

**Response to the Public Administration and
Constitutional Affairs Committee Inquiry:
*The Evolution of Devolution – English Devolution***



“The Conservative Party 2019 General Election manifesto outlined a commitment to “devolving power to people and places across the UK”.

The manifesto said its ambition was for full devolution across England, with proposals set to be outlined in an English Devolution White Paper. It is disappointing the White Paper has so far not transpired.

While we appreciate that the government’s bandwidth has and will continue to be consumed with the coronavirus pandemic, local authorities the length and breadth of the England, and not least in the south east are concerned the proposals are not reduced to local government re-organisation rather than a genuine devolution of powers from the centre to the regions.

Local councils have risen to the challenges brought about by Covid-19, and years of austerity, by continuing to provide essential services to residents and leading on local recovery efforts. Councils have demonstrated that if you put faith in local leaderships they will deliver.

England remains one of the most centralised nations so there is a need to bring real powers and responsibilities closer to local areas, and devolution certainly must not happen and would not be meaningful without fiscal devolution.

Cllr Roy Perry, Chair, South East England Councils

Introduction

South East England Councils (SEEC) is a cross-party, voluntary membership association recognised as a representative regional group by the Local Government Association (LGA).

SEEC brings together District, Unitary and County councils to promote the views and interests of all tiers of local government across the South East. The majority of the 71 local authorities across the South East region are members of SEEC.

During the coronavirus pandemic, councils in the South East at all levels have adapted, and risen to, the challenges brought about by Covid-19, by continuing to provide essential services to residents and leading on local recovery efforts. Councils have demonstrated that if you put faith in local leaderships they can deliver. It is not just elected mayors who have risen to the challenge.

It should be noted that this response is a compendium of feedback received from various of our member councils. If any clarification or further detail is required on any point raised, the SEEC secretariat would be delighted to help facilitate this.

Additionally, it is important to note that SEEC represents all tiers of local government across the South East, therefore, this response may reflect the opinions of those councils which have differing powers and responsibilities at present.

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Q1. Should there be comprehensive reform of the English devolution and local government system?

As a recent joint Localis / Local Government Association report¹ highlighted, England remains one of the most centralised nations in the world, despite consecutive Government's having – and continuing – to pledge to devolve responsibilities to local areas.

UK Devolution has been complex and varied whilst so called English “devolution” has been limited and piecemeal with few additional powers devolved from central Government. Therefore, with the Government set to unveil its Devolution White Paper next year, an opportunity arises to explore a genuine localised devolution that provides autonomy to empower local representatives to lead communities, and help regions prosper.

While SEEC recognises that each English region is different – not all are metropolitan conurbations – a new approach to devolution should mean much more than ministers simply handing out pots of money - that would leave any devolved area even more dependent on Whitehall.

In short, the Conservative Party's manifesto commitment to deliver “full devolution” should have at its heart a core principle of less Whitehall imposition more local determination.

Q2. What aims, and principles should underpin devolution in England?

Bringing real powers and responsibilities closer to local areas should be key for new devolution. No devolution will be meaningful without fiscal devolution, which could in turn make councils more financially secure.

The below table provides an interesting insight into how 1,000 people from three different cohorts said they would like to see local government financed, looking at various taxes and levies².

VEHICLE EXCISE DUTY (CAR TAX)	SUPPORT 48%	OPPOSE 28%
Public	38%	29%
Businesses	50%	28%
Councillors	63%	24%
APPRENTICESHIP TRAINING LEVY	SUPPORT 43%	OPPOSE 23%
Public	35%	23%
Businesses	43%	25%
Councillors	58%	20%
BUSINESS RATES	SUPPORT 44%	OPPOSE 24%
Public	37%	24%
Businesses	42%	26%
Councillors	59%	22%
STAMP DUTY (HOUSE TAX)	SUPPORT 24%	OPPOSE 47%
Public	20%	46%
Businesses	25%	47%
Councillors	31%	49%
AIR PASSENGER DUTY (FLIGHT TAX)	SUPPORT 47%	OPPOSE 29%
Public	41%	31%
Businesses	53%	24%
Councillors	52%	28%
A LOCAL TOURIST TAX (HOTEL TAX)	SUPPORT 33%	OPPOSE 41%
Public	32%	38%
Businesses	32%	41%
Councillors	39%	45%

¹ Localis/Local Government Association: Fiscal devolution – adopting an international approach <http://localis.org.uk/research/fiscal-devolution-an-international-approach/>

² South East 1,000 Biannual Regional monitor (Autumn): Savanta ComRes polling of 1,043 people (261 councillors, 278 business decision-makers and 504 member of the public) conducted online between 4-17 September 2020 <https://www.secouncils.gov.uk/wp-content/uploads/2020/10/South-East-1000-Doc.pdf>

Councils play a huge role in the lives of residents and communities. Managing a diverse range of responsibilities places a significant burden on representatives and officers engaged in local authority financial planning.

