

Local Government Association (LGA)

Cities and Local Government Devolution Bill

Report Stage, House of Lords

Monday 13 and Wednesday 15 July 2015



Key messages

- For central and local government to meet our shared agenda to deliver growth and better outcomes through devolution, decisions must be made transparently and in consultation with local areas. Individual reports for each order are a welcome step but the Government should go further to provide an overall view of the progress of devolution across the country. **For this reason the LGA welcomes amendment 1 which would introduce a duty to report on progress to Parliament.**
- Devolution statements requiring ministers in other departments to make a statement that new legislation is compatible with the principles of devolution would make sure the Government's ambitions for devolution are embedded across Whitehall. **As such we support amendment 2.**
- Alongside legislative change, fairer funding for local services, and the freedom to pay for them, is needed to allow councils to tackle the big issues facing their residents and protect services which bind our communities together and protect our most vulnerable. **The LGA supports amendments 58 and 59 on fiscal devolution which will help to deliver central and local government's shared agenda.**
- The extension of the general power of competence is a positive measure, but this should be as standard and not subject to the discretion of the Secretary of State, **as would be achieved through amendment 61.** The existing restrictions accompanying the general power of competence are sufficient to safeguard the extension to combined authorities.

Amendment 1: Transparent and collaborative decision-making

Amendment 1 places a duty on the Secretary of State to report annually to Parliament on the progress of devolution for all areas – city regions, smaller towns and cities, and rural and coastal communities – in England and Wales. The Government is right to be proud of the steps it is taking to devolve decisions closer to the people they affect. In this week's Summer Budget, the Chancellor said that "devolution within England has only just begun". Annual reports will provide an opportunity to benchmark and celebrate the ongoing progress.

The Bill also creates a number of new powers for the Secretary of State in order to grant the devolution of functions to local government. Where it is in the Secretary of State's power to alter local structures and delivery of public functions, it is vital that the decision-making process is transparent with clear criteria and route of appeal.

The Government amendments 33 and 70 will introduce new reporting requirements to accompany each subsequent order put before Parliament. This is a welcome strengthening of the Bill in response to the concerns raised by the

Briefing

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LGA and councils. However, it falls short of providing a picture of devolution across the country as it progresses.

Decisions must be taken in consultation with local government so that changes are appropriate to the local area and at the pace they can implement, given the reduction in core capacity that many councils have faced. The Secretary of State's decision to devolve powers to a combined authority must not be based on the financial implications alone, but must take into consideration improvements for public services, economic growth and wider social value. The LGA would be pleased to work with Government to help ensure that the process of negotiation is constructive and positive.

Amendment 2: Breaking down departmental barriers

We welcome the strong signals from HM Treasury and DCLG that wide-ranging powers will be devolved to local areas. For sustainable reform to happen in practice this commitment must be shared by all government departments. A 'devolution test', similar to the Government's family-friendly test, would ensure all departments are considering new legislation with devolution principles in mind. This could be achieved through the devolution statements set out in amendment 2.

Amendments 58 and 59: Devolution underpinned by sustainable funding

Alongside legislative change, funding reform is also required to realise the benefits of greater devolution. The LGA's recent report [*A Shared Commitment: local government and the Spending Review*](#) calls on the Government to enable all councils to retain 100 per cent of business rates and to set local charges, and discounts for council tax and business rates.

We welcomed the assurance Baroness Williams of Trafford gave in Committee Stage that "nothing is off the table", but more substantial fiscal devolution is needed if services are to be sustainable in the long term. For this reason the LGA supports amendments 58 and 59.

Councils have already made £20 billion in savings since 2010 following reductions in government funding of 40 per cent and have worked hard to shield residents from the impact of funding cuts. There are no efficiencies left to be made for many councils while many now warn efficiencies alone will not be enough to cope with further funding cuts. Fairer funding for local services, and the freedom to pay for them, will allow councils to tackle the big issues facing their residents and protect services which bind our communities together and protect our most vulnerable. Multi-year settlements from central government to local government are needed so that local government can plan for future services efficiently.

Amendment 61: General Power of Competence

The LGA has been calling for combined authorities to be provided with the full range of powers they need to promote growth and public service reform, which includes expanding their functional scope and extending the general power of competence (GPC). The inclusion of these provisions in the Bill is a positive measure, but this should be as standard and not subject to the discretion of the Secretary of State.

The restrictions accompanying the GPC – that powers are limited to those held by an individual and that the GPC does not invalidate existing legislation – are sufficient to safeguard the extension of the General Power to combined authorities, which is already available to all principal councils and eligible town and parish councils.