


# The reality of the future of devolution arrangements in England

Devolution is the transfer of powers in areas like transport, housing and skills in England and since the Cities and Local Government Devolution Act 2016 has been a much-discussed topic.

 26 September 2022

Devolution is the transfer of powers in areas like transport, housing and skills in England and since the Cities and Local Government Devolution Act 2016 has been a much-discussed topic.

It has been one of the main focuses of the Levelling Up White Paper and even more so now the Levelling Up and Regeneration Bill 2022 (“the Bill”) is going through the parliamentary process to give additional devolution powers. The Bill has been introduced to materialise the common rationale that ‘local services should be taken closer to the people they affect’. There is clear and significant evidence that when councils have the freedom and funding to make local decisions, outcomes improve and the country gets better value for money. The question is to what extent are these devolution powers effective in achieving better outcomes for local communities? And do these future devolution powers empower local leaders and communities to enter into devolved arrangements and succumb to the government’s ambitious plans to offer every part of England a devolution deal by 2030?

## How is the Bill proposing to change devolution in England?

The main points of the Bill are that it:

- provides for new devolution structures and simplifies the existing arrangements for devolving power which are complicated and time consuming
- aims to support a more uniform approach across England and allows future devolution deals to harness the best opportunities for local communities
- provides a new source of funding for councils who will be given a fixed share of a new Infrastructure Levy on local developments
- allows local authorities to opt into having a directly elected mayor which will secure more powers

## The likely overarching effect of the future devolution powers on local leaders and communities

The Bill, for the purpose of devolution, has the primary objective to make the process of carrying out public matter related decisions simpler, easier and quicker and which is a huge benefit for local authorities. The . As the Bill works to streamline the process, this will encourage more local authorities to enter into Combined County Authority (CCA) arrangements as the current cost and administrative effort required to establish a CCA and enter into devolution deals is a disincentive for many local authorities. In effect, the Bill is likely to make it quicker for a local authority to change their governance model where legislative powers are decentralised.

As a result of the Bill, devolved powers and the establishment of CCAs will extend to those local authorities outside of urban areas. For those within urban areas, it will open up the opportunity to benefit from devolved powers. This is a significant change in levelling up the country to meet public local needs. Generally, local authorities in rural areas have an increasingly greater pressure to serve

geographically dispersed populations. Devolution of additional powers may make it easier for those local authorities to service the specific needs of dispersed rural populations.

The new Infrastructure Levy is likely to be a very small proportion as a share of overall council budgets and some have expressed that it falls far short of the government's ambition in the Levelling Up White Paper to simplify local government funding. As it stands, local government must bid for project funding across a series of competitively allocated pots; an approach which uses up time and resources and which stymies long-term strategic thinking. Further simplification of funding streams, by moving away from a reliance on these competitive pots, will be an important part of making new devolution arrangements work and should be a priority for the government.

Having an elected mayor is a key part of entering into a significant devolution deal. It is possible to enter into devolution deals without a mayor, but if a mayor is elected then the local authority attains more powers. Local authorities and CCAs have the opportunity to opt into having a directly elected mayor and reaping the benefits of additional powers, so there is a strong incentive and potential benefit for a local authority or CCA to enter into a devolved agreement subject to a mayoral constitution. However, where does this leave the smaller regional local authorities or those local authorities that have held referendums on having an elected mayor where that proposal has been rejected? For them, it may be that there is a city-type programme or non-mayoral deal that could be offered in the future which some say is only slightly better than nothing.

## How devolution arrangements impact on health and social care at a local level

Local authorities are very much on the front line in providing responses to the health and social care crisis following COVID-19. The desperate need to improve social care across the board means that any improvements through devolved powers and funding for health and social care activities must be a key part of an Integrated Care Strategy (ICS). Bringing together the NHS, local government and other partners to help meet health and social care needs is an approach that is generally looked at optimistically. The government has said that 'ICS must put a single person in charge of health and social care in each of their constituent 'places' by April next year and let them manage a 'significant' chunk of the budget.' This questions the level of accountability that such a person may be subject to which could then undermine the ability to deliver an ICS. On the other hand, it allows the budget for health and social care to be controlled on a local level, confined to persons best placed to distribute funds where it is needed most. It is hoped that devolved powers will enhance the ability to deliver integrated health and social care at local levels to address public concerns such as staffing issues and patient waiting times and better all-round treatment for patients living and working in their local authority areas. To what extent devolved powers will have an impact on these issues is yet to be determined.

For some, devolution in England is the answer to allow local authorities to bring about the greater destiny of their locality. For others, it is simply a mirage. One roundtable participant from a private roundtable held in November 2021 warned of "chaos" if the government just "lets a thousand flowers bloom". As the chase continues to meet the government's 2030 objective, the potential challenges and practicalities of devolution in England may become more apparent.

## Contact

Mark Hickson

Head of Business Development

[onlineteaminbox@brownejacobson.com](mailto:onlineteaminbox@brownejacobson.com)

+44 (0)370 270 6000

---

## Related expertise

Constitutional and administrative law

Local government real estate

Public law