

Local Government Association (LGA) Cities and Local Government Devolution Bill Committee Stage, House of Commons Wednesday 21 October 2015



Key messages

- 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.
- Statements requiring ministers to demonstrate that all new domestic legislation is compatible with the principles of devolution would make sure the Government's ambitions for devolution are embedded across Whitehall, breaking down departmental silos. **As such, clause 2 should not be removed from the Bill and amendments 3 and 29 should be opposed.**
- The LGA welcomes the enabling approach the Government has taken with the Bill, but the same flexibility is needed for areas to be able to change their governance structures as the needs of their local area change.
- 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, and we support the intention behind amendment 53.**
- Government changes brought forward in new schedule 1 provide welcome clarity on the definition of social care, important for the practicalities of delivering integrated care.
- 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 announcement that local government will retain 100 per cent of business rates revenue and will have greater flexibility over rates in local areas. **Multi-year finance settlements, as set out in amendment 58, are needed to allow councils to plan long-term. Greater local discretion should be given over fees and charges.**
- The LGA supports calls for a constitutional convention to determine the political settlement of the UK. The convention's remit should include devolution of responsibility for public services and fiscal powers to local government. We do not believe this need delay progress of the legislation currently before Parliament. **For this reason, we support new clause 19.**

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.

Briefing

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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.

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. Previous attempts to devolve power have been thwarted by Whitehall silos.

A 'devolution test', as introduced in the House of Lords, would ensure all departments are considering new legislation with devolution principles in mind. The simple test is similar to the Government's own 'family friendly test' and like this can be meaningful without being burdensome.

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

The LGA welcomes the enabling approach the Government has taken with the Bill, which allows each area to determine a devolution deal to meet the need of their local area. However, the same flexibility is needed for areas to be able to change their governance structures as those needs change. This should include changes the composition of a combined authority and changes the governance model.

Historically a top-down approach has not worked. People should be free to choose the appropriate model of governance for their community. We recognise that the Bill itself does not make mayors mandatory. The LGA urges the Government to continue to work with areas through their negotiations to develop other 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. Whatever model is chosen, councils and councillors will want to ensure there is transparency and accountability so that the constituent members of the combined authority and the public can understand and scrutinise the decisions being made.

Information sharing in health and social care services

Medical services under the section 251 of the NHS Act 2006 already include the provision of social care services. New schedule 1 13ZB section 13z provides welcome clarity on the definition of social care for the purpose of information sharing. This is important in the context of delivering integrated care.

Devolution underpinned by sustainable funding

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

The LGA welcomed the Chancellor's recent announcement that local government will be able to keep 100 per cent of business rates revenue by 2020 and have more flexibility over their business rate. Local government currently receives 100 per cent of business rates revenue but a portion of this is through grants to fund

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

specific responsibilities. 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.

Business rates retention is just the first step for greater fiscal devolution that will enable English cities and towns to compete with their international counterparts. Multi-year finance settlements would allow local government to plan over the long-term. Greater local discretion to set fees and charges is also needed.

Constitutional settlement

The LGA is calling for a convention to debate and agree a constitutional settlement for England, Scotland, Wales and Northern Ireland. The convention's remit should include devolution of responsibility for public services and fiscal powers to local government. We see no reason why this should delay the Cities and Local Government Devolution Bill, the Scotland Bill or the Wales Bill.