

**DEVO-WORK:**  
**TRADE UNIONS,**  
**METRO MAYORS**  
**AND COMBINED**  
**AUTHORITIES**

A report by the Smith Institute for Unions 21

# DEVO-WORK: TRADE UNIONS, METRO MAYORS AND COMBINED AUTHORITIES

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**Unions 21**

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Unions 21 exists to support unions to increase their influence, impact and effectiveness within the world of work. We will do this by working with unions, supporters and stakeholders to create an open space for research, innovation and activity to assist unions to secure a better life for working people. This paper is part of its work on Good Work.

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# PREFACE

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**Paul Hackett**  
Director, The Smith Institute

**The British trade union movement has a long history of supporting devolution. The campaigns for devolution in Scotland, Wales and London were actively backed by unions. Although unions were perhaps less inspired by Labour's push in the noughties for elected regional assemblies in England or initially for city mayors, they have consistently argued for handing more powers back to local communities.**

However, union involvement in the emergence of combined authorities has been piecemeal at best. The 'devolution revolution' has largely happened without them. The devo deals were for the most part exclusive to council leaders and the business community. However, we are now entering a new, and hopefully more open phase, and one which should allow local partners, like unions, access and influence. Austerity, and now Brexit, are dark clouds hanging over the devo agenda, but as this report demonstrates, the soon to be elected metro mayors will represent something different in England. A distinct form of governance which could present unions with new opportunities.

In this report, we have documented how we got to where we are, described the rather messy process around devo deals and placed the spotlight on the main issues surrounding devo work. We have also looked ahead and flagged up some of the future risks and rewards. The evidence and insights are not meant to be definitive. Rather, they are offered as a route map for unions and others seeking to navigate their way around metro mayors and combined authorities. To that effect, we hope the report, as both a resource and critical guide, will help unions extend and strengthen their relationships with elected mayors and combined authorities. It's clear that such an outcome is a win-win for both unions and employers.

# SUMMARY

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## Devolution to city regions

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- In May 2017 metro mayors will be elected to lead combined authorities in Greater Manchester, the West Midlands, Liverpool City Region, Cambridgeshire and Peterborough, Tees Valley and the West of England. Other city regions are expected to follow soon.
- This is a major change in the way England and English city-regions are governed. The implications go beyond local government and will affect economic planning, transport, housing, regeneration, healthcare (Greater Manchester) and the world of work.
- There is no coherent or consistent devolution policy for England. The various Local Enterprise Partnerships (LEPs) strategies, devo deals and combined authority plans are not joined up. The evolution of combined authorities remains incremental, ad hoc and exclusive - centred around deal making between local council leaders, ministers and the LEPs.
- There is a lack of clarity on where next for metro mayors and little sign of central government recasting Whitehall's begrudging relationship with combined authorities. There's also no policy direction on what happens in areas without metro mayors?
- Government's devo policy has focused on economic efficiency and financial savings, rather than democratic renewal and inclusive growth. The agenda has shifted recently to include public service reform, with combined authorities calling for more autonomy and single pot funding.
- Combined authorities claim that decades of centralisation have failed and that they can deliver better outcomes and offer joined-up, locally tailored solutions.
- The evidence base for devo growth is mixed and it's difficult to compare the local with the sub-regional. However, with their economy of scale and autonomy combined authorities are predicted to be more innovative and more economically resilient than individual councils.
- There are widespread concerns that metro mayors won't be able to deliver the reforms they want against the backdrop of further local government spending cuts and welfare reforms.
- There is a growing anxiety over how Brexit will impact on the city-regions, especially on those areas which have benefited from EU regional aid and are more export based.
- The government is insisting that combined authorities must have directly elected metro mayors. This has proved contentious in many areas. The new governance arrangements (with metro mayors leading a cabinet of council leaders) is also untested. Greater Manchester is the only city-region with a history of councils working together. Most are starting from zero.
- There remains cross-party support for devolution at national and sub-regional level, although many councils are concerned about combined authorities having an unfair advantage and sucking powers up (with devolution perceived as a proxy for local government reorganisation).
- Public awareness about metro mayors and combined authorities is low. Little effort so far has been made to actively engage residents or community groups, although this may be changing.
- There are fears that a poor turnout in the May metro mayor elections and heavy defeats for government-backed candidates could undermine political support for English devolution. Others believe there's no turning back and that most city-regions will have metro mayors by 2020.

- Powers and resources have been devolved, but not to the same extent as in Scotland and Wales. Spatial planning, public transport, and to a lesser extent housing and business support have been devolved, although to varying degrees.
- Resources for local growth has mainly come through the LEPs and Growth Deals or via repackaging of existing grants or incentive-based 'earn back schemes'.
- The new mayoral combined authorities will lead a second wave of devolution. They will have some extra long-term dedicated funding and consolidated transport budgets and new powers and responsibilities, including over employment support, skills, housing and criminal justice.
- Greater Manchester Health and Social Care Partnership will have control over a £6bn integrated health and social care budget. This is unique to Greater Manchester but could set a precedent for others. The Devo Manc deal is not without its critics, who claim there is a funding shortfall.
- Some combined authorities will have extra borrowing powers and the ability to retain business taxes. The metro mayors are also pushing for more fiscal devolution, although the large combined authorities run significant deficits with the Treasury.
- Part of the reason for the marginalisation of unions is the lack of social partnerships forums. Unions in some areas have been involved with the LEPs and with combined authority groups, but usually at a lower non-strategic level and mostly around skills.
- All unions acknowledge that mayoral combined authorities will impact on their members directly and indirectly, and in different ways in different locations. The main issues for unions are the effects on growth, jobs, skills, workloads and pay (within and between city regions).
- It is anticipated that planned reforms of public services in combined authority areas will impact the most on union members, especially the Devo Manc healthcare proposals.
- Unions with members outside of combined authority areas are concerned about the jobs and growth displacement effects and metro mayors gaining preferential treatment.
- The devolution of adult skills and apprenticeship grants is seen as a positive and viewed by some unions as the start of a move towards a more co-ordinated and more responsive system, although unions have been largely absent from the consultations.
- Devolution of the Work and Health programme to help people back to work was widely welcomed, even though there was much criticism of Jobcentre Plus and DWP's resistance.

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## Trade union involvement

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- The trade union movement has a long and proud history of supporting devolution. Devo deals also cover around half of the unionised workforce. However, unions appear generally agnostic: some question the government's motives and claim mayoral combined authorities are a Trojan horse for cuts; others that it opens up a more progressive pro-union agenda.
- Few unions have engaged with combined authorities and most have been silent on metro mayors. In contrast to the business community, unions have had little influence over the devo deals or the formation of combined authorities.
- Unions remain hopeful that metro mayors will seek to involve unions more and replicate the industrial relations arrangements seen in the devolved nations. Greater Manchester is leading the way with its new Strategic Workforce Engagement Board/Forum and Protocol.
- Unions are becoming more aware of the opportunities and risks surrounding devolution, but many face capacity constraints and struggle to engage with the panoply of policy issues.

# INTRODUCTION

**The governance and public policy landscape in England is changing. The last seven years have seen the formation of new mayoral combined authorities, a new combined (unitary) authority in Cornwall, up to eight shadow combined authorities, 39 Local Enterprise Partnerships (LEPs), 28 City Deals and 39 Growth Deals. After the elections on 4th May 2017 there will be metro mayors in Greater Manchester, the West Midlands, Liverpool City Region, Cambridgeshire and Peterborough, Tees Valley and the West of England. Other city regions are set to follow. By 2020 the majority of the population of England, and most of the core cities, will probably be governed by mayoral combined authorities. These new multi-council authorities, led by a directly elected mayor, will have responsibility for steering their local economies, and (to varying degrees) new powers over transport, spatial planning, employment support and skills, criminal justice, housing and healthcare.**

The emergence of combined authorities has nevertheless been sporadic, asymmetrical and secretive. It has also taken place against a backdrop of draconian spending cuts<sup>1</sup>, a change of government and the EU referendum. Local politics have also played a part. In some areas the failure of councils to agree on boundary issues has left the combined authority in abeyance. In others, shadow combined authorities are awaiting legal rulings or agreement on acceptance of a metro mayor.

Attention is currently on Greater Manchester (GMCA), which takes on new powers over health and social care, and London, which is lobbying hard for fiscal devolution. The combined authorities will also be wanting to work closely with government on its Brexit plans and new industrial strategy, which stresses the contribution city regions can make to rebalancing the economy.

The extra devo powers discussed in this report hardly compare with devolution in Scotland and Wales. But, they are significant given decades of centralisation. As such, mayoral combined authorities will be pulling out all the stops to show that under their auspices devolution can make a difference. To what extent local people will be listening and engaged is unclear. So far, public and media interest has been tepid.

The different starting points and the variations in size, scope and ability to deliver will shape what can be achieved, as will of course the level of resources. What's emerging in Greater Manchester, which has a long history of local authority cooperation, is much more advanced than in other mayoral city-regions, let alone in regions like Yorkshire, where local authorities have yet to agree a way forward. Similarly, the circumstances in which a metro mayor will operate in Tees Valley are different to the West Midlands, which has a much larger population. However, there is plenty of scope for shared learning and catch-up and the sentiment in all the combined authorities is on what local stakeholders (including unions) can achieve together, albeit to some extent in competition with other places.

Although the process of devolution in England has been irregular and contentious, with different devo deals in different places and on-going disputes over the extent to which powers and functions are really being handed down, there is arguably no turning back. Indeed, the enabling legislation, which has cross-party support, allows for further devolution of powers and budgets, and the metro mayors will no doubt be calling for more. The metro mayors will also want to use their new political voice to challenge national government policy, perhaps working together with local stakeholders and across city region boundaries? The prospect of several metro mayors combining forces in opposition to the government could also change the political dynamic in Westminster.

<sup>1</sup> According to the NAO the average spending cut in central government funding for local authorities between 2010-11 and 2015-16 was 37%.

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## Unions and devo-work

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There are all sorts of scenarios that combined authorities may face in a post Brexit world. And, to some degree it is perhaps still too early to know what the differing effects on labour markets might be. If the whole economy slows there may be little combined authorities can do. However, the key question will be whether the city regions are better placed and more resilient and more able to fulfil their potential? In that respect, devo work alone won't define the success or failure of metro mayors, but it will be a major factor.

Unions of course have long standing consultative and negotiating arrangements at local and regional level, with the regional TUCs playing a lead representative role on strategic policy matters and skills training (Unionlearn). Unions also represent staff members from the combined authorities and local public agencies, which takes on particular importance when public services are being reformed from the Town Hall rather than Whitehall.

What relationship do unions want with the new metro mayors and combined authorities, and what contribution can they make? The response may include helping shape new locally tailored policy solutions to improving public services to new job creation and adult skills training programme. Unions will also want to be closely involved in discussions around new proposals which affect their members, such as introducing wage clauses in public contracts and city-region wage premiums<sup>2</sup>. As documented in this report, the union response will vary by region and sector. For some unions combined authorities may only have a general impact on their activities, for others, particularly in the public sector, the effects may be more immediate.

The trade union movement's support for devolution predates the formation of combined authorities. Back in 2001, the former general secretary of the TUC, for example, stated that: "There is no doubt that (English) devolution presents a real opportunity to increase trade union influence and impact on issues such as economic regeneration and social inclusion"<sup>3</sup>. However, both TUC and individual union involvement has been sporadic, as it has for much of the voluntary sector. Most of the interviewees for this report thought that would start to change as the metro mayors prepared to deliver on their pledges and reach out for wider stakeholder support.

<sup>2</sup> IPPR North's director, Ed Cox has suggested a 'Northern Powerhouse' salary weighting to attract teachers – see Devointelligence bulletin, February 2017.

<sup>3</sup> See J.Monks comments on Centre for Urban and Regional Development Studies on 'Devolution and the trade union movement', 2001



# DEVOLUTION – THE BACK STORY

**The pace and depth of devolution across the UK has been highly varied. In 1997 referendums on devolution were held in Scotland and Wales, resulting in elections to the Scottish Parliament and Welsh Assembly. London followed a similar path, with a successful referendum in 1998 leading to the establishment of a directly elected executive mayor (scrutinised by an elected Greater London Assembly).**

Devolution and decentralisation in England (beyond London) has been stop-start. For much of the 1990s government adopted a ‘something for something’, earned autonomy approach, to local government. Freedoms and flexibilities were often piloted, granted and then taken away. The Blair government was more interested in national policy than localism, and was arguably unconvinced by the capacity of local government to deliver the public services reforms it wanted. Political interest in the ‘English question’ and regional government was extinguished with the failed referendum for an elected North East regional assembly in 2004. The policy focus subsequently switched away from constitutional change towards economic policy and strengthening the nine Regional Development Agencies (RDAs), set up under John Prescott in 1999<sup>4</sup>. The Labour government continued to support the local authority led Regional Chambers, the network of Regional Government Offices and moves towards combined authorities, but had mixed feelings about elected city-region mayors.

The 2010 coalition government ended the era of collaborative regionalism, with the RDAs, Regional Spatial Strategies and Regional Offices abolished in a “bonfire of quangos”. The new government pledged to ‘roll-back the state’ and concentrate on promoting business-led growth in locally defined functional economic areas. The delivery vehicles for this, at least at the strategic level, were the new 39 self-ordained LEPs<sup>5</sup> (see below). These arms-length private sector led bodies were

granted special status by Whitehall and viewed by ministers as the lead agencies for delivering growth programmes in partnership with councils and local business<sup>6</sup>.

