

Local Government Association (LGA) Cities and Local Government Devolution Bill Second Reading, House of Commons Wednesday 14 October 2015



Key messages

- The LGA has long argued for more powers to be devolved to local government. The Government's Cities and Local Government Devolution Bill is a positive step as it will give areas the range of powers they need to create jobs, build homes, strengthen healthy communities and protect the vulnerable.
- 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 devolution order and an overall annual report will help advance the progress of devolution for all areas of the country.
- Statements requiring ministers to demonstrate that all new domestic legislation is compatible with the principles of devolution will make sure the Government's ambitions for devolution are embedded across Whitehall.
- There is no one-size-fits-all solution to the stronger local governance arrangements that may be needed where significant new responsibilities are devolved. Historically a top-down approach has not worked. The LGA wants to work with the Government to identify alternatives to elected mayors.
- Alongside legislative change, fiscal devolution is needed to realise the benefits of devolution, carefully planned and with proper consideration of fair funding. The LGA welcomed the Chancellor's recent announcement that local government will retain 100 per cent of business rates revenue and will have greater flexibility over rates in local areas.

Background

Devolution within England is the most effective way to create jobs, build homes, strengthen healthy communities and protect the vulnerable in all parts of the country. The LGA has long argued for powers to be devolved. The Government's move towards this through the publication of the Cities and Local Government Devolution Bill is a positive step.

The Government has received 34 different devolution bids from places in England.¹ It is important that this Bill provides the flexibility for each area to agree a devolution deal that meets the needs of their local area.

Transparent and collaborative decision-making (clause 1)

The Bill creates a number of wide-ranging powers for the Secretary of State in order to grant the devolution of powers to combined authorities. For central and local government to meet our shared agenda to deliver growth and better

¹ See our online devolution hub at www.local.gov.uk/devolution

outcomes through devolution, decisions must be made transparently and in consultation with local areas.

Government amendments in the Lords introduced requirements for individual reports to be published alongside each devolution order. Further amendments in the House of Lords introduced overall annual reports, which will help advance the progress of devolution for all areas of the country. Annual reports will provide an opportunity to benchmark and celebrate the ongoing progress, beyond the restricted oversight through the affirmative process for the relevant orders. This is a welcome strengthening of the Bill.

Breaking down barriers to devolution (clause 2)

We welcome the strong signals from HM Treasury and Department for Communities and Local Government 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', as introduced in the House of Lords, would ensure all departments are considering new legislation with devolution principles in mind. The test is similar to the Government's own 'families test'.

No 'one-size-fits-all' model of governance (clause 3)

Historically a top-down approach has not worked. People should be free to choose the appropriate model of governance for their community. The LGA urges the Government to continue to work with areas through their negotiations to develop strong models of governance that are appropriate to local circumstances.

The LGA's report, [English Devolution: local solutions for a successful nation](#), sets out principles for strong governance and a number of models that could achieve this.

Devolution underpinned by sustainable funding

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

The Chancellor recently announced that local government will be able to keep 100 per cent of business rates revenue by 2020. Councils will also be able to lower their business rate, and areas with elected mayors will be able to increase business rates, with the consent of the Local Enterprise Partnership, to fund infrastructure projects.

The LGA has long argued that the current system of business rates needed reform so councils could effectively support small businesses and boost high streets. Greater fiscal autonomy 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.

However, the path towards full autonomy needs to be carefully planned, with proper consideration of fair funding. Local government wants to work with central government to ensure local areas with less ability to generate business rates income do not suffer as a result of these changes.