

Local Government Association (LGA) Cities and Local Government Devolution Bill Committee Stage – Day One, House of Lords Monday 22 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.
- 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.
- The Bill invests significant discretionary power in the Secretary of State with limited transparency of those decisions. For central and local government to meet our shared agenda to deliver growth and better services through devolution, decisions must be made transparently and in consultation with local areas. **For this reason the LGA welcomes amendment 2 which would introduce a duty to report on progress to Parliament.**
- 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 and 44 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.

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.

As London Councils have noted in their representations on the Bill, it seems to offer London little compared to cities and regions across the country. Given the promising discussions taking place between London boroughs and the Mayor on how decision-making could be brought closer to local people, it is essential that the offer of devolution is extended to the capital.

Briefing

For more information, please contact:
Charlotte Taylor, Public Affairs Adviser, Local Government Association
charlotte.taylor@local.gov.uk 020 7664 3060

Amendment 2: Transparent and collaborative decision-making

The Bill 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.

Amendment 2 places a duty on the Secretary of State to report annually to Parliament on the progress of devolution for all areas, both city regions and non-metropolitan areas, in England and Wales.

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 job creation.

Given that devolution involves transferring responsibility for decisions that have an impact on residents and businesses, it is right that places demonstrate their capacity to deliver. Local government has offered to work with government to develop an objective and rigorous set of criteria to assess and implement specific proposals for devolution. Another option to ensure that decisions about devolution are made in a transparent and objective manner is the establishment of an independent committee, which was recommended by the City Growth Commission.

Amendments 43 and 44: Devolution underpinned by sustainable funding

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

The LGA's [100 Days campaign](#) calls on the Government to enable all councils 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 and 44. 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 and 44 represent a first step in this direction.