Running parallel to these changes in national government strategy (at least towards England) was a sustained call from the large cities for greater powers – calls which have grown louder since the demise of the Metropolitan Counties in the 1980s. Whilst London (both as a region and city-region) received its powers in an act of parliament in 1999, it wasn’t until the end of the last Labour government that the Local Democracy, Economic Development and Construction Act 2009 made it possible to establish combined authorities. And, it was not until 2011 that the first combined authority, Greater Manchester, was established. This was followed in 2014 by the establishment of combined authorities in South Yorkshire, West Yorkshire, Merseyside and the North-East.<sup>7</sup> This incremental pace was determined by central government, which has set the agenda as to which powers and budgets it wanted to devolve.

The initial policy focus was on city regions and City Deals and Growth Deals, which largely covered the LEP areas. These bespoke deals between ministers (and in particular the Chancellor) and local authorities (and LEPs) gave greater autonomy over financial and planning matters to promote economic growth<sup>8</sup>. Although this was widely welcomed by local government, there was an anxiety that the devo deals were as much about decentralisation and rationalisation as they were about ‘genuine devolution’. According to the Institute for Government, ministers have been in constant disagreement about the purpose of devolution and show little faith in local government. Their research concluded that “endless tinkering and churn” had undermined support for devolution in England.

<sup>4</sup> Eight Regional Development Agencies (RDAs) were launched in April 1999. The ninth RDA, the London Development Agency (LDA), was launched in July 2000 following the establishment of the Greater London Authority. Funding was increased for all the RDAs to £2.3bn pa

<sup>5</sup> “There are now 39 LEPs, which are private sector led and most are established as companies limited by guarantee or as voluntary partnership

<sup>6</sup> LEPs are now responsible for directing £12 billion of government spending by 2020 (receiving £1.8bn in the 2016 Autumn Statement)

<sup>7</sup> Sandford, M Combined authorities, House of Commons Library, 2016

<sup>8</sup> Under the Localism Act 2011, which allows councils to make the case for new powers to promote growth in their areas

In the Autumn 2014, after the Scottish independence referendum, the government reiterated its wish to “empower our great cities”, with the former Chancellor, George Osborne, championing more growth deals and new metro-mayors as part of his plans for a ‘Northern Powerhouse’ and ‘Midlands Engine’. Despite the concerns that councils harboured over spending cuts and welfare reform, the devo deals were viewed as a positive step. However, the degree to which residents supported the deals is disputable. Public consultations were low profile and the deal making was far from transparent or open to scrutiny<sup>9</sup>.

The government seems unconcerned about the pace and piecemeal nature of English devolution. Since 2015 its principal argument has been that devolution is good for local communities and good for the country. Furthermore, Conservative ministers continue to insist that the process must be led by local councils. As James Wharton MP, the former Northern Powerhouse minister, said: “devolution won’t be done to anyone. The worst that will happen is that it will be done without you”<sup>10</sup>.

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## Local Enterprise Partnerships

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LEPs have been an important part of the devolution back story and continue to play an influential role in the evolution of combined authorities, not least as lead advisers and recipients of Growth Fund money. The government still regards LEPs as central to the success of mayoral combined authorities. Indeed, ministers have stated that “no devolution deal will be signed off unless it is absolutely clear that the LEPs will be at the heart of the arrangements”.

The private-sector led LEPs in the combined authorities also appear to have the support of local and regional business communities. In general, they are viewed “as catalysts for improved cooperation between authorities and business”<sup>11</sup>.

In all the combined authorities the LEPs were key to drafting of the multi-year Strategic Economic Plans, which formed part of the Growth Deal proposals. They also have responsibility for Enterprise Zones, some infrastructure funding (under the Growing Places Fund) and EU Structural and Investment Funds for 2014-2020. Moreover, the metro mayors have to secure majority support of their LEP(s) in order to add a premium to business rates.

The three LEP Growth Fund deals (under the LEP Strategic Economic Plans) for the period 2015-21 in the mayoral combined authorities include<sup>12</sup>:

- Tees Valley Unlimited: £126 million
- Liverpool City Region: £336 million
- Greater Manchester: £664 million
- Cambridgeshire and Peterborough: £147 million
- West Midlands £781 million (covering three LEPs)
- West of England: £284 million

<sup>9</sup> In greater Manchester, for example, “the only formal opportunities that GM citizens have had to submit their views were a short and poorly publicised consultation in 2015 and a half-day public session carried out by the House of Commons’ CLG committee” – Daniel Kenealy, ‘A Tale of One City: The Devo Manc Deal and Its Implications for English Devolution’, 2016

<sup>10</sup> APPG on Local Democracy meeting, November 2015

<sup>11</sup> See Berwin Leighton Paisner, ‘Local devolution and infrastructure finance’, 2016

<sup>12</sup> For more detail see House of Commons Briefing Paper, ‘Local growth deals’, 2017

## The role of LEPs within the devolution landscape

- The role of LEPs has expanded both rapidly and significantly - the amount of central government funding received by LEPs is projected to rise to £12 billion between 2015-16 and 2020-21 via locally negotiated Growth Deals
- LEPs are often uncertain of their role within a more devolved landscape, particularly in areas where their economic geography does not align with that of the combined authority
- It's difficult to assess the LEP contribution to economic growth or the impact and value for money of Growth Deals
- On average LEPs are expected to underspend by £2.2 million (partly because a large number of skills-related projects have been postponed)
- LEPs depend on local authority partners for staff and expertise, and private sector contributions have not yet materialised to the extent expected
- LEPs themselves have serious reservations about their capacity to deliver in an increasingly complex local landscape

Source: NAO 'LEPs', 2016

Councils have been critical of the way in which the government has favoured the LEPs, although the combined authorities continue to work closely with them on funding bids and strategic economic and transport planning. As non-statutory bodies the formal powers of LEPs are limited, and most are understaffed. However, the LEPs engaged with combined authorities are better resourced and have a wider policy role<sup>13</sup>. It is also expected that the role of some LEPs will change under a mayoral combined authority; some may take on more of an advisory role similar to the London LEP (London Enterprise Panel)<sup>14</sup>.

<sup>13</sup> According to the Spatial Economic Research Centre, the LEPs that are engaged with a combined authority also better resourced to bid for growth deal funding and more easily engaged in cross-boundary activities such as transport and housing. And, see Smith Institute report 'working together – thinking alike: what do councils and local enterprise partnerships expect from housing associations?', June 2015

<sup>14</sup> See Smith Institute's 'Delivering growth: where next for LEPs?', 2015 <http://www.smith-institute.org.uk/wp-content/uploads/2015/09/The-future-of-LEPs.pdf>

## DEVO GROWTH

**Much of the argument for devolution and decentralisation in England has concentrated on stimulating economic growth. As the Centre for Cities posits: “The centralised governance and funding system in the UK hinders cities from making the most of their local economies. Whitehall’s control over decision-making and prioritisation of investments means council investments and programmes take too long to implement and get lost in bureaucracy, while city-regions are unable to adapt policy to take on their unique challenges and make the most of their assets”<sup>15</sup>. Similar arguments were advocated in Lord Heseltine’s review, ‘No Stone Unturned: in Pursuit of Growth’ (2013), the RSA’s City Growth Commission ‘Metro Growth: the UK’s Economic Opportunity’ (2015), and by IPPR North and the Centre for Cities<sup>16</sup>.**

However, the academic evidence as to whether greater devolution leads to improved economic performance and reduces regional inequalities is mixed. Researchers at the Centre for Urban and Regional Development Studies (CURDS), Newcastle University, for example, suggest that the jury is still very much out as to the measurable economic dividend of devolution. The evidence is hard to discern because local effects are “overridden by the role of national economic growth in decisively shaping the pattern of spatial disparities and in determining the scope and effects of spatial economic policy and decentralisation”<sup>17</sup>.

A recent assessment on devolution in Greater Manchester by the Centre for Research on Socio-Cultural (CRESC) concluded that: “the inconvenient truth is that Greater Manchester has not pulled away from other British core cities, as many policy makers assume or claim. Greater Manchester has done no more than hold its position against other British core cities and the internal relativities between the central City and the northern boroughs have hardly changed since deindustrialisation

engulfed Greater Manchester in the 1980s”<sup>18</sup>.

*“Devolution should be about enabling local authorities to forge a progressive social, economic, democratic and environmental future. At the moment, it is not. And it should and can be” (‘The Real Deal: Pushing the parameters of devolution deals’, Speri/CLES)*

According to Professor Ewert Keep, director of Skope, in his study on devo work: “There is a danger, therefore, that devolution is, on the economic front, being over-sold at two levels. First, devolution may be unable to make significant inroads into some of the country’s economic problems, in terms of either spatial re-balancing or weak productivity. Second, the contribution that E&T and skills can make towards such efforts, and towards economic regeneration in deprived localities, may be more limited than some anticipate”<sup>19</sup>.

A lot of course depends on local factors, the type and scale of interventions and the extent to which powers are fully devolved and resourced. It is also difficult to compare the actions of newly formed combined authorities with single local authorities. In some policy areas, like contract compliance and the Living Wage, all councils are free anyway to intervene (under the Social Value Act). In other policy fields, such as transport and business support, only combined authorities have extended interventionist powers.

There is a concern that combined authorities by design or default will have an unfair competitive advantage. The introduction of enterprise zones in combined authority areas is a case in point. The policy of reducing business rates to attract businesses into an area might appear to be a positive move. However, it could simply displace activity from somewhere else – and indeed has been proven to do so. The Work Foundation, for instance, has shown that: “Up to 80% of jobs created in enterprise zones last time were displaced from other areas. Typically, businesses moved

<sup>15</sup> Centre for Cities, ‘Economic growth through devolution’, 2014

<sup>16</sup> See for example ‘Rebooting devolution: a common-sense approach to taking back control’, 2017

<sup>17</sup> See ‘In Search of the ‘Economic Dividend’ of Devolution: Spatial Disparities, Spatial Economic Policy, and Decentralisation in the UK’ Andy Pike, Andrés Rodríguez-Pose, John Tomaney, Gianpiero Torrissi, Vassilis Tselios, Centre for Urban and Regional Development Studies (CURDS), Newcastle University

<sup>18</sup> CSCRC, ‘Manchester transformed: why we need a reset of city region policy’, 2016

<sup>19</sup> E.Keep, ‘The Long-Term Implications of Devolution and Localism for FE in England’, 2016

because they wanted to take advantage of tax breaks”<sup>20</sup>. Similar displacement effects can occur if combined authorities have privileged powers to attract businesses from outside their areas to new business hubs or innovation centres.

There is also a growing evidence base to show that in most of the city-regions the net gains from investment in transport and regeneration have been concentrated in the central city areas, with the outer fringes (and suburban areas) witnessing much lower growth and lower employment. The Smith Institute’s studies on economic geography, for example, demonstrate that in Greater Manchester and the West Midlands there has been a significant shift outwards in indicators of poverty: “The proportion of most deprived areas within cities is rising rapidly in suburbia....jobs performed by suburban residents increased at a slower rate than in urban areas. In Manchester, suburban resident job numbers increased by 6%, compared with a 47% rise in urban areas”<sup>21</sup>.

However, the government is convinced that devolution is a pathway to higher growth and economic rebalancing. It’s recent Industrial Strategy Green Paper stated: “Evidence and experience suggests that strong, streamlined, decentralised governance – such as through our city deals, growth deals and mayoral devolution deals – can improve economic decision making and spur innovation and productivity gains... We will explore further devolution deals for our largest cities, where they will increase economic growth, in a clear signal of belief in our local leaders and local communities to take control of their economic destiny”<sup>22</sup>. Government also seems to support the thesis that fiscal devolution is beneficial to economic growth, although the evidence for this is also mixed<sup>23</sup> (see chapter on funding and fiscal devolution).

*“The Government should set out how the next phase of more ‘grown up devolution’ can promote inclusive growth. This should entail a clear process for social devolution, a recognition that more inclusive growth will require more local resources, and filling the gap*

*left by European Social Funding and the European Investment Bank” (Royal Society of Arts, Inclusive Growth Commission, 2016)*

Conventional approaches to economic development are being challenged by organisations, like the Joseph Rowntree Foundation (JRF), CLES and the New Economics Foundation, who advocate an alternative inclusive growth agenda<sup>24</sup> (centred on local policies for sustainable growth, social justice and tackling inequality). JRF is calling on combined authorities to closely link growth strategies at the city-regional level to poverty alleviation at the local level, while CLES is pushing for combined authorities to seek out the ‘double dividend’ of both economic and social success, with close attention to developing social benefits as an intrinsic part of achieving local growth: “Rather than viewing local communities as mere downstream recipients of economic success (as beneficiaries of actions designed to deliver ‘trickle down’ growth), they should be seen as active upstream parts of a system which creates success in the first place”<sup>25</sup>.

Whatever the economic model, bold claims that the actions of combined authorities will deliver hundreds of millions in new investment and thousands of extra jobs may make good headlines, but will at some point need to be evidenced and quantified. Hopefully, combined authority research agencies, like New Economy in Greater Manchester and the Productivity Commission in the West Midlands will be able to offer some thorough evaluation and benchmarking. It’s also hoped that such evaluations will reach beyond standard GVA measures and assess how far combined authorities have addressed socio-economic inequalities.

