive devolution down” which had inadvertently been to the detriment of public engagement.¹¹⁹ Some areas are taking steps to engage and consult residents. Durham County Council announced that it will poll Durham residents on the agreed North East Devolution Deal in early 2016¹²⁰ and, demonstrating that the public is interested in devolution, a Citizen’s Assembly¹²¹ in Sheffield voted for a more ambitious deal than the one agreed.¹²²

53. For devolution to take root and fulfil its aims, it needs to involve and engage the people it is designed to benefit. There has been a consistent very significant lack of public consultation, engagement and communication at all stages of the deal-making process. This is due to areas having limited time in the run up to the 4 September deadline. The Government drove the first wave of devolution deals through at a rapid pace (considered in more detail in the next section) which meant there was no opportunity for engagement with residents, or for residents to have their say on the principle of devolution or the framework of the specific deal proposed in their area. Despite this, we believe that local leaders could have communicated more effectively and extensively with their residents about the deal process, the contents of the deal and how it would affect them. It should, for example, have been clear to any citizen what their elected leaders were seeking to secure for the area in negotiating a devolution deal with the Government. In addition, deals involving complex negotiations between national and local politicians do not lend themselves to public engagement. *However, from now on, efforts should be made to engage, consult and communicate with the public at all stages of the process—in the preparation of proposals, their negotiation and following agreement. Strategies to involve the public may include citizens’ juries, public meetings and, within the NHS and local government, staff engagement sessions. Once a deal is entrenched and its reforms have had the chance to take effect, the public should be consulted on their experience of its practical effects.*

117 Q160

118 Q57 [Cllr K Quinn]

119 Q159

120 “[County Durham residents to be given devolution vote](#)”, Chronicle Live, 28 October 2015

121 The Citizens’ Assemblies are being conducted by Democracy Matters, a group of academics from the University of Sheffield, the University of Southampton, University College London, the University of Westminster and the Electoral Reform Society in a project funded by the Economic and Social Research Council. See also Electoral Reform Society ([DEV 032](#)) paras 19-21

122 “[South Yorkshire citizens want stronger Northern Powerhouse](#)”, Democracy Matters, 9 November 2015

54. We found that the negotiation process in particular had attracted strong criticism¹²³ and accusations that deals are being made in secret—the CfPS said the detail is being “thrashed out in private between a handful of privileged individuals”¹²⁴—which has implications for openness and transparency. A member of the audience in Greater Manchester told us that she saw devolution as “one group of people in central London passing power to another group of elite people locally”.¹²⁵ However, Lord Kerslake thought it would be very hard to make the process work if the negotiations were public.¹²⁶ The impression we took from Greater Manchester was that the Government wanted the negotiations to be kept confidential, which necessarily limited public engagement. Cllr Quinn told us that “the Treasury wanted a deal signed before we could move into a more public domain” and Cllr Derbyshire, the Leader of Stockport Metropolitan Borough Council, echoed this.¹²⁷

55. In addition, the criteria used by the Government to judge the suitability of proposals have not been published. When we asked the Minister for Local Growth and the Northern Powerhouse how proposals were judged, he said the Government wanted to see cooperation, a desire to drive the devolution agenda and bottom-up agreement.¹²⁸

56. We think it is too late to engage the public only once a deal has been agreed. While it is reasonable that the actual negotiations are not open to the public, steps should be taken to inject more openness into the process by publishing on the relevant authorities’ websites:

- *Devolution proposals and the Government’s counter-offers, within a reasonable time of them being made;*
- *An outline of what is being negotiated; and*
- *Drafts of the deal, and the text of the final deal.*

The Government should also publish the criteria it uses to assess and agree proposals so local areas can refer to these when drawing up their devolution bid. A similar level of transparency should continue to be maintained once the deal has been agreed.

Timetable

57. The timetable for both proposing and agreeing deals has been very tight. In terms of putting forward bids, areas were given seven weeks to submit “formal, fiscally-neutral proposals and an agreed geography” to the Treasury by 4 September 2015¹²⁹ so that they could be taken into account for the Spending Review. Our witnesses said this was a “narrow period of time”¹³⁰ and described how places had rushed to complete bids within the timescales.¹³¹ It was suggested that the short deadline might have adversely affected

123 Q165

124 Centre for Public Scrutiny, [Devo Why? Devo How?: Questions \(and some answers\) about governance under English devolution](#), September 2015, p8

125 Communities and Local Government Committee, [Public question and answer session in Greater Manchester](#), 26 October 2015

126 Q161

127 Q57 [Cllr K Quinn, Cllr S Derbyshire]

128 Q274

129 HM Treasury, [A country that lives within its means: Spending Review 2015](#), July 2015, p15

130 Q5

131 Q16

the quality of the proposals put forward. Lord Kerslake said he worried that some places “will be pushed into deals that really are not going to work and move them backwards rather than forwards”.¹³²

58. We heard that, while timing was a challenge for urban areas, it was worse for non-metropolitan areas as their deals involved many more institutions. South East England Councils (SEEC) said “The size, scale and variety of local authorities across the South East add to the time taken to agree far-reaching devolution proposals”, citing Hampshire Council’s deal involving one county council, three unitaries and 11 districts.¹³³ The Derbyshire and Nottinghamshire devolution bid is similarly complex. Cllr Rhodes told us that “Getting 19 local authority leaders and their members through the departure gate at the same time has been an extremely challenging thing to try to do”.¹³⁴

59. According to a recent report by IPPR North, counties, in particular, need time to build trust and develop working relationships between partners.¹³⁵ The County Councils Network said that the devolution agenda should respond intelligently to the particular circumstances of county and two-tier areas.¹³⁶ We were therefore pleased to hear the Minister say:

Areas that take a bit longer may take a bit longer. There is no desire, certainly from my point of view, to close the door on devolution and “You did not reach an agreement in time. Therefore, we will refuse to talk to you again.”¹³⁷

We also heard that, once the proposals had been submitted, there was no fixed or agreed timeframe for negotiations and so the Government tended to rush or bring forward deadlines. Cllr John Pollard, the Leader of Cornwall Council, said that the original plan had been to have the Cornish proposals ready before the summer recess but that:

The Chancellor told us, “Let’s see if we can do the deal before the summer recess,” which I must say was a bit of a shock to some of our officers, who had to produce a lot of detail, a lot of documentation, a lot of negotiation, in very short order, but we managed to do that. Therefore, at the end of July, we signed our deal.¹³⁸

Cllr Jeffrey said that the Tees Valley devolution deal happened “very quickly”¹³⁹ and that they found the various deadlines difficult:

At one stage, it was, “Can you do it by here?” and then, “Can you do it by the time of the Tory party conference?” and then, “Can you do it by the time of the comprehensive spending review?” There were a number of enforced deadlines, which put extra pressures on that perhaps would not have been there otherwise, but at the end of the day we did as well as we could.¹⁴⁰

132 Q176

133 South East England Councils ([DEV 026](#)) para 3.4

134 Q134

135 IPPR North, [Unlocking counties: Unlocking county devolution deals](#), November 2015, p19

136 County Councils Network ([DEV 052](#))

137 Q273

138 Q132

139 Q160

140 Q168

60. **The Government is moving devolution forward at a rapid pace, which is welcome. However, some areas, particularly non-metropolitan areas, found it very challenging to meet the 4 September deadline. There is a risk that they may be rushing into bids which have not been properly planned and are based on relationships with neighbouring areas which have not had sufficient time to bed down. The Government also appears to be setting deadlines in accordance with events in the parliamentary and political calendar. *We welcome the Secretary of State’s acknowledgement that some areas may take longer than others to submit bids and recommend that any deadlines imposed should take this into account. Then, once a bid has been submitted and negotiation on the content of the deal begins, the parties should decide on an agreed and prompt timeframe, with fixed deadlines, not influenced by political criteria, for negotiation and agreement of the deal. It is essential that this takes into account the time needed to undertake consultation and engagement with the public.***

61. *In addition, in accordance with the evidence given by the Minister, we suggest that the Government makes a clear statement that devolution will take place at different speeds in different places, and that taking time to craft a proposal to take account of local specificities will not adversely affect the Government’s response to it. This would encourage areas to spend longer building relationships, preparing proposals and consulting residents, and would be particularly beneficial for non-metropolitan areas.*

Balancing central and local influence

62. The Treasury and, to a lesser extent, the Department for Communities and Local Government are driving devolution; this is inevitable at the outset, since devolution is a central government policy. However, when it comes to deal-making, there is an important balance to be struck between the influence that the Government has on a deal and the influence the local area has. From what we have heard, the Government appears to have the upper hand, seen in the way it prescribes the content of deals and sets the deadlines and, as our witnesses confirmed, requires that local areas adopt elected mayors in return for a full package of devolved powers.¹⁴¹ *The recommendations we made above—encouraging devolution at different speeds and setting out a timeframe—would provide a clear process for parties to follow and would help to counter the perception that the Government is exerting too much influence over the deal-making process.*

63. We have also detected the sense among non-metropolitan areas that the Government’s devolution policy is biased towards city regions; for example, Essex County Council said that the main focus to date had been on city regions¹⁴² and SEEC called for devolution to be significantly extended outside the cities.¹⁴³ With the exception of Cornwall, the deals agreed to date have all been with urban areas and the Government’s rhetoric has often focused on devolution to cities to the exclusion of other areas.¹⁴⁴ Furthermore, Cornwall is not representative of non-metropolitan areas: the New Local Government Network said that it was “an outlier in terms of geography, funding, economic conditions and governance (being a unitary) and cannot be taken as a model for anywhere else”.¹⁴⁵ Other witnesses

141 Q14

142 Essex County Council ([DEV 035](#)) para 10. See also the Chief Economic Development Officers Society and the Association of Directors of Environment, Economy, Planning and Transportation ([DEV 013](#)) para 12

