

Select Committee Submission

Local Government Devolution

Summary

- County areas are the backbone of the UK economy delivering 41% of GVA and almost half of England's jobs.¹ Despite this, they suffer structural weaknesses such as poor productivity, lower median wages and significant skills gaps. Our report published last year looking into social mobility in county areas also highlighted further challenges for residents in county areas such as access to education, training and transport.²
- CCN has also worked with Oxford Economics to explore what benefit devolution to county areas might bring. The overriding conclusion of the report was that county economies need to have greater prominence within government strategy if we are to achieve an inclusive approach to economic growth, offset the short-term impacts of Brexit and change the relationship between central and local government through devolution. Oxford Economics calculated that the devolution of tax and spend to counties could save £36 billion over five years and add £26 billion to the economy.
- CCN has long called for further devolution to county councils and has worked with several partners on a number of publications exploring what devolution could mean, and achieve, for county councils. We have been supportive of the prospect of a Common Devolution Framework (CDF), believing that it would offer an open, transparent and structured approach to devolution across the country. CCN members are frustrated that, despite the CDF being mooted as long ago as November 2017, it is still stuck in the corridors of Whitehall and not even a draft for consultation has been circulated.
- This submission sets out CCN's position on how devolution has played out across the country, and the direction of travel our members believe the new Conservative administration should consider. Our key points are:
 - Devolution should be on offer to all areas of the country, and not just urban areas. County authorities, as strategic authorities, should be recognised as bodies with the capacity and strategic capability to deliver devolution in rural England.
 - As strategic authorities, county authorities should have as much parity with Mayoral Combined Authorities on devolution as possible. This should include powers for a Statutory Spatial Plan; responsibility for the Shared Prosperity Fund; delivery of the Education and Skills Funding Agency; and powers over Bus Franchising.
 - Government should recognise that the mayoral model is not suitable for all areas, particularly in county areas. An elected mayor should not be mandatory for devolution to county areas as existing governance structures are suitable.
 - The submission sets out a broad range of powers that should be part of the CDF, including; Statutory Spatial Plan; Health and Social Care; Shared Prosperity Fund; Education and Skills Funding Agency; Bus Franchising.

¹ [Oxford Economics, Understanding County Economies, 2017](#)

² [County APPG, Social Mobility in Counties, 2018](#)

Introduction

1. The County Councils Network (CCN) represents 36 English local authorities that serve counties. CCN's membership includes both county council and county unitary authorities who serve over 25m people (46% of the population). CCN develops policy, shares best practice and makes representations to government on behalf of this significant proportion of the country outside of the big conurbations.
2. CCN is a member-led organisation which works on an inclusive and all-party basis. This submission has been developed in close consultation with county and county unitary authorities and includes references to CCN's publications where relevant.
3. CCN welcomes the opportunity to input into this important inquiry. Alongside our written response, CCN would welcome providing oral evidence to the committee and working with the committee to put forward some key recommendations that would improve and enhance the devolution agenda in county areas, resulting in real impact on the communities we serve.
4. CCN has undertaken a significant amount of work and thought leadership on how devolution to county areas could be achieved. We have built up a substantial resource base of publications in this area and refer to these throughout this submission.

The county context

5. County areas are the backbone of the UK economy delivering 41% of GVA and almost half of England's jobs.³ Despite this, they suffer structural weaknesses such as poor productivity, lower median wages and significant skills gaps, as evidence by our report with Oxford Economics; *Understanding County Economies*. Moreover, a report by the County All Party Parliamentary Group (APPG) published last year looking into social mobility in county areas also highlighted further challenges for residents in county areas such as access to education, training and transport.⁴
6. Within the framework of the Industrial Strategy, which aims to rebalance economic growth across the country, and the chronic need for housing growth across the country, further devolution to county areas would allow county councils to target locally-specific issues with locally-specific solutions.
7. CCN has long called for further devolution to county authorities and has worked with several partners on a number of publications exploring what devolution could mean, and achieve, for county councils. Our first publication, *County Devolution 2015*, was published in 2015, and set out a case for county devolution, and explored what powers might be devolved to them⁵. Since this time, CCN has worked with a number of high profile and highly regarded think-tanks and refined and explored in further detail what devolution could mean in county areas.
8. CCN has also worked with Oxford Economics to explore what benefit devolution to county areas might bring. The overriding conclusion of the report was that county economies need to have greater prominence within government strategy if we are to achieve an inclusive approach to economic growth, offset the short-term impacts of Brexit and change the relationship between central and local government through devolution. Oxford Economics

³ [Oxford Economics, Understanding County Economies, 2017](#)

⁴ [County APPG, Social Mobility in Counties, 2018](#)

⁵ [CCN, County Devolution, 2015](#)

calculated that the devolution of tax and spend to counties could save £36 billion over five years, and add £26 billion to the economy.