*“Current devolution deals are constrained by the Treasury’s economic and social model, and cowed by ongoing austerity. The economic powers being devolved will not allow local authorities to transform their local economies dramatically. Rather, the devolution process has been stacked in favour of Whitehall and limited in terms of what it deems important” (‘Creating good city economies in the UK’, Friends Provident)*

<sup>20</sup> Wilding, M “Will enterprise zones work” The Guardian 18th April 2016

<sup>21</sup> Smith Institute, ‘Towards a suburban renaissance: an agenda for our city suburbs’, 2016 <http://www.smith-institute.org.uk/wp-content/uploads/2016/07/Towards-a-suburban-renaissance.pdf>

<sup>22</sup> Green Paper ‘Building our Industrial Strategy’ (January 2017)

<sup>23</sup> See GLA Economics working paper 84, ‘Devolution and economic growth’, 2017

<sup>24</sup> According to the OECD inclusive growth is “Economic growth that creates opportunity for all segments of the population and distributes the dividends of increased prosperity, both in monetary and non-monetary terms, fairly across society”

<sup>25</sup> Smith Institute, ‘the local double dividend: securing economic and social success’, 2015 <http://www.smith-institute.org.uk/wp-content/uploads/2015/09/Double-dividend-Final.pdf>

## COMBINED AUTHORITIES AND DEVO DEALS

A combined authority is a legal body established, via legislation<sup>26</sup> (Parliamentary Order), at the request of two or more local authorities. Its executive consists either of one representative of each member authority; or one representative of each member authority plus a directly-elected mayor (a 'mayoral combined authority'). In its simplest form, a combined authority formally enables joint working and collective decision-making, as well as an entitlement to bid for extra powers and resources from central government.

"The core purpose of a combined authority (CA) is to deliver better outcomes for local communities as a result of closer joint working and collaboration at a local level. They enable a group of councils and partners which are working together to put their collaboration on a more ambitious and permanent footing. The current focus is on the role of CAs in the context of devolution agreements between central and local government. As such, CAs also provide a way of meeting the governance requirements national government has set for the devolution of powers and resources to a local level through negotiated devolution agreements. It is important to remember, however, that there is no legislative link between CAs and devolution. A group of councils could propose a CA to enable them to, for example, pursue a set of shared public sector reform objectives without any reference to devolution"

Source: LGA<sup>27</sup>

An existing combined authority may be changed into a mayoral combined authority via a further Parliamentary Order, although all the member authorities must consent to this - as was the case in: Greater Manchester, West Midlands, Liverpool City Region, West of England, Cambridgeshire and Peterborough, and Tees Valley.

*"The rationale for devolution in the North was that we could become, at last, less dependent on London policy fashions" (Interviewee from a North east council)*

Initially combined authorities were invited to consider a range of 'alternative governance arrangements', including mergers and the creation of unitary authorities. However, the government has since insisted that any devo deal with substantial powers would require a mayoralty. This condition has caused problems for several emerging combined authorities.

*"Devolution is happening. It's coming together, but it will take time to integrate delivery and truly design your own programmes" (interviewee from a combined authority)*

According to the House of Commons briefing, the powers and functions that are to be transferred to combined authorities are likely to come with existing funding streams in the first instance. Future levels of funding for these activities will be dependent on government decision-making<sup>28</sup> (see later chapters on powers and funding).

Some combined authorities have included 'associate members', such as district councils, alongside their 'full members'. For example, the West Midlands Combined Authority (WMCA) has one district and four borough councils as non-constituent members, who have less voting rights than constituent members.

The development of combined authorities is hard to track. Some appear to have been agreed in principle, but have failed to follow due process (such as the Sheffield City Region which failed in its bid to become a mayoral combined authority in 2016 after a legal challenge by Derbyshire county council). Others (such as Essex, Hampshire, East Anglia, Cumbria, Solent, and the North East) have fallen through. Another group of shadow combined authorities (such as Lancashire, West Yorkshire and Leicester and Leicestershire) are being re-worked or realigned. Ministers appear relaxed about the

<sup>26</sup> See the 'Local Democracy, Economic Development and Construction Act 2009 amended by the Cities and Local Government Devolution Act 2016, Localism Act 2011 and the Transport Act 2008

<sup>27</sup> LGA, 'Combined authorities: a plain English guide' [http://www.local.gov.uk/documents/10180/7632544/3+1+++A+guide+to+setting+up+a+combined+authority\\_06W+EB2.pdf/5da3e7b6-e1b6-4e41-ace4-59ebdd9c9e6](http://www.local.gov.uk/documents/10180/7632544/3+1+++A+guide+to+setting+up+a+combined+authority_06W+EB2.pdf/5da3e7b6-e1b6-4e41-ace4-59ebdd9c9e6)

<sup>28</sup> Mark Sandford, 'Combined authorities', House of Commons Library, 2016

stop start nature of the process and insist that the proposals must be bottom up. However, there is growing pressure from local councils for clearer guidance on forming a combined authority.

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## Devo deals

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The devo deals are the engines of the combined authority. Although the initial wave of combined authorities (Greater Manchester and Sheffield City Region for example) were established without any constitutional conditions, since 2015 the government has insisted that no devo deals will be approved without agreement on the election of a directly elected mayor. As George Osborne made clear in introducing the clauses in the Devolution Act: “We’ll give the levers you need to grow your local economy and make sure local people keep the rewards. But it’s right people have a single point of accountability: someone they elect, who takes the decisions and carries the can. So, with these new powers for cities must come new city-wide elected mayors who work with local councils. I will not impose this model on anyone. But nor will I settle for less”.

*“What we’ve seen so far with devo deals are municipal agreements with the blessing of business, rather than community agreements” (interviewee from a combined authority)*

Some of the deals (led by the Treasury and the Cities and Local Growth Unit) have been struck in areas where combined authorities existed, others were predicated on establishing a combined authority (Cornwall as a unitary authority being the exception<sup>29</sup>). Each council that’s party to the deal had to approve its participation. Once ‘ratified’ by the individual councils the deals are implemented via Statutory Orders – largely under the Cities and Local Government Devolution Act 2016<sup>30</sup>. However, the legislation is not clear cut; many elements of the deals are not statutory so do not require Orders.

*“Policy-making in Whitehall is out of touch with local realities and what works on the ground. That’s why they went for bespoke devo deals” (interviewee, senior local government policy advisor)*

The deals include a mix of county councils, district councils, unitary authorities and metropolitan districts. Signatories to the deals have also included non-constituent members, such as LEP chairs (except for the Greater Manchester deal) and the chair of the Clinical Commissioning groups (Cornwall). Only constituent members have automatic voting rights, but non-constituent members can be given them and can benefit from funding and be signed up to more than one combined authority.

The government has created a sort of template that can be transferable to other city regions, “but can’t be applied in such a way as to cover the entire territory of England and will thus add to England’s fragmented governance arrangements”<sup>31</sup>. Indeed, as the National Audit Office (NAO) devolution report concludes: “The first devolution deals, in Greater Manchester and Cornwall, were based on areas with established institutional arrangements and coterminous local enterprise partnership areas. More recent deals such as in the West Midlands set up more complex and untested arrangements. It is not yet clear how devolution deal areas will align with the local administrative configurations of other policy areas”<sup>32</sup>. There are also concerns as to what the deals imply for areas beyond the combined authority boundaries, and what devolution should look like in places where a metro mayor is not a viable option<sup>33</sup>.

*“Without consolidation of the local government landscape, combined authorities risk becoming an unwieldy additional tier which increases bureaucracy and complicates decision making” (Angelica Gavin, Brown Jacobson, LLP<sup>34</sup>)*

<sup>29</sup> As a single authority it technically couldn’t become a combined authority

<sup>30</sup> Sandford, M Devolution to local government in England (House of Commons Library, 2016)

<sup>31</sup> See Daniel Kenealy, ‘A Tale of One City: The Devo Manc Deal and Its Implications for English Devolution’, 2016

<sup>32</sup> NAO, ‘English devolution deals’, 2016

<sup>33</sup> See work of the Key Cities Group, Association of District Councils

<sup>34</sup> LGIU Viewpoint ‘What do combined authorities mean for the future of local government’, 2015

# METRO MAYORS

**The devo deals set out the governance arrangements for decision-making for mayoral combined authorities. The elected mayor, for example, is to be the chair (and a member) of the combined authority. However, the powers in the deals are devolved from government to the mayoral combined authority. Mayors will have autonomy over certain decisions and be personally accountable to the electorate. Other policy areas will be handed to the combined authority.**

*“Metro mayors offer a stronger political voice in the room for city regions” (union official)*

Voting for the mayors will be the supplementary voting system (as in London) and the mayor can be re-elected as many times as they like. For those areas signed up to having mayors, the first election will take place in May 2017, then then again in 2020 (then every four years).

The combined authority (in addition to the mayor) consists of the local authority leaders who form the cabinet and hold different portfolios. For decisions that go to cabinet, each cabinet member has one vote and approval of decisions are based on a majority (or two thirds majority) of those present unless set out in legislation. The mayor will set out their plans, budget and strategies, which the cabinet can amend/reject by a two thirds majority.

Overview and scrutiny is conducted via a committee made up of elected councillors from the constituent local authorities. There are also standards and audit committees which can include members of the mayoral combined authority, councillors from the local authorities and co-opted independent members. The mayor can hand functions to a deputy or member of the combined authority or to a committee of the authority, and can take on the responsibilities of the Police and Crime Commissioner (as in Greater Manchester).

*“The mayors will work best where they can bring people together. They can’t do things on their own” (interviewee from a combined authority)*

So far six of the devo deals which include an elected mayor have been signed off by government and Parliament, with elections in May 2017:

- Greater Manchester
- West Midlands
- Liverpool City Region
- West of England
- Cambridgeshire and Peterborough
- Tees Valley

Boundary issues and policy disagreements have been a major stumbling blocks to advancing mayoral combined authorities in some areas. For example, in Greater Lincolnshire, Leeds City Region/West Yorkshire/ Sheffield City Region, Lancashire and the North East the path to securing agreement has been longer and protracted negotiations between the various councils continue, with the prospect perhaps of agreements in time for election in 2018 or 2019. In some instances, like the North East, the councils have agreed to continue working together as a combined authority without a devo deal on projects relating to employability and economic development<sup>35</sup>.

*“Despite the flawed version of devolution offered by the current government, for me, the opportunity to work collectively at a sub-regional level to reduce economic disparities between the North and South is one not to be missed” (Steve Rotheram MP, mayoral candidate, Liverpool City region, 2016)*

<sup>35</sup> See <http://www.northeastca.gov.uk/devolution>



### Powers and responsibilities of the Mayoral WMCA

The mayoral West Midlands Combined Authority (WMCA) will be:

- Setting the WMCA Strategic Economic Plan and investment strategy, in consultation with the LEPs and Non-Constituent Members
- Ensuring effective alignment between decision making on transport and decisions on other areas of policy such as land use, economic development and wider regeneration.
- Using WMCA wide economic intelligence and analysis as a basis for strategic planning and coordination
- Strategic decision-making on the skills agenda across the WMCA
- Enabling the Mayoral WMCA to act as the forum for local authorities to exercise the Duty to Cooperate, in respect of strategic planning matters
- Coordinating inward investment activity through the development of a range of investment mechanisms
- Responsibility for a consolidated, devolved transport budget
- Responsibility for franchised bus services, which will support the WMCA's delivery of smart and integrated ticketing across the Combined Authority's Constituent Councils
- Responsibility for a new Key Route Network of local authority roads that will be managed and maintained at the Metropolitan level by the WMCA on behalf of the Mayor
- Powers to drive housing delivery and improvements in housing stock which will include the same competencies as the Homes and Communities Agency
- The ability to place a supplement on business rates to fund infrastructure, with the agreement of the relevant local enterprise partnership boards, up to a cap; and to set a Precept
- Devolved 19+ adult skills funding from 2018/19
- Joint responsibility with government to co-design employment support for the hardest-to-help
- Responsibility to work with the Government to develop and implement a devolved approach to the delivery of business support programmes more integrated working together on investment and trade

In addition, the devo deal includes government spending commitment in support transport projects, such as the HS2 and the Eastside Metro extension.

Source: Review of West Midlands Combined Authority Functions and Governance Arrangements

## STATE OF PLAY

**With a new government and most of the attention in Westminster and Whitehall focused on planning for Brexit it's unclear how much of a political priority going forward devolution in England will be. The early signs are that ministers are not seeking to reverse the legislation, but may slow the pace if Brexit becomes problematic.**

The government's industrial strategy green paper in early 2017 stated that it: "will explore further devolution deals for our largest cities, where they will increase economic growth... this is a clear signal of belief in our local leaders and local communities to take control of their economic destiny"<sup>36</sup>. The Prime Minister has also talked about widening the scope of devolution beyond the core cities, although there is little detail<sup>37</sup>. The Communities and Local Government secretary, Sajid Javid, told the Municipal Journal that devolution and homeownership were his top priorities, whilst Greg Clark, Secretary of State for Business, Energy and Industrial Strategy remarked that following Brexit "devolution is now more important than ever"<sup>38</sup>. The Chancellor, Philip Hammond, meanwhile claimed in a speech to the Conservative Party conference in 2016 that the devo deals were key to tackling regional differences.

*"It's all about better outcomes for people and that has been lost in some the discussions. There's too much talk elsewhere of who does what" (combined authority senior official)*

Local government continues to hold differing views on elected mayors and mayoral combined authorities. For instance, in a recent government consultation on local financing the majority of councils who responded said they could see the benefits of making decisions and distributing funds over a wider area, but they indicated that

this option should be open to all, not just combined authorities<sup>40</sup>. There is also a wider anxiety over the prospect of combined authorities heading a shift towards single tier local government. According to Lord Beecham devo deals are: "in danger of sliding into a back-door reorganisation of local government as the demand for a unitary model, based on an expanded South Yorkshire combined authority, inevitably grows"<sup>41</sup>. However, for the LGA and many local council leaders, the devolution debate has been over-shadowed by the draconian cuts in council funding (and not only for front line services but also in respect of economic development<sup>42</sup>).