143 South East England Councils ([DEV 026](#)) para 2.5

144 See, for example, HM Treasury, [Spending Review 2015](#), 25 November 2015, para 1.248

145 New Local Government Network ([DEV 053](#)) para 10

also mentioned a “little bit of urban bias early on in the process”¹⁴⁶ and the process being “controlled by that at the moment”¹⁴⁷ but also said that an initial focus on city regions was appropriate if the key objective of devolution was economic growth.¹⁴⁸ However, in its written evidence, the Department did mention devolution to “local areas—rural or urban, cities, towns, or counties”.¹⁴⁹ **It is often argued that urban areas are increasingly the source of the highest levels of economic innovation and growth and that, if the objective is economic rebalancing, this requires greater devolution to city regions. We understand and sympathise with this approach. Nevertheless, the agreement of a devolution deal with a non-metropolitan two-tier area would help to address any sense that the Government is biased towards devolution to city regions. The next non-metropolitan deal will therefore be particularly significant and we look forward to one being agreed in the next six months.**

64. According to Professor Copus of De Montfort University, non-urban areas can gain from a devolution agenda focused on cities.¹⁵⁰ He argued that the benefits of better urban economic performance eventually spread beyond the administrative boundaries of urban areas to be reaped by non-metropolitan areas. This is clearly already the case for London and large areas of the South East. **Nevertheless, we are concerned that this will not be the case for small towns and county areas outside the South East which risk being left out and left behind. The Government should consider this a major issue and monitor the impact of devolution deals on adjoining or nearby areas to assess whether such areas are benefitting or being left behind.**

146 Q32 [Professor A Pike]

147 Q32 [Professor C Copus]

148 Q32 [Professor A Pike, Professor C Copus, Ms A Jones]

149 Department for Communities and Local Government ([DEV 027](#)) para 7a

150 Q32

5 Governance and accountability

65. The Devolution Bill provides for the creation of directly-elected mayors and requires combined authorities to have in place overview and scrutiny arrangements. The Department for Communities and Local Government (DCLG) referred to this as a “framework” for governance which allows for stronger arrangements to be created by secondary legislation.¹⁵¹ The Centre for Public Scrutiny (CfPS), however, argued that requiring elected mayors and overview and scrutiny committees may lead to combined authorities approaching governance as a “matter of compliance, where no further thought is required”.¹⁵² It also said that the approach taken to governance was “one-size-fits-all” and that one form of governance will not be equally appropriate in all areas.¹⁵³ The New Local Government Network was similarly concerned that governance and accountability would not receive the attention required due to the sheer pace of the devolution process.¹⁵⁴

Directly-elected mayors

66. The Government has consistently linked directly-elected mayors to devolving a full package of powers to local areas, particularly cities,¹⁵⁵ and has articulated two reasons for this; “proper democratic direct accountability”¹⁵⁶ for the powers being devolved and the “success of international city and metro mayors”, such as Rahm Emanuel, the Mayor of Chicago, Rudy Giuliani in New York, Bertrand Delanoë in Paris and London’s Boris Johnson.¹⁵⁷ We were told, however, that only about four of the 15 international mayors that are held up as examples by the Government are “genuinely directly elected”.¹⁵⁸

Attitudes to directly-elected mayors

67. The Government’s policy on elected mayors has attracted a great deal of attention, so much so that one of our witnesses said that “all our concerns and energies have been focused on the elected mayor issue and not on wider issues of local democracy”.¹⁵⁹ The submissions we received did not come down overwhelmingly for or against elected mayors. Indeed, much of the evidence supported elected mayors¹⁶⁰ as a means of providing visible leadership and accountability. Several times, though, we heard that local areas should be free to decide whether an elected mayor was the right model of governance for their area.¹⁶¹

68. The witnesses who had been involved in negotiating deals for their local areas had a pragmatic attitude to having an elected mayor. The Chief Executive of Wakefield Council, Joanne Roney, saw extra devolved powers as worth having in return for an elected mayor.¹⁶² Cllr Sue Jeffrey, the Leader of Redcar and Cleveland Borough Council, said that, for the

151 Department for Communities and Local Government ([DEV 027](#)) para 44

152 Centre for Public Scrutiny ([DEV 041](#))

153 Centre for Public Scrutiny ([DEV 041](#))

154 New Local Government Network ([DEV 053](#)) para 17

155 HC Deb, 14 October 2015, [col 420](#) [Commons Chamber] and oral evidence taken on [15 September 2015](#), HC (2015-16) 355, Q19

156 Q283

157 Department for Communities and Local Government ([DEV 027](#)) paras 21-22

158 Q176

159 Q184

160 See, for example, Professor Colin Copus ([DEV 019](#)); IPPR North ([DEV 029](#)) para 3.5; Q12 [Ms A Jones]

161 Local Government Association ([DEV 021](#)) para 6.4 and the Centre for Public Scrutiny ([DEV 041](#))

162 Q91

Tees Valley, “It is a price we are having to have, so we will make it work”.¹⁶³ They had decided their mayor would be a figurehead for inward investment, economic development and skills and someone you “pick the phone up and talk to if you want to do business with the Tees Valley”.¹⁶⁴ Cllr Kieran Quinn, Leader of Tameside Metropolitan Borough Council, said that the elected mayor in Greater Manchester was a “trade off” in return for more powers¹⁶⁵ but also acknowledged that s/he would be a “go-to voice for Greater Manchester”.¹⁶⁶ However, when we asked the Greater Manchester leaders whether they would have accepted an alternative to an elected mayor, they said ‘yes’ without hesitation.¹⁶⁷

Non-metropolitan areas

69. Whatever the deal on offer, elected mayors were much less acceptable to non-metropolitan areas. Cllr John Pollard, the Leader of Cornwall Council, told us there was no appetite for a directly elected mayor anywhere in Cornwall.¹⁶⁸ Cllr Paul Carter, the Chair of the County Councils Network, said he hoped the vast majority of the members of his organisation would be very concerned about elected mayors.¹⁶⁹ We heard that the geography of an area played a part in whether a mayor was suitable. South East England Councils said that the “scale, geography, mix of unitary and two-tier councils and variation between urban and rural areas in the South East mean there is little support for elected mayors”.¹⁷⁰ Ed Cox, the Director of IPPR North, thought that elected mayors could work in non-metropolitan areas with a single urban centre but said that:

That does not pertain in most non-metropolitan areas, where you have multiple centres of economic activity. Very often, if we are talking about places like Derbyshire and Nottinghamshire, you have a very weak single identity or multiple identities, modest powers being offered and already quite complex arrangements. In those circumstances, it is not necessarily ideal to have a metro mayor.¹⁷¹

The Government clearly expects cities to accept an elected mayor, but whether this is also expected of non-metropolitan areas is less clear. We asked the Minister for Local Growth and the Northern Powerhouse, James Wharton MP, whether, after Cornwall, non-metropolitan areas would still be expected to have a mayor but he would only say:

We have been very clear that where metropolitan and more urban areas want a package of powers akin to that in Greater Manchester, there will be an expectation that a mayor is part of the package. Of course, devolution is a voluntary process. No area is forced to do it but, when they want those sorts of significant packages, the expectation that a mayor will be part of it is a reasonable one.¹⁷²

163 Q177

164 Q180

165 Q59

166 Q61

167 Q60 [Cllr S Derbyshire, Cllr K Quinn]

168 Q137

169 Q136

170 County Councils Network ([DEV 052](#))

171 Q176

172 Q 282

IPPR North has called for the Government to “accept (or deny) that an elected mayor might not be the best model of governance for counties” and “demonstrate genuine openness to alternative models”.¹⁷³ The Leader of Cornwall said that their alternative model “of a strong leader, a cabinet and accountability to full council, full council being the sovereign body” worked for Cornwall.¹⁷⁴

70. International comparisons aside, we heard evidence that there are benefits to be gained from having an elected mayor; for example leadership, strong accountability and a ‘go to’ voice for business. However, we believe elected mayors are likely to be better suited to urban areas. The scale, geography and economic diversity of non-metropolitan areas mean elected mayors are unlikely to be an easy fit. Local areas should be allowed to decide whether or not they wish to have an elected mayor. Those which do not want an elected mayor, but nonetheless want substantial devolved powers, should be allowed to propose an equally strong alternative model of governance.

71. Cllr Carter identified another issue with elected mayors in non-metropolitan areas:

We are in danger of having four tiers of government. We have towns and parishes; we have districts and boroughs; and we have the county. Do we need another tier of governance on top of that, through a directly elected mayor’s office? I do not think we do.¹⁷⁵

When we asked the Minister whether four tiers of local government was too many, he said:

It might be; it might not. It is not for me, as part of the devolution process, to tell areas how many tiers of government they should have. Of course, there is scope for areas to look at rationalisation of government, again by agreement, and to have the sort of model they want to have.¹⁷⁶

In fact, where a combined authority has been created, the mayor could be seen as a fifth tier of local government. Aside from the potential for confusion, which we discuss below, we think that the public will probably be left feeling that there is too much bureaucracy and too many politicians. There is a risk that this could lead to low turnouts at mayoral elections, which would have implications for the democratic legitimacy of elected mayors. This is a consequence that needs to be addressed in the long-term, possibly by a move to having more unitary authorities.