9. CCN has also been supportive of the prospect of a Common Devolution Framework, believing that it would offer an open, transparent and structured approach to devolution across the country.
10. However, the lack of any framework being forthcoming, the overt focus on metropolitan areas and the predisposition of further empowerment of LEPs, (whilst at the same time diminishing local government presence on LEP boards), has left many county areas feeling bruised over the handling of the devolution agenda. Up until now the requirement for reform through either combined authority directly elected Mayors or unitary reorganisation in order to gain a devolution deal leaves many feeling they face little more than Hobson's Choice.
11. Whilst our members believed that they had successfully argued that the mayoral model is not always suitable for county areas, recent announcements from the new Conservative administration have re-raised this as a possibility. Some CCN members are concerned that this model remains unsuitable for their areas in return for a full devolution deal.
12. CCN has worked with stakeholders to propose alternatives, including the Institute for Public Policy Research, which recommended that county authorities should be the 'default' strategic bodies for the devolution of powers outside of major cities. This recognises the additional complexity in county councils' areas due to existing two-tier governance, the challenges this presented on 'horizontal v vertical integration' and contested devolution geographies.⁶ These ideas have been further debated in publications by Localis⁷ and Respublica⁸.
13. In these reports these think-tanks introduced the concepts of the 'strategic authority'⁹ and Respublica 'Governing authorities'. These build on the principle of using county authorities, and their geographies, as the building blocks for devolution outside of major cities. A definition of a strategic authority by Localis can be found in box below.

⁶ [IPPR, Rebooting devolution: a common-sense approach to taking back control, 2019](#)

⁷ [Localis, The Making of an Industrial Strategy, 2017](#)

⁸ [Respublica, Devo 2.0 The Case for Counties, 2017](#)

⁹ [Localis, In Place of Work, 2017](#)

Strategic authorities

A strategic authority is the recognised body which leads the industrial strategy in a local area. It would most commonly be a formal collaboration of local authorities across a geographic area. This would be different to a (non-mayoral) combined authority because of a) the requirement for an additional level of democratic mandate and b) the new suite of powers it would wield.

To become a strategic authority, an area must first have in place;

- A formal collaborative arrangement of local councils across a geography.
- Democratic legitimacy in the form of either a) a directly-elected mayor, b) a strategic authority wide elected assembly led by a chair voted for by the assembly or c) in areas where the formal collaborative agreement consists of a county and its districts or a sole unitary county, the county could become the strategic authority (with agreement from partner councils where appropriate).

14. CCN members believe that, as strategic authorities, county councils are best placed to deliver devolution in non-metropolitan areas without the need for any additional governance structures. Our members firmly believe that the CDF offers the opportunity to match the powers that have been given to the city regions, and is essential if we are to successfully rebalance the economy across the country and give all communities – from urban to rural and county to coastal – the same opportunities.

15. Our response to the specific questions outlined in the call for evidence can be found below.

The success and scope of devolution deals implemented, including the impact on local economies and health economies and the progress of all bids submitted by the September 2015 deadline.

16. County areas have had mixed success with devolution deals since 2015 with many bids not taken forward owing to the mayoral model not being favourable to county areas. As such, the only deals that have been agreed to date in predominantly rural areas are in Cornwall, Cambridgeshire and Peterborough and North of the Tyne which includes Northumberland. The first was agreed without the need for a directly-elected mayor, and the two latter deals include a new combined authority with an elected mayor.

17. Areas such as Lincolnshire, Suffolk and Norfolk put forward bids which never made it over the line due to the requirement for a directly elected mayor and combined authorities. As mentioned earlier, and later in our submission, our members believe a directly-elected mayor should not be a requirement for devolution to county areas. Other authorities in CCN membership, such as those within the 'One Yorkshire' group, would accept a directly elected mayor.

18. In terms of the scope of the deal for Cornwall includes a broad range of devolved areas including: integrated health and social care; transport; employment and skills; EU funding; Business support; energy; the public estate; and heritage and culture.