Throughout Covid-19, councils have been paramount; leading delivery of essential services and guidance. However, this has brought substantial additional cost – and loss of income – adding pressure to local authorities facing Covid impacted local incomes.

The now increasingly traditional annual determination of funding to local government from central government is a process leaving councils lacking certainty, until the last moment, on how local services will be funded in the coming year. Devolved authorities need to be able to plan ahead with care and certainty.

As Government contemplates a national recovery from Coronavirus a new approach for financial autonomy of devolved authorities is essential to local government financing must be a core component. Ideas abound with some citing other countries systems as models.

Nevertheless, each English region has different needs and requirements. In the South East consideration could be given to a Finance Commission, similar to that chaired by Professor Tony Travers to explore what fiscal responsibilities the capital region needed to deliver public services and invest in infrastructure.

Q3. Should devolution in England use the reserved powers to bring it in line with devolution in the rest of the UK?

If the term Devolution is not to be debased to become mere local government re-organisation it is crucial that reserved powers are adopted conferring powers, for example similar to the German Lande.

It should be noted that the population of South East England is over 9million approaching the population of Scotland, Wales and Northern Ireland combined. It has a GDP of £200billion

Q4. To what extent should there be consistency in devolved and local governance within England, and to what extent is asymmetry necessary?

Devolution should not be imposed in a uniform way, and the Government must recognise that all areas of England are different, therefore, devolution should not be imposed – rather it should be carried out in consideration of the differences of each areas in England.

For example, while eight city regions currently have ‘metro’ mayors³, it should not be assumed that ‘metro’ mayors are suitable to all areas of England. As a survey of 275 councillors in the South East revealed: 69 per cent were opposed to introduction of ‘metro’ mayors in the South East⁴. There needs to be a careful and independent assessment of the role, value and implications of directly elected mayors before there is any extension of that model.

Therefore, it is critical that the government in developing its proposals for English devolution, ministers reflect on the importance of local identities, communities, and links.

³ <https://www.centreforcities.org/publication/everything-need-know-metro-mayors/#whatis>

⁴ Savanta ComRes online polling conducted on behalf of the South East England Councils between 13th-23 July 2020: <https://www.secouncils.gov.uk/2020/07/news-release-elected-metro-mayors-opposed-in-the-south-east/>

Q5. What is the purpose of current the “devolution” deals and mechanisms? Are these purposes being achieved?

It is presumed that the current “devolution” deals are seemingly designed to help economic development and the “levelling up” agenda which is a worthy aim and to give some more direction in local areas but it is open to question whether this is being achieved . The South East is not a metropolitan area and has no large city nucleus other than London.

The establishment of LEPs, Police and Crime Commissioners, STP and ICS for NHS, School Commissioners have led to an increasingly complex structure, fragmentation and in some respects diminution of local democracy.

Q6. How should decisions on English devolution be agreed?

Based on recent polling, business decision-makers, councillors and the general public have a strong sense of connection with their existing local area (see figure 1), with councillors in particular expressing strong links to their respective communities.

Fig. 1⁵

I FEEL A STRONG CONNECTION TO MY LOCAL AREA	AGREE 64%	DISAGREE 15%
Public	51%	20%
Businesses	59%	17%
Councillors	93%	4%

Meanwhile, while councillors have indicated that have a say over important decisions in their area, it is clear (see fig. 2) that public seem to be excluded from the decision-making process in their respective communities across the South East – something which would need to be addressed by government when developing their proposals for the Devolution White Paper.

Fig. 2⁶

I FEEL LIKE I HAVE A SAY OVER IMPORTANT DECISIONS THAT AFFECT MY AREA	AGREE 37%	DISAGREE 41%
Public	24%	48%
Businesses	32%	45%
Councillors	67%	25%

Q7. How should the interests of different parts or regions of England be better represented to central government and in intergovernmental arrangements as well as in Parliament?