Scrutiny

72. The Devolution Bill requires each combined authority to establish at least one overview and scrutiny committee, consisting of backbench councillors from the constituent councils, to review and scrutinise its decisions and actions and those of the elected mayor. The CfPS was critical, saying that this system will not be appropriate for every combined authority:

¹⁷³ IPPR North, [Empowering counties: Unlocking county devolution deals](#), November 2015

¹⁷⁴ Q137

¹⁷⁵ Q136

¹⁷⁶ Q283

Committees bringing together councillors from a range of authorities, who may be geographically dispersed over a large area, can be very difficult to manage; areas may be able to develop governance approaches which may be more proportionate and effective.¹⁷⁷

73. The CfPS believes that better governance could be developed and agreed upon as a result of discussions at local level.¹⁷⁸ Lord Kerslake, the CfPS' Chair, described how this could happen:

Each area, each combined authority, should develop a clear governance framework that is mutually agreed across the key partners. That should address explicitly the issues of how overview and scrutiny will work, how those who are not councillors can contribute to that debate, and how this will be reviewed and refreshed over time. You would not set out a single model of how it should be done, but you would require the local leadership to consciously address the issue, agree between them how it is going to work and, indeed, hold with that model and agree changes only through the overview and scrutiny committee.¹⁷⁹

74. Other witnesses saw scrutiny as an opportunity to use creative ways to reinvigorate local democracy; for example, Ed Cox suggested combined authorities could have second chambers made up of people from the business and voluntary and community sector and citizens' panels.¹⁸⁰ Cllr Pollard described how Cornwall was involving their MPs, as well as the council, in monitoring.¹⁸¹ The Greater Manchester leaders told us that scrutiny arrangements there had improved as a result of devolution; Cllr Quinn said that "devolution has slowed down our process of governance to make sure that what we are now governing is far stronger and robust".¹⁸²

75. In the Tees Valley, we heard that it is intended that the mayor will be part of a team and would be "working collectively with the [council] leaders".¹⁸³ However, Lord Kerslake thought that "it would be unwise to assume that directly elected mayors will simply be quasi leaders. They could well establish a profile and a position that is well beyond that".¹⁸⁴ Darren Johnson, the Chair of the London Assembly, reflected on the need for robust scrutiny arrangements to hold the mayor to account:

Once you have an individual who is elected, who comes in with their own agenda and the electorate vote in someone with a very powerful mandate, the dynamic changes altogether. Whatever is written down on the agreement in paper as part of the deal could really change once you have a real live person in office who has made some genuine pledges to the electorate and been voted in on those. It changes the dynamic enormously, which is why the scrutiny arrangements are crucial in this.¹⁸⁵

177 Centre for Public Scrutiny ([DEV 041](#))

178 Centre for Public Scrutiny ([DEV 041](#))

179 Q184 [Lord Kerslake]

180 Q184 [Mr E Cox]

181 Q156

182 Q59

183 Q175 [Cllr S Jeffrey]

184 Q175 [Lord Kerslake]

185 Q204

Sir Edward Lister, the Deputy Mayor of London, described the effects of being subject to robust scrutiny, saying “It always sharpens one up” and “makes us think very carefully about the budgets as we put them through as we do need one third of the assembly to support the Mayor”.¹⁸⁶

76. Several of our witnesses highlighted the issue of resourcing for scrutiny. Professor Colin Copus of De Montfort University commented that local authority scrutiny receives less resources and support than executives.¹⁸⁷ Cllr Sue Jeffrey said:

What makes overview and scrutiny work is resources. It has to be properly resourced. The thing that concerns me about the combined authorities is the level of resource that is going to be available to them to do jobs like overview and scrutiny going forward. If it is going to be expected to do it on a shoestring, it is going to make that very difficult.¹⁸⁸

77. **As the DCLG says, the overview and scrutiny requirements in the Bill are an initial framework to be used as a basis for more robust provisions, which we believe have a role in fostering public confidence in the new arrangements, as well as balancing vested interests. These should be developed to suit the characteristics of the local areas as a result of deliberate efforts to hold active discussions at local level, with residents involved in designing new and more open methods of scrutiny. Local areas need to give active consideration to how the mayor will work with the council leaders and how s/he will be held to account. Although the elected mayor is intended to be a ‘first among equals’, s/he may soon establish, or already have, a profile and position which makes this balance difficult to achieve.**

Potential for confusion

78. From what we have seen and heard, we are very concerned that the public will not understand who will be responsible for what in their local area. The Devolution Bill makes a distinction between the powers of the mayor and those of the combined authority which translates into the mayor and the combined authority being responsible for different services. For example, in Greater Manchester, the interim mayor is responsible for transport, but not health, which is within Greater Manchester Combined Authority’s remit. Some witnesses argued that this is not a problem in London where the Mayor of London’s responsibilities differ from those of the London Boroughs.¹⁸⁹ But Alexandra Jones, the Chief Executive of the Centre for Cities, said this will need to be tackled as part of the “public education programme” around devolution¹⁹⁰ and Professor Copus said that “the mayor, counties and the districts have to be prepared to point people in the right direction”.¹⁹¹ When we put our concerns to the Secretary of State for Communities and Local Government, he said that it would be “for that mayor to make very clear the platform on which they stand and the things they are doing in office”.¹⁹²

186 Q207

187 Q34

188 Q185

189 See, for example, Q38 and Q175

190 Q38 [Ms A Jones]

191 Q38 [Professor C Copus]

192 Q289

79. **There will be a complex division of responsibility between local authorities, the combined authority and the elected mayor which will not necessarily be apparent to the public. However, as the figurehead, people are going to hold the elected mayor accountable, regardless of whether or not s/he has responsibility. *As a result, careful thought needs to be given to determining the division of responsibility in a way that provides a coherent set of powers and makes sense to the public; this should be an integral part of the deal-making process with the division of responsibilities written into the deal.***

6 Health devolution

80. We had many questions about health devolution: whether it is in fact devolution at all, whether it is necessary, how it will mesh with existing integration initiatives, how it will impact on funding and how it will affect accountability in what is already a very complex set of arrangements. It has been difficult to identify what it means in practice and what it might entail for other areas. The tone of the evidence we received was fairly cautious. We understand that, of the 38 bids submitted to the Government, around half include requests relating to health and social care.¹⁹³ The Devolution Bill aids joint decision making between local authorities and Clinical Commissioning Groups (CCGs) by enabling joint commissioning boards to take on commissioning functions and financial resources and enabling combined or local authorities to take on or concurrently or jointly exercise functional responsibilities from a public authority. The NHS Confederation said that the Devolution Bill could potentially allow local areas to have “much greater control over the planning and delivery of services currently outside the remit of local authorities and NHS CCGs”¹⁹⁴ and this gives them “a new opportunity to do things differently and take a broader focus”.¹⁹⁵

81. It is widely recognised that individuals with long-term complex care needs can ‘fall through the gaps’ between services. Over the years, various initiatives, focusing particularly on the integration of health and social care services, have attempted to address this problem, with some success. The evidence we received suggested that, when successful initiatives of this kind are in place, formal health devolution may not add much. NHS Providers said:

A great deal has already been achieved (for example, in pooling budgets) without needing a devolution deal. Therefore, for some, approaches which do not require formal devolution—based, for example, on closer joint working arrangements—may be more appropriate.¹⁹⁶

In addition, the NHS Confederation said:

Many of the freedoms and mechanisms enabling leaders to design the system around local needs and to pool resources already exist and are being made full use of by both NHS and local authorities.¹⁹⁷

82. On these grounds, we asked our witnesses whether health devolution was necessary. Rob Webster, the Chief Executive of the NHS Confederation, said “not everywhere” and gave Sheffield as example of a place which has chosen to further its existing arrangements, rather than make health devolution part of its deal.¹⁹⁸ However, this may be due to the fact that Sheffield’s health system is less complicated than Greater Manchester’s and, therefore, implementing change is achievable without devolution. Ian Williamson, the Chief Officer for Greater Manchester Health and Social Care Devolution, said there was a case for “transformational improvement” in Greater Manchester and that devolution was an “opportunity to concentrate on the place of Greater Manchester, rather than just allowing

¹⁹³ NHS Confederation ([DEV 057](#)) para 3

¹⁹⁴ NHS Confederation ([DEV 057](#)) para 10

¹⁹⁵ NHS Confederation ([DEV 057](#)) para 12

¹⁹⁶ NHS Providers ([DEV 030](#)) para 3b

¹⁹⁷ NHS Confederation ([DEV 046](#)) para 9.1

¹⁹⁸ Q112

the existing systems and organisations to carry on in a way that is not as coherent as it can be”.¹⁹⁹ Rob Webster also emphasised the need to find solutions for health and wellbeing in the context of the place people live.²⁰⁰ The Minister of State for Community and Social Care, Rt Hon Alistair Burt MP, also indicated that the focus of health devolution was on the particular locality, suggesting:

If you give an impetus through local devolution to the work that is already going on to integrate health services, you are releasing, as best you can, as much local knowledge as possible about what people need in their particular area, how people would like to handle the finances and what priorities they want to make.²⁰¹

This seemed to accord with Greater Manchester’s experience of health devolution creating an energy and positivity in finding solutions²⁰² and speeding up difficult conversations and planning.²⁰³ The NHS Confederation also said that it has acted as “an important catalyst” to having “difficult conversations about how best to plan and deliver joined up services”.²⁰⁴ This is a real benefit because, as the Chairman of the County Councils Network said, there is evidence of reluctance to change on the part of the NHS.²⁰⁵

83. We were also interested to understand how health devolution would fit in with existing initiatives to integrate health and social care, such as the Better Care Fund, the Integrated Care Pioneer Programme and new care model pilots. Ian Williamson told us that the pilots in Greater Manchester were working closely with the devolution programme and would be replicated and built on throughout the city region. He also said that the size and footprint of the area meant that best practice could be easily disseminated across the local health system.²⁰⁶ However, the NHS Confederation said:

Various new models are already being set up in many different places. It is important that national and local leaders do not become overly focused on formal devolution agreements and fail to use existing or more appropriate means of pooling resources and sharing decision-making, which may better suit their needs.²⁰⁷

The Minister said that “devolution complements what is already going on and provides a further route for the integration of services”.²⁰⁸ He also said that he did not expect areas to put forward plans for devolution unless they have “pretty good ideas” about what they want to achieve.²⁰⁹

199 Q100 [Mr I Williamson]

200 Q100 [Mr R Webster]

201 Q223

202 Q113

203 Q101

204 NHS Confederation ([DEV 057](#)) para 5

205 Q151

206 Q110

207 NHS Confederation ([DEV 046](#)) para 3

208 Q227

209 Q224

84. Witnesses from Greater Manchester were clear that their aim was to make the best use of the money available.²¹⁰ NHS Providers, however, thought that it was “not clear that pooled budgets or devolved arrangements will necessarily release efficiency savings”.²¹¹ On the impact on funding, the NHS Confederation said that health devolution would “not be the single panacea or silver bullet to solve the finances of either health or social care”²¹² and, until this happened, their members feared that the effect of health devolution would be to make a national funding problem a local one.²¹³ The Minister hoped that health devolution would help with the funding challenges, although he did not suggest that it would solve them:

The work we are trying to do in relation to greater integration of local authority and NHS services is predicated on the fact that the more you can bring services together, the more likely it will be that you will find the sort of efficiencies everyone is looking for in the delivery and the provision of services anyway.²¹⁴

On our visit to Greater Manchester, we were told that there was no need to use the powers set out in the Devolution Bill to transfer health functions to the Greater Manchester Combined Authority and that there would be no separation from the NHS.²¹⁵ Ian Williamson explained that in his area “The chief officer for devolution [...] will be an employee of NHS England, and therefore the line of accountability will flow up through NHS England to the Department of Health”.²¹⁶ The Minister said that arrangements in Greater Manchester were a mixture of both delegation and devolution²¹⁷ and, referring to amendments made in the House of Lords, emphasised that the Devolution Bill did not allow the Secretary of State and the NHS to completely devolve responsibilities. We are unpersuaded by the use of the word ‘devolution’ to describe what is happening to health in Greater Manchester: it actually appears to involve delegation of responsibilities or joint working.

