

DEVOLUTION? OR JUST DOING OSBORNE'S BIDDING? THE LATEST ON THE BILL

Abstract: *The Cities and Local Government Devolution Bill is going through Parliament. Who's likely to benefit, who isn't, and what's been happening around the country?*

For almost a year, LocalismWatch has been trying to make sense of the government's stated desire to give local communities a greater say in local issues. Power centralised in Whitehall has historically been the default setting for British governance, so anything that promises change has to be taken seriously. But because the devolution project is being led by people with a proven interest in keeping strategic power close to Whitehall, its components and progress need closer examination. What's on the table, and what isn't? Who's at the table, and who's not? Who will make the final decisions? And what sort of landscape is likely to emerge when the Bill gets Royal Assent?

The Cities and Local Government Devolution Bill [completed its Third Reading in the House of Lords](#) on 21 July and will be debated by MPs later this autumn. When we've cut a path through the [legalese](#), the Bill's main objectives are:

- To allow certain powers to be handed over from central government to *some* of England's cities, urban areas and counties;
- To permit the introduction of directly-elected 'metro-mayors' over combined authorities, and for mayors to replace Police and Crime Commissioners in those areas, should they wish;
- To remove any current limitations on the powers of those local authorities (currently, they're limited to economic development, regeneration and transport); and
- To enable local governance to be streamlined in ways that are agreed by those councils.

The Bill's provisions are 'generic': in other words, they won't be a one-size-fits-all. Instead, they'll be tailor-made, imposed on specific areas by central government through [Orders in Council](#). Most Whitehall watchers believe that the initial focus of devolution will be the [Core Cities Group](#), a cartel dominated by England's eight largest city economies outside London. The Core Cities secured 'top-sliced' central government funding in the first round of [City Deals](#) under the 2010-15 Coalition, to deliver locally-determined outcomes. England's 20 'next tier' urban areas had to wait for a second round of deals, allocated on less favourable terms. So it's already clear that devolution, Conservative-style, has little to do with equal chances for all: the big boys still hold sway.

The Bill, however, does allow for devolution to a single county or another large area that hasn't got combined authority status, provided all the local councils are signed up. Crucially, though, the final decision rests with the Secretary of State, not local councils, on whether the deal should proceed.

During its passage in the Lords, peers made a few amendments to the Bill. The package negotiated between George Osborne and Greater Manchester before the May election [devolved health and social care responsibilities to the new combined authority](#), ending the idea of a truly National Health Service. Partly because of this, Lords secured additional safeguards, preventing the wholesale devolution of health functions away from the NHS. The successful extension of the vote to 16 and 17 year olds in last year's Scottish IndyRef persuaded a majority of peers to support similar arrangements for metro-mayor elections.

There have also been worries that the Bill concentrates too many powers in elected mayors, without appropriate checks and balances. [Widespread local resistance](#) to the mayoral model, not least in Manchester, helped the Lords to pass an amendment allowing combined authorities to choose alternative forms of governance. They did not, however, defeat the government in a vote for mayoral elections to be based on proportional representation, not first-past-the-post.

The government also held out against Labour and Lib Dem amendments permitting mayors and combined authorities to borrow and raise their own revenue. Clive Betts, who chairs the Communities and Local Government Select Committee, [wants to table an amendment](#) in the Commons, giving cities stronger fiscal powers. This is [supported by the Local Government Association](#), as 'fiscal devolution and proper consideration of fair funding is also required to ensure that public services are sustainable'.

That's not to say that any of these amendments will still be included when the Bill becomes law. George Osborne is a man on a mission, who wants to 'fix the roof while the sun is shining'. His 2015 [Spending Review](#), subtitled 'a country that lives within its means', talks of 'putting Britain's security first', through 'further savings to eliminate the deficit by 2019-20.' The bulk of these, [as we've previously highlighted](#), will be further cuts to public services, notably welfare.

But the Spending Review also claims that it needs 'radical steps towards the devolution of power in the UK', moving from 'the imbalanced and overly-centralised system of government' that the Tories inherited. If the basis of devolution is indeed to give local people a better say and a better deal, Osborne's explicitly top-down approach is at best contradictory. It helps confirm LocalismWatch's hypothesis that what's really being devolved in Austerity Britain isn't power, but blame.