Importantly, in order for devolution to be effective, the government needs to recognise that each area of England is different. For example, the South East acts as the United Kingdom’s gateway to the world and is uniquely positioned on the doorstep of the EU, and through significant

⁵ Ibid

⁶ Ibid

clusters of industry and commerce has long championed trade and been the highest exporting region of England in terms of goods⁷. In this context, it must also be remembered that the South East only one of three regions⁸ that is a net contributor to the Treasury.

Looking ahead, we need to ensure the South East has a secure economic foundation to meet challenges that will be presented by the continued impacts of Covid, the end of the Brexit transition and a growing population which is set to reach 10 million by 2030.

Government Ministers talk much about various plans. In the coming months SEEC will be looking for sound strategies that enable the region's councils to address growing regional infrastructure needs, be that in transport, housing, utilities or digital technology". Specifically on the subject of transport: SEEC is strong supporter of Transport for the South East's (TfSE) bid for statutory status⁹ (similar to that of TfL), as this would provide an ideal vehicle to develop coherent and effective transport policies that reflect the needs of the South East regional as whole. We are therefore concerned, that the transport secretary Grant Shapps has appeared to block this bid¹⁰. It is critical that the government grant TfSE statutory status, as it will give the transport body "direct influence over government decision-making on transport issues and the powers needed to deliver major improvements to the South East's transport network."¹¹

Additionally, region boundaries are fluid and what may be appropriate for one purpose is less relevant for other purposes. SEEC has accepted the boundaries of the region as determined by the Government and recognised by ONS. Whilst London is important for the South East however defined, it is important to note the economy of the South East differs from that of London and the character of the region and interests of residents are not the same as those of London.

Q8. Is there a public demand for such structures/measures? On what basis should the form, geography and extent of devolved regions or areas be determined, and what should be the role of culture and identity?

There has long been debate about whether 'Whitehall or Townhall' is the best level at which to take decisions on matters that affect a locality.

The intensification of the Covid-19 pandemic since the spring has seen much discussion generated about what decisions are being taken, by whom, and how they may be implemented. With regards to Covid-19, local authorities have certainly risen to various challenges and continued to provide essential services and lead local recovery efforts.

Recent polling revealed among business decision-makers, members of the public and councillors revealed that overall, 62% of all respondents were confident that their local council would make the right decision for their local area. As the ministers contemplate the restructuring local government in the context of their Devolution White Paper, they should take note of the affinity and confidence that local populations have with their local council.

Local Government Association (LGA) advisor Philip Clifford recently told an LGA People and

⁷ Office for National Statistics (ONS), UK Regional Trade in Goods Statistics, Quarter 2, 2020:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/917852/RTS_Q2_2020.pdf

⁸ ONS, Country and regional public sector finances – financial year ending 2019:

<https://www.ons.gov.uk/economy/governmentpublicsectorandtaxes/publicsectorfinance/articles/countryandregionalpublicsectorfinances/financialyearending2019>

⁹ <https://transportforthesoutheast.org.uk/tfse-news/south-east-submits-bid-for-transport-devolution-to-boost-economic-recovery-and-accelerate-green-transport-revolution/>

¹⁰ <http://transport-network.co.uk/Shapps-blocks-TfSE-application-for-statutory-status/16923>

¹¹ Ibid

Places board meeting that “there is a strong case for devolution in order to support further recovery”¹², however, he recognised that “the way devolution has been conceived in setting up a combined authority isn’t really going to work if we are thinking about hitting the ground running and recovery in the next six to 12 months.”¹³

Therefore, in the short-term, to aid the continuing recovery efforts, there could be merit in establishing a basket of powers such as flexibility around planning fees and greater devolution around skills and employment that arguably could work at the scale of a single council”¹⁴, Mr Clifford argues. This could then form the basis of a wider package of devolution deals in the medium to long term.

While devolution has been much talked about among consecutive governments over the years, councils are yet to be convinced that there is a real intention to properly devolve powers from Westminster and Whitehall.

Furthermore, any transfers of powers in terms of decision-making must certainly not happen and would not be meaningful without fiscal devolution.

FURTHER INFORMATION

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¹² <https://www.lgcplus.com/politics/devolution-and-economic-growth/lga-to-push-for-devo-baseline-without-need-for-reorganisation-11-11-2020/>

¹³ Ibid

¹⁴ Ibid