The geographical spread of existing deals, including to non-metropolitan areas and the impact on adjoining areas.

19. To date, devolution deals have concentrated heavily on metropolitan areas and city-regions with Greater Manchester, Liverpool City Region, and the West Midlands Combined Authority all receiving deals and devolved powers. This has left county and rural areas behind and, as areas which already suffer from lower productivity and skills gaps, devolution to shire areas could benefit and enhance these economies.
20. Bids have also failed due to contested geographies. This has been the case in places such as Derbyshire, Nottinghamshire and Yorkshire, where City Regions in neighbouring areas sort mayoral combined authority devolution deals that included district councils within the county area. CCN has consistently raised concerns over the impact such deals would have on the continuity of service delivery in key areas, such as highways and transport, if these deals would have good ahead.
21. As we set out in our report *Devo 2.0; The Case for Counties* written in collaboration with Respublica, county authorities vary in terms of their urban and rural mix which has implications for their growth, connectivity and sense of place. They also vary greatly in terms of their geographical scale, which has implications for how counties function as coherent economic geographies and how public services are delivered.
22. In order to maintain this coherency the report argues that, outside of combined authorities, county authorities geographies are the essential building blocks for enhanced devolution to local government. It is for this reason that a degree of asymmetry should be accepted between county and city-region areas as combined authorities between neighbouring counties are not necessarily the answer when individual counties already have coherent geographies at scale, covering significant territory.

Governance and accountability: the impact of elected mayors and whether they are necessary to make devolution a success. Public engagement with the devolution process and how scrutiny is working in practice.

23. We recognise the need for directly elected Mayors in the city-region areas. Typically these areas are made up of metropolitan authorities, and with an additional strategic layer on top it makes sense to have these powers overseen by a mayor. County councils are the 'original' combined authorities, formed to undertake activity that was not suited to the smaller spatial scale of districts, where strategic planning and economies of scale are essential to provide value for money. That remains fundamentally the case.
24. CCN members therefore strongly believe that directly elected mayors are not a necessity for successful devolution in county areas. Many CCN members have expressed an aversion to having directly elected mayors imposed on them due to already complex landscape of two-tier government wishing to avoid unnecessary additional bureaucracy.
25. Given the service remit and capacity of county authorities, as strategic authorities, we believe they are undoubtedly best placed to be the accountable bodies for these powers in any new devolution model. However, we recognise the need for authorities to be flexible and adaptable in order to reassure Ministers that they have the strategic scale and capacity to deliver any powers devolved to them.

26. Although there will be a requirement for a single strategic, democratically accountable body, county councils in collaboration with their local authority partners and Local Enterprise Partnerships (LEPs) would need to take the necessary steps to form joint governance arrangements at the county level to ensure districts – and unitary authorities - have a key decision-making role. This could be through the formation of a joint or special committees, with full district, unitary and LEP representation, chaired by the county council leader.
27. In our report with Respublica, Devolution 2.0, they put an alternative governance model forward for county areas. They suggest that 'locally elected leaders' could assume a similar role to directly elected mayors, and provide oversight and leadership on a wide-ranging set of policy areas.
28. CCN has also recognised through its work that due to the additional complexity in two-tier areas, devolution deals could include proposals for structural reform through unitary status or the opportunity to explore non-structural reforms as part of any deal process.
29. Our report with Respublica, building on previous studies by EY and Shared Intelligence for CCN, outlined the benefits this could bring for local authorities if unitary status was pursued on county-wide basis.¹⁰ The report by Respublica also outlined that as part of a devolution deals areas could instead seek a 'retained and reformed' two-tier arrangement as part of a strengthened collaborative relationship between county and district councils that better joined up powers in areas such as strategic planning, economic development and waste management. CCN recently undertook work with PriceWaterhouseCoopers to explore the potential for non-structural reform options, which would seek to enhance two-tier working without pursuing formal unitary reform. This report has not been published, by CCN would be willing to share the findings with the committee as part of the inquiry.

The commitment to devolution across Government and capacity in Whitehall to promote and monitor devolution, including the Government's ability to capture relevant data at the right level – for example, in city region and combined authorities to assess the effectiveness of deals.