To deliver the Spending Review, the Chancellor has asked Whitehall departments to 'proactively consider what they can devolve and how they can facilitate public service integration'. Cities that are prepared to form City-regions with an Elected Mayor, and broker a Greater Manchester-style deal by the Spending Review on 25 November, were asked to 'submit formal, fiscally-neutral proposals and an agreed geography to the Treasury by 4 September'.

Ben Harrison of the Centre for Cities [argues](#) that because Osborne's calling the shots, local leaders must directly challenge him on his terms to secure the best deals. This, Harrison considers, means embracing the mayoral model and asking the Chancellor to concede even more, for example, greater fiscal autonomy. From a top-down perspective, focused on transactional relationships between different layers of government, this seems entirely plausible. But the remit of elected members is – and needs to be – far more nuanced, organic, long term and broadly based. Even granted their basic right to independence of mind, the mandate of local leaders still has to reflect the distinctive social, economic and environmental make-up of the communities they represent.

The Chancellor's tight timescale for such a huge upheaval has prompted wide ranging responses across England. Although few details have emerged so far of the devolution submissions that cities and counties will be making, a trawl of local newspapers reveals a mixture of outward confidence, bravado, resistance and resignation.

Greater Manchester

Now that a comprehensive devolution package is all but assured, there's been less media focus on its community-based benefits than private sector growth. Even [Sir Stephen Bubb](#), CEO of the charities' umbrella group ACEVO, whose views are seen by many as closer to the government than the sector he represents, says that the arrangements don't allow voluntary bodies a big enough role.

The £300m in the Manchester deal for improving existing stock and building up to 15,000 new homes each year is [viewed by developers](#) as a catalyst for boosting house prices and returns on corporate investment, rather than tackling homelessness and a lack of social and affordable homes. In tandem with this, the European Union has reached an [agreement](#) with the Treasury for the area's Combined Authority to manage an extra £300m in European Regional Development Fund (ERDF) money to promote business growth.

Merseyside

Unanimity's a scarce resource on Merseyside where devolution's concerned. John Wharton, the minister charged with delivering the Northern Powerhouse, has [warned councils there](#) to get their bid in by 4 September if they wish to join the 'devolution vanguard'. The Royal Institution of Chartered Surveyors (RICS) has [called on central government](#) to issue formal guidance to Merseyside authorities on better corporate working. The RICS says that because so many stakeholders are involved, it's vital that devolution enhances, not hinders, existing governance frameworks.

Liverpool Mayor Joe Anderson recognises that other areas are further advanced with their bids. He's [told his councillors](#) that Merseyside had to "get on the bus or be left at the bus stop". He added: "We have to look seriously at bursting the Westminster bubble and taking powers from them. There are officials in Whitehall – and I've met some – who don't know where Liverpool is on a map, taking decisions about this city." Anderson's views are not, however, universally shared, either in terms of who should hold Merseyside's top job (Wirral leader Phil Davies heads the area's combined authority), or whether it should have an elected mayor.

The North East

Although Osborne's summer Budget [didn't set out a roadmap for devolution here](#), local leaders have been working on a devolution bid based around [skills, transport and inward investment](#). But in an area that likes to do things its own way, there remains cynicism over Whitehall-imposed solutions. Jonathan Walker of the North East Chamber of Commerce says leaders should "swallow the pill" over elected mayors. Lee Perkins, Managing Director of Sage UK, the region's only FTSE100 company, calls on them "[to see the big devolution picture](#)". Their views, however, are not mirrored by the region's Federation of Small Businesses, which says that its members haven't been properly engaged in the discussions.

Nor are local councils fully signed up. South Tyneside's Ian Malcolm [says](#) that regional leaders "could be left holding the axe" for government cuts. He admits that matters have moved on from 2004, when North East voters rejected a regional assembly, but adds: "This is a Government that is giving British people a referendum on Europe to pacify its own backbenchers. Yet it seems we are being told the public cannot have a say on the region's local government structures."

Yorkshire

Leeds City Council leader Judith Blake, speaking on behalf of 22 local authorities, told the *Yorkshire Post* that her partnership has given the Chancellor a list of [27 'asks'](#) in its devolution bid. These include reviving the Leeds Supertram project, previously shelved on cost grounds, an economic hub around Leeds-Bradford airport, local control over housing, regeneration, highways, further education, skills and troubled families programmes, plus 100% retention of business rates.

