

Devolution

to “roll down” ...

“**Devolution** is the statutory granting of powers, generally or specifically, from the central government of a sovereign state to govern at a subnational level, such as a regional, local or level. It is a form of decentralisation.”

Barry Quirk
chief executive
October 2015

“descent to a lower or worse state”
in biology, evolution implies change towards complexity;
devolution refers to going back to simplicity!

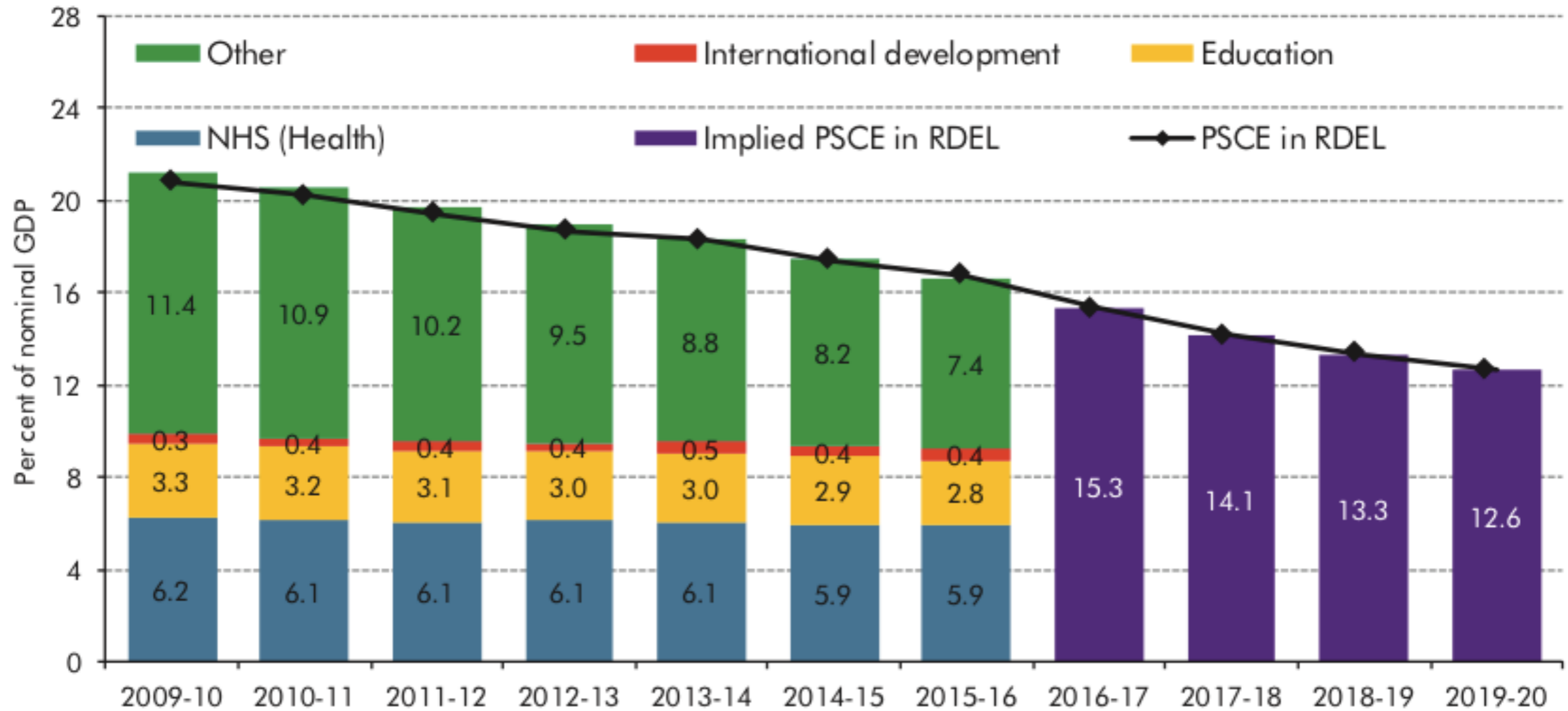
36%

"a new tax ceiling for Britain?"

Major receipts as a per cent of GDP

| | Per cent of GDP | | | | | | |
|--------------------------------|-----------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | Estimate | Forecast | | | | | |
| | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
| Income tax and NICs | 15.1 | 15.2 | 15.9 | 15.9 | 16.2 | 16.4 | 16.6 |
| Value added tax | 6.2 | 6.2 | 6.1 | 6.1 | 6.0 | 6.0 | 6.0 |
| Onshore corporation tax | 2.3 | 2.3 | 2.2 | 2.3 | 2.1 | 2.0 | 1.9 |
| UK oil and gas receipts | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Fuel duties | 1.5 | 1.4 | 1.4 | 1.4 | 1.3 | 1.3 | 1.3 |
| Business rates | 1.5 | 1.5 | 1.5 | 1.4 | 1.4 | 1.4 | 1.4 |
| Council tax | 1.5 | 1.5 | 1.5 | 1.5 | 1.4 | 1.4 | 1.4 |
| Excise duties | 1.1 | 1.1 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Capital taxes | 1.3 | 1.4 | 1.5 | 1.5 | 1.6 | 1.7 | 1.7 |
| Other taxes | 2.8 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| National Accounts taxes | 33.4 | 33.6 | 34.1 | 34.1 | 34.1 | 34.2 | 34.2 |
| Interest and dividend receipts | 0.3 | 0.3 | 0.3 | 0.4 | 0.5 | 0.5 | 0.5 |
| Other receipts | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Current receipts | 35.7 | 35.9 | 36.5 | 36.6 | 36.7 | 36.7 | 36.8 |

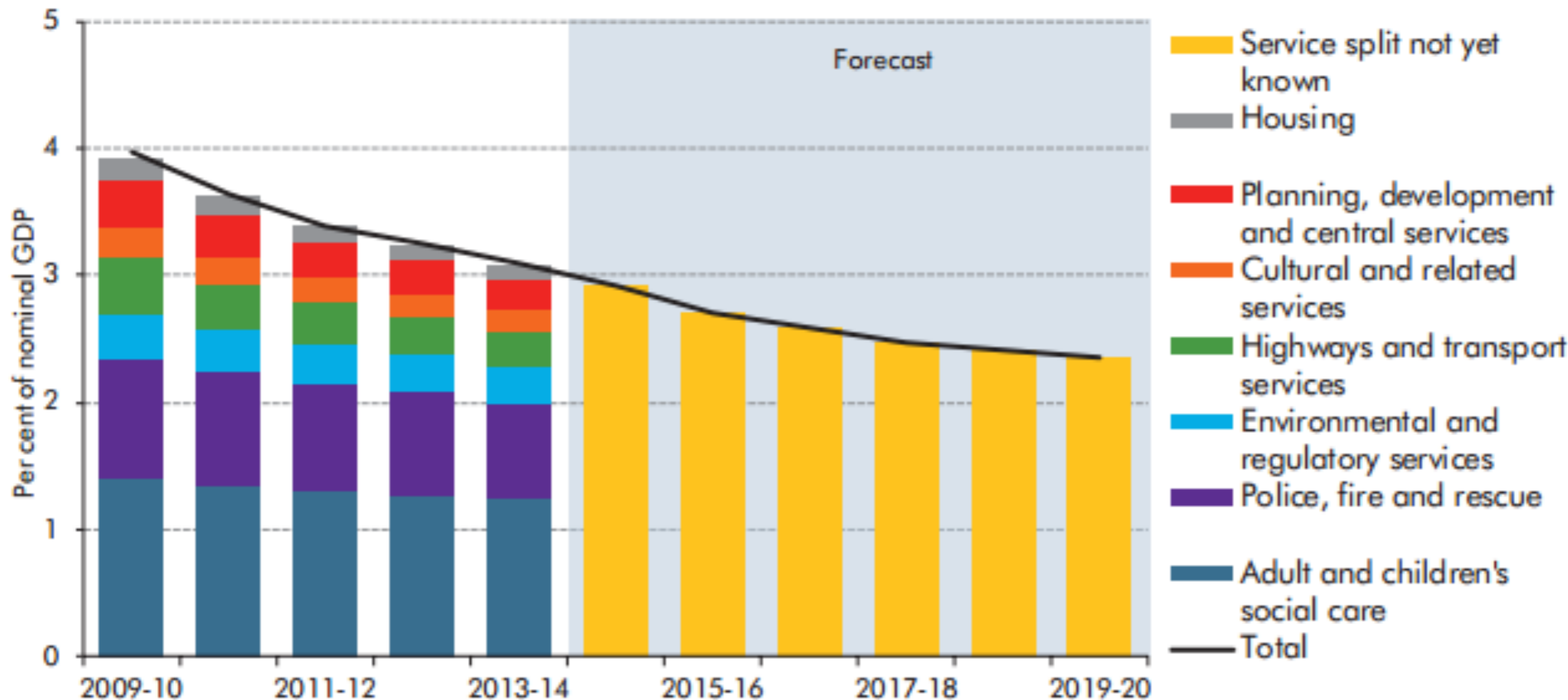
the overall squeeze on public spending: departmental expenditure limits (DEL) as a ratio of GDP