30. It is clear that, under the previous administration, devolution stalled and Government departments did not have the capacity to focus on devolution owing to work being undertaken around Brexit.
31. CCN members therefore welcomed the renewed commitment from Prime Minister Boris Johnson in his speech on 'levelling up towns and regions'. In response to the speech, CCN's spokesman for devolution said:

"The new Prime Minister's commitment to a renewed drive for devolution is welcome after the agenda fell by the wayside under the previous administration. Counties' ambition for genuinely devolved powers and fresh resource still burns brightly and if the shackles are taken off then we have much to offer the new government in helping solve some of its biggest domestic issues, not least in housing, care, and economic growth.

"We have much to offer if the shackles are removed; we have the ambition and appetite for post-16 education and skills powers to address productivity gaps,

¹⁰ [CCN, CCN Response to Independent Studies on Structural Reform, 2016](#)

alongside new infrastructure and transport functions and funding, and we are best placed to lead on the care in the community agenda.

"The major sticking point for many counties under the previous government was the requirement for a metro mayor in return for a full suite of devolved powers. Whilst this model can work in large cities and urban areas, there is little evidence it is suitable for large and diverse county areas, with rural residents showing little appetite for county mayors. We would encourage this new government to take this on board and ensure there is no mayoral requirement for a 'full' devolution deal.

"We would encourage ministers to publish the Common Devolution Framework as soon as practical so local authorities know what is required to secure a devolution deal for their areas. Counties, as strategic authorities in their areas, want to work with the new government on a fresh devolution drive which is successful – but it cannot be a one size fits all model."

32. In order for devolution to come forward successfully, local government would benefit from stability, consistency and clear guidance through the common devolution framework which allows for flexibility in governance structures.

The potential scope of a devolution framework. Whether the current practice of bespoke deals for local areas is working or should some powers be made available to any local authority that chooses to adopt them.

33. As stated throughout this submission, CCN has long been an advocate of the Government's plans to publish a devolution framework believing that such a framework presents an opportunity to reset the relationship on devolution with county councils if there is a genuine and tangible offer from Government. CCN members are frustrated that, despite the CDF being mooted as long as ago as November 2017¹¹, it is still stuck in the corridors of Whitehall and not even a draft for consultation has been circulated.
34. In terms of content for the CDF, our members believe that the following types of powers should be included:
- Statutory Spatial Plan: It has long been our belief that the failure to put in place statutory spatial plans at sub-regional / county level (previously known as County Infrastructure Plans) has been a key failure of the NPPF and has driven strategic planning to the lowest common denominator. This fails to allow for appropriate allocation of housing and commercial land supply, strategic site development and associated infrastructure planning. County areas being able to develop a countywide or sub-regional statutory spatial plan, in partnership with Local Planning Authorities, in the same way as Mayoral Combined Authorities can do through devolution deals, is a litmus test for any devolution to two-tier county areas. If regional / sub-regional spatial planning is so important for metropolitan areas, there can be no justification for claiming that it is not also as important for non-metropolitan areas.
 - Health and Social Care: Whilst County Councils have a particular interest in health and social care integration as the social care authorities for both adults and children, the reality is that the health and social care system, especially in regard to

¹¹ [CCN, CCN welcomes proposed 'devolution framework' from Government, 2017](#)

prevention and the underlying social drivers of health (e.g. housing, environment sits across both county and district councils. As the NHS focusses on developing Integrated Care Systems and integrating community health, primary care and social care through new models of Local Care provision, there is a clear space for the strategic commissioning of the health and social care system to sit across both the NHS and local government to drive integration between the two. This would build on the extensive joint arrangements that already between local NHS bodies and County Councils through S76 agreements, BCF and iBCF arrangements, but would also have the advantage of helping to close the democratic deficit that exists in NHS spend.

