Introduction

The devolution debate has accelerated at a great pace since the Scottish Referendum in September. Discussions have taken a noticeable shift from ‘if’ Government will devolve to when, what and how devolution will be delivered to local government.

We are in the process of surveying our members to collate their views on the crucial issues of devolution within England. The final results, along with other research, will also inform a comprehensive devolution report which CCN will be publishing in January 2015. In the run up to the general election this will provide the incoming Government with robust, convincing and detailed recommendations for devolution to county areas.

This report explores the interim findings from our devolution survey, which received responses from 22 Council Leaders, 5 Deputy Leaders and 21 Chief Executives. Findings are illustrated through graphs, infographics and quotes from respondents.

The key emerging theme from our survey is a strong sense that devolution to county areas is vital economically, socially and politically. The survey also shows real confidence from counties that with genuine devolution from Whitehall they could deliver better services, improved outcomes and balanced and sustainable growth. CCN member councils highlight a sense of strong partnership working between local partners but show a pragmatic approach to governance and a willingness to modify existing arrangements to make the most of devolution.
Our Plan for Government
Why devolve to county areas?

Economic growth

County economies present vast potential for underpinning the success of the UK. Counties currently account for more than half of all Gross Value Added (GVA) outside of London, and 40% of the total national GVA. On most measures counties outperform other parts of the UK. They boast the largest rates of private sector job creation, over one million active enterprises and the highest rates of new business registration in the UK.

“If local government were let off the leash and had proper control over local services, raising taxation and engineering local growth, the benefits would soon be realised”

Skills is one of those early wins that make sense sooner rather than later”

GVA per head in Counties and Core Cities 2012

- Share of National GVA 2012
  - CCN Members: 40.0%
  - London: 26.4%
  - Rest of England: 33.7%
Local partners, businesses and communities are doing their utmost to ensure this potential is fulfilled. However more is needed from Central Government to enable local growth – an appropriate package of devolved growth budgets and fiscal powers would allow this.

The survey results are showing that skills (92%), transport funding (92%) and greater business rate retention (92%) are emerging as top priorities for counties. There is also a feeling from respondents that some aspects of devolution could and should happen soon.

**Number active enterprises**

- **Counties**
  - 2012: 1,014,115
  - 2011: 1,010,660

- **London**
  - 2012: 422,640
  - 2011: 404,935

- **Core Cities**
  - 2012: 132,550
  - 2011: 130,095

**New business registrations per 10,000 population**

- **Counties**
  - 2012: 1,791
  - 2011: 1,776

- **Core Cities**
  - 2012: 369
  - 2011: 357

**2015/16 Growth Deals involving counties will deliver...**

- 234,000 Jobs
- 132,900 Homes

**2015/16 Growth Deals Involving Core Cities will deliver...**

- 72,000 Jobs
- 33,000 Homes

“Government should look to make some early wins, including announcements in the Budget 2015, to implement Heseltine’s recommendations about devolving skills, infrastructure and housing funding.”
Why devolve to county areas?

Efficient and effective services

The UK faces a continuing need to make significant public sector savings at a time when demand and expectation for public services is rising. This presents the challenge of maintaining and improving statutory and discretionary services, but also the opportunity to fundamentally redesign services across the public sector. At the heart of meeting the challenge, and realising the opportunity, is county devolution.

Central Government grant per head 2012/13

<table>
<thead>
<tr>
<th>Group</th>
<th>Inner London</th>
<th>Metropolitan Districts</th>
<th>CCN</th>
<th>Outer London</th>
</tr>
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<tbody>
<tr>
<td>£705.44</td>
<td>£475.65</td>
<td>£207.09</td>
<td>£363.71</td>
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Demand pressures - ageing population

<table>
<thead>
<tr>
<th>Age Group</th>
<th>CCN Member Council</th>
<th>London</th>
</tr>
</thead>
<tbody>
<tr>
<td>65+</td>
<td>20%</td>
<td>11.5%</td>
</tr>
<tr>
<td>75+</td>
<td>9.2%</td>
<td>5.4%</td>
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<tr>
<td>85+</td>
<td>2.7%</td>
<td>1.5%</td>
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Total reductions since 2010

- 40% reductions in core grant
- £10bn efficiency savings
- £5.8bn funding gap by 2015/16
Challenges

Emerging survey results show that there is uncertainty within the sector as to organisations’ ability to continue delivering if the situation stays the same. Almost half (47%) of respondents are not confident that they have the capacity to continue to deliver vital services without devolution and further transformation, and a quarter are unsure about their capability.