Plans for RDEL excluding depreciation upto 2015-16. Beyond 2015-16 based on implied PSCE in RDEL calculated from the Government assumption for TME. Other includes unallocated amounts.

Source: HM Treasury Autumn Statement 2014, HM Treasury Public Expenditure Statistical Analyses, July 2014

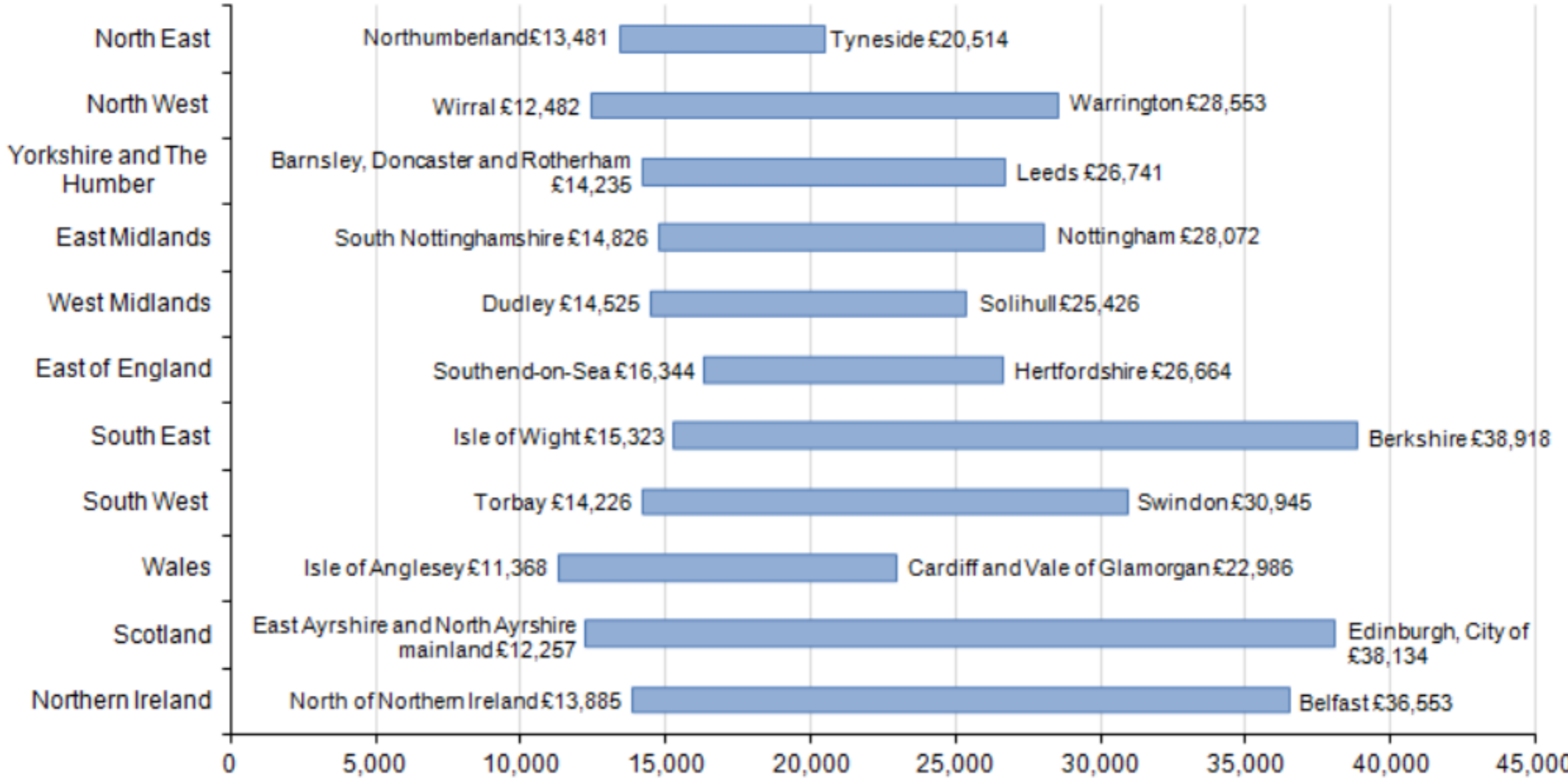
the fiscal squeeze on English local government



Source: DCLG, OBR

1. Total current spending excludes education and public health, where data are not comparable across years, and also excludes housing benefit, which is largely funded by central government. 2. Total spending from 2016-17 derived on the assumption that central government grants to local authorities decline in line with total implied PSCE in RDEL

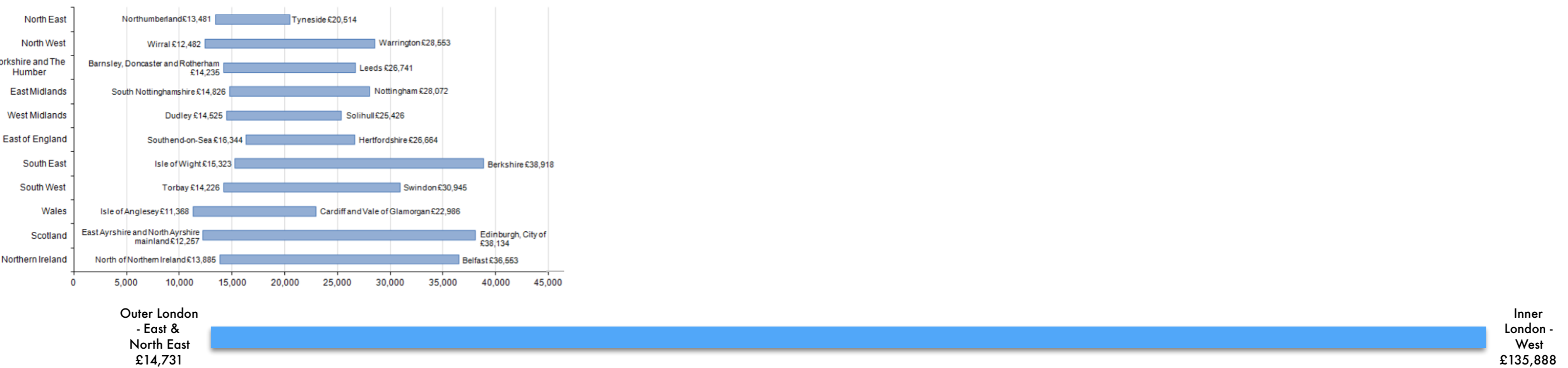
variation of GVA per head within UK nations and regions



