

Local Government Association (LGA) Cities and Local Government Devolution Bill Committee Stage – Day Two, House of Lords Wednesday 24 June 2015



Key messages

- The LGA has called for more powers to be devolved to local government to help tackle the big challenges facing our country. The Government's Cities and Local Government Devolution Bill is a positive step towards enabling city regions and non-metropolitan areas to take on the powers they need to create jobs, build homes, strengthen healthy communities and protect the vulnerable.
- Making decisions locally will bring significant economic and social benefits for city regions and counties. The LGA's report [English Devolution: local solutions for a successful nation](#) identified that devolution could bring £20.6 billion in potential savings, as well as increasing jobs and growth.
- There is no "one-size-fits-all" solution to the stronger local governance arrangements that may be needed where significant new responsibilities are devolved. Beyond the scope of the Bill, the LGA wants to work with the Government to identify alternatives to elected mayors for areas where mayors may not be appropriate.
- Alongside legislative change, fiscal devolution with proper consideration of fair funding is also required to ensure that the public services are sustainable. **The LGA supports amendments 43, 44, and 44A on fiscal devolution which will help to deliver central and local government's shared agenda.**

Background

Enabling greater devolution

The Government's Cities and Local Government Devolution Bill is a positive step towards enable combined authorities to take on the powers they need to create jobs, build homes, strengthen healthy communities and protect the vulnerable.

Making decisions locally will bring significant economic and social benefits for city regions and counties. The LGA's report [English Devolution: local solutions for a successful nation](#) identified that devolution could bring £20.6 billion in potential savings. The County Councils Network has projected that comprehensive skills devolution to counties alone would be able to add £8.2 billion and 700,000 jobs to the economy.

We welcome the decision to make this an enabling Bill so that each area can determine its own future. However, more detail is still needed to clarify the powers that are on the table and the criteria that places are likely to be expected to meet in order to put forward successful proposals. The LGA would be pleased to work with Government to help ensure that the process of negotiation is constructive and positive.

Briefing

Amendments 43, 44, and 44A: Devolution underpinned by sustainable funding

Alongside legislative change, funding reform is also required to realise the benefits of greater devolution.

The Independent Commission on Local Government Finance report, [Financing English Devolution](#), argued that fundamental to securing good quality public services, is a finance system which provides choice and enables different local authorities to determine how ambitious they want to be.

The LGA's [100 Days campaign](#) calls on the Government to enable all councils, including but not limited to those in combined authorities, to retain 100 per cent of business rates growth and to set local charges, and rates and discounts for council tax and business rates. For this reason the LGA supports amendments 43, 44 and 44A as a first step in this direction. Greater fiscal autonomy at the sub-regional level will enable more places to invest in the infrastructure needed to unlock growth and deliver public services that meet the needs of a twenty-first century society and economy. The path towards full autonomy needs to be carefully planned, with proper consideration of fair funding and equalisation needs.

Independent experts are unified in their recommendation that the current system for funding local services is broken and needs fundamental reform if services are to be sustainable over the long-term. The London Finance Commission, the Independent Commission on Local Government Finance, and the City Growth Commission chaired by Lord O'Neill have all made it clear that fiscal powers must be provided to local areas if the full benefits of devolution are to be realised. It was encouraging to hear the Chancellor recognise that *"it is time to think whether we could go further down the road of fiscal devolution"* in his first public address in May. Amendments 43, 44, and 44A represent a first step in this direction.