There is a feeling from qualitative information given by respondents that councils are reaching a limit and that there will be repercussions for services going forward if we continue on the same trajectory.

“Some services will be lost”

Without additional devolution and service transformation, how confident are you in your authorities’ capacity to continue to deliver vital local services?

- Very confident: 6%
- Not at all confident: 15%
- Quite confident: 21%
- Unsure: 26%
- Not very confident: 32%

“Our five year planned savings may be at breaking point”

Reducing total budgets by 33% makes it impossible to support services in the same way”

“Even our large county is facing impossible pressures from increasing birth rate and ageing of the population. Two irresistible forces heading for an immovable object”
Opportunities

So far almost all respondents (98%) have said that they are very confident or quite confident in making savings and improving outcomes if appropriate budgets and powers were devolved to the local area. Qualitative information given by respondents point to the efficiencies that have already been made by our member councils and the benefits of the systemic approach to services which local areas could take if they had the right package of powers and budgets.

“We are in a four year programme of savings. Any more on top of that and we will struggle to deliver vital services without new fund raising powers”

“I believe strongly in the power of local government to deliver what local people need. There’s so much that can be better achieved locally than through centralised decision making”

“If appropriate powers are provided, county areas would have a platform from which to plan their activity at system level. This would enable them to take a holistic approach to the design and delivery of public services, reduce aggregate demand for services and deliver better outcomes”
How confident are you that county areas could make significant savings and improvements to outcomes if the appropriate powers and budgets were devolved to a local level?

- **87%** Very confident
- **11%** Quite confident
- **2%** Unsure
- **0%** Not very confident
- **0%** Not at all confident
Why devolve to county areas?

Political Engagement

Voters are becoming more and more apathetic to the central political process; the last four parliamentary elections have seen the lowest voter turnout since 1945. It is clear that better engagement and involvement of the public in decisions that affect their lives is needed if this is to be reversed. Bringing decisions closer to people through devolution to local areas would be an effective means of achieving this.

Emerging results from the survey show that when asked how remote or accessible counties felt Central Government were to them and their residents 58% have said not at all accessible or not very accessible, 38% have said it varies and only 4% have said quite accessible.

Despite this three quarters (75%) of respondents so far have said that they are not at all confident or not very confident that Central Government will effectively devolve powers to local areas and 17% were unsure.

“Central Government may seem distant to residents. Devolution to councils would bring accessible democratic control of more public services closer to residents.”

Estimated percentage turnout by age at General Elections

From 1964-2010 there has been a fall in the number of 18-24 voting in the general election
(1964- 76.4%, 2010- 51.8%).

This does not compare favourably with the 65+ age group
(1964- 76.7% 2010- 74.7%)

(Source 'Election Turnout', House of Commons Library, July 2013)
“On some of the big issues facing residents and the council, Central Government is too far removed and this presents a barrier to making timely and appropriate strategic decisions which are in tune with local need”

How remote or accessible do you feel Central Government is to you and your residents?

- Very accessible: 0%
- Quite accessible: 4%
- Varies: 38%
- Not very accessible: 50%
- Not at all accessible: 8%

How confident are you that Central Government will effectively devolve powers to local areas within England?

- 19% Not at all confident
- 56% Not very confident
- 17% Unsure
- 8% Quite confident
- 0% Very confident
What should be devolved?

County Devolution

Counties were clear in *Our Plan for Government* 2015-20 that the incoming Government should devolve the centrally retained funding identified in the *Heseltine Review of Economic Growth through a Core Settlement*. This core set of devolved powers and budgets should include greater flexibilities relating to skills, transport and infrastructure funding, as well as strategic planning powers and fiscal freedoms.

*Our Plan for Government* also makes recommendations to devolve primary and secondary health commissioning to local areas and asks for a clearer role for counties in school improvement.

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**Accelerating Growth in County Areas - Counties better able to support economic growth and prosperity**

- Heseltine Review funding implemented in full
- More freedom to back local enterprises creating jobs
- More powers to negotiate deals tailored to local needs with national agencies
- Counties invest devolved budgets and borrow to invest in success
- Control strategic planning, ensuring infrastructure is tied to local economic priorities
- Involve all counties in the Youth Contact process and direct skills training to local needs
- Tie unemployment programmes to the priorities of local businesses
- Strategic planning powers to deliver more homes
- Reinvest growth tax revenues back into generating local growth

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County Devolution
“The next Government needs to get serious about properly defining local government and agreeing their powers in a new settlement. We have proved we can change and innovate in service transformation. It is time Central Government rewarded that and reciprocated.”