Source: ONS; Regional Gross Value Added (Income Approach), December 2014; 10 December 2014

Figure 5: NUTS3 GVA per head variation within NUTS1 regions, 2013

variation of GVA per head within UK nations and regions including London



Source: ONS; Regional Gross Value Added (Income Approach), December 2014; 10 December 2014

Figure 5: NUTS3 GVA per head variation within NUTS1 regions, 2013

job growth across the UK

change
2008-2014
5.3m
public sector

-5.0%
UK

% increase in private sector jobs
2008 - 2014

change
2008-2014
23.3m
private sector

+6.2%
UK



London has had

36%

of all new (net) private sector
jobs created in the UK

adjusted to take account of "reclassifications"
SPERI (2015) Public and private sector employment across
the UK since the financial crisis, University of Sheffield

“licence to operate”

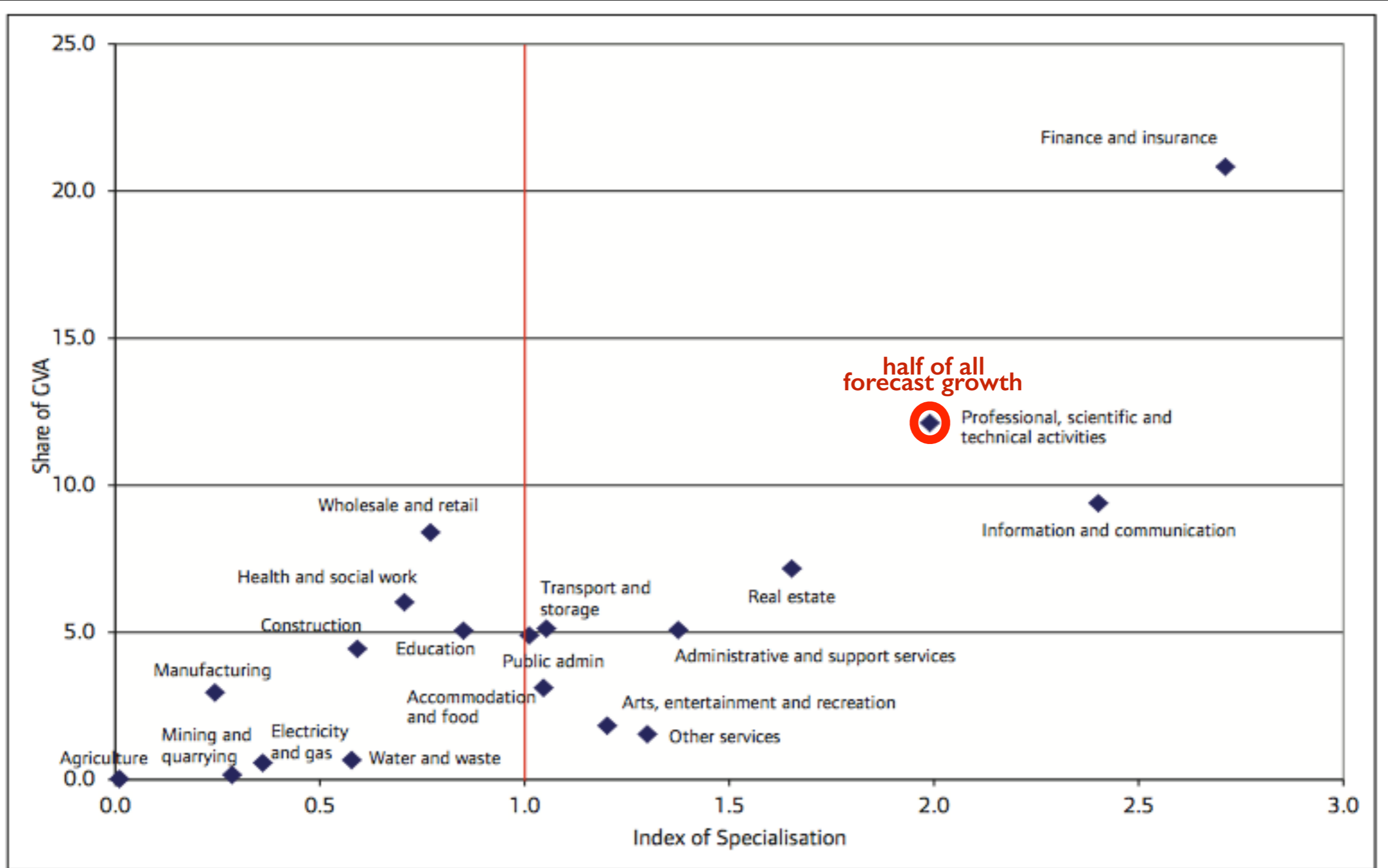
for the public sector in the 21st century



democratic legitimacy:
electoral competition;
building consent &
managing dissent

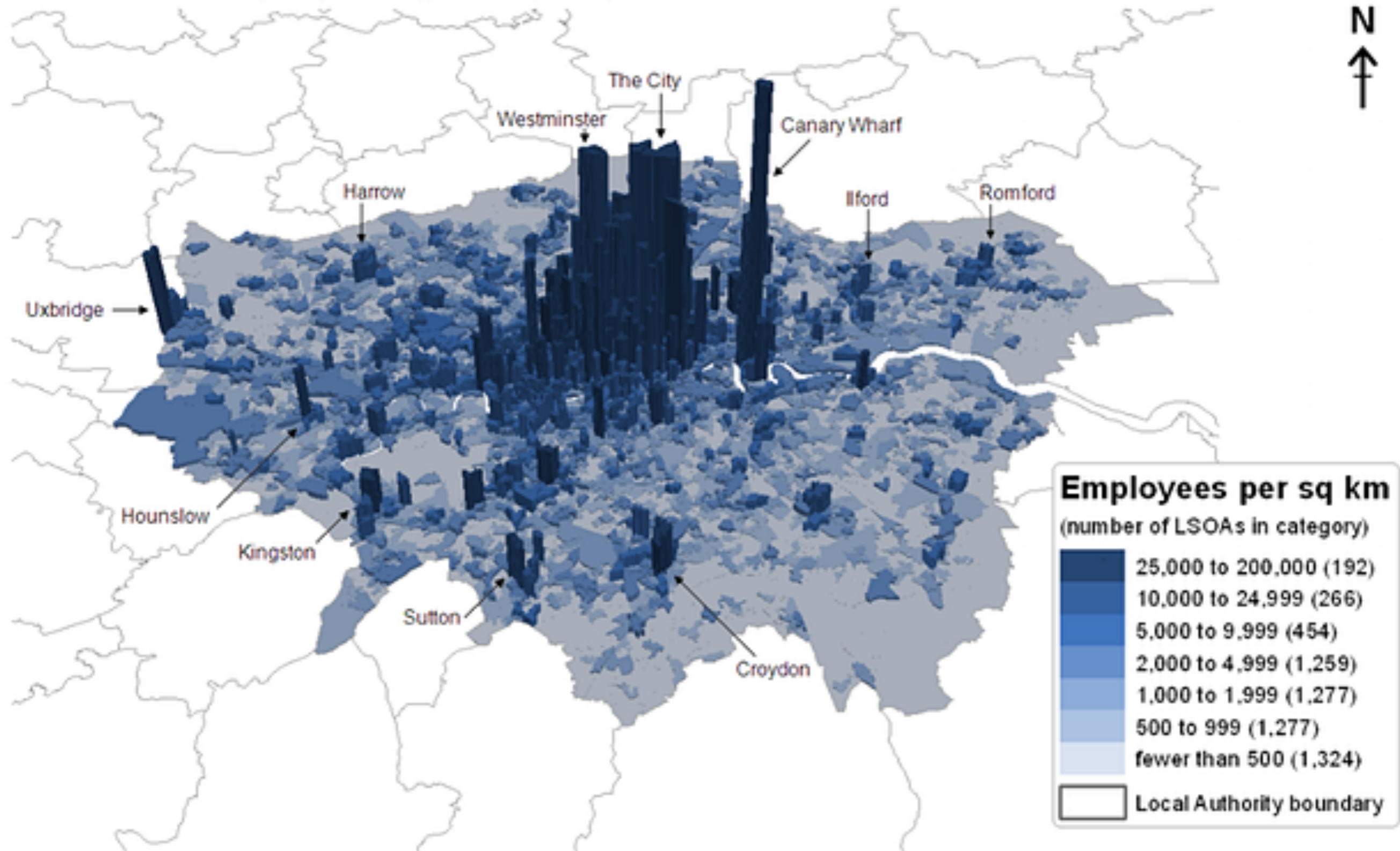
institutional competence:
the credibility, capacity,
capability & confidence to
deliver