*"There is already pressure in some areas to reduce the number of local authority councillors and this will intensify as combined authorities centralise responsibilities and inevitably increase their resource base and staffing" (Dennis Reed, former chief executive of the Local Government Information Unit<sup>43</sup>)*

The political parties have taken different approaches towards the mayoral elections. Labour, for example, has selected national politicians, such as Andy Burnham MP (Greater Manchester), Steve Rotherham MP (Liverpool City region) and Sion Simon MEP and former MP (West Midlands), and councillors in Tees Valley and the West of England. The Conservatives and Lib Dems have opted for councillors (from Trafford) as candidates in Greater Manchester. In the Liverpool City Region the Lib Dem candidate is a councillor but the Tory candidate is a local businessman. Both the Conservative and Liberal Democrat candidates in the West Midlands are high profile business people (Andy Street, former managing director of the John Lewis Partnership, and Beverley Nielsen, former regional director of the CBI).

<sup>36</sup> Building our Industrial Strategy', Green Paper 2017

<sup>37</sup> "We plan to help not one or even two of our great regional cities but every single one of them Reuters". Key excerpts from the leadership launch of Britain's Theresa May" 11th July 2016 - <http://uk.reuters.com/article/us-britain-eu-may-idUKKCN0ZR1MY>

<sup>38</sup> Clayden, S "New DCLG secretary outlines priorities" (Municipal Journal, 2016)

<sup>39</sup> Greg Clark speech on devolution and the Northern Powerhouse, 2016 <http://www.ukpol.co.uk/2016/07/11/greg-clark-2016-speech-on-devolution-and-the-northern-powerhouse/>

<sup>40</sup> CLG, 'Self-sufficient local government: 100% business rates retention consultation. Summary of responses, 2016

<sup>41</sup> See CPRE's 'Devolution: a discussion paper for CPRE', 2016

<sup>42</sup> According to the National Audit Office local authority net spending on economic development will have fallen by 68% between 2010/11 and 2015/16, NAO, 'Local Enterprise Partnerships', March 2016

<sup>43</sup> See Reed's think piece with Steven Leach in CPRE's 'Devolution: a discussion paper', 2016

*“Britain is a country where all the defaults are set to the centre. If the chancellor stops pushing for change, we could easily see a slow drift back to Whitehall”.*  
*(Simon Parker, director NLGN).*

How the relationship between the metro mayors and the leaders of combined authorities and between the different metro mayors develops is unknown and untested. Some interviewees were concerned that the metro mayors may become competitive and divisive. The pledge by Andy Street (who is backed the Prime Minister), for example, to revolutionise public services and transport in the West Midlands by spinning off services into new mutuals or social enterprises could prove highly contentious<sup>44</sup>. Others mentioned that getting the balance right between the interests of councils in the city centre and those in outer city areas could be difficult, as might the relationship between mayors and their national parties. However, the over-riding sentiment was that mayors and local councillors have common cause in making their devo deals a success.

*“Much is expected of combined authorities to deliver and create more and better jobs – with less resources – under the guise of the Northern Powerhouse (Beth Farhat, Northern TUC Regional Secretary)*

It is unclear what the level of public interest (and turnout) might be in the mayoral elections. There was little public support for mayors in the 2012 referendum, and turnout for the police and crime commissioner elections has averaged around 25%. The impression given by interviewees for this report is that a turnout below that of the local elections (31%) could prove embarrassing for both the government and combined authorities. Most importantly a low turnout could undermine the legitimacy of mayoral combined authorities.

Trade unions have not been actively involved in the metro mayor elections. However, some unions, such as Unison, are supporting Labour candidates. According to James Anthony, who chairs Unison’s general political fund, the elections offer “an opportunity to raise our concerns about the current state of public services”.

<sup>44</sup> Guardian 23 February 2017

# THE DEVOLUTION PICTURE

	Population	Number of authorities	Combined authority	Electoral Mayor (in statute)	Mayoral elections	Mayoral Devo Deal
<p><b>Greater Manchester</b></p> <p>Councils (constituent members): Bolton, Bury, Manchester, Oldham, Rochdale, Salford, Stockport, Tameside, Trafford and Wigan  <a href="http://www.greatermanchester-ca.gov.uk">www.greatermanchester-ca.gov.uk</a>                      LEP: Greater Manchester LEP <a href="http://www.gmllep.com">www.gmllep.com</a></p>	2.8m	10	Yes	Yes	2017	Yes
<p><b>West Midlands</b></p> <p>Councils (constituent members): Birmingham City Council, City of Wolverhampton Council, Coventry City Council, Dudley Metropolitan Borough Council, Sandwell Metropolitan Borough Council, Solihull Metropolitan Borough Council, Walsall Council                      LEPs: Black Country LEP <a href="http://www.blackcountrylep.co.uk">www.blackcountrylep.co.uk</a>                      Coventry and Warwickshire LEP <a href="http://www.cwlep.com">www.cwlep.com</a>                      Greater Birmingham and Solihull LEP <a href="http://centrefenterprise.com">centrefenterprise.com</a></p>	2.7m	7 + 5 non constituent	Yes	Yes	2017	Yes
<p><b>Liverpool City Region</b></p> <p>Councils (constituent members): Halton, Knowsley, Liverpool, St Helens, Sefton and Wirral <a href="http://www.liverpoolcityregion-ca.gov.uk">www.liverpoolcityregion-ca.gov.uk</a>                      LEP: Liverpool City Region LEP <a href="http://www.liverpoollep.org">www.liverpoollep.org</a></p>	1.5m	6	Yes	Yes	2017	Yes
<p><b>West of England</b></p> <p>Councils (constituent members): Bath &amp; North East Somerset, Bristol and South Gloucestershire <a href="http://www.westofengland-ca.org.uk">www.westofengland-ca.org.uk</a>                      LEP: West of England LEP <a href="http://www.westofenglandlep.co.uk">www.westofenglandlep.co.uk</a></p>	1.1m	3 + 1 non constituent	Yes	Yes	2017	Yes
<p><b>Tees Valley</b></p> <p>Councils (constituent members): Darlington, Hartlepool Middlesbrough, Stockton-on-Tees and Redcar and Cleveland <a href="http://teesvalley-ca.gov.uk">teesvalley-ca.gov.uk</a>                      LEP: Tees Valley Unlimited LEP <a href="http://teesvalley-ca.gov.uk">teesvalley-ca.gov.uk</a></p>	670,000	5	Yes	Yes	2017	Yes
<p><b>Cambridge/Peterborough</b></p> <p>Councils (constituent members): Peterborough City Council, Fenland District Council, Cambridgeshire County Council, Huntingdonshire District Council, East Cambridgeshire District Council, South Cambridgeshire District Council and Cambridge City Council  <a href="http://www.cambridgeshire.gov.uk/devolution">www.cambridgeshire.gov.uk/devolution</a>                      LEP: Greater Cambridge/Greater Peterborough Enterprise Partnership <a href="http://www.gcgp.co.uk">www.gcgp.co.uk</a></p>	830,000	7	Yes	Yes	2017	Yes
<p><b>Sheffield City Region</b></p> <p>Councils (constituent members): Barnsley, Bassetlaw, Bolsover, Chesterfield, Derbyshire Dales, Doncaster, North East Derbyshire, Rotherham and Sheffield                      LEP: Sheffield City Region <a href="http://sheffieldcityregion.org.uk">sheffieldcityregion.org.uk</a></p>	1.8m	4 +5 non constituent	Yes	Yes	2018?	Pending
<p><b>Leeds City Region/ West Yorkshire</b></p>	3m	6	Yes	?	2018?	?
<p><b>North East</b></p>	1.9m	7	Yes	No	?	No
<p><b>North Midlands</b></p>		19 + 5 non constituent	Pending	No	2018?	Pending

Source: Smith Institute and Centre for Cities

30-year investment fund	Education and skills powers	Housing and planning	Transport	Health and social care
£900m	Apprenticeship grant for employers. Adult skills budget. Post-16 further education system. Co-design Work and Health Programme.	£30m a year Housing Investment Fund. Strategic planning. Land Commission. Compulsory purchase powers. Mayoral Development Corporations.	Consolidated transport budget. Bus franchising. Smart ticketing.	Control of £6 billion integrated health and social care budget.
£1.1bn	Adult skills budget. Post-16 further education system. Co-design Work and Health Programme.	Compulsory purchase powers. Strategic planning. Land Commission.	Consolidated transport budget. Bus franchising. Smart ticketing. Local roads network.	Mental health commission.
£900m	Apprenticeship grant for employers. Adult skills budget. Post-16 further education system. Co-design Work and Health Programme.	Strategic planning. Compulsory purchase powers. Mayoral Development Corporations. Control of Key Route Network.	Consolidated transport budget. Bus franchising. Smart ticketing. Local roads network.	Planning for health and social care integration.
£900m	Apprenticeship grant for employers. Adult skills budget. Post-16 further education system.	Strategic planning. Compulsory purchase powers. Mayoral Development Corporations.	Consolidated transport budget. Bus franchising. Smart ticketing. Local roads network.	
£450m	Adult skills budget. Co-design Work and Health Programme.	Strategic planning. Compulsory purchase powers. Mayoral Development Corporations.	Consolidated transport budget.	
£600m	Adult skills budget. Co-design Work and Health Programme.	Strategic planning. £170m housing fund. Mayoral Development Corporation.	Consolidated transport budget. Local roads network. Bus franchising. Sub national transport body.	

**The powers and responsibilities contained in the devo deals vary, shaped in part to the ambitions of the combined authority and its starting point. Greater Manchester, for example, whose councils have a long history of working together, has secured five separate devo deals.**

The first wave of deals centred on the economic development agenda, with combined authorities taking on powers under the 2009 Act relating to transport (public transport and local road networks), housing and planning and business support. The second wave, bolstered by the Cities and Local Government Devolution 2016 Act, allowed for the establishment of long-term investment funds and the bespoke transfer of other functions, such as health and social care in Greater Manchester (see chapter on the Greater Manchester Experience).

All the mayoral combined authorities will have powers to produce long term spatial plans (frameworks), which will be subject to public consultations and signed off by the mayor. These sub-regional plans, similar to the London spatial plan, will sit above the local plans and are expected to focus on transport and the provision of land for housing.

Local government has more recently been making the case for further devolution in respect of welfare and public services. The LGA, for instance, has called for a renewed approach: “Early deals have rightly been focused on growth and economic policy. It is now time to build on this work by looking at a wider agenda for devolution and public service reform. There is agreement in local government that the dividing lines between social and economic policy need to be redrawn, and that the best way to do this is to increase the focus on place and devolving powers”<sup>45</sup>.

The 2016 legislation for handing power down is non-prescriptive and supporters of devolution argue that overtime more powers will be devolved, as was the case in London and the devolved nations. Most of the mayoral candidates say they will be seeking much stronger powers and more resources from central government. Sion Simon, the candidate in the West Midlands, for example, said the current mayoral arrangement is a “bureaucratic misalignment, which needs fixing if the mayor is to champion West Midlands businesses and communities”.

Others have argued that for devolution to progress there will need to be a greater ambition and willingness by central government to let go. There is some evidence of this, although several interviewees suggested that ministers were becoming disengaged and “bogged down with Brexit”.

*“I have an ambition for the Tees Valley to be a Living Wage area. That everyone gets paid a decent wage, with job security. We can do it, we don’t have to wait for some else to do it for us” (Cllr Sue Jeffrey Labour candidate for Tees Valley metro mayor)*

<sup>45</sup> LGA, ‘What next for devolution: a discussion paper’, 2016

## FUNDING AND FISCAL DEVOLUTION

**The devolution of funding to combined authorities through devo deals has been incremental and for the most part begrudging. According to the NAO: “Overall, the government’s funding for the deals is relatively small compared to its total funding for local authorities and other bodies such as LEPs and local authorities’ total expenditure”<sup>46</sup>. However, the combined authorities are hopeful that funding will increase and that future allocations will be less tied to national policy priorities.**

Levels of devo funding also need to be set alongside the on-going cuts in local government funding (estimated at £6bn by 2019/20 if current levels of service are maintained<sup>47</sup>). As the paper on devolution and finance by Berwin Leighton Paisner concluded: “In the long term, one might question the sustainability of a public sector (and combined authority) finance system in which the uncertainties of time-limited deals are ever present and budgets are eroded year on year”<sup>48</sup>.

*“A big part of the devo agenda is about mitigating the worst of the cuts” (combined authority interviewee)*

Only the mayoral combined authorities receive the extra funding under the recent devo deals, with each of the six receiving between £15- £36m pa for 30 years in a dedicated Investment Fund. The rest of the funding comes through Growth Fund allocations and devolved budgets, such as transport budgets and adult skills. The exception is Greater Manchester, whose devolved healthcare budget is estimated at around £6bn a year. This dwarfs other devo deals, although the mayoral candidate, Andy Burnham, claims that the funding is insufficient.

The government has said it would *over time* remove budgetary ring fencing and consolidate devo funding streams into a ‘single pot’. This would include consolidated transport budgets as well as any other funding awarded via the mayor’s office. The combined authorities argue that such a move would allow for a scaling up of ‘placed-based

budgeting’ and enable a pooling of the LEP’s Local Growth Funding.

The Autumn Statement 2016 gave mayoral combined authorities extra powers to borrow, albeit subject to agreeing a borrowing cap with Treasury. The government has also promised to consult on lending local authorities up to £1 billion at lower rates to support infrastructure projects that offer high value for money.

Most of the combined authorities are also hoping to secure additional funding through extended ‘earn back’ and ‘gain share’ schemes, whereby council earn back a share of the fiscal benefits attached to delivering specific outcomes, such as higher savings – see example below.