85. Health devolution has great potential. In the context of some areas, such as Greater Manchester, it is a necessary step to design health and care to suit the circumstances of a particular place, to speed up and enhance existing work on integration and help address the cultural challenges posed by joint working for the NHS and local government. In other areas, however, health devolution may not be needed in the short term to advance and improve health and social care. But, to achieve a great deal more in the longer term, real devolution and a transfer of more power to local government is needed.

86. However, health devolution has arrived at a particularly difficult time for the health and social care system and its staff: there has been significant structural change in recent years and there is now an unprecedented level of financial challenge. With such uncertainty, we are concerned about the long-term consequences and *recommend that, over an appropriate timescale, the Government gathers evidence on the impact of these reforms. It is important that areas should not pursue formal health devolution*

210 Q123 [Mr I Williamson]

211 NHS Providers ([DEV 030](#)) para 7

212 HS Confederation ([DEV 046](#)) para 10.7

213 NHS Confederation ([DEV 057](#)) para 13

214 Q238

215 Q68

216 Q116

217 Q231

at the expense of health and social care initiatives with similar aims that are proving fruitful. Areas that do wish to pursue health devolution must have clearly defined objectives for what they expect it to deliver.

87. We were struck by the level of concern shown by the attendees of our question and answer session in Manchester about the lack of public consultation on the changes to health in the city. A representative of the Royal College of Nursing said that nurses and healthcare assistants in the North West did not understand what devolution was and what it entailed.²¹⁸ Rob Webster told us that, according to an NHS Confederation survey, only 40 per cent of people knew or understood enough about the NHS to discuss changes to the health services and this meant that “we are starting from a position where we always need to communicate clearly and well, and engage with people over time”. He added that:

If this is about driving better outcomes, having clinical leadership and support for change, and being accountable to the local public, then we need to make sure that those tests are passed in all the changes that we make.²¹⁹

We agree. We discussed some of the reasons why public engagement was limited in Greater Manchester in chapter 4 and were pleased to hear that there are plans for public sessions on health devolution in 2016.²²⁰ ***We reiterate, however, that, from now on, the public must be engaged, consulted and communicated with throughout the devolution process and once a deal has been agreed. Public engagement is particularly important in the case of health devolution where the complexity of the systems in place make understanding the consequences of change more difficult in an area where the public’s response is likely to be more emotional.***

88. In this context, we are concerned about accountability in situations like that in Greater Manchester where the elected mayor will act as a public figurehead, without formal responsibility for health and social care. As well as redirecting complaints, Mr Williamson said that the Greater Manchester Combined Authority would need to communicate clearly to people about how the arrangements would work and that:

We think that these arrangements add to transparency and accountability at a local level. For example, holding meetings of our new strategic partnership board with all the 37 organisations in public will aid that accountability and transparency.²²¹

Accountability in health and social care is already extremely complex and further changes, such as the creation of an elected mayor, are likely to leave patients feeling confused about who they should approach for information or to pursue complaints. Any health devolution agreement should be accompanied by plans for how the changes taking place will be communicated to residents. Residents should be informed about the new structures and responsibilities and be told where to go for information and advice and to make complaints.

218 Communities and Local Government Committee, [Public question and answer session in Greater Manchester](#), 26 October 2015

219 Q110

220 Q69

221 Q118

89. Considerable concern has been expressed about whether health services in areas with devolution deals would remain subject to national standards. Clause 19, inserted into the Devolution Bill in the House of Lords, confirms the continuation of NHS accountabilities and the regulatory responsibilities of the Care Quality Commission, Monitor and others under devolved arrangements. When we asked about accountability for services, the Minister told us:

Depending on which bit is under pressure, the buck stops with providers for providing services and they remain responsible under a devolved process, as they would anywhere else. [...] But the Secretary of State remains responsible for the core duties of the NHS and how they are carried out. [...] The buck remains with those who currently have the responsibility for the services or who will be commissioning the services. Locally, electorally, a new devolved authority or a combined authority will need to answer to their own electorate as to how they are running services and in what configuration, but in terms of quality and standards, we have made very sure that the regulatory regime remains the same as it is and, ultimately on NHS services, the buck stops with the Secretary of State.²²²

We found this explanation confusing. It is unclear to us how accountability will work in practice.

90. In terms of regulation, we heard that regulatory bodies, such as Monitor and the NHS Trust Development Authority, would adapt to regulate the devolved area and make sure their powers covered the “wider footprint of the areas that will be commissioning and providing”.²²³ **However, it would appear that their powers do not extend to regulating a local authority’s financial contribution to a pooled budget and it was not clear which body was in fact responsible for checking their financial position. There is also a lack of clarity about the audit and regulation of pooled budgets and, in particular, oversight of the sustainability of local authorities’ contributions.**²²⁴ **Again, we were left feeling that the arrangements the Minister described were more aspirational than a thought-through and watertight system of financial regulation.**²²⁵ **There is a need for a clear articulation of how health devolution will work and for clear governance arrangements set out in a way that residents, patients and staff can understand. This will ensure there is no adverse impact on the quality of local services and that services are accountable. We are not satisfied that there has been sufficient consideration as to how pooled budgets will be regulated and audited and how they will be handled in practice. Unless this is carefully considered, we risk both not having the flexibility to use budgets to reflect local priorities and facilitate joint working and replicating locally the silos that exist at national level. This applies to services devolved from all Government Departments, not just health. *We would like the Government to revisit this issue on an ongoing basis as health devolution is rolled out and embedded in local areas.***

222 Q233

223 Q244

224 Qq244-253

225 Q252

91. Our evidence revealed several other issues to be kept in mind in the health devolution context. Firstly, the need for better sharing of information between Government Departments, the NHS and local government, such as information from the Department of Work and Pensions (DWP) about local people in receipt of Attendance Allowance, which is payable to people with care and support needs. If the DWP kept authorities informed about their residents in receipt of this benefit, they would be better able to predict and plan for those needing social care. We appreciate that privacy issues often create difficulties for data sharing but were encouraged to hear the Minister say that it was a key part of the integration of local services.²²⁶ ***The Government should set out the steps it will take to ensure the relevant Departments share data, for example relating to Attendance Allowance, with the NHS and local authorities.***

92. In addition, the treatment of specialised services under devolution was drawn to our attention by patient groups concerned that, in taking responsibility for specialised services,²²⁷ local areas may give preference to services with greater economic impact. Mr Williamson told us that, from Greater Manchester's point of view, this would enable them to make "more sensible joined-up decisions" and ensure that patients are treated as soon as possible and that NHS England would continue to take responsibility for rare conditions.²²⁸ We asked them to explain in detail how they intended to manage these services and, ***while we were satisfied with the plans we received,***²²⁹ ***we highlight this as an issue which needs to be carefully monitored in emerging health devolution agreements.***

226 Q236

227 Specialised services are used by comparatively small numbers of patients and are not provided in all hospitals. The commissioning of specialised services has traditionally been a direct commissioning responsibility of NHS England.

228 Q119

229 Greater Manchester Health and Social Care Devolution ([DEV 056](#))

7 London

93. Devolution to London, which occurred in 2000, has been a success. The Department for Communities and Local Government said it “has succeeded in improving policy outcomes across a number of different areas”.²³⁰ The Chair of the London Assembly, Darren Johnson, extolled London’s track record, saying it has been a “phenomenal success”.²³¹ Our witnesses were not particularly concerned by the fact that the Devolution Bill did not apply to London, seeing it as a means of allowing other places to catch up. However, they all mentioned the current negotiations with the Government for new powers relating, for example, to skills and health.²³² The Chief Executive of London Councils, John O’Brien, described how, with the Greater London Authority, the boroughs had submitted a set of proposals for further devolution and public service reform to the Government by the 4 September deadline.²³³ He said that, rather than a “big bang further London deal”, there would be an important piece of public service reform.²³⁴ The Secretary of State for Communities and Local Government said he was “not only open to, but in regular discussion with the leaders of London [...] about what further powers can be given to what is clearly a very successful city”.²³⁵

Fiscal devolution

94. We heard about the challenges faced by London. The Deputy Mayor of London, Sir Edward Lister, said that London’s population was growing at a rate of just under 100,000 people a year and that “a lot is needed in London, in infrastructure and other things” to sustain that level of growth.²³⁶ The Chief Executive of London Councils said:

Clearly the level of growth in London does demand a sustainable model for investing to support that growth in terms of physical growth and hard infrastructure, but also soft infrastructure—things like school places [...] It also requires reforming public services in a way that will make them fit for the purpose of the challenge we face around care and health integration.²³⁷

Our witnesses pointed to several reasons why fiscal devolution to the capital was necessary. Sir Edward Lister said that:

[Housing and infrastructure is what] we desperately need money for and the bit that we need to be able borrow and have certainty about. If we have certainty on funding, we can sort these things out, but when we are operating on penny packets of money from Government and in relatively short timelines, we can never assemble the kind of cash that we are going to need in order to grow the city. My argument is all about fiscal devolution for capital, not for revenue purposes.²³⁸