London's index of specialisation



Source: GLA Economics based on data from the ONS Business Register and Employment Survey (BRES) and ONS Regional Gross Value Added (GVA) series

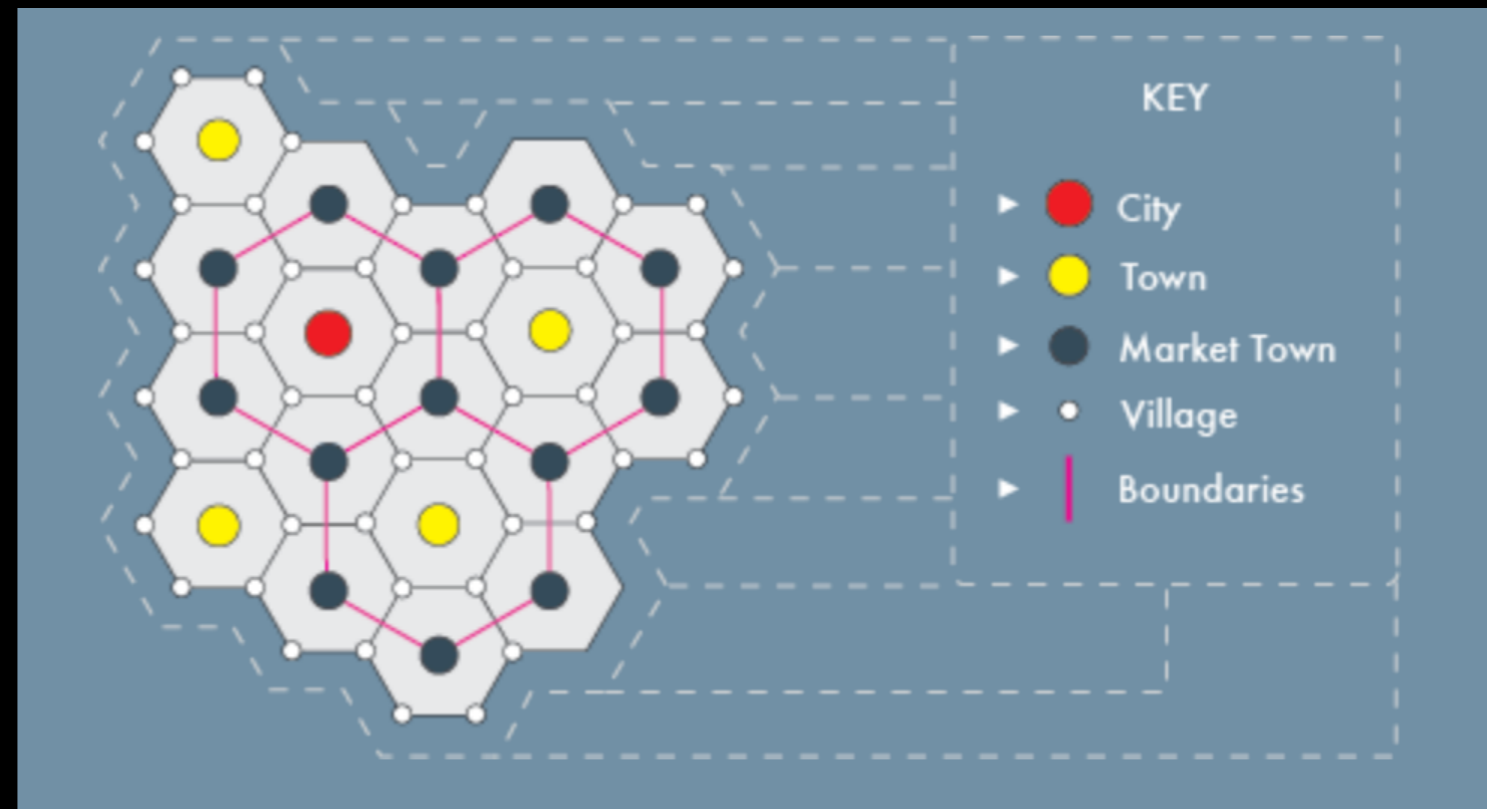
Number of employees (per sq km) in each London LSOA, 2013



devolution for growth

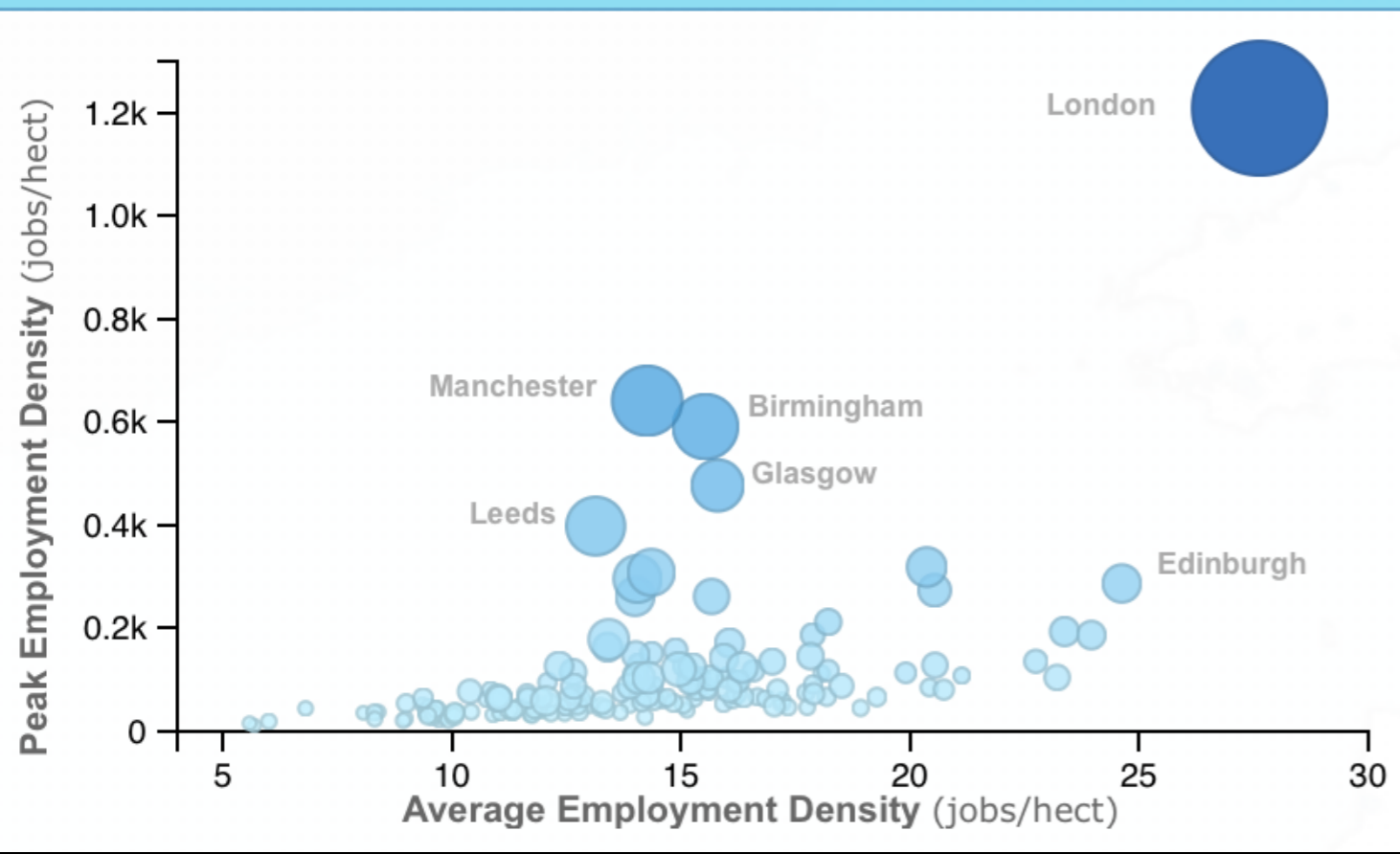
| | <u>million</u> | <u>pop/sq km</u> |
|-------------|----------------|------------------|
| ENGLAND | 54 | 413 |
| Netherlands | 17 | 393 |
| Belgium | 11 | 337 |
| Germany | 84 | 233 |
| Italy | 60 | 192 |
| France | 64 | 111 |
| Spain | 47 | 92 |
| Scotland | 5 | 68 |
| Wales | 3 | 149 |
| N Ireland | 2 | 135 |