### Greater Manchester ‘Earn Back’ Scheme

GMCA’s ‘Earn Back’ scheme was part of its City Deal in 2012. It uses a formula, linked to changes in rateable values over time at the Greater Manchester level, to provide a revenue stream to Greater Manchester over 30 years if additional GVA is created relative to a baseline. It provides an additional incentive for Greater Manchester to prioritise local government spending to maximise GVA growth. If successful in driving economic growth, Greater Manchester will receive a larger proportion of resultant tax take generated from this growth than would otherwise be the case under business rate retention. The ‘earned back’ resources are to be used for further investment, similarly prioritised on net GVA impact at Greater Manchester level. This will create a revolving fund which rewards Greater Manchester for delivering growth. Investment will be funded up-front by Greater Manchester, and Government will only surrender revenues once Greater Manchester’s investment has generated value above an agreed baseline from 2015-16. The locally funded element of the

<sup>46</sup> According to the NAO the government has announced £2.9 billion of initial allocations over five years for the first six mayoral devolution deals. This compares to £461.5 million a year provided to the LEPs for nine devolution deal areas under the Local Growth Fund, and £4.4 billion in total capital expenditure by the local authorities involved (2014-15)

<sup>47</sup> LGA, ‘Future funding outlook for councils 2019/20’, 2015

<sup>48</sup> Berwin Leighton Paisner, ‘Local devolution and infrastructure finance’, 2016

programme will deliver a short-term boost to demand in excess of £2bn by 2016 and in the longer term the forecast economic impact of the local contributions exceeds £1bn per annum by 2025. At least 25 per cent of the impact comes through productivity gains and given that these benefits are net at the Greater Manchester level, a significant proportion of the remainder will also be net at the national level. In addition, operating at Greater Manchester level will eliminate displacement from elsewhere in the city.

Source: London Finance Commission, 2013

The combined authorities and their LEPs claim to have been successful in seeking private finance. Manchester City Council, for example, attracted investment from the Greater Manchester Pension Fund into new local housing schemes. Other authorities are developing revolving loan infrastructure funds, social impact bonds and collective investment funds (such as the WMCA's Fund, managed by Finance Birmingham). However, investment from institutional investors into the city regions, including local authority pension funds, has so far been fairly small. According to the international infrastructure group, Balfour Beatty: "Most cities have yet to leverage the full financial potential of their balance sheets. Many have yet to make compelling cases for significant private investment"<sup>49</sup>.

As part of the devo deals, some of the combined authorities were granted Intermediate Body Status for European funding programmes, such as EU Social Fund and European Regional Development Funds. These funds attract match funding from national organisations, like the Big Lottery. However, after Brexit it's unclear whether matched funding, at least to previous levels, will continue or even whether government will commit to future funding (see chapter on Brexit and devolution).

## Fiscal devolution

The initial devo deals offered no fiscal powers. As devolution experts at Newcastle University put it: "The national centre is nervous about meaningful decentralisation of fiscal powers because of its potential risks for the national priority of deficit reduction and aspiration for fiscal surplus and its enduring lack of trust in the capacity and competence of local government to take on further powers and responsibilities"<sup>50</sup>.

However, the government has recently agreed to allow the mayoral combined authorities the powers to retain all additional business rates generated locally from April 2017 for infrastructure projects (and *is minded* to do the same for other councils after 2020)<sup>51</sup>. This mirrors the powers granted to London to help pay for Crossrail. Metro mayors will also have the power to raise an additional 2% levy on business rates, subject to the agreement of the local LEPs.

Most of the combined authorities are exploring the options for introducing local taxes, such as user charges, property levies, airport taxes, tourism taxes, and retaining a share of national taxes, such as income tax and VAT. Sion Simon, Labour's mayoral candidate in the West Midlands, for example, has launched a fiscal commission "to understand how additional powers and fiscal freedoms could be used for the greater socio-economic benefit of the region". This follows in the footsteps of the London Finance Commission, which called for London to have "a broader tax base with stronger fiscal controls at the local level will support the delivery of more integrated and efficient services and increased infrastructure investment, while allowing for the reform of individual taxes"<sup>52</sup>. The Commission's report also noted that (unlike the other major cities) London is a net contributor to the Treasury and now accounts for around a third of the nation's tax revenues.

<sup>49</sup> Balfour Beatty, 'Where now for Combined Authorities? The Impact of the vote to leave the EU', 2016

<sup>50</sup> Curds, 'Decentralisation: issues, principles and practice', 2016 <https://research.ncl.ac.uk/ibuild/outputs/reports/Pike%20et%20al.%202016%20Decentralisation%20-%20Issues%20Principles%20and%20Practice%20-%20Final%20Draft-1.pdf>

<sup>51</sup> Under these pilot scheme the combined authority will no longer receive any Revenue Support Grant and in some instances transport grants from Government, but will keep all business rates generated (instead of only half at the moment). The funds must be ring fenced where the mayor is also the Police and Crime Commissioner

<sup>52</sup> London Finance Commission, 'Devolution: a capital idea', 2017



Although the Commission is proposing a fiscally neutral settlement for London, any significant change in the tax regime would overtime have knock on effects for the combined authorities<sup>53</sup>.

*“The devolution of powers also helps authorities to establish user charging, value capture and other revenue raising regime initiatives” (The Infrastructure Forum)*

The Independent Commission on Local Government Finance recommended that councils should be free to set council tax and council tax discounts and that city regions should ‘pioneer’ single place based budgeting and have powers to vary council tax bands<sup>54</sup>. However, it is noteworthy that recent government consultations showed that the vast majority of councils (74%) were against funding budgets associated with devo deals through retained business rates. Many mentioned that such an approach could reduce funding available for non-devo deal areas. The consensus was that “responsibilities unique to devolution deal areas should continue to be funded separately through central government grant”<sup>55</sup>.

So far none of the fiscal commissions have explored the impact of fiscal devolution on pay bargaining. However, interviewees for this report suggested that extra funding from local taxes and ‘earn back’ schemes could make an important contribution to overall resources, which in turn might help offset cuts in central government grant.

*“The UK has one of the most centralised systems of public finance of any major OECD country. Other OECD cities have control over many more taxation streams and many also receive a direct allocation of national or federal taxes including income tax and VAT” (Core Cities Group<sup>56</sup>).*

<sup>53</sup> London Finance Commission “devolution of tax powers would be neutral from day one and would not result in tax increases at the point of devolution. Rather, the rationale for fiscal devolution is that it would incentivise London’s government to grow its tax base, including by investing in infrastructure”, 2017

<sup>54</sup> LGA/Chartered Institute of Public Finance and Accountancy, ‘Financing English Devolution’, 2014

<sup>55</sup> CLG, ‘Self-sufficient local government: 100% business rates retention consultation. Summary of responses, 2016

<sup>56</sup> Core Cities Group, ‘A call for greater fiscal autonomy for our cities’, 2016

## PUBLIC ENGAGEMENT

**The emergence of combined authorities has for the most part been discreet and exclusive, with most of the devo deals negotiated between local political leaders, local business representatives and ministers. There has been minimal civic engagement and public awareness of combined authorities is generally low<sup>57</sup>. Unions have drawn attention to the lack of public engagement, which many feel is indicative of the general remoteness of combined authorities.**

According to Parliament's CLG Committee, "there has been a consistent and very significant lack of public consultation, engagement and communication at all stages of the deal-making process"<sup>58</sup>. Part of the explanation for this is that the devo deals have been conducted mostly in secret without democratic scrutiny<sup>59</sup>. Local political leaders are also mindful of the fact that most city-regions rejected proposals for metro mayors in referenda in 2012<sup>60</sup>.

*"Most of the city regions didn't engage that well because the devo process was competitive and complicated. That's starting to change, but everything is still very fragmented" (Local government policy adviser)*

Recent public surveys by PwC concluded that eight out of ten people know 'just a little' or nothing about devolution, with awareness in East Anglia and the West country as low as 9% and 11% respectively. PwC comments that: "Local identity is a challenging concept for members of the public to pinpoint, and tends to relate to a person's immediate locality rather than a wider sense of regional identity. With a lack of a strong shared identity in many areas, Combined Authorities need to make the case for building links and connectivity across places"<sup>61</sup>. Interviewees for this report also mentioned that the public were concerned most

about the impact that a combined authority would have on local services, rather than governance matters.

*"Whilst one size doesn't fit all, the combined authorities have appeared aloof and public awareness has been low" (union interviewee from a city region)*

As mentioned, all the combined authorities have actively sought to involve the business community (usually via the LEPs) and to a lesser extent academia and public service agencies via existing local authority partnership groups. To some extent this is a desired outcome of the government's preference for deal making and the policy focus on promoting private sector led growth.

With the government signing off more metro mayoral devo deals there has been a noticeable increase in public and stakeholder engagement. The consultation for a mayoral combined authority in the West of England, for example, engaged over 2,000 residents (with two thirds in favour). The consultation for a new Lancashire Combined authority (2016) showed 70% of respondents in favour, although the rate was much higher among business (82%) than residents (65%). Greater Manchester has also undertaken more public consultations on its devo deals and actively supports the 'People's Plan', an independent public engagement programme run by civil society groups and unions<sup>62</sup>. Recently there has also been evidence of combined authorities forming collaborative agreements with specific groups, such as the Greater Manchester Memorandum of Understanding with the city-regions housing associations and the new West Midlands Housing Association Partnership, which was established to help the West Midlands combined authority "deliver its social and economic aims, through housing and related activities, such as employment and health".

<sup>57</sup> Polling by the Centre for Cities/Comres in June 2016 suggests that only a third to a half of residents in the big city regions are even aware of plans to introduce a metro mayor <http://www.comres.co.uk/polls/centre-for-cities-2017-mayoral-research/>

<sup>58</sup> House of Commons CLG Committee, 'Devolution the Next five and beyond', 2015

<sup>59</sup> As John Tomaney, Professor of Urban and Regional Planning at UCL and long standing expert on devolution matters, comments: "the problem with 'secret deals' must be addressed if devolution is going to have any real democratic credentials" J.Tomaney, 'Limits of Devolution: Localism, Economics and Post-democracy', Political Quarterly, 2016

<sup>60</sup> In May 2012 10 English cities held referendums on the introduction of elected mayor posts, with only Bristol assenting

<sup>61</sup> PwC, 'What does the public want from devolution', 2016 <https://www.pwc.co.uk/industries/government-public-sector/what-does-the-public-want-from-devolution.html>

<sup>62</sup> <http://www.peoplesplangm.org.uk/>

*“The People’s Plan provides a focus on some of the big devolution questions beyond how to improve investment and the economy. It’s an opportunity to shape the future of health, social care, well-being, transport, housing and local democracy” (Royal College of Nursing)*

Local and national organisations and campaign groups have started to become more aware of combined authorities and mayoral elections. Some national groups have made specific demands of combined authorities. The Co-operative Party, for example, recently called on combined authorities to set up ‘co-operative commissions’ to explore options for expanding the co-operatives sector in their region and embedding co-operative governance within public sector bodies and services<sup>63</sup>. In a similar vein Citizens UK is calling on the metro mayors to prioritise the Living Wage campaign. The National Housing Federation published a paper setting out some broad principles that can make devolution work for housing associations in combined authority areas<sup>64</sup>. The Association of Public Service Excellence has called on combined authorities to pay more attention to the ‘quiet revolution in local council frontline services’. The Fawcett Society, meanwhile, are calling on combined authorities to help address the under-representation of women in senior local government posts<sup>65</sup>.

The TUC has also requested that all combined authorities make more effort to meaningfully engage with the public and local stakeholders<sup>66</sup>. Lobbying efforts have not only been targeted at the combined authority, but at supporting bodies like the Core Cities Group, the Northern Powerhouse, the Midlands Engine for Growth and Transport for the North. The expectation is that this type of engagement will intensify after the election of metro mayors.

*“The future is about more devolution where decisions are made closer to the people and needs of the poorest. In this, we need new experiments in participative democracy, with citizens’ forums, and more co-produced solutions” (Centre for Local Economic Strategies)*

<sup>63</sup> ‘By us , for us: a Co-operative Party agenda for enhanced city and county regions’, 2016 <https://party.coop/wp-content/blogs.dir/5/files/2016/11/for-us-by-us-final-web.pdf>

<sup>64</sup> <http://www.housing.org.uk/resource-library/browse/principles-for-devolution-briefing/>

<sup>65</sup> See the Fawcett Society and LGiU new Commission ‘Does Local Government Work for Women?’

<sup>66</sup> ‘No such ‘devolution’ of powers should take place anywhere, without a full public consultation, the widest public debate, and full public scrutiny of the proposals, and a prior referendum amongst those affected by the proposals, take place before they are implemented’, TUC Conference Resolution 2015

## TRADE UNIONS AND DEVOLUTION

**“Trade unions can work in partnership with employers and training providers to encourage participation in workplace learning and skills development, and so help raise labour productivity and skills utilisation while also improving wage levels and working conditions.”**  
*(JRF report on employment and skills initiatives in the Leeds City Region, 2016)*

The table below gives an approximation of union membership within areas with devolved governance arrangements in England. Including London, it suggests that around 2.6 million workers or about half of English trade union members are found in areas with some form of devolution, with the highest density in the North and West Midlands.

	Union density	Number of unionised employees	Number of combined authorities <sup>103</sup>	Number of employees	Possible membership based on regional average
North East	30.1	324,000	2	964,000	290,000
North West	27.9	806,000	2	1,587,000	442,000
Yorkshire and the Humber	27.2	579,000	2	1,473,000	401,000
East Midlands	23.1	443,000	2	1,170,000	270,000
West Midlands	25.2	572,000	1	1,060,000	267,000
East of England	20.0	502,000	2	1,002,000	200,000
London	18.1	638,000	Mayor/GLA	3,524,000	638,000
South East	20.8	763,000	0	-	-
South West	22.2	481,000	1	532,000	118,000
Total			12	11,312,000	2,626,000

Trade union engagement with combined authorities has been ad hoc and for the most part low key and confined to technical/advisory groups, policy sub-groups or programme management committees. First tier, strategic decision making, has been primarily a matter for local authority leaders and appointed business leaders<sup>67</sup>. Indeed, only one of the devo deals mention unions (Sheffield City

Region deal), and only the Norfolk and Suffolk deal mentions workers or employees (one of the Greater Manchester deals makes reference to supporting older people back into work).