What package of budgets and powers would you like to see devolved from Central Government?

Respondents reiterated this desire. Emerging results show that the majority want to see skills (92%), transport (92%), major infrastructure (81%) and strategic planning (79%) devolved.

Away from growth, 88% of respondents have said they would like primary and secondary health commissioning devolved to the local areas and 80% would want additional powers to address poor performance in schools.

The majority of respondents (currently 87%) would also like to see the introduction of whole place budgets.
What should be devolved?

County Devolution

What package of funding and fiscal powers would you like to see devolved from Central Government?

On funding and fiscal devolution, emerging results are showing that the vast majority of respondents would like to see decision making on council tax (89%), business rate setting (80%) and greater business rate retention (91%) devolved to a local level.

Emerging results show that the majority of respondents (74%) feel that their councils should be freed up by Government to borrow a greater proportion of finance from a range of sources, including Tax Increment Financing (TIF) and bond issuance.

When asked what their top priorities for devolution are the emerging results from respondents are skills and transport funding and health commissioning.

A theme running through the qualitative information provided is a desire and need for more local independence.
“If we are held to account for it, then we need powers to address it – this is currently out of kilter.”

Top priorities

Skills funding

Transport funding

Health commissioning
How to implement devolution?

National reform

We need to ensure that powers and budgets are devolved to the right level, exploiting the scale, ambition and capacity of counties and county regions. There is also an important role for devolving below the county level; this is already happening in many places and there is a strong appetite among counties to pursue this.

English Parliament

Over half (57%) of respondents so far do not think an English Parliament should be formed as part of a devolution settlement for England. There is an emerging feeling from the survey that an English Parliament would not solve the issue of bringing decisions closer to local people, with 90% of respondents believing Central Government should look beyond devolution to countries and implement devolution within England to local areas. This is a view supported by a recent BBC poll where 82% of people in England support giving more decision making powers on issues such as tax, education, policing to local areas.

Written Constitution

Emerging views from respondents on the potential for a written constitution are split and over one third (34%) were undecided. However 71% would like to see an enhanced role for local government formalised, but not necessarily through a written constitution. Any formalisation of the role of local government should not distract from the agreement and implementation of a devolution settlement.

“Creating an English Parliament would not achieve the devolution of control of public services that local people would notice, and that is needed to deal with the challenge of delivering good public services in the future”

Do you believe a separate English Parliament should be established as part of a devolution settlement for England?

- Yes: 27%
- No: 55%
- Undecided: 18%
Would you like to see an enhanced role for local government formalised?

71% YES 19% NO

Do you believe Central Government should look beyond devolution to countries and implement devolution within England to local areas?

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<tr>
<td>Yes</td>
<td>90%</td>
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<tr>
<td>No</td>
<td>8%</td>
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<tr>
<td>Undecided</td>
<td>2%</td>
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“It would be helpful to codify the role of local government but we would not want the issue of devolution to be kicked into the long grass through a protracted debate about developing a written constitution”

“I would support a codified set of rules for local government so long as it wasn’t inflexible to allow for changing roles. It has to be a fluid, transparent approach”
National reform

Regions and mayors
Emerging results show that so far 66% of respondents believe that an elected mayor is not appropriate to hold devolved powers and 72% believe that regional assemblies are not appropriate.

LEPs
The emerging view from respondents regarding Local Enterprise Partnerships (LEPs) was split with around 40% so far thinking they are suitable to hold devolved powers and 50% thinking they were unsuitable. Counties support LEPs, but believe that the current system must be improved. Government should conduct a review of LEPs to ensure they fit with functional economic areas, that they are working closely and effectively with their local authorities and that they are clear on their remit.

“Regional assemblies would add cost and create an additional layer of government that would be similarly remote from the concerns of local people”

“LEPs would need their democratic mandate strengthened and co-terminosity sorted”

Please indicate whether you believe the following governance models would be suitable for holding devolved powers and budgets within your local area:
CCN LEP survey in April showed Counties support LEPs – but they need reform.