230 Department for Communities and Local Government ([DEV 027](#)) para 32

231 Q195 [Mr D Johnson]

232 Q192 [Mr D Johnson, Sir Edward Lister, Mr J O’Brien]

233 Q192 [Mr J O’Brien]

234 Q192 [Mr J O’Brien]

235 Q292

236 Q195 [Sir Edward Lister]

237 Q195 [Mr J O’Brien]

238 Q197

95. Our other witnesses and many of the written submissions we received also called for the devolution of greater fiscal powers to London and for the recommendations of the London Finance Commission (‘the Commission’) to be implemented.²³⁹ The Commission, which was established in July 2012 by the Mayor of London, concluded that, by comparison with other international cities, London had little control over its finances. The Commission recommended that the Greater London Authority and the boroughs should be allowed to borrow against their assets and income and that London should be allowed to design a property tax regime for its unique circumstances. Our predecessors considered the Commission’s report as part of its 2013-14 inquiry on fiscal devolution and came down strongly in favour of devolution of funds to cities and city regions.²⁴⁰ Our witnesses welcomed the Government’s announcement that business rates would be fully devolved. The Chief Executive of London Councils commented that a very large amount of responsibility could potentially accrue to London but also noted the need to address equalisation with the rest of the country.²⁴¹ Sir Edward Lister said that the certainty of the funding stream produced by business rates would be advantageous for large infrastructure projects in the future.²⁴²

96. **Devolution to London was successful because it enabled the city to meet the key challenges it faced in 2000. Sixteen years on, London faces a series of additional challenges including housing and skills, which are not addressed by the existing devolution framework. London is therefore not only ready for further devolution, but urgently needs it. In keeping with the recommendations of our predecessors, we believe fiscal devolution is essential to London’s continuing success. The scale of growth of service demand alone in London requires significant investment in infrastructure for which fiscal devolution is required.** We also heard about the importance of London’s continuing success for the national economy and that “the emergence of a Northern Powerhouse, and stronger cities elsewhere in the UK, will only be achieved by continued investment in the capital”.²⁴³

Subregional devolution

97. John O’Brien said London’s governance structure required “a route [...] for devolution and delegations that work for groupings of authorities”.²⁴⁴ He added that:

Some pieces of reform and devolution need to happen at a smaller scale. Some of the proposals around health or getting people back into work clearly are going to operate at a lower geographical scale than the whole of pan-London, and some of them will happen locally.²⁴⁵

Indeed, groupings of London boroughs, for example the ‘South London Partnership’, have put forward a number of plans for subregional devolution within London (to which the Mayor of London is a co-signatory), although they have not been formally published.

239 See, for example, Core Cities ([DEV 014](#)) para 5.2, the Centre for Cities ([DEV 031](#)), the London Chamber of Commerce and Industry ([DEV 015](#)) para 8 and the Mayor of London ([DEV 042](#))

240 Communities and Local Government Committee, First Report of Session 2014-15, [Devolution in England: the case for local government](#), HC 503

241 Q198 [Mr J O’Brien]

242 Q198 [Sir Edward Lister]

243 Mayor of London [[DEV 042](#)] para 6

244 Q192

245 Q200 [Mr J O’Brien]

Their proposals include devolving power to commission employment support to groups of boroughs; devolving small business support to redesigning probation, court services, youth offending and community rehabilitation; pooling of health, social care and public health budgets. Sir Edward Lister said that devolution of health in London was particularly far advanced and that, based around clusters of hospitals, it would be subregional by nature.²⁴⁶ He said that he was “quite comfortable with having, regional, subregional and local”.²⁴⁷ We also heard that the level to which things would be devolved would be approached case-by-case with a view to what made most sense: for example, John O’ Brien said:

Skills commissioning is going to work formally at a pan-London level, but informed by the intelligence that comes from groupings of boroughs and subregional economies. Employment support—getting people furthest from the labour market back into work—probably is going to be for subregional groupings of boroughs. The health propositions that we have been working on jointly operate at all of those different spatial levels.²⁴⁸

He concluded by adding “London has to recognise that complexity—there is no way out of it—and needs to adapt the way it manages that in that context”.²⁴⁹ The reality of London was its arrangements would be “messier and more complex” than other smaller urban areas.²⁵⁰ *We agree that, depending on what makes most sense, certain types of reform and devolution in London will and should happen at regional or subregional level and that arrangements will be more complicated than in other areas. However, there is a real risk of confusion for the public, and indeed for officers, in having three levels of governance and particular efforts should be given to avoiding such confusion.*

The Mayor of London and the London Assembly

98. Our London witnesses were enthusiastic about the impact the Mayor of London has had on the city. We heard that the mayoralty provides a “strong voice for London”,²⁵¹ and “an ambassador”,²⁵² was an “advantage and an asset [with] convening power and visibility”²⁵³ which also had had the ability to take on opponents and bring in reforms like the Congestion Charge and the low emission zone.²⁵⁴ The Chair of the London Assembly said that London’s size also played a role in the success of the London Mayor, saying:

London has been big enough as a political entity to really make an impact. There are economies of scale on a strategic level. [...] Having one for Greater London as a whole means that there are the economies of scale to lever in investment, negotiate with Government and to co-ordinate.²⁵⁵

246 Q200 [Sir Edward Lister]

247 Q200 [Sir Edward Lister]

248 Q195

249 Q195

250 Q200

251 Q202

252 Q202

253 Q203

254 Q209

255 Q209

99. The evidence we heard accorded with our predecessors' conclusions about the office of Mayor of London: they described the operation of the London Assembly and the division of powers between it and the Mayor in 2013 and said it was a "local government success story".²⁵⁶

100. London's governance arrangements are different from those in the Devolution Bill which, as discussed in chapter 5, sets out a 'first among equals' mayoral model, with overview and scrutiny committees made up of councillors from the constituent councils. The London Assembly, on the other hand, is a separate body with a democratic mandate to scrutinise the Mayor on behalf of all Londoners. Perhaps not surprisingly, the London Assembly's Chair described it as a crucial formal check and balance on the London Mayor and scrutineer of the forward plan.²⁵⁷ He said that the London Assembly had genuinely added value to the governance of London and that, for example, during the Olympics "it had helped put the pressure on—having a very high profile body like the Assembly, which can get on the evening news, asking these awkward questions".²⁵⁸ Sir Edward Lister also had praise for the London Assembly, saying that it worked and that he was "totally supportive of it".²⁵⁹ Sir Edward thought London's scrutiny arrangements would be sufficient to cope with more devolved powers,²⁶⁰ but Darren Johnson identified various ways in which these arrangements could be strengthened: call-in powers over mayoral decisions, the Mayor's Police and Crime Plan made subject to veto, the power to reject mayoral appointments and the power to summon witnesses from other public agencies.²⁶¹ John O'Brien also suggested that scrutiny arrangements in the London Boroughs and the London Assembly as a whole might need to be revisited following receipt of more devolved powers.²⁶² But we heard that scrutiny was not well developed and was being carried out through boroughs' individual arrangements.²⁶³

101. Both the current Mayor of London and his predecessor have been judged to be successful in their role. It remains to be seen whether elected mayors for combined authorities are similarly successful. Not having the same profile, they are unlikely to enjoy the same level of influence and leverage as the Mayor of London. However, the office does demonstrate what an elected mayor can do for an area. *In keeping with our predecessors,*²⁶⁴ *we are persuaded that the London Assembly's scrutiny of the Mayor is effective, but recommend that it is given the power to call-in mayoral decisions, veto the Police and Crime Plan and, if necessary, reject the Mayor's appointment of a Deputy Mayor. We further recommend that, as London acquires more devolved powers, the arrangements are kept under review.*

102. Darren Johnson noted that the London Assembly was "comparatively well resourced, compared with the London boroughs".²⁶⁵ Indeed, adequate resourcing is an issue which was cited as a potential problem for overview and scrutiny committees in combined

²⁵⁶ 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

²⁵⁷ Q204

²⁵⁸ Q205

²⁵⁹ Q207

²⁶⁰ Q211

²⁶¹ Q211

²⁶² Q211

²⁶³ Q212

²⁶⁴ 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

²⁶⁵ Q205

authorities. The GLA Conservatives believed there were other problems with the scrutiny arrangements set out in the Devolution Bill. They said that the proposed model in the Devolution Bill had nothing like the London Assembly's level of scrutiny or expertise and that:

The assembly or city-council model is much better at scrutinising at a city-wide level than a single scrutiny committee drawn from the respective component parts.

The London Assembly, amongst other things, produces between 30-40 policy reports every year; hosts 11 Plenary Meetings each year to hold senior public servants to account; and scrutinises the Mayor of London at 11 Mayor's Question Time events that are televised and open to the public (often more than 100 are in attendance). A single scrutiny committee could not possible have this level of influence or power.²⁶⁶

We believe that the overview and scrutiny committees in the Devolution Bill should be a framework for more robust arrangements developed by local areas as a result of active discussions at local level. In developing their own scrutiny arrangements, local areas might wish to adapt or adopt some of the methods used by the London Assembly, such as broadcasting question times and public meetings, to hold the Mayor of London and Greater London Authority to account.

8 Looking ahead

103. Devolution attracts cross-party support, particularly from our Committee. We welcome the fact that, at start of this new Parliament, the policy occupies such a prominent position on the Government's agenda and acknowledge the Secretary of State's significant role in this. ***We expect to see a continued commitment by the Government to devolution throughout this Parliament, including moves towards fiscal devolution.***

104. At this stage, all conclusions on this topic are necessarily provisional; we anticipate returning to it throughout the Parliament as devolution deals continue to be agreed and their practical implications begin to develop. We have identified many aspects that will need review and further consideration over the next two or three years and set out how we will contribute to this below. However, there are various issues which should be addressed now:

- Increasing public engagement and consultation throughout the deal-making process;
- Making that process more open and transparent;
- The need for a system for the monitoring and review of deals once in place; and
- The need for clear objectives and measures for local areas to judge the impact of their deal.

Our ambition is that, by the end of the Parliament, the Government and local authorities will have reached the position of devolution by right, with the Government having announced the powers that will be on offer to local government. This would be a starting point for even more ambitious and wide-ranging deals in the future.