high density produces lots of "spillover and leakage" effects

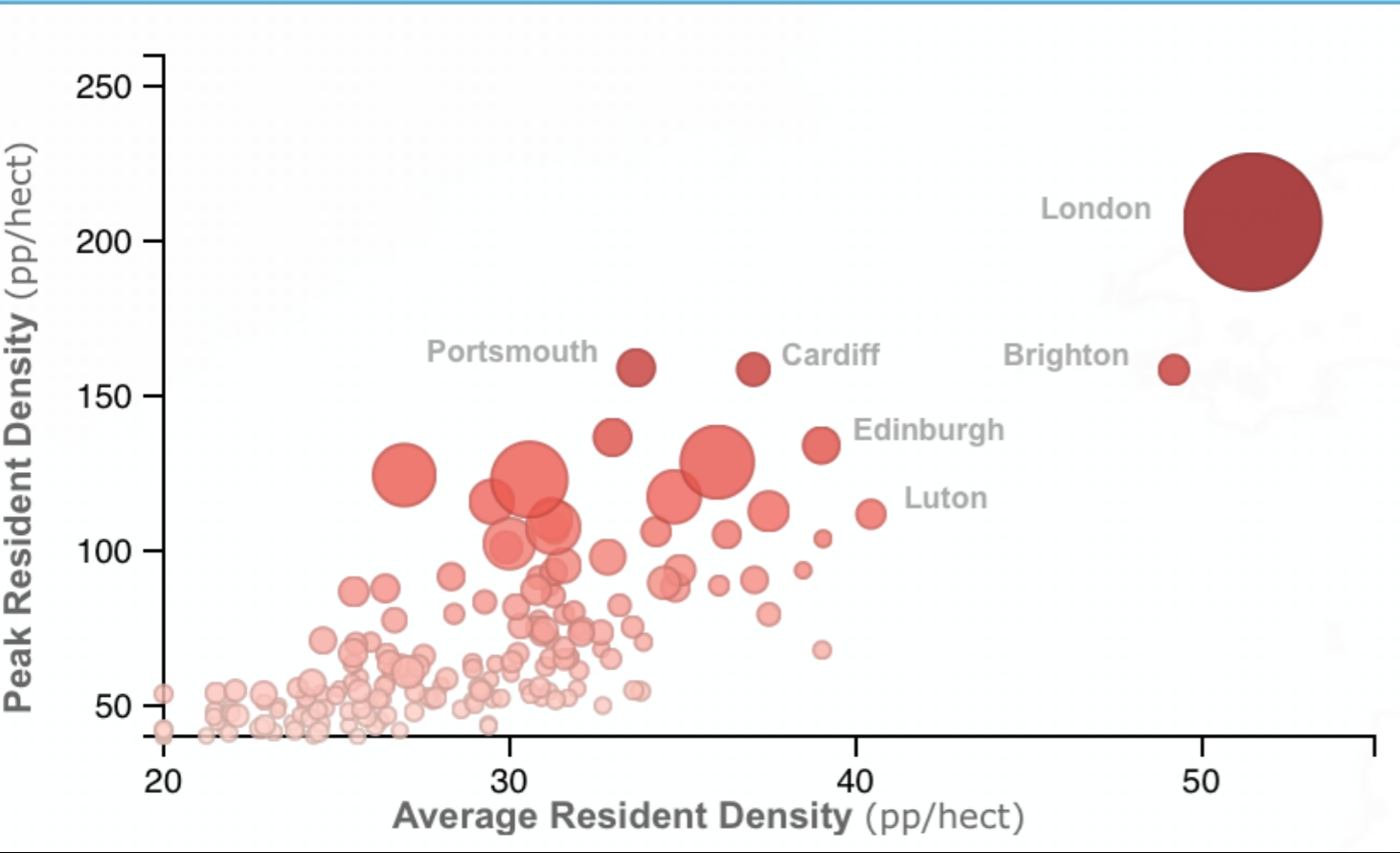


are there as many socio-economic differences within areas as there are between areas?

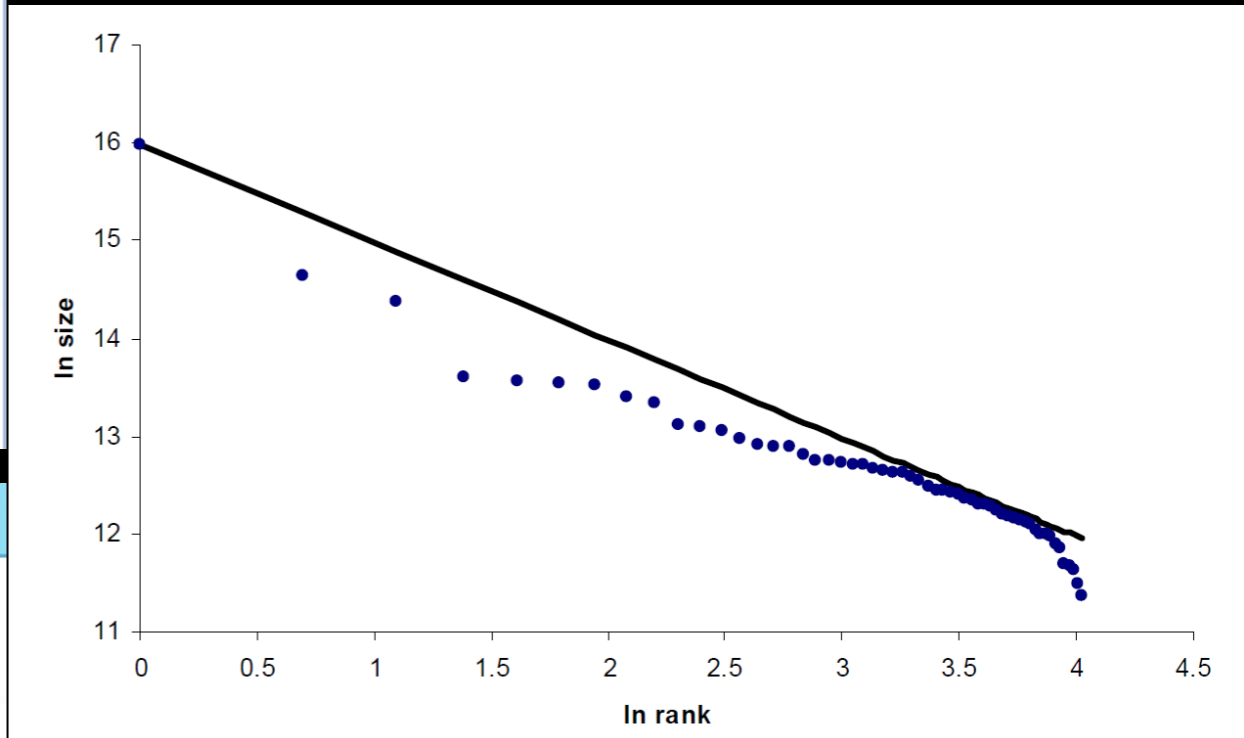
GB CHART OVERVIEW- Employment Density 2011



