



APPENDIX A

Report to:	Strategy & Resources	Date:	11/04/2016
Appendix A:	The Growth Agenda: London, the South London Partnership and the London Borough of Sutton - supplementary information on national and London-wide devolution and growth policy.		

1. Devolution and growth - the national perspective

- 1.1 Devolution of responsibilities and powers to local authorities has been an incremental process. Between 2010 and 2015 the Coalition Government introduced a number of devolutionary measures, one of the most important being the creation of **Local Enterprise Partnerships (LEPs)**. These are local, business-led partnerships between local authorities and businesses and play a key role in determining and promoting local and regional economic priorities and undertaking activities to drive economic growth and the creation of local jobs. There are 39 LEPs across England. Sutton is part of the London Enterprise Panel. (For more info, see section 2, below.)
- 1.2 Outside of London, a series of **city deals** were agreed between 2011 and 2014. A first wave comprising the eight Core Cities (and, with the exception of Nottingham, their wider sub-regions) was completed by July 2012; a further 20 deals were completed with smaller cities and regions by July 2014. These city deals did not transfer general powers to local authorities. Instead, they provided cities and their respective LEPs with a small amount of additional funding to be used flexibly for specific programmes and outcomes. Some of the deals also provided selective, additional borrowing capacity, retention of some of all of any growth in income from business rate and greater influence over programmes formerly delivered by Government Departments, their agencies and contractors.
- 1.3 A number of influential reports on devolution were published in 2014 by the likes of IPPR North, ResPublica and the RSA, all of which proposed that local areas should take on more powers directly linked to growing local economies and reforming public services e.g. skills, new housing development, business support, health and social care integration. These reports also suggested new governance models, recommended devolution to so-called **combined authorities**, and argues for the prioritisation of 'metro' areas, as well as enhanced power over taxes.
- 1.4 It was in this context that, in June 2014, the Chancellor of the Exchequer gave a speech in Manchester in which he introduced the concept of the **Northern Powerhouse** as a collective local enterprise to counterbalance the economic ascendancy of Greater London and the south east of England.



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1.5 Devolution developed further momentum after the Scottish independence referendum in September 2014, with the Prime Minister declaring that alongside proposals for additional devolution to Scotland, Wales and Northern Ireland it was ‘also important we have wider civic engagement about how to improve governance in our United Kingdom, including how to empower our great cities.’ In November 2014 the first **devolution deal** was announced between the Government and Greater Manchester (see box below for more info), followed by deals for Sheffield, Leeds and Cornwall. Each of these deals was bespoke - the Coalition Government having committed itself to a form of devolution predicated on local areas requesting and bidding for extra powers and functions according to the dictates of local political leaderships.

GREATER MANCHESTER DEVOLUTION DEAL - NOVEMBER 2014
<ul style="list-style-type: none"> ● Transition to a directly-elected metro Mayor for the region from 2017; ● Role of the Police and Crime Commissioner to be merged with the the office of Mayor, who will also be responsible for the fire service; ● More control of local transport, with long-term a government budget to help plan a modernised and better connected transport system; ● New planning powers to encourage regeneration and development and the creation of a new Greater Manchester Land Commission; ● A new £300m fund for housing - enough for an estimated extra 15,000 homes over ten years; ● Extra funding to help up to 50,000 people get back into work; ● Incentives to skills-providers to develop more work-related training; ● Extra budget to support and develop local businesses; ● Control of investment through a new ‘earn back’ funding arrangement that gives Greater Manchester Combined Authority extra money for the region’s infrastructure if it reaches certain levels of economic growth; and ● Control of long-term health and social care spending, with responsibility for the budget from 2016/17.