65% agree
LEPs will deliver major infrastructure projects

43% agree
LEPs will support the creation of new enterprises

67% confident
LEPs can coordinate funding & investment better than Whitehall

76% agree
LEPs are unaccountable

52% agree
LEPs are poorly structured

42% agree
LEPs do not have strong or decisive leadership

“LEPs would be suitable if co-terminous with county borders”
How to implement devolution?

Local reform

Robust local governance arrangements will be needed to take on devolved powers and budgets and this is recognised by counties. It is also likely that different governance arrangements will be suitable for different areas.

Government should provide a simple and transparent criteria for determining whether local areas are ready for devolution – however local areas must retain the ability to work out what governance solutions are best for their area.

Local governance

There is a strong emerging theme from the survey that counties are willing to be flexible and change their governance arrangements to receive devolved powers and budgets, with 83% indicating they would. The majority (52%) of respondents have said that local partners were discussing measures to take on devolved powers. A further 22% have said that they were interested in having such conversations with partners and 15% said that they were already putting in place measures to take on devolved powers with partners.

Qualitative information has highlighted that any change should be guided by local partners, residents and businesses and that there needs be tangible benefits to justify change.

Would you be willing to change your governance arrangements to receive devolved budgets/powers?

- Yes: 83%
- Undecided: 15%
- No: 2%

What is the appetite among your local partners to put in place measures to take on devolved powers & fiscal freedoms?

- Believe already have appropriate governance in place: 7%
- Putting governance in place: 15%
- Having the conversation with partners: 52%
- Interested in having the conversation with partners: 22%
- No appetite locally: 4%
Partnership boards and counties
When asked about different governance models, the majority of respondents so far (88%) believe that upper tier councils would be suitable for holding devolved powers and budgets. Some 82% believe that county regions would be suitable and 74% believed combined authorities suitable. Other partnership boards such as Health and Wellbeing Boards, Skills Boards and LEPs will also have a vital role to play.

Districts and parishes
When asked what their appetite was for devolving some aspects of funding/powers below the county level the vast majority of respondents so far (98%) said that they were currently doing so, or were interested in doing so. 45% said that they are already devolving some aspects and would like to do more.

“Local government lead the way in partnership working, shared and joint services and regional commissioning of services”

What is your appetite for devolving some aspects of funding/powers below the county level?

<table>
<thead>
<tr>
<th>45%</th>
<th>23%</th>
<th>30%</th>
<th>2%</th>
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<tbody>
<tr>
<td>Already devolving aspects and wish to devolve more</td>
<td>Wish to devolve aspects going forward</td>
<td>Would consider devolving some aspects going forward</td>
<td>Do not wish to devolve below county level</td>
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</table>
When to implement devolution?

County Devolution

Counties are seeking a clear commitment from all political parties for wide ranging devolution in the build up to the 2015 General Election.

Counties are realistic that devolution will take time and some powers and funding will require legislation prior to them being made available to councils. However, some powers and funding can be devolved without going through the legislative process, such as transport and skills funding.

Emerging results from the survey are showing that respondents feel devolution should happen quickly with around a quarter (26%) saying it should happen within one year, 55% saying two years and 17% saying five years. Respondents were realistic that there should not be a ‘big bang’ approach to devolution, but that there are some elements that can and should be devolved at the earliest opportunity.

Counties want the incoming Government to signal their commitment to local devolution by making these powers and budgets immediately available to those Councils that have the governance and skills in place to take them on. Further to this counties want Government to

What timescale would you like to see devolution to local areas happen within?

- 2% Do not wish to see devolution
- 26% 1 year
- 55% 2 years
- 17% 5 years
establish a clear framework to provide all county and city areas the right to take on a variety of powers and budgets when they are ready to do so. It is unrealistic to expect all county and city areas to be ready to take on a full suite of devolved powers and budgets at the same time. Government should establish a simple and transparent process for evaluating readiness.

“Devolution should begin as soon as possible following the 2015 election. Some powers can be devolved immediately, others would need a clear timetable for introduction”

“We need to be realistic and ambitious at the same time – devolution and fundamental change should happen during the life of the next Parliament”

“Small wins early, moving onto greater powers as confidence grows”
Founded in 1997, the County Councils Network (CCN) is a network of 37 County Councils and Unitary authorities that serve county areas. We are a cross-party organisation, expressing the views of member councils to the wider local government association and to Central Government departments.

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If you would like further information on CCN, including the latest policy briefings, publications, news and events, please visit our website at www.countycouncilsnetwork.org.uk

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