105. ***As an immediate first step to inject more openness, transparency and public engagement into the deal-making process and assist local areas embarking on deals and preparing proposals, all information pertaining to devolution—agreed and updated deals, comparisons between deals, announcements relating to devolution, the criteria by which proposals are judged, objectives and measures, suggested timeframes, best practice in public engagement and scrutiny, the annual reports on devolution and, in time, the results from the monitoring of deals—should be published and collated on a Government website for all to access. The devolution resources hub²⁶⁷ created by the Local Government Association (LGA) performs a similar function and we suggest that, within the next two or three months, the Cities and Local Growth Unit works with the LGA to create and run its own devolution website.***

106. ***Before the end of this Parliament, once the majority of deals have bedded in and elected mayors have established their positions, we intend to undertake a review of the progress of devolution in England which will examine the issues that we have identified in this report. The review is likely to consider, but will not be limited to, the following:***

²⁶⁷ Local Government Association, '[DevoNext resources hub](#)', accessed 4 January 2015

Success and scope:

- *The success of devolution deals, measured by, for example, improvements to local economies and health economies, and whether we have reached the stage where powers can automatically be devolved to local areas as of right, and whether it is time for negotiation of further, more ambitious deals and/or a more comprehensive package of devolved measures between Government and local areas as a whole.*
- *What further powers areas have accumulated over time, including fiscal powers, and whether there are any powers not currently being devolved to local areas which should be.*
- *The impact on areas which do not have a devolution deal.*
- *Whether the Government is capturing data at the right level—for example, city region and combined authority level—to assess the effectiveness of deals.*
- *Local authorities' views on the Government's commitment to devolution, working with different Departments and the process of negotiation and consultation.*

Progress:

- *Progress with the development of further devolution to London, outside of the framework of the Bill.*
- *The rate at which the Government negotiated and agreed the 38 devolution bids submitted by local areas for the deadline of 4 September 2015 and whether any new deals are being agreed.*
- *The number of deals proposed since 4 September 2015 with new areas and the number of existing deals which have been extended.*

Geography:

- *The geographic spread of deals and the extent of devolution to non-metropolitan areas.*
- *Whether areas without deals which adjoin or are nearby those with deals are at an advantage or disadvantage and, if the latter, how this could be addressed.*

Governance and accountability:

- *With particular regards to health devolution, how accountability is working in practice.*
- *The impact elected mayors are having on local areas.*
- *How scrutiny is working in practice and whether local areas are building on the scrutiny requirements set out in the Devolution Bill.*
- *The extent to which local areas are engaging and consulting the public and whether local democracy has benefitted from devolution.*

Wider issues:

- *Whether there are any signs that devolution is encouraging the restructuring of local government—for example, towards local authorities in two-tier areas becoming unitaries or a single, large authority across a combined authority area.*
- *How access to new sources of local finance—for example, 100 per cent retention of business rate growth—have impacted on local areas.*
- *How devolution deals relate to the debate on the UK constitution and whether the deals, once embedded in local areas, are a balance to devolution to Scotland, Wales and Northern Ireland.*

Conclusions and recommendations

Introduction

1. For most of the Orders brought forward under the Bill, parliamentary scrutiny is likely to be limited. We therefore recommend regular select committee scrutiny of statutory instruments implementing devolution and the Government's annual report on devolution, which is required by the Devolution Bill; for example, the Transport Committee might wish to examine proposals for devolution of transport powers. (Paragraph 13)

Devolution: objectives and approach

2. We believe that the Government should set out the aims of its devolution policy more clearly, preferably in a way that would, over time, allow success to be measured. The Government needs a clear hierarchy for the many things it is trying to achieve through devolution—promoting local growth at minimum cost, achieving a better balanced economy, improving integration of public services, enhancing local freedom to experiment, bringing decision-making closer to local communities and enhancing the democratic process. It also needs to be clear how the forms of devolution it favours are intended to achieve them, while recognising that there may be a different balance and mix of objectives in different areas. (Paragraph 18)
3. Our witnesses gave us many important and ambitious reasons for pursuing devolution, particularly so for health devolution. However, with the exception of increasing economic growth, we are not certain whether these are intended to be the measurable objectives of devolution and are not convinced that the Government itself is any clearer. We are also not satisfied that the Government has considered and identified how to measure the success of a devolution deal once in place. (Paragraph 21)
4. We recommend that the Government publishes, in order of priority, its long-term objectives for devolution, the mechanisms needed to achieve these and the means by which it will measure success. Following discussions with the local areas involved, relevant objectives can be incorporated in each devolution deal. This would enable areas to assess whether they are doing better with a deal than without. Linked to this, the Government should set up a mechanism for monitoring deals and reviewing and consulting the public on their impact. This would also make it easier to gather and disseminate best practice and lessons learnt. Local areas must have the powers needed to achieve the objectives of devolution, for example to integrate and deliver public services aligned to local needs. In the annual report (described in more detail at paragraph 45), they should state whether they have been given sufficient powers, levers and resources by each of the Government Departments involved to achieve the objectives of a deal and what more is needed. (Paragraph 22)
5. We believe that deal-making, which seeks to find a balance between a 'bottom-up' or 'top-down' approach, is a pragmatic way to approach devolution, and we particularly agree with Lord Kerslake's comments that a framework approach to devolution at this early stage in the process can lead to the lowest common denominator. The

natural consequence of deal-making is bespoke but asymmetric devolution as places ready to take on more powers put forward proposals and agree deals ahead of others. (Paragraph 26)

6. In acknowledgement of this asymmetry, it should be made explicit in each devolution deal that areas may acquire further devolved powers over time. Where an area has asked for particular devolved powers but was refused them, if still desired, such powers should be available to that area if they have been given to other similar areas at a later date. By the end of the Parliament, we should have reached the position of devolution by right to local areas, with the Government having announced the powers that will be on offer to local government. This would then provide a basis for the negotiation of further, more ambitious deals covering new policy areas and/or a more comprehensive package of devolved measures agreed between Government and local government as a whole. (Paragraph 27)

Agreed deals

7. The Greater Manchester deal provides a prime example of the type of governance arrangements expected by the Government and the powers that might be devolved. As it is a product of the particular circumstances of that city which are unlikely to be reproduced in other areas in all their aspects, this deal should not be assumed to be a model for other areas pursuing devolution, even cities. However, other areas pursuing deals may wish to reflect upon and cultivate Manchester's characteristics: a history of joint working between authorities, trust between leaders, acceptance that devolution will take place gradually and proactively presenting Government with ideas and solutions for their city. (Paragraph 34)
8. Due to the city's unique circumstances, and also the fact that the population, their health challenges and the health economy are different from other places, health devolution in Greater Manchester is not a model for other areas. What is happening in Greater Manchester is, however, something for other areas to learn from. (Paragraph 36)
9. We appreciate that there will be areas of commonality between deals as certain powers, for example transport and business support, are natural candidates for devolution to local areas because of their role in driving economic growth. However, we have heard that areas are making imaginative and ambitious requests for specific powers only to have them turned down, which leads us to question the commitment across Government Departments to truly bespoke devolution (we consider this issue further in paragraphs 41-45). In each deal, we would expect to see more than "a few items" that are not common to other deals being devolved and are devised by an area as a unique response to its geography, economy or social needs. In addition, we would expect to see that commonly devolved powers reflect and respond to the geography, economy and social needs of the local area to which they pertain. (Paragraph 40)
10. There is an obvious difference between joint working and devolution, namely that devolution involves a transfer of responsibilities from, in this case, the DWP to a combined or local authority. With 'joint working', there is a risk that Departments will carry on without changing their practices. Devolution, on the other hand, leaves

decision-making in the hands of local politicians, with accountability to local voters. We recommend that, where the terms ‘joint working’, ‘joint commissioning’ and ‘co-commissioning’ appear in a deal, they are challenged and defined in practical terms. In such cases, we would expect to see local areas actively involved in designing the project, performance management and its integration with existing local services. Joint working on or co-commissioning of services should be considered as a first step towards eventual fuller devolution. (Paragraph 42)

11. The Devolution Bill is just one part of enabling devolution. There also needs to be an enthusiasm for it across all Government Departments and a commitment to it as the ‘default position’, resulting in the devolution of substantial powers. Devolution should be as of right, not subject to the fluctuating enthusiasm of central government. The Devolution Bill should be seen as a first step towards a more comprehensive devolution framework for the whole of local government, covering significant spending and tax raising powers. Without this, economic growth, real public service reform, service integration, or any of the other objectives cited for devolution, will not be realised. (Paragraph 44)
12. We would like to see a culture of devolution embedded in all Government Departments. The annual report on devolution, which is required under the Devolution Bill, should be prepared with input from a wide range of Departments, such as the DWP, the Department of Health, the Department for Education and the Department for Business, Innovation and Skills. A section of this report, left unedited by Government, should comprise local authorities’ reports back on the Government’s commitment to devolution and rating their experience of different Departments, in terms of what the Department was like to work with and whether it fulfilled its part of the deal. The Committee will use the report as a means of scrutinising the Government, and it may also be of use to other stakeholders in holding the Government to account. (Paragraph 45)
13. All contact and communications about a deal with a local area should be made through the Cities and Local Growth Unit, regardless of which Department leads a deal. This would ensure consistency of approach across Government Departments and have the practical advantage of being a single channel of communication for local authorities. (Paragraph 47)
14. We are not at all convinced that the Government will have the capacity to work through all the bids that have been submitted and also to return to agreed deals to negotiate additional powers and then go on to deal with a ‘second wave’ of devolution proposals at a later date. Extra capacity will also be required to consider the wider, long-term implications of devolution for the Government and how it will change its modus operandi to deal with these. While it appears that the work is currently being adequately resourced, the Government should make an explicit commitment to provide the necessary additional resources as the number of deals under negotiation increases and, as discussed at paragraph 27, work on more extensive devolution develops. A programme of secondments of staff from the Cities and Local Growth Unit to local authorities, and vice versa, would aid sharing of knowledge, best practice and understanding of the different environments. (Paragraph 49)

Bids, negotiation and agreement of deals: key themes

15. For devolution to take root and fulfil its aims, it needs to involve and engage the people it is designed to benefit. There has been a consistent very significant lack of public consultation, engagement and communication at all stages of the deal-making process. This is due to areas having limited time in the run up to the 4 September deadline. The Government drove the first wave of devolution deals through at a rapid pace (considered in more detail in the next section) which meant there was no opportunity for engagement with residents, or for residents to have their say on the principle of devolution or the framework of the specific deal proposed in their area. Despite this, we believe that local leaders could have communicated more effectively and extensively with their residents about the deal process, the contents of the deal and how it would affect them. It should, for example, have been clear to any citizen what their elected leaders were seeking to secure for the area in negotiating a devolution deal with the government. In addition, deals involving complex negotiations between national and local politicians do not lend themselves to public engagement. However, from now on, efforts should be made to engage, consult and communicate with the public at all stages of the process—in the preparation of proposals, their negotiation and following agreement. Strategies to involve the public may include citizens’ juries, public meetings and, within the NHS and local government, staff engagement sessions. Once a deal is entrenched and its reforms have had the chance to take effect, the public should be consulted on their experience of its practical effects. (Paragraph 53)
16. We think it is too late to engage the public only once a deal has been agreed. While it is reasonable that the actual negotiations are not open to the public, steps should be taken to inject more openness into the process by publishing on the relevant authorities’ websites:
- Devolution proposals and the Government’s counter-offers, within a reasonable time of them being made;
 - An outline of what is being negotiated; and
 - Drafts of the deal, and the text of the final deal.