GB CHART OVERVIEW- Population Density 2011



Does Zipf's law show that England's "second tier" cities are undersized?



local growth policies
 "boosterism and bootstraps"
 getting others to invest here; using our local advantages & distinctive capabilities

TEN WORDS:
 the, be, to, of, and, a, in, that, have, and I.
 listed in order of frequency, comprise 25% of the recorded English language

devolution as “deal making”

from rules and guidelines ...

to “bricolage”

HM Treasury sponsored, CLG brokered ...

deals to create city regions, sub-regions and county regions so as to enable growth and act as umbrella or stimulus for public service reform

The Greater Manchester Agreement

The Agreement suggests that the first election to the position could take place in 2017.

The elected mayor would receive the following powers and resources:

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

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

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

The Greater Manchester Agreement (continued)

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

The interim mayor, Tony Lloyd is the current Police & Crime Commissioner in the Greater Manchester area.

Health devolution in Greater Manchester

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

Through the JCB, strategic decisions regarding commissioning of health and social care services in Greater Manchester will be agreed by NHS England, CCGs, and local political actors. The JCB will commission health and social care services across Greater Manchester on behalf of its constituent organisations, pooling the pooled commissioning budgets of the CCGs and the social care budgets of the boroughs. These budgets make up the bulk of the "£6 billion" that has been advertised as being devolved to Greater Manchester under these proposals.

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

Elected mayors for north-east of England as devolution deal announced

🕒 23 October 2015 | [England](#)



The North East Combined Authority will be given access to £30m a year over 30 years

North-east England secures £1.35bn in devolution deals

Chris Tighe, North East Correspondent

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George Osborne

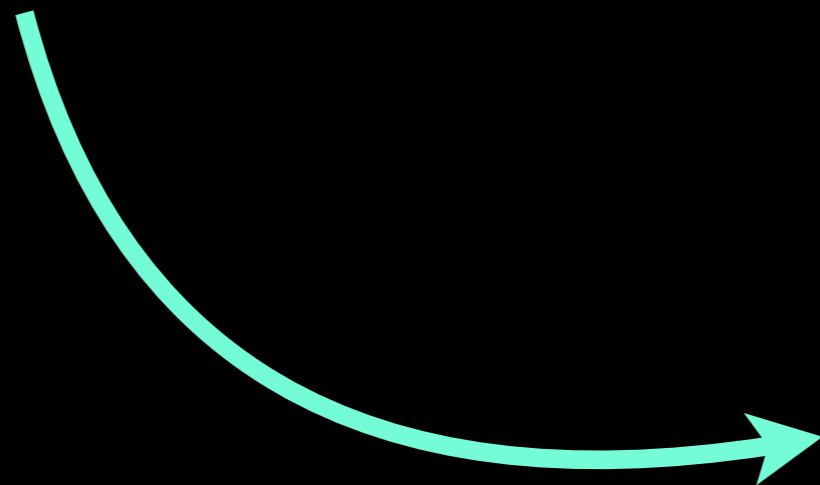
George Osborne's push for greater devolution of powers to England's regions gained fresh impetus on Friday when the chancellor signed two deals for north-east England.

The additional powers — transferring £1.35bn of government money over the next 30 years — cover employment and skills, transport, planning and business activity, and are intended to drive economic growth in the UK region with the highest unemployment rate.



Despite the focus on growth, however, the business community fears being sidelined by Labour, which dominates politics in the region.

Barnsley Leader
(Cllr Stephen Houghton) chairs
the Sheffield Combined Authority
he wants "first mover advantage"



LGC
local government chronicle

The economic Strategy trust is

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Future devo deals to be 'less materially advantageous' than Sheffield's

26 October, 2015 | By David Paine

The Sheffield City Region Combined Authority has secured a commitment from ministers that any subsequent devolution agreements elsewhere will be "less materially advantageous" to the participants, it has claimed.

The city region's leaders also say they have been given the opportunity to "explore" the devolution of any powers subsequently granted to other areas which it had not secured agreement to include in its deal.

The claims are contained in a letter sent to George Osborne almost three weeks ago, several days after **Sheffield City Region's devolution deal, including an elected mayor**, was announced ahead of the Conservative Party conference earlier this month. The deal was the first to be announced following the 4 September deadline for areas to submit their devolution bids to the government.

In the **letter**, combined authority chair Sir Stephen Houghton (Lab) and local enterprise partnership chair James Newman outlined a number of conditions that had been agreed upon in their negotiations with the Treasury's commercial secretary Lord O'Neill.

Cllr Houghton, who is also leader of Barnsley MBC, and Mr Newman wrote: "This deal, because of its timing, secures 'first mover advantage' for the Sheffield City Region and that any subsequent devolution deals with other parts of the country will be less materially advantageous."

Like 0

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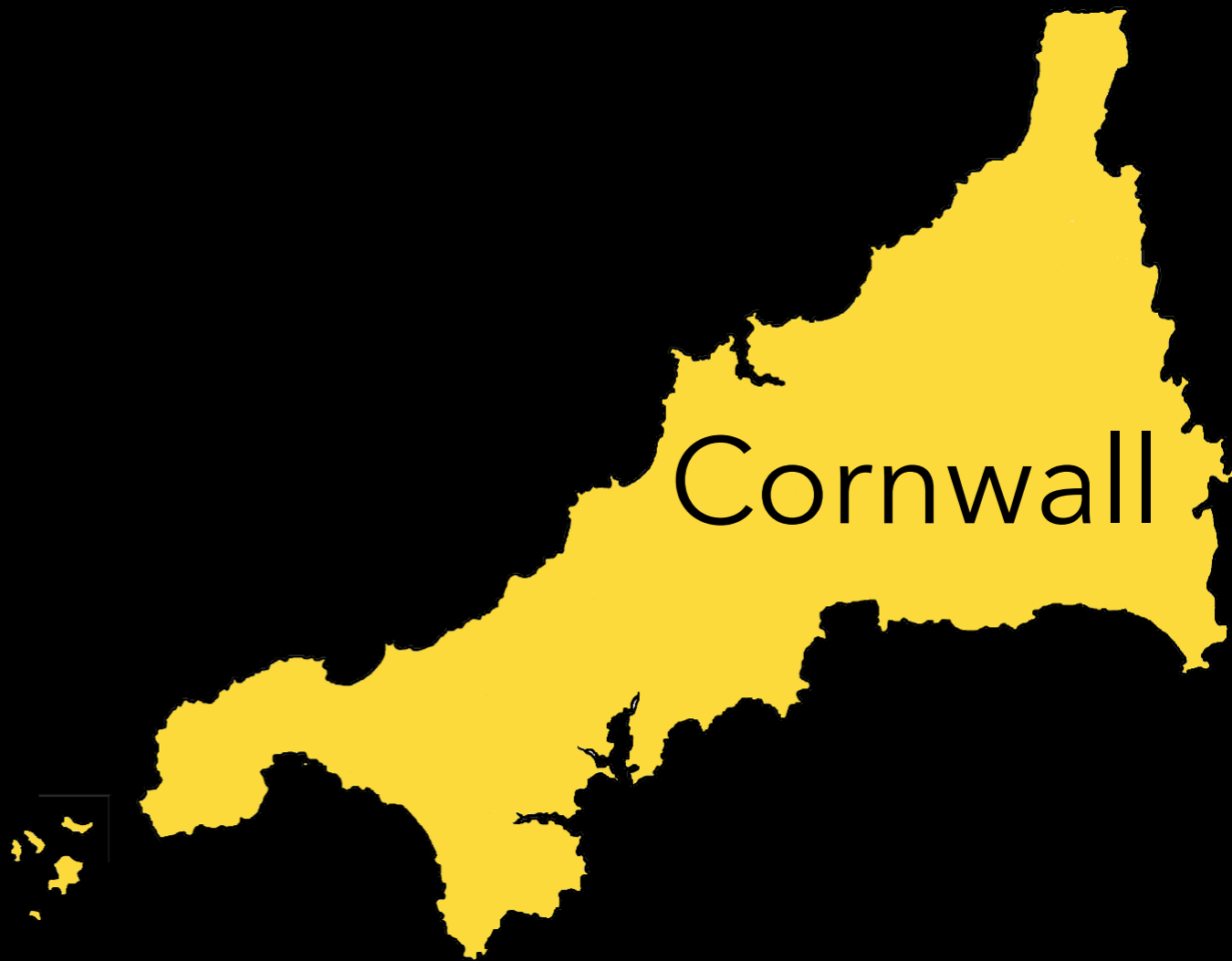
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different types of "Combined Authorities"