*“Trade unions have not been included in the devo policy making so far, which is more of a culture thing as far as business goes” (interviewee from business)*

<sup>67</sup> See 'What is wrong with the West Midlands Combined Authority and what we can do about it?', 2016, Birmingham Against the Cuts <https://birminghamagainstthecuts.wordpress.com/>

Even in policy areas where unions are active, like skills training, involvement with combined authorities and LEPs has been patchy. For example, there appears to have been little trade union involvement in the preparation of the combined authority's post-16 education and training Area Reviews.

*“Trade unions are ambivalent towards devolution, in part because of capacity issues” (union official)*

In some combined authorities unions are hardly mentioned (in the Leeds City Region, for example, there does not appear to be any union representation on either the combined authority or LEP sub-committees or panels<sup>68</sup>), in others there is a recognition of what unions can offer. A study of the Sheffield City Region concluded that devolution was “missing an inclusion framework” and that “trade unions have important roles to play and should be represented alongside local authorities and business leaders....and should ensure that unions are actively involved in city regions, building on the Unionlearn proven track record of achieving this”<sup>69</sup>. Similarly, the revised proposals for a single and multiple Yorkshire mayoral combined authority identified unions as main ‘social partner’ consultees, advising the mayor’s cabinet<sup>70</sup>.

*“If economic development and public service reform are to be devolved, it is essential that trade unions have a voice in the debate at the devolved level. Our vision for devolution sees a key role for trade unions and other civil society partners in shaping the agenda – what is devolution for – and developing the relationships to make that happen” (Paul Nowak, deputy general secretary TUC, 2017)*

However, in some of the emerging combined authorities there are signs of a more positive approach towards unions, such as the West Yorkshire Combined Authority Area Low Pay Charter which commits to work in partnership over areas such as pay, pensions, and skills as well as procurement and social value and zero hours contracts and casual staff.

Trade unions may not have been a major presence at the birth of most combined authorities, but

individual unions and the regional TUC have become more involved in some of the consultative forums, especially in Greater Manchester (see next chapter). As mayoral combined authorities bed in the level of engagement may increase, especially in areas with Labour mayors. As one union interviewee put it “we have plenty of worries about metro mayors, but the potential benefits outweigh our concerns. Councillors have got used to unions not being at the table. Devolution gives us an opportunity to change that”.

According to one union official the challenge is less in high performance workplaces where the union contribution is widely understood or in the public sector where union density is relatively high, but in low skilled, low paid private sector employment, where unions are less visible.

#### Examples of trade union involvement with combined authorities

- The North East combined authority’s Economic Development and Advisory Board and the LEP’s Employment and Skills Board have a TUC representative<sup>71</sup>. The TUC also fed into the LEP’s Strategic Economic Plan.
- Tees Valley’s LEP had a TUC representative on its employment, learning and skills group<sup>72</sup>
- The WMCA’s Commission on productivity and skills states in its draft terms of reference that it intends to consult with trade unions<sup>73</sup>
- Liverpool City Region’s Employment and Skills Board has a TUC representative
- The Sheffield City Region deal commits to “developing inclusive partnership arrangements with trades unions”
- In Cambridge and Peterborough, the LEP has a trade union member on its European Investment and Structural Fund Committee<sup>74</sup>
- Greater Manchester engages unions on health and social care matters

<sup>68</sup> <https://www.the-lep.com/about/governance-and-funding/panels-and-advisory-group/>

<sup>69</sup> [Devolution and disadvantage in the Sheffield City Region: An assessment of employment, skills and welfare policies’, 2016 Dr Etherington, Middlesex University and Prof Martin Jones, University of Sheffield [https://www.sheffield.ac.uk/polopoly\\_fs/1.6450051/file/SSDevolutionPolicy.pdf](https://www.sheffield.ac.uk/polopoly_fs/1.6450051/file/SSDevolutionPolicy.pdf)

<sup>70</sup> See West Yorkshire Combined Authority discussion paper, January 2017

<sup>71</sup> North East LEP “Employment and skills board” <http://www.nelep.co.uk/whoweare/strategic-skills-group/>

<sup>72</sup> Tees Valley Combined Authority Board <https://teesvalley-ca.gov.uk/wp-content/uploads/2016/06/Agenda-Business-Meeting.pdf>

<sup>73</sup> West Midlands Combined Authority, Productivity and skills commission: Draft terms of reference <http://wolverhampton.moderngov.co.uk/documents/s28254/Item%205.2%20-%20Appendix%20B%20-Draft%20Terms%20of%20Reference%20and%20Role%20of%20Productivity%20and%20Skills%20Commission.pdf>

<sup>74</sup> Greater Cambridge, Greater Peterborough LEP ESIF Committee <http://www.gcgp.co.uk/how-can-we-help/european-funding/esif-committee/>

The devo deals (old and new) cover around 10 million people in employment (around 38% of those in work in England). The areas vary in size, earnings and employment rates, with the West Midlands and northern combined authorities showing the highest unemployment rates.

### Examples of labour markets in combined authority areas 2015

	Population	Economically active	Employed	Employment rate	Unemployed	Unemployment rate
North Midlands	2,161,365	1,196,800	1,006,000	74%	47,900	4.0%
Cornwall	549,404	251,700	236,600	74%	15,100	6.0%
Greater Lincolnshire	1,066,055	499,500	471,800	73%	27,200	5.4%
Greater Manchester	2,756,162	1,328,400	1,240,100	70%	88,300	6.6%
Liverpool City Region	1,524,558	692,700	650,100	68%	42,800	6.2%
North East	1,957,152	934,300	861,500	70%	72,800	7.8%
Sheffield City Region	1,842,159	876,900	822,400	71%	54,000	6.2%
Tees Valley	667,469	310,300	285,100	69%	25,100	8.1%
West of England	1,118,807	576,100	553,500	77%	22,500	3.9%
West Midlands	2,833,557	1,250,700	1,147,500	65%	103,300	8.3%
West Yorkshire Combine Authority	2,488,574	1,199,000	1,126,400	71%	72,600	6.1%
Cambridgeshire and Peterborough	841,218	432,800	413,700	78%	19,100	4.4%
Norfolk and Suffolk	1,626,873	762,000	735,000	77%	27,000	3.5%
Non-constituent members (North Midlands and Sheffield)	467,504	223,300	216,200	76%	8,900	4.0%

# GREATER MANCHESTER'S WORKFORCE PROTOCOL

**Trade unions have been more active in combined authorities in regard to public service reform, reflecting higher union density and prevailing collective agreements. The initial Norfolk and Suffolk deal, for instance, referred to redesigning services to ensure prevention and early help, and the WMCA and North Midlands propose establishing Public Service Reform Boards<sup>75</sup>.**

However, the most significant example is Greater Manchester, whose devolution of healthcare is arguably the boldest component of any of the deals. Besides devolved health functions, the Devo Manc deal includes: a Public Service Reform Investment Fund; an integrated approach to the delivery of services for children; as well as public services reform for business support, skills, complex dependency<sup>76</sup>. Most significantly for unions, Greater Manchester has put in place arrangements to involve employees and their union representatives on implementation of the devo health deal.

*"If decisions taken at city-region level are to impact on the employment conditions of our members, then it's imperative for us to be involved" (North West public services union officer)*

The GMCA's plans for public service reform have not been without controversy, with unions and healthcare professionals raising concerns over under-funding, back door privatisation and the prospect of uneven parity of service quality (with poorer areas losing out). However, there remains a positive 'can do' attitude in Greater Manchester, which is also evident among the public service unions.

Greater Manchester (initially under the interim mayor, Tony Lloyd) has shown a willingness to openly engage with unions on health and social care integration. According to the GMCA's website, "Positive and meaningful employee engagement is integral to the successful achievement of Greater Manchester's ambitions and the delivery of the devolution agenda". This has materialised in the form of a Greater Manchester workforce prospectus, which provides a framework to:

"describe the ambition to establish a robust and sustainable workforce across Health & Social Care"<sup>77</sup>.

Although unions are not members of GMCA's health and wellbeing board or the joint health scrutiny committee, they are represented on the new public services social partnership groups, notably the Greater Manchester Strategic Workforce Engagement Board (and Protocol) and the Greater Manchester Health and Social Care Workforce Engagement Forum.

*"We have the bargaining machinery to make Devo Manc work and remain positive about negotiating some of the big issues, like harmonisation of employment terms" (Union interviewee)*

The Protocol on information sharing, consultation and employment responsibility was negotiated through the Public Services Committee of the North West TUC. It is based on a set of 'Principles of Engagement', which guide the discussions between the public service unions, GMCA, and the Greater Manchester Health and Social Care Partnership Board. The emphasis is very much on consensus building and strengthening social partnership, with collective bargaining arrangements untouched.

According to Kevan Nelson, Chair of the North West TUC Public Services Committee, and Regional Secretary of Unison North West: "It is important that the benefits of devolution are felt by the citizens and workers of Greater Manchester. This new protocol recognises that the role of employees is vital in delivering quality public services and that there is a need for high-quality employment in the Greater Manchester economy. The devolution agenda is taking place in a context of chronic underfunding of public services. Staff are worried about the future of their jobs and the services they provide, and it is welcome that Greater Manchester's leaders are committed to doing all they can to avoid worsening pay, pensions and terms and conditions. Their commitment to early consultation with staff and the creation of a new

<sup>75</sup> See: <https://westmidlandscombinedauthority.org.uk/media/1176/public-reports-pack-10062016-1100-west-midlands-combined-authority-board.pdf>

<sup>76</sup> For more detail see GMCA "Public Service Reform – Developing Our Approach" (30th October 2015)

<sup>77</sup> GMCA, "Developing a sustainable workforce in Greater Manchester 2016-2020"

Workforce Engagement Board will help ensure that change takes place on a consensual basis where possible. In reshaping public services and governance in Greater Manchester, it is essential that the workers' voice is heard".

The TUC is encouraging other combined authorities to enter into similar arrangements. Steve Rotheram, the mayoral candidate for Liverpool City Region, for example, has pledged to introduce a similar protocol and workforce engagement board to the GMCA.

**Greater Manchester Strategic Workforce Engagement Board** meets quarterly to consider the workforce implications relating to the delivery of the devolution agenda and report to the Health and Social Care Engagement Partnership Board<sup>78</sup>.

**Greater Manchester Health and Social Care Workforce Engagement Forum** focuses specifically on workforce issues relating to health and social care. It feeds into the GMCA Strategic Workforce Engagement Board. This Forum has been developed in conjunction with both health and local government trade unions to ensure robust partnership working arrangements are in place to discuss issues arising from workforce transformation programmes and to ensure there is meaningful discussion at City Region level on matters arising from the planning and implementation of devolution in health and social care across Greater Manchester. This Forum has also been agreed with the North West Social Partnership Forum (which comprises full time officers from health unions) and mirrors previously created fora established to support major transformational change programmes for example, Making it Better and Healthier Together.

**The Greater Manchester Protocol** recognises that "staff play a vital role in the delivery of high quality public services". It sets out how and when consultation with the workforce will take place. The protocol states: *Where two or more Greater Manchester public bodies propose to deliver a service across geographical and/or service boundaries, the Greater Manchester trade unions will create Workforce Project Leads to facilitate full consultation and staff engagement with all affected employers. The best means of supporting this work is through joint employer facility release. This approach has been successful in recent years in the implementation of Single Status and Job Evaluation in Local Government and Agenda for Change in Health. Any joint employer facility release would require clarity of outcomes and activity from such release and require agreement with the relevant employers.*<sup>79</sup> The Protocol also acknowledges union concerns on the reconfiguration of services, pay and conditions, pensions, re-location, continuity of employment, skills and co-ordination between unions and employers.

The view from the public service unions in Greater Manchester is that they are now well placed to work with GMCA on delivering devo work and integrated healthcare, helped by the fact there are 'single table agreements' which includes non-TUC unions.

<sup>78</sup> GMCA/Greater Manchester Health and Social Care Devolution Strategic Partnership Board "GM Health and Social Care Workforce Engagement Forum" 26 February 2016

<sup>79</sup> TUC "Greater Manchester Protocol for Joint Working on Workforce Matters" via Protocol signed between trade unions and Greater Manchester on devo impact for workers <https://www.tuc.org.uk/industrial-issues/public-sector/protocol-signed-between-trade-unions-and-greater-manchester-devo>



# A CHALLENGE AND OPPORTUNITY

## — THE WORK AND SKILLS AGENDA

Employment law, health and safety, trade union regulation and minimum wages are reserved to Westminster. However, there has recently been some devolution around back to work employment support and adult skills. In the 2016 Autumn Statement, for example, the government also announced Greater Manchester (and London) would co-design and co-commission the Work and Health Programme.

*“Whitehall doesn’t have the machinery or the attitude to work with combined authorities on skills training” (interviewee, labour market expert)*

At the roundtable meeting in Birmingham to discuss devo work in the West Midlands for this report it was widely agreed that improving skills and life-long learning is key to closing the regional productivity gap and ensuring prosperity for the city-region. Indeed, all the combined authorities stress the need to improve employment and address the skills gap. As Liverpool City Region’s devo deal puts it: “Devolution must deliver opportunities for all of those residents and businesses, through creating more jobs, improving the skills and employment prospects of our residents”. However, the general impression from interviews with both business and unions in combined authority areas was that the skills system is far too complex and fragmented<sup>80</sup>.