The Government should also publish the criteria it uses to assess and agree proposals so local areas can refer to these when drawing up their devolution bid. A similar level of transparency should continue to be maintained once the deal has been agreed. (Paragraph 56)

17. The Government is moving devolution forward at a rapid pace, which is welcome. However, some areas, particularly non-metropolitan areas, found it very challenging to meet the 4 September deadline. There is a risk that they may be rushing into bids which have not been properly planned and are based on relationships with neighbouring areas which have not had sufficient time to bed down. The Government also appears to be setting deadlines in accordance with events in the parliamentary and political calendar. We welcome the Secretary of State’s acknowledgement that some areas may take longer than others to submit bids and recommend that any deadlines imposed should take this into account. Then, once a bid has been submitted and negotiation on the content of the deal begins, the parties should

decide on an agreed and prompt timeframe, with fixed deadlines, not influenced by political criteria, for negotiation and agreement of the deal. It is essential that this takes into account the time needed to undertake consultation and engagement with the public. (Paragraph 60)

18. In addition, in accordance with the evidence given by the Minister, we suggest that the Government makes a clear statement that devolution will take place at different speeds in different places, and that taking time to craft a proposal to take account of local specificities will not adversely affect the Government's response to it. This would encourage areas to spend longer building relationships, preparing proposals and consulting residents, and would be particularly beneficial for non-metropolitan areas. (Paragraph 61)
19. The recommendations we made above—encouraging devolution at different speeds and setting out a timeframe—would provide a clear process for parties to follow and would help to counter the perception that the Government is exerting too much influence over the deal-making process. (Paragraph 62)
20. It is often argued that urban areas are increasingly the source of the highest levels of economic innovation and growth and that, if the objective is economic rebalancing, this requires greater devolution to city regions. We understand and sympathise with this approach. Nevertheless, the agreement of a devolution deal with a non-metropolitan two-tier area would help to address any sense that the Government is biased towards devolution to city regions. The next non-metropolitan deal will therefore be particularly significant and we look forward to one being agreed in the next six months. (Paragraph 63)
21. Nevertheless, we are concerned that this will not be the case for small towns and county areas outside the South East which risk being left out and left behind. The Government should consider this a major issue and monitor the impact of devolution deals on adjoining or nearby areas to assess whether such areas are benefitting or being left behind. (Paragraph 64)

Governance and Accountability

22. International comparisons aside, we heard evidence that there are benefits to be gained from having an elected mayor; for example leadership, strong accountability and a 'go to' voice for business. However, we believe elected mayors are likely to be better suited to urban areas. The scale, geography and economic diversity of non-metropolitan areas mean elected mayors are unlikely to be an easy fit. Local areas should be allowed to decide whether or not they wish to have an elected mayor. Those which do not want an elected mayor, but nonetheless want substantial devolved powers, should be allowed to propose an equally strong alternative model of governance. (Paragraph 70)
23. In fact, where a combined authority has been created, the mayor could be seen as a fifth tier of local government. Aside from the potential for confusion, which we discuss below, we think that the public will probably be left feeling that there is too much bureaucracy and too many politicians. There is a risk that this could lead to low turnouts at mayoral elections, which would have implications for the democratic

legitimacy of elected mayors. This is a consequence that needs to be addressed in the long-term, possibly by a move to having more unitary authorities (Paragraph 71)

24. As the DCLG says, the overview and scrutiny requirements in the Bill are an initial framework to be used as a basis for more robust provisions, which we believe have a role in fostering public confidence in the new arrangements, as well as balancing vested interests. These should be developed to suit the characteristics of the local areas as a result of deliberate efforts to hold active discussions at local level, with residents involved in designing new and more open methods of scrutiny. Local areas need to give active consideration to how the mayor will work with the council leaders and how s/he will be held to account. Although the elected mayor is intended to be a 'first among equals', s/he may soon establish, or already have, a profile and position which makes this balance difficult to achieve. (Paragraph 77)
25. There will be a complex division of responsibility between local authorities, the combined authority and the elected mayor which will not necessarily be apparent to the public. However, as the figurehead, people are going to hold the elected mayor accountable, regardless of whether or not s/he has responsibility. As a result, careful thought needs to be given to determining the division of responsibility in a way that provides a coherent set of powers and makes sense to the public; this should be an integral part of the deal-making process with the division of responsibilities written into the deal. (Paragraph 79)

Health devolution

26. Health devolution has great potential. In the context of some areas, such as Greater Manchester, it is a necessary step to design health and care to suit the circumstances of a particular place, to speed up and enhance existing work on integration and help address the cultural challenges posed by joint working for the NHS and local government. In other areas, however, health devolution may not be needed in the short term to advance and improve health and social care. But, to achieve a great deal more in the longer term, real devolution and a transfer of more power to local government is needed. (Paragraph 85)
27. However, health devolution has arrived at a particularly difficult time for the health and social care system and its staff: there has been significant structural change in recent years and there is now an unprecedented level of financial challenge. With such uncertainty, we are concerned about the long-term consequences and recommend that, over an appropriate timescale, the Government gathers evidence on the impact of these reforms. It is important that areas should not pursue formal health devolution at the expense of health and social care initiatives with similar aims that are proving fruitful. Areas that do wish to pursue health devolution must have clearly defined objectives for what they expect it to deliver. (Paragraph 86)
28. We reiterate, however, that, from now on, the public must be engaged, consulted and communicated with throughout the devolution process and once a deal has been agreed. Public engagement is particularly important in the case of health devolution where the complexity of the systems in place make understanding the consequences of change more difficult in an area where the public's response is likely to be more emotional. (Paragraph 87)

29. Accountability in health and social care is already extremely complex and further changes, such as the creation of an elected mayor, are likely to leave patients feeling confused about who they should approach for information or to pursue complaints. Any health devolution agreement should be accompanied by plans for how the changes taking place will be communicated to residents. Residents should be informed about the new structures and responsibilities and be told where to go for information and advice and to make complaints. (Paragraph 88)
30. We found this explanation [of accountability for services] confusing. It is unclear to us how accountability will work in practice. (Paragraph 89)
31. It would appear that their powers do not extend to regulating a local authority's financial contribution to a pooled budget and it was not clear which body was in fact responsible for checking their financial position. There is also a lack of clarity about the audit and regulation of pooled budgets and, in particular, oversight of the sustainability of local authorities' contributions. Again, we were left feeling that the arrangements the Minister described were more aspirational than a thought-through and watertight system of financial regulation. There is a need for a clear articulation of how health devolution will work and for clear governance arrangements set out in a way that residents, patients and staff can understand. This will ensure there is no adverse impact on the quality of local services and that services are accountable. We are not satisfied that there has been sufficient consideration as to how pooled budgets will be regulated and audited and how they will be handled in practice. Unless this is carefully considered, we risk both not having the flexibility to use budgets to reflect local priorities and facilitate joint working and replicating locally the silos that exist at national level. This applies to services devolved from all Government Departments, not just health We would like the Government to revisit this issue on an ongoing basis as health devolution is rolled out and embedded in local areas. (Paragraph 90)
32. The Government should set out the steps it will take to ensure the relevant Departments share data, for example relating to Attendance Allowance, with the NHS and local authorities. (Paragraph 91)
33. While we were satisfied with the plans [for the treatment of specialised services] we received, we highlight this as an issue which needs to be carefully monitored in emerging health devolution agreements. (Paragraph 92)

London

34. Devolution to London was successful because it enabled the city to meet the key challenges it faced in 2000. Sixteen years on, London faces a series of additional challenges including housing and skills, which are not addressed by the existing devolution framework. London is therefore not only ready for further devolution, but urgently needs it. In keeping with the recommendations of our predecessors, we believe fiscal devolution is essential to London's continuing success. The scale of growth of service demand alone in London requires significant investment in infrastructure for which fiscal devolution is required. (Paragraph 96)

35. We agree that, depending on what makes most sense, certain types of reform and devolution in London will and should happen at regional or subregional level and that arrangements will be more complicated than in other areas. However, there is a real risk of confusion for the public, and indeed for officers, in having three levels of governance and particular efforts should be given to avoiding such confusion. (Paragraph 97)
36. Both the current Mayor of London and his predecessor have been judged to be successful in their role. It remains to be seen whether elected mayors for combined authorities are similarly successful. Not having the same profile, they are unlikely to enjoy the same level of influence and leverage as the Mayor of London. However, the office does demonstrate what an elected mayor can do for an area. In keeping with our predecessors, we are persuaded that the London Assembly's scrutiny of the Mayor is effective, but recommend that it is given the power to call-in mayoral decisions, veto the Police and Crime Plan and, if necessary, reject the Mayor's appointment of a Deputy Mayor. We further recommend that, as London acquires more devolved powers, the arrangements are kept under review. (Paragraph 101)
37. We believe that the overview and scrutiny committees in the Devolution Bill should be a framework for more robust arrangements developed by local areas as a result of active discussions at local level. In developing their own scrutiny arrangements, local areas might wish to adapt or adopt some of the methods used by the London Assembly, such as broadcasting question times and public meetings, to hold the Mayor of London and Greater London Authority to account. (Paragraph 102)