1.6 Since the election of the Conservative majority Government in May 2015 there have been four significant developments:

- The Treasury invited areas to submit devolution proposals by 4 September 2015 to be considered during the **2015 Spending Review** process. 38 cities and regions put forward bids, and deals were subsequently agreed with the North East, Tees Valley, the West Midlands, Liverpool, and a further deal with Sheffield City Region;
- During a speech to the Conservative Party Conference in October 2015, the Chancellor outlined his plan to allow local authorities to **retain 100% of business rates by 2020**. Local authorities will also have powers to reduce rates and increases will be restricted to 2p on the rate, to be spent on infrastructure in mayoral combined authority areas that secure agreement from their LEP;



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- The November 2015 Spending Review announced that local authorities dealing with social care could apply a **2% social care precept on council tax**, over and above the 2% referendum threshold, which implies a 4% threshold for relevant authorities; and
- **The Cities and Local Government Devolution Act** received Royal Assent on 28 January 2016. The passage of the Act paves the way for the establishment of (directly-elected) Mayoral Combined Authorities (MCAs), for the delivery of the devolution agreements concluded during 2014-15, and provides the legislative basis for finalising negotiations for the 38 devolution propositions that were submitted to the treasury as part of the Spending Review consultation in 2015.

2. Devolution and growth - the London perspective

- 2.1 Greater London occupies a unique place amongst English local and regional government. Since the creation of the Greater London Authority (GLA) in 2000, Greater London has had its own strategic layer of governance, sitting in between central government and the 32 boroughs, plus the City of London Corporation.
- 2.2 The London Enterprise Panel - the Greater London LEP - was established in February 2012. It has tripartite membership, covering nominees from the capital's business community; nominees from the boroughs (organised via London Councils); and nominees from the GLA. The Mayor of London is Chair of the LEP. Jules Pipe, the Mayor of Hackney and Chair of London Councils, is one of the two Deputy Chairs. The panel focuses on four strategic priorities: skills and employment; micro, small and medium-sized enterprises; digital, creative, science and technology; and infrastructure. On top of these streams of work, the London Panel is responsible for Further Education (FE) capital funding across Greater London, as well as the delivery of European Structural and Investment Funds (ESIF) Programme, which will run to 2020.
- 2.3 The London Finance Commission was established by the Mayor of London in July 2012 with the remit to explore potential additional sources of revenue for the GLA. It reported in May 2013 and proposed that all property taxes within Greater London (*i.e.* business rates, council tax, capital gains tax, the annual tax on enveloped dwellings and stamp duty) should be fully devolved to London.
- 2.4 The London Growth Deal - Greater London negotiated a growth deal with central government that was announced in July 2014. The deal outlined detailed spending plans for the £236m allocated to Greater London, specifically to build London's skills base and support local business, help Londoners into sustainable employment (by looking into the possibilities to integrate central and local government employment support initiatives in some claimant categories) and improve the housing supply (through the allocation of extra New Homes Bonus funding, an audit of central government-owned land, the allocation of extra monies via the Affordable Rent to Buy scheme, plus a number of discrete housing agreements entered into on a borough-by-borough basis).



2.5 The London Proposition and the 2015 Spending Review - As part of the Treasury's consultation in the run-up to the 2015 Spending review, *The London Proposition* was published by the Mayor of London and London Councils on 4 September 2015. It represented a prospectus for further devolution and public sector reform on behalf of London Government. The *Proposition* 'is built around a self-financing growth and reform model which will provide the foundations for more productive and prosperous local communities', and is also predicated upon a new package of freedoms and flexibilities negotiated between central government and London Government. The Proposition set out 'a series of inter-related reforms that London Government wishes to deliver to provide a sustainable solution to [... tackle] deep seated challenges' and address the following:

- Business support;
- Criminal justice;
- Employment and complex dependency;
- Health and care devolution;
- Housing; and
- Skills.

2.6 The CSR saw the announcement (or confirmation and/or trailing) of the following initiatives in response to the Proposition:

- On employment and complex dependency, the London boroughs and the Mayor will jointly commission employment support (outside of the Jobcentre Plus regime) to assist the long-term unemployed and those with health conditions and disabilities to (re) enter work, *i.e.* the new Work & Health Programme for London;
- Skills reform was announced in February 2015 and confirmed in the CSR - FE colleges will undergo Area Based Review, undertaken on a sub-regional basis, leading to the rationalisation of provision.
- The Government has agreed a measure of health and social devolution in London, with the announcement of five pilots (looking at health and care integration; health inequalities; strategic use of land and premises; prevention; and integration of physical and mental health services).