West Midlands

Combined Authority



A New Agreement for London



September 2015

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- 1 devolution of skills budget
- 2 a single pot for employment support
- 3 rail devolution to better link Londoners
- 4 a London Health Commissioner

stronger scrutiny over
Mayoral decision making

THE LONDON PROPOSITION

1. Governance model
2. Employment & Complex Dependency
3. Skills
4. Enterprise Support
5. Crime & Justice
6. Health & Care
7. Housing
8. Borough Groupings & Sub Regional Working
9. Conclusion

coping with growth

spreading growth

achieving sustainable growth

scaling public service reform



MAYOR OF LONDON

LONDON
COUNCILS

economic growth, public service reform and home building

1. large scale mobilisation of the long term unemployed into jobs
2. a transformation of London's skills system to deliver in-demand skills
3. lasting reforms to London's policing and criminal justice system
4. faster reform and integration of health and social care services
5. a coherent package of business support services
6. delivery of significant and sustainable home building across all types of tenure on a London wide scale

Borough Groupings and Sub-Regional Working

1. Local London Partnership - eight boroughs in North & East London
2. South London Partnership
3. West London Partnership
4. Central London Forward

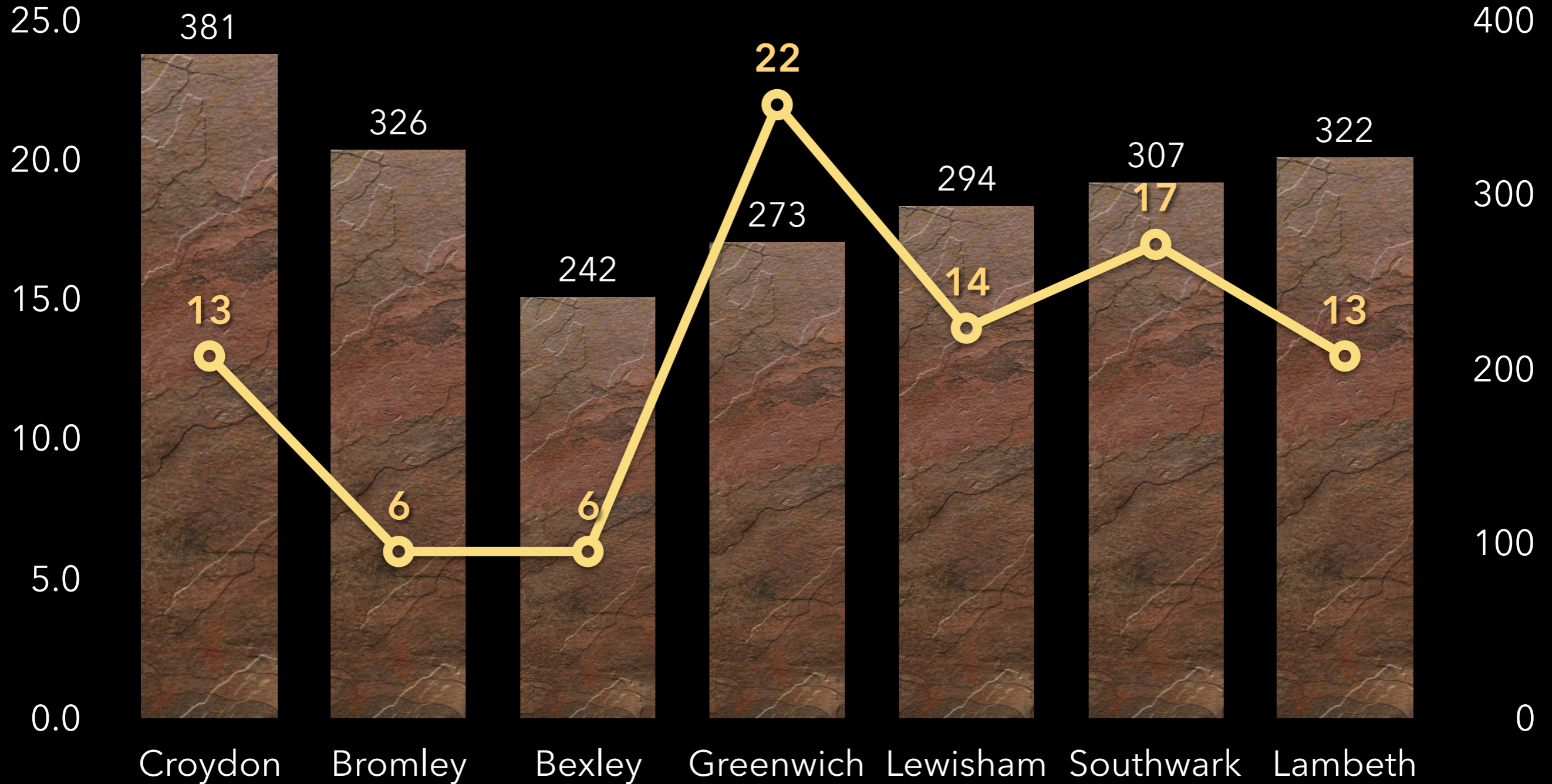


what's the logic of who to join with?

