

## Devolution

### Summary of RSN policy messages

- Devolving powers, functions and budgets to the local level is welcome, in principle.
- The economic growth case for devolving to shire and rural areas is a powerful one.
- There is also a strong case based around public service reform in shire/rural areas.
- However, it must remain for local authorities to decide whether to pursue this.
- It should be possible to be a full partner in one devolution deal and an associate partner in another.
- Some aspects of devolution would seem better as a staged process e.g. significant reform to further integrate health and social care.
- Government should be willing to countenance a wider range of devolution models.
- Whether in unitary or two tier areas, these should not necessarily require a directly elected mayor, which will not suit all local circumstances.
- Government should clarify the negotiating process and any unwritten rules, so that time and effort is not wasted with devolution bids.
- DCLG should be more willing to consider devolving affordable housing powers.
- LEP boundaries and roles should be reviewed so they fit the emerging geography of devolution deals.

### Context

By common consent the UK (or at least England) is a relatively centralised state. Governments of various political hues have introduced measures aiming to devolve certain powers from the centre in Whitehall to regional, local and neighbourhood levels, though sometimes at the same time as imposing other central controls.

The current Government is pursuing a devolution agenda through which it is negotiating deals to hand over certain functions and funding streams to combined authorities or local authorities. One notable element has been Whitehall's insistence that substantial devolution should require introducing a directly elected mayor.

### Rural issues

Among key rural issues are the following:

- Policy origins: the current devolution agenda has its roots in the 'City Deal' that was struck in 2014 with local authorities in Greater Manchester. This was

followed soon after by a deal with Sheffield. Initially the policy push was specifically urban, with the emphasis on metropolitan areas and city-regions. The Government position has since altered, though some say it has left a model more suited to urban conditions.

- Including rural: the approach raised concerns that shire areas and their rural communities would lose out. Framing the debate around city-regions raised two issues. First, a tendency to treat the most accessible rural areas as little more than residential commuter belts and, second, it excluded altogether consideration of the needs of less accessible rural areas. There is a risk that some rural areas end up falling into a gap between two city-regions.
- Economic growth: stimulating economic growth has been the main driver cited for the devolution policy agenda. Rural areas play a vital part within the national economy, with local authorities classified as 'mainly rural' or 'largely rural' contributing 16% of Gross Value Added (worth £210 billion in 2013). However, as our Rural Economy policy briefing note shows they also face various challenges, such as low wages and low productivity.
- Public service reform: another driver for devolution is public service reform, to help local authorities and public bodies work in partnership so they can improve services and generate efficiencies. This is highly relevant to rural areas, not least given the implications from their ageing populations for the future delivery of health and social care services.
- Geography and identity: the pattern across some rural areas may complicate the introduction of devolution, especially as currently formulated. Shire areas often don't revolve around an obvious population centre. Rather, they may have several distinct sub-areas whose residents hold different identities. This makes questionable the relevance of a single elected mayor.
- Local government structures: another complication is that most shire areas have two tiers of principal local authority (county and districts), as well as parish and town councils operating at the very local level. Some include National Park Authorities. Devolution deals can only proceed where the main tiers are in agreement and they should avoid duplication or adding complexity. On the other hand, where all tiers are in favour, work on devolution bids can prove a catalyst for better partnership working.
- Rural examples: despite the challenges a number of rural shire areas have demonstrated an interest in the devolution agenda. The most advanced is Cornwall, which announced a devolution deal in 2015. More recent announcements include: Derbyshire and Nottinghamshire, in the North Midlands deal; Norfolk, Suffolk and Cambridgeshire, in the East Anglia deal;

plus Lincolnshire, North Lincolnshire and North East Lincolnshire, in the Greater Lincolnshire deal. Equally, other rural shire areas do not wish to pursue this agenda, given the governance structures that come with it.

## Government policies

The last Coalition Government announced its devolution intentions for (initially) English cities in 2014, at the same time as launching devolution proposals for Scotland, Wales and Northern Ireland. This built upon ideas in ‘the Heseltine report’.

The Cities and Local Government Devolution Act passed into law in January 2016. It is enabling legislation which allows agreements reached on devolution deals to be implemented. Proposals can be put forward for negotiation with Whitehall by local authorities or (more often) groups of local authorities.

Where agreed, certain functions currently undertaken by Whitehall departments or public bodies will in future be carried out at the local or sub-regional level. Budgets for these functions will also be devolved. In practice nearly all deals agreed to-date cover business support services, adult skills funding, employment support, bus franchising, transport budgets and strategic planning. Some deals include policing, fire services, health and social care, children’s services and waste management.