### Devolved employment skills

The benefits of economic growth may not reach everyone. Delivering the benefits of local growth for local people will mean maximising opportunities for residents to upskill, re-train, progress in work and find the job they want. The issues which need to be addressed to achieve this are:

- an ageing workforce, it will primarily be adults’ skills and capabilities that will either deliver or constrain growth
- re-claiming the lost generation of young people by providing better skills, improved guidance and new pathways to employment
- a better local skills match between training and employer demand
- further improving the efficiency of the local labour market by increasing information on jobs, education and training
- make sure the long-term unemployed are not left behind
- integrating provision locally – more effective and more efficient

Source: LGA, ‘Realising talent: a new framework for devolved employment skills’, 2015

The devo work agenda around employment and skills does also appear to be less high profile than for other policy issues, such as transport and housing. Yet, it is an area that unions, given their history and expertise in this area can engage in.

Despite the lower priority, the majority view from interviewees was that devolution is a preferable route to integrating employment and skills training services, with combined authorities offering the scale and networks and the local intelligence

<sup>80</sup> Also see Institute of Government report, ‘What do devolution deals mean for the skills system’, 2015

needed to join up the different programmes. It was said the decision in 2015 to co-commission the Work and Health Programme (WHP) in Greater Manchester (and London) and co-design the programme in Sheffield City Region, Tees Valley, Liverpool City Region, West Midlands, and the North East was a step in the right direction. Attention was drawn to the success of Greater Manchester's 'Working Well' pilot (covering up to 50,000 individuals and focused on personalised support and a new co-ordinated 'eco system,' of work health and skills), which has been extended<sup>81</sup>. Sean Anstee, GMCA lead for employment and skills, and Conservative mayoral candidate, praised the scheme and said that: "By working together in Greater Manchester, we can create solutions locally that deliver real skills, jobs and better lives for people across GM. That has to be what devolution is all about"<sup>82</sup>.

*"Trade unions are not involved as much as they should be in the devo work and devo skills agenda" (interviewee, employment and skills expert)*

Supporters of devo work also contend that co-commissioning is just the beginning and that after 2020 combined authorities will have more local control over programmes and budgets. They point to the work of Skills Development Scotland and WMCA's Skills and Productivity Commission, which is exploring the case for a multi-agency delivery, and to other combined authorities who are also scoping out progression-focused employment and skills initiatives<sup>83</sup>.

The general impression was that despite Whitehall's antipathy, devo skills, even in small doses, gives combined authorities an opportunity to open up a different conversation with employers and providers. As David Corke, director of education and skills at the Association of Colleges puts it: "What is important, however, is that devolution – if it is well thought through – could bring together colleges and local leaders. This would create a powerful force for good and will ensure that colleges remain at the heart of the skills and education agenda"<sup>84</sup>.

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## Adult skills

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The centrepiece of the devo skills agenda so far has been the planned devolution of the 19+ adult skills budgets (excluding apprenticeships). These budgets are to be devolved, depending on readiness and the formation of a mayoral combined authority, over the next two years to:

- Greater Lincolnshire
- West of England
- Cambridgeshire and Peterborough
- Norfolk and Suffolk
- Sheffield City Region
- Greater Manchester
- Leeds City Region<sup>85</sup>
- Liverpool City Region
- North Midlands
- Tees Valley
- West Midlands
- London

The process has taken place in three-stages. First with Area Based Reviews of post-16 further education. This is set to change the funding model with providers receiving a block grant allocation rather than funding by qualification. The intention is to give greater freedom to the combined authority to agree the mix and balance of provision (suited to local economic need) and shape how success is measured. It is also driven by government's objective of reducing the number of "qualifications with limited value" and acting quickly to match provisions with the need for skills.<sup>86</sup>

The second stage will see government working with combined authorities to vary the block grant made to providers, informed by the findings from area reviews. The last stage will see the full devolution of funding. In the Tees Valley, for example, the process is expected to result in a

<sup>81</sup> Parliament's DWP Committee said "witnesses from Greater Manchester told us that they were achieving a substantially higher job outcome rate for this group than the current Work Programme", 2015/16.

<sup>82</sup> March 2016 <http://www.gmhsc.org.uk/news/gm-leaders-pledge-to-extend-working-well-programme/>

<sup>83</sup> See for example the report to the Leeds City Region on 'Improving progression from low-paid jobs at city-region level', 2016. Anne Green, Paul Sissons, Kathryn Ray, Ceri Hughes and Jennifer Ferreira,

<sup>84</sup> Association of Colleges blog

<sup>85</sup> Doesn't state fully devolved

<sup>86</sup> Skills Funding Agency Adult Education Budget: Changing Context and Arrangements for 2016 to 2017 (2016)

Tees Valley Education, Employment and Skills (TVEES) Partnership Board and a TVEES Joint Commissioning Group. The former will aim to shape the combined authority's policy and the later to take commissioning decisions, including funding and assessment of performance. The commissioning group is said to include local representatives from government departments and agencies and will report to the partnership board.<sup>87</sup> It is unclear at this stage where (or whether) unions will fit in.

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## Apprenticeships

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The new Apprenticeship Levy, which from April 2017 requires all employers with a paybill of over £3 million to invest in apprenticeships, will be outside the control of combined authorities. While the TUC has welcomed the Levy, albeit with important caveats<sup>88</sup>, some of the LEPs in combined authorities claim that most large employers will see it as a tax, while small firms are likely to struggle with the bureaucracy. One interviewee also said that the Levy was likely to be under-spent and that any surplus could be captured by combined authorities.

The mayoral combined authorities will have some new responsibilities over apprenticeships, including the Apprenticeships for Grant for Employers (introduced in 2011) which supports businesses who might not otherwise be able to take on apprentices. Under devolution agreements this programme been implemented initially in Greater Manchester, Sheffield City Region<sup>89</sup> and West Yorkshire, and then from August 2016 in West of England, Liverpool City Region, Tees Valley<sup>90</sup>, Norfolk and Suffolk, and Cambridge and Peterborough<sup>91</sup>.

Greater autonomy is expected to result in changes to eligibility including around business size and incentivising certain activities and outcomes (Greater Manchester, for instance, is offering firms additional financial support<sup>92</sup>).

*"It's a leap of faith, but surely it's better to do employment support and skills provision at a city region level?" (interviewee, labour market expert)*

Several union officers remarked that there could be scope for unions to consider influencing the spend and capture of the Apprenticeship Levy as well as using these mechanisms to engage with apprentices on union membership.

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## Work and health

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Most combined authorities have been granted some influence over the WHP through their devo deals, although employment support generally remains essentially a national system with local provision, led by Jobcentre Plus. More recently, Greater Manchester (and London) have been granted powers to co-commission their own employment support for harder to help claimants<sup>93</sup>. Some providers, like the Employment Related Services Association, view this as an "exciting opportunity" to demonstrate the value of devolution. They claim GMCA will be able to unify funding streams and have significantly more to spend on employment support than in areas where it is being commissioned nationally. Interviewees who are working in employment services were also optimistic, despite some concerns about maintaining standards. In the other combined authorities the programme will be co-designed to meet local needs.

Other are less optimistic, citing the problem of under-resourcing of specialist programmes, such

<sup>87</sup> Redcar and Cleveland Council "Education, Employment and Skills, responsibilities for the Combined Authority and appropriate governance structure (2016): [https://www.redcar-cleveland.gov.uk/rcbcweb.nsf/5790F5BA15DD89C680257F80003BF83D/\\$FILE/Agenda%20item%2013%20Employment%20and%20Skills%20Board.pdf](https://www.redcar-cleveland.gov.uk/rcbcweb.nsf/5790F5BA15DD89C680257F80003BF83D/$FILE/Agenda%20item%2013%20Employment%20and%20Skills%20Board.pdf)

<sup>88</sup> See TUC Unionlearn 'Apprenticeship Levy submission', 2015

<sup>89</sup> When mentioned in an agreement it suggests that it would be delivered in partnership BIS, SFA, and DWP. This was also the case for Adult Skills Budget which in a later deal was devolved to combined authority with no mention of this partnership.

<sup>90</sup> Not included in the original devolution agreement

<sup>91</sup> SFA "Apprenticeship grant for employers of 16 to 24 year olds" 29 July 2016 <https://www.gov.uk/government/collections/apprenticeship-grant-for-employers-of-16-to-24-year-olds>

<sup>92</sup> See New Economy "GM AGE – Greater Manchester Apprenticeship Grant for Employers – update" <http://neweconomymanchester.com/our-work/skills-employment/gm-age-greater-manchester-apprenticeship-grant-for-employers>

<sup>93</sup> See 'Improving lives, the work, health and disability' Green paper and Autumn Statement 2016

<sup>94</sup> See Leaning and Work Institute, 'Halving the disability employment gap', 2016

as employment support for disabled people<sup>94</sup>. Research by the JRF concludes that efforts to devolve welfare to work policies and programme has been consistently undermined by the lack of adequate funding. Some interviewees also suggested that the introduction of Universal Credit will create additional problems, with national programmes focused more and more on tougher conditionality and keeping the benefit bill down.

*“Centrally prescribed programmes and contracts have continued to restrict the capacity of providers and partners to tailor service delivery to local circumstances and priorities. Explicit devolution reforms and more or less complex pilots offering greater flexibility often have been short-lived” (JRF<sup>95</sup>)*

Citing positive experience in the USA, Canada, the Netherlands and Germany, JRF argues that over time well managed devolution could offer value for money, encourage innovation and provides better integration of the delivery of employment, training and other services. Trade union involvement also appears greater in localised systems<sup>96</sup>. Researchers point to the experience in Denmark where the administration’s preference is ‘local first’ and all public employment services are devolved<sup>97</sup>.

The LGA’s evaluation of the lessons from negotiating around welfare to work suggests that devolution has largely taken the form of funding for pilots, or a commitment from government to work collaboratively locally. The Association also note that “much of the funding for initiatives has come from underspend from national programmes, particularly the Youth Contract wage subsidies”<sup>98</sup>.

Several interviewees also made the point that combined authorities are not starting from scratch, and that in terms of devo work there is plenty of good practice to build on. Mention, was made, for example, of Salford City Mayor’s ‘Charter for Employment Standards’, Oldham’s ‘Fair Employment Charter’ and the West Midland’s ‘Procurement framework for jobs and skills’.

<sup>95</sup> Dan Finn, ‘Welfare to work: devolution in England’, 2015, JRF <https://www.jrf.org.uk/report/welfare-work-devolution-england>

<sup>96</sup> Unions are actively involved with the Workforce Investment Boards in the USA and with the Labour Market Development Agreements in Canada – see JRF report (ibid)

<sup>97</sup> See the work of Professor Dan Finn, Associate Director of Inclusion and Professor of Social Policy at the University of Portsmouth

<sup>98</sup> LGA, ‘A new devolution baseline: a planning tool for councils’

# BREXIT AND DEVOLUTION

**The decision to leave the European Union changes the economic context in which devolution will occur and will affect how the combined authorities approach economic planning, including issues around the world of work. The emphasis in strategic policy-making may switch from job promotion to job protection and making local economies more resilient.**

*“The aspirations of combined authorities could be swamped by the costs of withdrawal from the EU and loss of the EU structural funds” (interviewee from Greater Manchester Combined Authority)*

Some of the combined authorities are concerned that they may lose out from the termination of EU funding, and not only for regional aid but also farm subsidies and other EU grants (to universities and community groups, for example)<sup>99</sup>. It is unclear whether or to what extent the government will replace EU funding. As the table below illustrates,

some areas will fare worse than others.

Brexit may also lead to changes in legislation affecting combined authorities, including perhaps to existing EU procurement rules and employment laws. How far though combined authorities would be able to divert from EU laws which have been incorporated into UK law is unclear.

Areas within the UK would be affected differently depending on the terms of the departure from the Single Market. Examining trade data shows which regions are more likely to be affected by a changing tariff regime and which broad sectors will be affected. For example, London would be hit more than other areas if a customs union type arrangement was limited to free movement of manufactured goods but not of services. The precise impact will depend on the arrangements, but the data suggests unsurprisingly that the Midlands and North of England will be affected

## Structural Funds allocations to selected Local Enterprise Partnership areas, 2014-2020 (£m)

Derby, Derbyshire, Nottingham and Nottinghamshire	244	4%
Greater Birmingham and Solihull/Black Country/Coventry and Warwickshire	566.9	8%
Greater Cambridge & Greater Peterborough	75.2	1%
Greater Lincolnshire	133	2%
Greater Manchester	413.8	6%
Leeds City Region	389.5	6%
Liverpool City Region	220.9	3%
North Eastern	537.4	8%
Sheffield City Region	207.2	3%
Tees Valley	201.7	3%
West of England	68.3	1%
England	6756.8	

Source: based on data from SPREI, UK regions and European structural and investment funds (2016)

<sup>99</sup> EU regeneration funding in England up to 2020 is worth around £5.3bn

more by trade arrangements which affect manufactured goods more than services, and the reverse for London and the Greater South East. It is of course also worth noting that the value of services exported which are part of manufacturing sector are not insignificant. For example, the North West exported £3.5bn worth of services from the manufacturing sector<sup>100</sup>.