- Shared Prosperity Fund: Whilst LEPs undoubtedly have a place and a role in economic development and the development of Local Industrial Strategies, the Shared Prosperity Fund will be critical to ensuring investment into local areas and communities impacted most by the ending of EU structural funds post Brexit. However, the proposal that outside of Mayoral Combined Authority areas it will be LEPs that administer and decide how best to use the SPF seems counter intuitive and, frankly, unfair. Many of the areas that have benefited most from structural funds have been deprived rural and coastal communities that require significant investment to make them competitive and attract inward investment. Again, county strategic authorities are better placed to make those decisions in the same way Mayoral Combined Authorities are for metropolitan areas.
- ESFA: As the authority responsible for ensuring sufficiency of school places, the role of the Education and Skills Funding Agency in both overseeing and, in the case of new schools, delivering new schools is a unnecessary centralisation of a role better suited to local government, and one which County Councils historically undertook for many decades. Our experience in Kent is that the ESFA is overstretched and often ill-informed about local circumstances and issues, delaying decisions and delivery whilst ultimately transferring financial and delivery risk back to County Councils.
- Bus Franchising: Many non-metropolitan areas face increasing costs and challenges with local bus markets, with competition between operators low and subsequently County Councils under pressure to subsidise socially necessary routes at a time when budgets for these services are being cut. The solution, in moving to bus franchising arrangements like Greater London is widely accepted and available in legislation, but there is an unwillingness to offer franchising powers in non-metropolitan areas. Counties, or groups of counties, should have the ability to move to a franchising model to support both improved service to residents, reduce congestion, improve air quality and importantly better link bus routes to new housing and commercial development to make them less dependent on car use for nearly all journeys.

35. Alongside the powers made available, we also believe that the CDF would provide the opportunity for the Government to provide much greater clarity on areas previously highlighted in this submission.

36. Clear guidance through a framework such as the Common Devolution Framework would assist authorities in compiling bids and give a clear sense of what is acceptable, and over what geographies. Moreover, it should also set out clear guidance in relation to unitary

proposals and the opportunities presented by county and district authorities working together on a retained and reform two-tier arrangement.

37. We believe that Government should urgently press ahead with the CDF, and as outlined in our recent five-point plan for Government, have called for it to be published by the end of 2019¹². CCN and its members would be willing to work with Government to ensure that the CDF is effective and implementable.

Further powers that local areas have accumulated over time and powers they should have which they don't have already, including the specific case for London.

38. When it was first introduced through the NPPF, CCN argued that the Statement of Common Ground offered the opportunity for counties and districts to work together to agree and priorities the strategic issues facing their local areas. CCN argued that, in two-tier areas, the SOCG could underpin the integration of infrastructure, economic growth, education and social care functions with housing and planning functions, which then feeds into the local plan. This would allow all authorities to work together to identify the required infrastructure and its sustainable management across the local authority areas, and indeed across county boundaries where necessary, and develop a clear strategy for collecting contributions that allows that infrastructure to be delivered.
39. Whilst this was not taken forward by Government, CCN firmly believes that there is a case to go even further and legislate for county authorities to be given specific powers to write strategic spatial plans that cover cross-boundary strategic spatial issues across a county area that can provide an evidence base for the local plans of the related district councils.
40. These spatial strategies would not take over local plans, but would seek to set out the strategic priorities for an area including key infrastructure and major growth areas for housing and employment. They would enable authorities to work together, and also priorities and maximise income streams from developer contributions in order to fund the vital supporting infrastructure that make communities work.
41. In addition, although not a devolution deal per se, CCN has been encouraged by the growth deal agreed between Oxfordshire County Council and their related district councils. The deal, which introduces a statement of common ground, a strategic spatial plan along with dedicated infrastructure funding in return for an increase in housing growth, is something which we believe could be rolled out across the country. Again, clear guidance setting out what authorities should and shouldn't expect from a deal would assist in assembling bids.
42. CCN also believes that the Strategic Infrastructure Tariff should be applicable to county areas and not just city-regions. This would enable new growth to be unlocked, and would support 'big-ticket' infrastructure items that could not be funded through regular developer contributions.

¹² [CCN, Five Point Plan for Government, 2019](#)

How access to new sources of income – for example business rate growth – have impacted local areas and how broader devolution of financial powers will affect the success of the policy.

The adequacy of existing sources of income and the potential need for more sources of income for local authorities that acquire more powers. Whether further business rate retention would provide additional funding for devolved services.

43. Earlier this year, CCN submitted a response to the MHCLG consultation on business rate retention. In the response we stated that any fiscally neutral measures used to incentivise pooling of business rates must be available to all local authorities on an equal basis and should not be used to force elected mayors on local areas.
44. In terms of any prospective changes to the existing system, CCN members would like to see similar features in any alternative system. They would expect full and frequent baseline resets and levies on excessive growth, and for the alternative system to deliver an increase in the share of the growth retained by shire counties.
45. Some CCN members will want to understand how any alternative system would compensate authorities for growth in small business rate relief (SBRR). Some county authorities, particularly in more rural areas, receive a large proportion of their growth in business rate income through the SBRR. They are concerned that the government will cease to compensate authorities for the “lost” income that is caused by the SBRR.