Perhaps the most contentious element has been the Government’s insistence that substantial devolution should require the introduction of a directly elected mayor. Where relevant this will replace the Police and Crime Commissioner.

Early agreements on devolution deals predate the Act. The first was struck in late 2014 with Greater Manchester metropolitan boroughs (who will form the Greater Manchester Combined Authority). Deals with Sheffield and West Yorkshire followed soon after.

More recent Government statements have been clear that devolution opportunities can apply to shire as well as metropolitan areas and many have been working up proposals. The first shire deal was that agreed in July 2015 with Cornwall Council and the county’s NHS Trust. It is an unusual example in that there will be no combined authority and (given the existing unitary status of the county council) it does not require a directly elected mayor. The deals for North Midlands, East Anglia and Greater Lincolnshire all cover areas with two principal tiers of local government and all involve a directly elected mayor.

	Cornwall	North Midlands	East Anglia	Greater Lincs
<i>Education and skills:</i>				
Post-16 further education	Yes		Yes	Yes

Apprenticeship grants		Yes	Yes	Yes
Adult skills funding		Yes	Yes	Yes
<i>Transport:</i>				
Devolved transport budget	Yes	Yes	Yes	Yes
Bus franchising	Yes	Yes	Yes	Yes
Role in highways and rail networks				Yes
Local roads network		Yes	Yes	
Smart ticketing	Yes	Yes	Yes	
<i>Business support:</i>				
Devolved business support	Yes	Yes	Yes	Yes
Joint work with UK Trade & Investment		Yes		Yes
<i>Employment support:</i>				
Some Jobseeker Allowance support		Yes	Yes	Yes
<i>Land and housing:</i>				
Public land or joint assets board	Yes	Yes	Yes	Yes
Housing loan or grant fund		Yes	Yes	
Compulsory purchase orders				
Mayoral development corporations		Yes	Yes	Yes
Planning call-in powers				Yes
Spatial land use strategy		Yes	Yes	
<i>Public services:</i>				
Integration of health and social care	Yes			
Offender management				Possibly
Police and crime commissioner role		Yes	Possibly	Possibly
Manage fire and rescue service				Possibly
<i>Energy:</i>				
Energy efficiency and energy projects	Yes			
<i>Finance:</i>				
Intermediate Body EU Structural Funds	Yes	Yes		
Retains 100% business rates growth			Yes	
Can set business rate supplement		Yes	Yes	Yes
Retain part of CIL			Possibly	

## RSN policy messages

The Rural Services Network considers that:

1. In principle, the devolution of powers, functions and budgets to the local level is greatly to be welcomed. It is hoped that all relevant Whitehall departments engage positively and coherently so the policy can live up to its potential.
2. Government should recognise that rural areas represent a significant part of the national economy and its potential for growth. The economic case for agreeing devolution deals is just as strong for shire and rural areas as it is for metropolitan areas and city-regions.

3. Similarly, Government should recognise that the drive for public service reform, which devolution deals can support, is just as keenly felt in rural and shire areas as it is in metropolitan areas and city-regions. Further integration of health and social care services for older people is a case in point.
4. Equally important, however, is that local authorities are not cajoled or forced into devolution deals and that they can proceed with this agenda at their own pace. Government must maintain its line that this is a voluntary policy. Those areas which chose to opt out should not lose out financially.
5. It should be possible for local authorities to be both a full partner in one devolution deal and an associate partner in another devolution deal. The fact is that some rural areas do look in two directions in terms of their economies, labour markets and transport links.
6. The priority Government affords the growth agenda should not result in devolution deals which rush things that need a longer timeframe. For example, implementing major reform to further integrate health and social care services is likely to take years and may work better as a staged process.
7. Government should be open-minded about the types of structures or devolution models that best suit local circumstances. As well as combined authorities and existing single unitaries, this could include things such as federations or public service boards.
8. Government should accept that a directly elected mayor will not be appropriate in some shire areas. This could be true both in areas with a unitary council *and* in areas with a two tier principal local government structure.
9. At the same time, Government should clarify the negotiating process and any unwritten rules, so that time and effort is not wasted. Frustration is caused when bids are challenged for reasons such as the size of the geographic area or whether the powers sought should warrant an elected mayor.
10. The Department for Communities & Local Government should be more willing to consider devolving affordable housing powers and budgets. The shortage of affordable housing is a crucial rural issue and local authorities understand best the needs of their communities.
11. Government should set in-hand a review of Local Enterprise Partnership boundaries and roles, with a view to rationalising them so that they fit around the emerging geography of devolution deals.

*RSN policy briefing notes are written primarily for use by Network members and partners. They are updated from time to time in order to take account of policy developments. RSN welcomes suggestions for updating this material.*



Version: April 2016