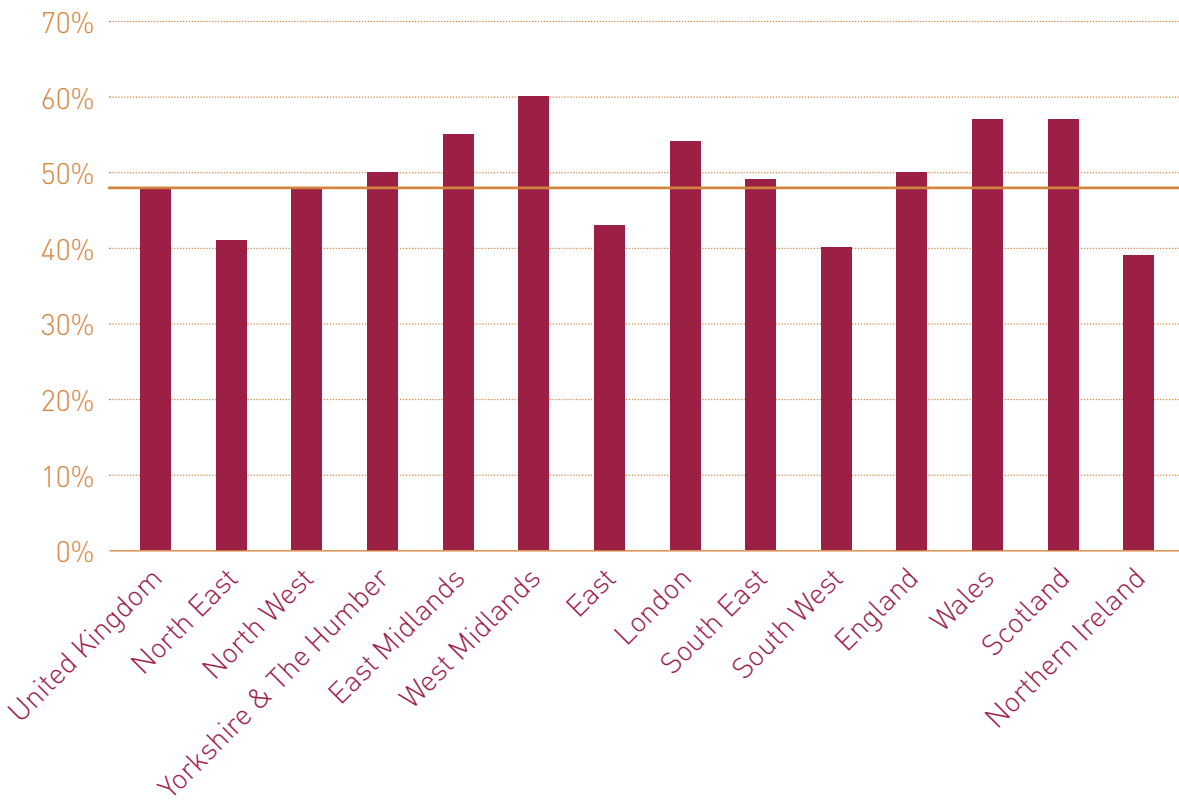
*“The need to fix regional economies will be compounded by the deep social divisions that the referendum has painfully exposed” (Simon Parker, NLGN).*

Migrant labour is also more heavily concentrated in certain areas (and in certain sectors<sup>101</sup>). Nearly half of the EU nationals in work in the UK are in London and the South East. And on average EU workers form around 6.5% of those in work, suggesting that they are an important part of the labour market. Therefore, any efforts to curtail immigration are likely to have variable impacts

on the recruitment. In theory, and dependent on aggregate demand in the economy and labour market, it could increase the demand for labour within certain sectors. This could also have a spatial dimension. For example, London has more EU workers, if that supply falls then businesses within the capital could increasingly look to attract skilled workers from other parts of the UK.

Migration policy is currently outside the control of combined authorities. However, this could change in light of the government’s Brexit negotiations. Combined authorities could, for example, adopt regional visa/work permit systems, like in Australia. A recent IPPR case study on the idea of a tailored, regionalised approach to migration in the North East, concluded that: “If harnessed properly, and managed in a controlled and effective way, a regionally-specific approach to migration could be part of the solution to the North East’s current and future challenges”<sup>102</sup>.

**Proportion of a region’s exports to the EU**



<sup>100</sup> ONS, Estimating the value of service exports abroad from different parts of the UK: 2011 to 2014 (2016)

<sup>101</sup> According to the Labour Force Survey, 2016 EU migrant labour is concentrated in accommodation and food services (14% of the total), manufacturing (10%), construction (9%) and professional, scientific and technical work (7%). But by far the largest employer of EU labour are households (27% of the total)

<sup>102</sup> IPPR, ‘Regionalising migration: the North East as a case study’, 2017

	<b>Proportion of those in work who EU nationals (ex. UK)</b>	<b>Regional breakdown of EU nationals in work</b>
North East	2.4%	1%
North West	4.9%	8%
Yorkshire and Humberside	4.2%	5%
East Midlands	6.5%	7%
West Midlands	4.8%	6%
Eastern	6.2%	9%
London	15.5%	34%
South East	6.2%	14%
South West	3.9%	5%
Wales	3.4%	2%
Scotland	4.3%	5%
Northern Ireland	8.1%	3%
UK	6.5%	100%

Source: Author's calculations of Labour Force Survey data, January-March 2016

## TALKING POINTS

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**The unconventional, technocratic and ad hoc approach to creating mayoral combined authorities, complicated by often protracted negotiations over so called devo deals, has yielded a rather uncertain devolution topography in England. Several of the devo deals have fallen through and been abandoned, others are in the process of being reconfigured. Nevertheless, for now six new metro mayors will be elected in May 2017 to run a new tier of city-regional government, and more are likely to follow.**

Despite the asymmetry, a sort of pattern of devolution is emerging. London looks to Scotland and Wales, and to Greater Manchester in respect of healthcare; Greater Manchester looks to London, especially the clout of the mayor and his executive agencies; the other mayoral combined authorities keep a close watch on Greater Manchester and each other; and everyone else is wondering where they fit in. The process has been messy and secretive, although there are common features: devo deals agreed with Ministers with a requirement for a metro mayor; involvement of the LEPs; a policy focus on private sector growth and public transport; some extra funding; earn back schemes; and some co-commissioning and co-design of national programmes.

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### Devo success?

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The May government continues to talk up the benefits of devo deals and metro mayors, which have cross-party support and strong backing from the business community. Even though the combined authorities still have only limited powers and limited resources, ministers argue that the devo process is at the start of something different and significant. At the very least, the proponents of devo deals claim there is little else on offer.

However, for some the mayoral combined authority model is deeply flawed and highly risky. It is seen as detached and over reliant on government largess, more akin to decentralisation than real devolution. Critics also claim that too much store

is put by the Greater Manchester experience, which has a long and unique history. For others devo deals are merely a Trojan horse for further spending cuts and efficiency savings.

The counter-factual is that decades of centralisation haven't worked and that the international experience of devolution has been generally positive. City-states with high levels of autonomy are said to be both more prosperous and better at designing and joining up public services. In fact, Many service providers in combined authority areas actively support greater localisation and are positive about the piloting of new approaches. Others question whether combined authorities have the capability to go beyond co-production and fear more fragmentation.

It's difficult to quantify the benefits of devolution, especially in economic terms; some research shows devolution in city-regions stimulates growth, others that it's a factor and at best has only a very marginal effect. Advocates of alternative economic models claim that the conventional approach to local growth is misguided anyway, and that combined authorities should be measured by their success in regard to sustainability, social equity and fairness. Economic efficiency is still important, but as a means to achieving inclusive local growth.

Combined authorities are also at the forefront of public services reform. All eyes are on the Devo Manc health deal, which Andy Burnham, Labour's mayoral candidate, claims is grossly under-funded. Not all combined authorities share GMCA's enthusiasm for an integrated city-region health and social care system, but the precedent is significant. If it works in Greater Manchester, why not elsewhere? However, it's still too early to judge what the outcomes will be. What's evident though from the interviews for this report is that most combined authorities are convinced they can do a better job than civil servants in Whitehall. True or not, the perception inspires confidence.

The extent though to which residents share this view is debatable. What we know from the limited polling is that awareness of combined authorities and metro mayors is relatively low, and that the voters are concerned about improvements to



their local services, not the precise governance arrangements. Combined authorities are also mindful that voters overwhelmingly rejected the idea of metro mayors in referendums in 2012.

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## Devo democracy

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If mayoral combined authorities are to garner public support they will need to be more open to other voices. The deal making so far has been exclusive and anti-democratic, effectively ruling out any meaningful civic engagement. However, in their defence local authorities weren't offered an open menu of options for negotiating a devo deal. Conditions, like the requirement for a metro mayors, were imposed by ministers. Council leaders also point out that conventional policy making and standardisation would have been impractical anyway given the different starting points.

Combined authorities are confident that the policy is shifting in their favour. The general feeling is that if there are more mayoral combined authorities at some point soon the local government map of England will need to be redrawn. However, with Brexit dominating the political landscape for the foreseeable future the government is unlikely to embark on major constitutional reforms.

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## Metro Mayors

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Although parts of Whitehall appear resistant or unprepared for devolution the direction of travel seems certain, at least in the short term. The mayoral elections are going ahead and the devo deals that are linked to those elections will be enacted, with the promise of some fully devolved budgets within three years. The number of proposals for combined authority status is also increasing and the metro mayors themselves are expected to call for more power and resources.

The mayoral elections will certainly give the combined authorities much greater democratic legitimacy, although it's difficult to gauge how this will play out in each area. Will the metro mayors work effectively with their council leaders; will they compete with each other or work together; if they

confront government will ministerial support for devolution diminish?

The elected mayors won't have the executive powers of the London mayor, but they will have a personal mandate and be directly accountable to the electorate. The mayor will though have to share powers and responsibilities with local authority leaders who will hold cabinet posts. Success of the mayors will therefore be partly determined by their ability to work positively with their council leaders, who will be accountable agents for the combined authority. This is a new departure for British democracy, which may have unpredictable results.

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## National devolution plan

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There is no over-arching devolution strategy for England, and the LEP strategies and devo deals are not joined up or tasked to address the structural inequalities between regions. Indeed, they could encourage wasteful competition between places and pull resources away from areas of economic and social need. However, there are indications that the Treasury is less attached to the 'winners and losers' (agglomeration theory) model of economic development than it was under George Osborne. Ministers also appear more willing to experiment with public service reform at combined authority level, although government departments continue to prioritise budget cuts.

A combination of Brexit (which will impact directly on the funding and plans of all combined authorities) and continued pressure on the public finances will test the new metro mayors, who face elections again in 2020. How resilient their combined authorities will be in a possible post-Brexit economic crisis is unknown, and will of course vary. Mayoral combined authorities though may be in a better place than individual councils. They may be more resilient and better able to adapt their policies and programme to suit changing circumstances. However, an economic downturn would undoubtedly stifle innovation and force combined authorities to rethink their strategic growth plans.

Some combined authorities are exploring the pros and cons of fiscal devolution. How feasible (and popular) new local taxes and charges might be though is unclear. The push for more tax raising

powers has so far been led by London, which unlike most combined authorities runs a large surplus with the Treasury. What combined authorities will want to avoid are cost saving changes to the funding formula which redistributes tax receipts or enter into a regional race to the bottom on who can offer the lowest tax rates.

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## World of work

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At first glance devolution could be said to have a marginal impact on the world of work. There will be devolution of adult skills budgets and some co-commissioning on welfare to work programmes, but an increasingly stretched Jobcentre Plus stays in Whitehall and the Apprenticeship Levy will be beyond the reach of combined authorities. However, the metro mayors claim the current system is broken and are planning ambitious employment and skills strategies (including extending Living Wage campaigns and introducing labour clauses in public contracts and employment charters).

Although the devo deals cover over a third of the workforce and over half of trade union members and some impact directly on employment and job design, there is no direct challenge to collective bargaining or recruitment. At least for now, ministers are not promoting devolution as a way of busting unions or breaking up national bargaining or suggesting that combined authorities should be competing on a race to the bottom in pay and conditions. There is, however, also the prospect of metro mayors introducing radical new reforms, perhaps with the blessing of central government keen to pilot new ideas. For example, Andy Street, the mayoral candidate in the West Midlands, has pledged that he would spin off as many public services as he could into mutuals and charities.

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## Union involvement

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The trade union movement supports the principle of devolution, although it has been generally agnostic about the establishment of combined authorities and metro mayors. Unions have long standing relationships with local authorities as employers, but engagement with the new combined authorities has so far been ad hoc and low key. Union representation for the most part has been confined to second tier consultative sub-groups or advisory committees. Few of the devo deals even mention unions, despite the fact that they impact on union interests. This is partly explained by the remoteness of combined authorities and the exclusive way in which the devo deals were conducted, and partly due to the absence of social partnership forums. Compared with local business and academia, unions and other voices from the voluntary sector, have been kept at a distance.

However this is beginning to change and there are now a few examples of combined authorities identifying unions and the TUC as social partners, especially around public services reform and skills training. Some of the combined authorities are also working closely with unions on living wage campaigns and better work charters.

Drawing on recent experience in Wales (with its Workforce Partnership Council) and in Scotland (with its Fair Work Convention and Fair Work Framework), Greater Manchester has put in place new institutional arrangements to engage unions on its public services reform programme. This includes a protocol acknowledging union concerns over employment and pay and conditions, as well as an engagement board and forum to discuss workforce issues relating to the devo health deal. Other combined authorities may follow, although several of the union interviewees stated that their union executives needed to make the devo agenda a much higher priority.

For the 'devolutionists' the notion of metro mayors, council leaders, business, the voluntary sector and unions all singing from the same hymn sheet is portrayed as a powerful force for good. Combined authorities and metro mayors can build consensus and take forward progressive policies that councils have already adopted, as well as demonstrating new approaches and sharing best practice. Devolution on this logic is still in its adolescent years, and as the devo evidence base grows and local variation proves successful, even in small ways, then change will surely come. There seems little prospect of turning the clock back. Mayoral combined authorities may evolve differently under a new administration, but few commentators believe the devo legislation will be repealed.

Whatever the outcome of the mayoral elections, union members are hoping that devolution is a positive. What is potentially on offer is the chance to influence an alternative 'progressive' policy agenda, and one which not only benefits their members but enhances the case for trade unionism. In that sense, and in the current political climate, it's an opportunity the union movement should be grasping with both hands.

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