Cllr Blake said that she'd be 'very disappointed' if Osborne rejected the asks. She refused, however, to be drawn on whether approval depended on agreeing to a metro-mayor, a matter on which she has reservations and which former Deputy Prime Minister Nick Clegg had assured her wouldn't be compulsory. "We will consider an elected mayor if and only if powers given to us are substantial to justify that change," she adds, "but the really important thing is that any mayor would receive powers coming down from Westminster and not coming up from the local authorities."

What seems to be missing here is tangible ownership of a bid that politicians and technocrats have had to assemble behind closed doors and at breakneck speed. To many, the narrative of the Northern Powerhouse, an essentially top-down brand, seems narrowly focused around faster travel times between central Manchester and central Leeds. In Bradford, a city with a population greater than either Manchester or Liverpool, but with much less political clout, the focus on Leeds [causes rankles](#). It therefore comes as no surprise that the Transport Secretary's recent [indefinite postponement of funding](#) to electrify the Trans Pennine rail link is being has cast [serious doubt on the government's commitment](#) to bridge the North-South divide.

Leaders in the Sheffield City Region, which is [also preparing a bid](#), have still to decide if they'll accept an elected mayor. They're reluctant to tamper with the existing legal structure of their Local Enterprise Partnerships (LEPs), which administer around £300m in vital Growth Fund monies.

Elsewhere in OurKingdom, Ian Martin has [written with passion and humanity](#) about his vision for a devolved Yorkshire, based on identity and self-determination. It's a grand read, and in our view, far more plausible and sustainable than anything likely to be exchanged in the current round of e-mails between Leeds Town Hall and the Treasury.

East Midlands

After initial fears that Derbyshire and Nottinghamshire would be preparing separate bids, it seems that they'll be making [a joint submission](#), supervised by the D2N2 Local Enterprise Partnership. This "would create thousands of new jobs and homes, improve skills training and deliver a fully integrated transport system". Local government minister Marcus Jones believes that: "There are enormous opportunities across Nottinghamshire and Derbyshire [for] driving forward the Midlands Engine. We're determined that communities [can] have the powers they need." Note his reference to *Growth Engine*, another non-quantifiable, top-down label, based on branding, not solid analysis: the nearest attempt LocalismWatch can find to a definition is in a *Daily Mail* article, [here](#).

West Midlands

It seems, however, that the engine in question isn't delivering uniform growth. The *Birmingham Post* [reports](#) that West Midlands authorities are likely to lose out on the next round of devolution, as they'll only be able to produce a set of outline proposals by the 4 September deadline. It won't be

until mid-October before Coventry and Solihull councils, whose involvement is crucial, formally consider whether to sign up. Detailed discussions on a metro-mayor will therefore be delayed.

A stumbling block is region-wide distrust of Birmingham City Council, whose poor performance in delivering its own services led to former Communities Secretary Eric Pickles setting up an Independent Improvement Panel back in January: he gave the council a year to sort itself out. Worryingly, the *Birmingham Post* quotes [a recent letter](#) from the Panel's chair, John Crabtree, updating the current Communities Secretary Greg Clark on progress: "The senior political leadership of the council, in spite of assertions to the contrary, may still not understand the scale of the task facing the council, and the enormous culture change needed right across the organisation by politicians and staff at all levels if the residents of the city are to be well served."

The South Coast

What's being called [a landmark devolution deal](#) is being progressed by Hampshire, the Isle of Wight, Portsmouth and Southampton. Their joint press release reads: "If plans go ahead, local authorities, and therefore local people, would have more influence over how the region's share of national spending is spent, enabling local priorities to be targeted." Although the statement acknowledges that a formal combined authority won't be in place by the Spending Review deadline, it implies that sufficient co-operation exists to progress matters into the long term. However, local Tory activist David Banks [sounds a note of caution](#). He draws attention to previous failed attempts to create a Solent combined authority around a smaller geographical entity, and says that the new arrangement would not give the area substantial additional money or powers.