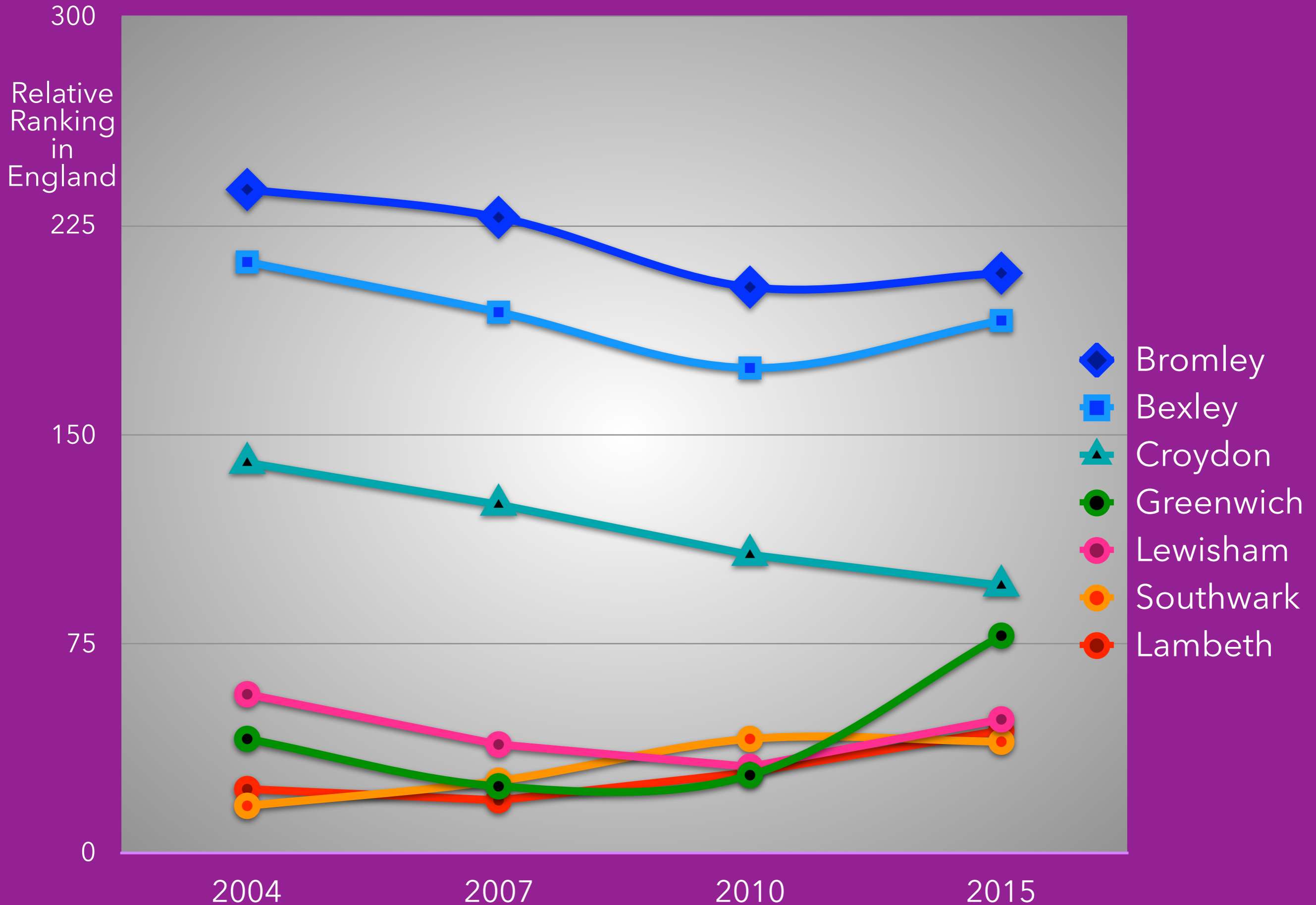
1. neighbours?
2. those with similar problems?
3. those with complementary strengths?

SE London population rising from 2.1m to 2.4m to 2030

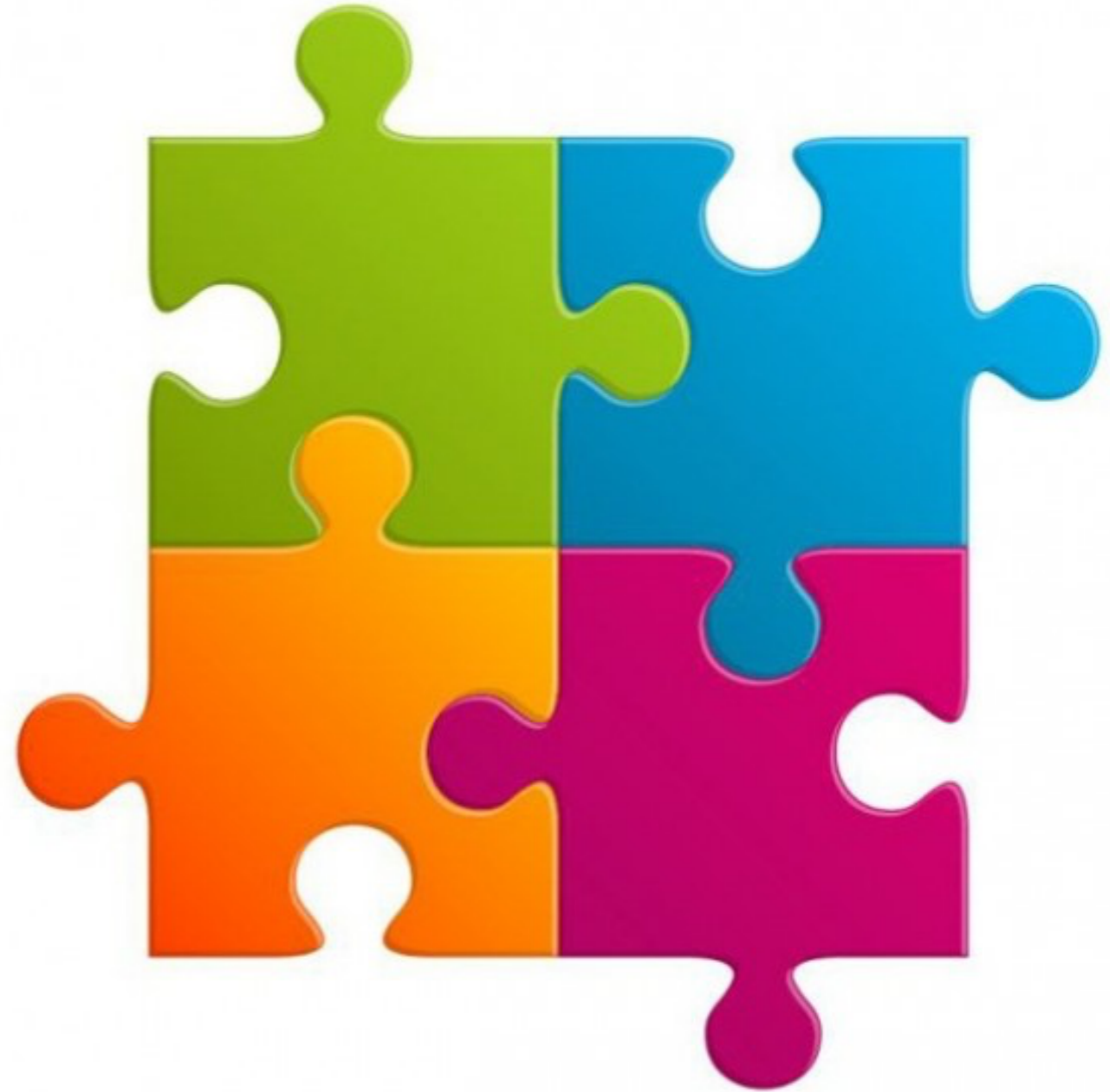
○ % increase to 2030 ■ 2015 population



changes in deprivation (IMD) 2004 to 2015



**same services but
organisations are not modular**



the basis of sharing across Councils

- expert and costly specialisms just three miles apart!
- let's do the same thing across a wider base; spread our overheads; and reduce single person dependency
- who has same systems and uses the same processes?
- who has lowest cost platform?
- who has a similar "organisational culture" to us?
- complementarity - blending strengths across organisations
- combining assets, depots, plant, material, vehicles
- combining management and staffing
- combining service purchase to gain economies of scale

Governance

- Members lead the agenda (London Councils)
- needs to be more than cooperation between “like minded” or neighbouring authorities
- sharing is a means to an end (redesigning services, improving cost-effectiveness) it is not an end in itself
- political executive need to share decision making across Councils
- overview & scrutiny need to evaluate proposals for combining - together and/or separately
- needs to make sense to citizens across our areas