Looking ahead

38. We expect to see a continued commitment by the Government to devolution throughout this Parliament, including moves towards fiscal devolution. (Paragraph 103)
39. As an immediate first step to inject more openness, transparency and public engagement into the deal-making process and assist local areas embarking on deals and preparing proposals, all information pertaining to devolution—agreed and updated deals, comparisons between deals, announcements relating to devolution, the criteria by which proposals are judged, objectives and measures, suggested timeframes, best practice in public engagement and scrutiny, the annual reports on devolution and, in time, the results from the monitoring of deals—should be published and collated on a Government website for all to access. The devolution resources hub created by the Local Government Association (LGA) performs a similar function and we suggest that, within the next two or three months, the Cities and Local Growth Unit works with the LGA to create and run its own devolution website. (Paragraph 105)
40. Before the end of this Parliament, once the majority of deals have bedded in and elected mayors have established their positions, we intend to undertake a review of the progress of devolution in England which will examine the issues that we have identified in this report. The review is likely to consider, but will not be limited to, the following:

Success and scope:

- The success of devolution deals, measured by, for example, improvements to local economies and health economies, and whether we have reached the stage where powers can automatically be devolved to local areas as of right, and whether it is time for negotiation of further, more ambitious deals and/or a more comprehensive package of devolved measures between Government and local areas as a whole.
- What further powers areas have accumulated over time, including fiscal powers, and whether there are any powers not currently being devolved to local areas which should be.
- The impact on areas which do not have a devolution deal.
- Whether the Government is capturing data at the right level—for example, city region and combined authority level—to assess the effectiveness of deals.
- Local authorities' views on the Government's commitment to devolution, working with different Departments and the process of negotiation and consultation.

Progress:

- Progress with the development of further devolution to London, outside of the framework of the Bill.
- The rate at which the Government negotiated and agreed the 38 devolution bids submitted by local areas for the deadline of 4 September 2015 and whether any new deals are being agreed.
- The number of deals proposed since 4 September 2015 with new areas and the number of existing deals which have been extended.

Geography:

- The geographic spread of deals and the extent of devolution to non-metropolitan areas.
- Whether areas without deals which adjoin or are nearby those with deals are at an advantage or disadvantage and, if the latter, how this could be addressed.

Governance and accountability:

- With particular regards to health devolution, how accountability is working in practice.
- The impact elected mayors are having on local areas.
- How scrutiny is working in practice and whether local areas are building on the scrutiny requirements set out in the Devolution Bill.
- The extent to which local areas are engaging and consulting the public and whether local democracy has benefitted from devolution.

Wider issues:

- Whether there are any signs that devolution is encouraging the restructuring of local government—for example, towards local authorities in two-tier areas becoming unitaries or a single, large authority across a combined authority area.
- How access to new sources of local finance—for example, 100 per cent retention of business rate growth—have impacted on local areas.
- How devolution deals relate to the debate on the UK constitution and whether the deals, once embedded in local areas, are a balance to devolution to Scotland, Wales and Northern Ireland. (Paragraph 106)

Formal Minutes

Monday 25 January 2016

Members present:

Mr Clive Betts, in the Chair

Bob Blackman

Julian Knight

Jo Cox

David Mackintosh

Helen Hayes

Mr Mark Prisk

Kevin Hollinrake

Alison Thewliss

Liz Kendall

Draft Report (*Devolution: the next five years and beyond*) proposed by the Chair, brought up and read.

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

Paragraphs 1 to 106 read and agreed to.

Summary agreed to.

Resolved, That the Report be the First 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.

[Adjourned until Monday 1 February at 3.15 p.m.]

Witnesses

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

Monday 12 October 2015

Question number

Professor Colin Copus, De Montfort University, **Professor Andy Pike**, Newcastle University, and **Alexandra Jones**, Chief Executive, Centre for Cities

[Q1–52](#)

Monday 26 October 2015

Tony Lloyd, Interim Mayor, Greater Manchester Combined Authority, **Sue Derbyshire**, Vice-Chair, Greater Manchester Combined Authority, and Leader, Stockport Metropolitan Borough Council, and **Kieran Quinn**, Leader, Tameside Metropolitan Borough Council

[Q53–70](#)

Professor Karel Williams, University of Manchester, and **David Fernandez-Arias**, Greater Manchester Referendum Campaign for Democratic Devolution

[Q71–78](#)

Joe Anderson, Mayor of Liverpool, **Joanne Roney**, Chief Executive, Wakefield Council, West Yorkshire Combined Authority, and **Chris Murray**, Director, Core Cities

[Q79–98](#)

Tuesday 10 November 2015

Ian Williamson, Chief Officer, Greater Manchester Health and Social Care Devolution, **Rob Webster**, Chief Executive, NHS Confederation, and **Councillor Linda Thomas**, Vice Chair, Local Government Association Wellbeing Portfolio

[Q99–129](#)

Councillor Paul Carter, Chair, County Councils Network, **Councillor John Pollard**, Leader, Cornwall Council, and **Councillor Alan Rhodes**, Leader, Nottinghamshire County Council

[Q130–157](#)

Monday 23 November 2015

Lord Kerslake, Chair, Centre for Public Scrutiny, **Ed Cox**, Director, Institute for Public Policy Research (North), and **Councillor Sue Jeffrey**, Chair, Shadow Tees Valley Combined Authority and Leader, Redcar and Cleveland Borough Council

[Q158–190](#)

Sir Edward Lister, Deputy Mayor of London, **Darren Johnson**, Chair, London Assembly, and **John O'Brien**, Chief Executive, London Councils

[Q191–212](#)

Monday 30 November 2015

Rt Hon Alistair Burt MP, Minister of State for Community and Social Care, Department of Health, and **Rt Hon Priti Patel MP**, Minister of State for Employment, Department for Work and Pensions

[Q213–259](#)

Rt Hon Greg Clark MP, Secretary of State, Department for Communities and Local Government, and **James Wharton MP**, Minister for Local Growth and the Northern Powerhouse, Department for Communities and Local Government

[Q260-306](#)

Published written evidence

The following written evidence was received and can be viewed on the [inquiry page](#) of the Committee's website. DEV numbers are generated by the evidence processing system and so may not be complete.

- 1 Association of Colleges ([DEV0024](#))
- 2 Association of Police and Crime Commissioners ([DEV0043](#))
- 3 British Medical Association ([DEV0003](#))
- 4 British Property Federation ([DEV0028](#))
- 5 Carillion ([DEV0044](#))
- 6 CEDOS and ADEPT ([DEV0013](#))
- 7 Centre for Cities ([DEV0031](#))
- 8 Centre for Public Scrutiny ([DEV0041](#))
- 9 Centre for Urban and Regional Development Studies, Newcastle University ([DEV0023](#))
- 10 Citizens Advice ([DEV0049](#))
- 11 Committee on Standards in Public Life ([DEV0045](#))
- 12 Core Cities ([DEV0014](#))
- 13 County Councils Network ([DEV0052](#))
- 14 Department for Communities and Local Government ([DEV0027](#))
- 15 Dr Richard Carr ([DEV0058](#))
- 16 EEF – The Manufacturers' Organisation ([DEV0051](#))
- 17 Electoral Reform Society ([DEV0032](#))
- 18 England's Economic Heartland ([DEV0037](#))
- 19 Essex County Council ([DEV0035](#))
- 20 Futures Network West Midlands ([DEV0007](#))
- 21 GLA Conservatives ([DEV0005](#))
- 22 Greater Manchester Combined Authority ([DEV0009](#))
- 23 Greater Manchester Health & Social Care Devolution ([DEV0056](#))
- 24 Historic England ([DEV0034](#))
- 25 Industrial Communities Alliance ([DEV0047](#))
- 26 Institute of Economic Development ([DEV0018](#))
- 27 IPPR North ([DEV0029](#))
- 28 Local Government Association ([DEV0021](#))
- 29 London Chamber of Commerce and Industry ([DEV0015](#))
- 30 London Councils ([DEV0033](#))
- 31 London Forum of Amenity and Civic Societies ([DEV0050](#))
- 32 Mayor of London's Office ([DEV0042](#))
- 33 Merseyside Police & Crime Commissioner ([DEV0054](#))
- 34 Ms Susan Hedley ([DEV0016](#))

- 35 News Media Association ([DEV0002](#))
- 36 NHS Confederation ([DEV0046](#))
- 37 NHS Confederation ([DEV0057](#))
- 38 NHS Providers ([DEV0030](#))
- 39 NLGN ([DEV0053](#))
- 40 Office of the Police and Crime Commissioner for North Yorkshire ([DEV0022](#))
- 41 Office of the South Yorkshire PCC ([DEV0004](#))
- 42 Office of the Sussex Police & Crime Commissioner ([DEV0011](#))
- 43 Optical Confederation and Local Optical Committee Support Unit ([DEV0048](#))
- 44 Police and Crime Commissioners of the Yorkshire and Humberside Region ([DEV0012](#))
- 45 Professor Colin Copus ([DEV0019](#))
- 46 Professor Francesca Gains and Professor Vivien Lowndes ([DEV0020](#))
- 47 Revolving Doors Agency ([DEV0039](#))
- 48 Royal Institute of British Architects ([DEV0025](#))
- 49 Royal Town Planning Institute ([DEV0017](#))
- 50 Sarah Ayres ([DEV0006](#))
- 51 Shelter ([DEV0038](#))
- 52 Society of Local Authority Chief Executives and Senior Managers ([DEV0036](#))
- 53 South East England Councils ([DEV0026](#))
- 54 University of Sheffield ([DEV0055](#))
- 55 Wakefield Council ([DEV0010](#))
- 56 West Midlands Police & Crime Commissioner David Jamieson ([DEV0040](#))

List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the Committee's website at www.parliament.uk/clg.

Session 2015-16

First Special Report	Child sexual exploitation in Rotherham: Ofsted and further government issues: Ofsted Response to the Committee's Ninth Report of Session 2014-15	HC 435
Second Special Report	Private rented sector: the evidence from banning letting agents' fees in Scotland: Government Response to the Committee's Eighth Report of Session 2014-15	HC 434