The South West

In a separate development, the government [granted Cornwall the first of its new county deals](#) on 23 July, devolving powers over health and social care integration, bus services and economic development to the unitary council. However these fall short of the council's '[Case for Cornwall](#)' wish-list. It had also asked to use some locally-paid fuel duty to maintain roads; to retain a share of stamp duty to fund affordable housing; and take control of government land to provide social housing. Cornwall had also sought to re-invest income from Right to Buy sales to build new homes; greater influence in developing the power grid and geothermal energy; and more local control over coastal protection. Council leader John Pollard was nevertheless upbeat: "Cornwall's devolution deal [can] provide a blueprint for other areas. This is no short term fix. We are serious about a different approach to economic growth and strong communities."

Prompted by Cornwall's success, representatives of 25 other South West councils attended a '[devolution summit](#)' in Somerset on 3 August. The following week, the leader of Devon County Council [announced](#) that a joint 'expression of interest' would be progressed with Somerset County Council and its five district authorities, around economic development, skills and job creation. [A separate devolution bid](#) with similar themes is being pursued in Gloucestershire.

Is there any clear view from the left?

Because this is being written halfway through the Labour Party leadership contest, it's useful – for the benefit of history, at least – to draw readers' attention to another [OurKingdom piece](#). This sets out the four candidates' responses to a suggestion by a group of Labour MPs and council leaders that a constitutional convention should be held to debate a series of related issues, including federalism and devolution. Their replies range from terse two-liners by Andy Burnham and Jeremy Corbyn to longer, more formal letters by Yvette Cooper and Liz Kendall. But apart from offering conciliatory platitudes to potential voters none of the four address the issues substantively, far less offer alternatives.

Writing in the *Local Government Chronicle*, former Lib Dem Business Secretary Vince Cable takes a more robust approach. He [warns](#) that the Treasury “has little interest beyond creating a pretext for another top slicing of funding” and that Treasury-led devolution will almost certainly come with cuts as well as powers. Cable favours an agenda that avoids ‘central control’ and ‘infantilisation’ of local government.

The *Morning Star* [suggests](#) that England’s devolution flurry is part of a ‘dangerous silly season’. It sees the process as a diversionary tactic by the government, commenting that devolution “has been transformed from a progressive measure putting health services to some degree under democratic control, into a bureaucratic monster, with imposed mayors and arrogant decision-making by small cabals of self-important councillors.” It continues: “Instead of a transfer of real powers to a more local level, budget pressures mean devolution is now an exercise in shifting blame for unpopular cutbacks and closures from central government — which since the [2012 \[Health and Social Care\] Act](#) no longer has any duty to provide healthcare — to unwitting but ambitious local authorities.”

Peter Geoghegan, a perceptive observer of Scottish devolution, [reflects](#) on the confused picture south of the Border. To him, a barrier to greater devolution here lies in “the many regional identities that fracture Englishness”. Neither is there a clear political infrastructure within which new governing bodies for English regions could sit. Geoghegan concludes: “Whatever else it is, English Votes for English Laws is not a solution to the emerging ‘English Question’.”

And yet, it’s not just regional identity and political infrastructures that separate the social housing tenants in [Downing Street, Liverpool](#) from the privileged tenants of its far more famous London namesake. There’s a whole array of traditions and perceptions involved, some but not all based on class, wealth and - for want of a better term - tribalism. This helps explain why the Tories’ approach to devolution is multi-speed and Core City-focused, with scant concern for wider engagement.

At base, Osborne’s devolution project is but one part of his strategy to privatise and outsource England’s public realm, cynically using public representatives, many from opposition parties, as his delivery agents. It’s also a textbook case of divide-and-rule. Put bluntly, a devo-deal is a top-down, payment-by-results contract between central government and (ideally for central government) a single individual. How that single individual engages with other local public representatives, let alone the wider community, to deliver on the deal, is never defined.

What’s the future for cross-boundary relationships? The Localism Act 2011 includes a duty for neighbouring authorities to cooperate on planning matters, but provides no legal sanctions for non-cooperation, and the matter [remains untested in the courts](#). The Devolution Bill’s far wider in scope, but is entirely silent on cooperation. So in theory, a project that began as a bid to stop the [Balkanisation of Britain](#) could unwittingly beget something more akin to the [Holy Roman Empire](#), a misshapen and ultimately unsustainable mishmash of over 350 quarrelling states. By delicious irony, England is currently made up of 353 unitary, upper and lower tier council areas.

It may be marketed as devolution, and may soon be enshrined in legislation as devolution. But whatever gloss is imposed by Whitehall press offices, it’s certainly not democracy.

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