

<b>Overview and Scrutiny Committee</b>		
Title	Update on Devolution	
Contributor	Head of Corporate Policy and Governance	4
Class	Part 1 (open)	24 October 2016

## **1. Purpose**

- 1.1 The Chair has requested an update on devolution to enable members to discuss any further work they feel may be necessary.

## **2. Background**

- 2.1 In 2015 a working group was set up to consider Public Spending in Lewisham and one of the outcomes was a recognition of the need to track the progress of government commitments to devolution (the conclusion section of the report of the working group is appended to this report as Appendix 1).
- 2.2 The Overview and Scrutiny Committee has subsequently considered devolution more formally, taking evidence from the Chief Executive in October 2015, receiving a response from the Mayor and Cabinet, presented by the Head of Strategy, in March 2016 and finally receiving an update on the Health Devolution Pilot from the Executive Director for Community Services in July 2016.
- 2.3 This paper seeks to highlight the wide range of areas of business now the subject of greater devolution, and provides a basis for further deliberation and discussion at the Overview & Scrutiny Committee as to the implications for Scrutiny Committee work programmes.

## **3. Recommendations**

- 3.1 The Committee is asked to:

- consider the content of this report
- take evidence from officers present at the meeting
- consider how it may wish Overview and Scrutiny to further consider issues relating to devolution

## **4. Update on Devolution**

- 4.1 The Council supports devolution, recognising that fiscal devolution in particular will reduce local government's dependency on central government and allow it to deliver services more flexibly, generating the funds it needs to fulfil its

priorities, itself. In February 2015 the Council agreed a motion expressing its support for the Core Cities' Modern Charter for Local Freedom<sup>1</sup>; and agreed to campaign for further devolution and greater localism and a fairer distribution of resources based on the restoration of needs-based central funding<sup>2</sup>.

4.2 In 2015 the GLA outlined a London Proposition<sup>3</sup>, supported by London Councils, which advocates London government working closely with central Government to agree a devolution package focussing on six key areas: employment and complex dependency; skills; business support; crime and justice; health; and housing.

4.3 Since then progress has been made in a number of areas. London Councils recently reported<sup>4</sup> on the following:

#### Employment support

The Spending Review announced the creation of a new Work and Health Programme that will launch from 2017 onwards. It contained a specific commitment that the Mayor of London and London boroughs will jointly commission employment support (outside the Jobcentre Plus regime), to assist the very long term unemployed and those with health conditions and disabilities to (re)-enter work.

#### Skills

The government has committed to the devolution of Adult Education Budget (AEB) to London by 2018/19 (this budget is for people aged 19+). In 2015, the government announced a programme of Area Reviews of post-16 education and training provision with a goal of delivering a rationalised Further Education sector, comprised of fewer, more financially sustainable institutions that are more responsive to local economic need. This process has been underway in London since March 2016 and represents a first step towards full devolution of AEB to the capital.

London agreed a sub-regional approach to its area reviews, West, Central, South and East. They will now run in parallel from September 2016, with the final Steering Group meeting taking place in either November or December.

Lewisham is part of the Central London European Social Fund region, and devolution of skills and employment support is being lead by GLA for London. London Councils has worked jointly with the GLA to work on further devolution to sub regions in London and for skills and employment. Lewisham is part of the Central London Sub region. Mayor Khan has been working with the

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<sup>1</sup> See: <http://www.corecities.com/what-we-do/publications/modern-charter-local-freedom>

<sup>2</sup> See:

<http://councilmeetings.lewisham.gov.uk/documents/s33998/Motion%203%20Proposed%20by%20the%20Mayor%20Seconded%20by%20Councillor%20Hall.pdf>

<sup>3</sup> [https://www.london.gov.uk/sites/default/files/a\\_new\\_agreement\\_for\\_london.pdf](https://www.london.gov.uk/sites/default/files/a_new_agreement_for_london.pdf)

<sup>4</sup> <http://www.londoncouncils.gov.uk/members-area/member-briefings/leadership-devolution-and-democracy/progress-devolution-and-public>

Government on taking forward London's ambitions for skills and employment to ensure that London continues to thrive post Brexit.

### Health and Social Care

The London health and care devolution pilots, focused on integrating and improving services and outcomes, were announced in December 2015. The pilots are now well established and pan-London arrangements are in place to provide support, and to draw insights, to inform a strategic view on the implications for sustainable and high quality health and care across the whole of London.

In July 2016, Aileen Buckton updated the Committee on progress in Lewisham and advised that work on the "One Estate" pilot in Lewisham had begun and that there were examples of integration, and the development of multi-disciplinary teams, working well together. One such example was the Deptford Lounge, which had teams from different organisations in the same building sharing space and providing services to the public from a combined use building. Appendix 2 is the London Health and Care Collaboration Agreement that was provided to the Committee in July. Appendix 3 is the Expression of Interest Form for the One Public Estate pilot which was also provided to the Committee in July.

### Financial Devolution – Business rates

The London Councils' Leaders' Committee received a report on 7 June 2016 and agreed a set of 'Statement of Principles' underpinning London's approach to Business Rates.

These principles were subsequently agreed by the new Mayor of London and London Councils have written jointly to the Chancellor and the Secretary of State for Communities and Local Government, seeking the appointment of named senior civil servant to work with London's government on developing and implementing a business rates proposition for the capital.

The DCLG published the first consultation paper on 100 per cent retention in July. This consultation covers the approach to 100 per cent retention, including the approach to fair funding to be adopted, with a more detailed technical consultation expected in the autumn 2017. These consultations consider in outline the related responsibilities and services that might be delegated to local government in combination with the additional income the 100% business rates retention will bring.

The Public Accounts Select Committee scrutinised the Lewisham responses to these consultations in September-these are attached at Appendices 4-6 for members' reference. Appendix 4 is the Lewisham response relating to the fair funding approach: Appendix 5 is the GLA/London Councils response: and Appendix 6 is the Cabinet Member for Resources response on behalf of the Council, to supplement the London view expressed in Appendix 5.

### Financial Devolution - London Finance Commission

On 26 July 2016 the Mayor of London, Sadiq Khan, reconvened the London Finance Commission. This work will be led by Professor Tony Travers from LSE. The previous London Finance Commission in 2013 argued for fewer borrowing constraints and greater devolved tax powers for London. It found that only 7 per cent of tax paid by London residents and businesses is redistributed directly by locally elected bodies in contrast to other world cities. The commission is looking again at the arguments for London to retain other tax revenues, including stamp duty, a proportion of income tax, and the flexibility to raise new local taxes (e.g. 'tourism' tax).

### Criminal Justice Devolution and Reform

The independent review of youth justice, led by Charlie Taylor which was commissioned by the Ministry of Justice, is expected to be published in the autumn. The report is expected to address the devolution and public service reform agenda

## **5. Discussion**

- 5.1 Officers will be present at the meeting to answer questions in relation to their areas of responsibility, including: Aileen Buckton, Executive Director for Community Services and Ralph Wilkinson, Head of Public Services.

## **6. Further implications**

- 6.1 There are no specific legal, financial or equalities implications as a result of this report.

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