

The four deficits of the English devolution process

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*The issue of devolution is squarely on the agenda. Yet despite appearing to have obtained the coveted policy position of a principle without political enemies, the devolution mission itself is not guided by any clear principles, writes **Bob Hudson**. Instead, actions have been tactical rather than strategic, while current proposals are characterised by democratic, constitutional, financial and strategic 'deficits'.*



Devolution is moving through a series of stages – from minor local agreements like ‘city deals’ through to major political rhetoric (especially around the ‘northern powerhouse’) and now to a legislative basis with the [Cities and Local Government Devolution Bill](#). This all seems to augur well for a long overdue adjustment to the tight centralisation of political and policy life that has characterised England for at least the past thirty years. But all is not as it seems.

A democratic deficit

It might reasonably be assumed that devolution is, in some way, associated with the assumption of greater democratic rights and engagement at sub-national level, but this aspect is signally absent in the current proposals. There are two difficulties here: a lack of transparency and a lack of engagement.

The Treasury model of formulating regional devolution deals is one of privately negotiating packages on a case-by-case basis with local political and business elites. There is no place here for public discussion and challenge. This secrecy in decision-making has been matched by the opaqueness of the regional negotiating bodies, the ‘combined authorities’ of contiguous local authorities. These increasingly powerful statutory bodies are governed by a committee or board comprising the constituent local council leaders. At best, their democratic mandate is indirect and in reality few members of the public will even be aware of their existence.

In recognition of this problem the Devolution Bill proposes the creation of overview and scrutiny committees for the combined authorities, but as things stand there are some significant limitations: the committee will only be permitted to consider decisions or actions already taken – not future issues; the Secretary of State for Communities and Local Government will determine who will chair the committee; and an enabling power will further allow the Secretary of State to block the disclosure of information to a scrutiny committee.

This lack of transparency in the case of statutory agencies is matched by the growing influence of Local Enterprise Partnerships in regional devolution negotiations – indeed the Secretary of State for Communities and Local Government has stated that no devolution deal will be done without the backing of these business-led bodies. A recent [review](#) of Local Enterprise Partnerships found sensitivity to the charge that they lack sufficient democratic oversight and are insufficiently transparent. However, most were reluctant to revisit their legal status or constitution on the grounds that this would ‘frighten business’ and that they lack administrative capacity for a more complex governance regime.

The private nature of devolution ‘deals’ excludes any role for citizens – no engagement with unfolding events, no attempt to gauge opinions, at best a cursory after-the-event ‘consultation’ exercise. Only Durham County Council, with its [proposal](#) to ‘poll’ all of its voters to ascertain their views, seems to be bucking the trend. This is a startling omission. In the region with the most advanced devolution programme – Greater Manchester – there is already some evidence of resentment at the marginalisation of its citizens. Indeed, [according](#) to an MP for one of the local constituencies, the three week consultation on the impact of the changes produced only twelve responses, ten of which were from the local authority leaders who had brokered the deal in the first place.

A constitutional deficit

The aim of devolution is in some way to redistribute powers from centralised bodies to dispersed and more localised agencies – a new constitutional settlement. The current proposals in England fail this test on two counts: that power is still effectively retained at the centre; and that residual powers are concentrated in a small number of hands in the regions.

[Hambleton](#) points out that the English devolution model involves Whitehall assuming ever greater powers in three important respects: deciding which areas of the country are to have these new governance arrangements; deciding the criteria for devolving powers to these selected localities; and making a judgement on the detailed regional submissions. Clause 16 of the Bill also contains some remarkable powers for the Secretary of State for Local Government and Communities to:

make regulations making provisions about local authorities governance arrangements, their constitution and membership, and structural and boundary arrangements...this may involve mergers of councils, moves to unitary structures or changing the democratic representation of the area with different electoral cycles and fewer councillors.

There are no constitutional protections for sub-national governance in England and these sweeping new powers remain at the whim of the executive.

The Chancellor has in effect made the creation of a directly elected mayor compulsory for city devolution deals. This concentration of power in one hand will inevitably result in governance power struggles, with tension between the mayor and the leaders and members of the constituent local councils likely to be high. A number of pertinent questions have already been [posed](#) about the future of this fragile relationship: How will these new institutions and changed relationships need to develop over time? Will governance structures conceived in optimism be sufficiently strong and flexible to meet future challenges? How will politicians need to adapt their leadership style to a shared leadership model with the added ingredient of an elected metro mayor? Will the CAs withstand changes among the key leaders and chief executives? And will the vast majority of locally elected councillors be left with a purposeful role?

A financial deficit

No scheme of decentralisation can be effective without also devolving the means to bring about real change. The Independent Commission on Local Government Finance has [called](#) for urgent devolution of powers, funding and taxes to groups of local authorities, noting that without these they are merely managing devolved budgets from central government. All such requests for greater financial autonomy have hitherto been denied, yet suddenly (and without forethought or consultation) proposals are emerging. First there was the future concession on business rates [announced](#) by the Chancellor. Although described by him as 'the biggest transfer of power to our local government in living memory' the measure contains severe restrictions and is likely to benefit wealthy areas at the expense of areas that find it difficult to attract business. Much the same can be said of the [announcement](#) in his Autumn Statement that councils will be allowed to raise Council Tax by 2 per cent in order to fill the gap in social care funding created by the withdrawal of revenue support grant.

A strategic deficit

In the absence of official guidance from the Treasury or the Department for Local Government and Communities on the expectations of devolution bids, submissions from regions for greater powers have tended to emphasise two imperatives – economic growth and public services transformation.

Insofar as it is possible to discern a prime purpose for the government's devolution model it seems to be an implicit

belief that it is to promote economic growth – an assumption likely to appeal to ‘core cities’ but less so to other parts of the country. A [report](#) for the Industrial Communities Alliance for example, has shown strong employment growth in Manchester and Leeds that has masked a wider decline – these two are now pulling away from the rest of older industrial Britain in the same way that London is pulling away from the rest of the country. It is the core cities that are making all the running on devolution and setting themselves apart from other authorities by establishing a [Core Cities Cabinet](#) and claiming that the UK’s shortfall in productivity can be solved by giving more power to cities and city-regions.

While the economic imperative is the prime assumption behind the government’s approach to devolution, the second significant belief is that it will result in radical and cost-saving changes to the way public services are organised and delivered. This is seen most clearly in relation to the potential ‘transformation’ of health and social care services where regions hope to develop community-based models of care that focus on preventing expensive hospital treatment. In reality there is little evidence to suggest grand top-down schemes actually achieve their objectives. This is partly due to the public spending cuts that particularly affect local government and which hugely outweigh any likely efficiency savings, but it is also down to the [misplaced ambitions](#) associated with such programmes.

So far in England the whole process has been tactical rather than strategic, with little debate about the *purpose* of devolution. For a piece of legislation that will result in sweeping constitutional change across the country, this is a major omission. There is a need to articulate some clear principles to underpin the devolution mission. These would need to address the four deficits identified – democratic, constitutional, financial and strategic – showing what the policy is intending to achieve in each respect and how achievements will be monitored and measured. The Institute for Government [suggest](#) three generic ‘markers of success’ for political decentralisation:

Widespread support: Public consent to transfers of power is highly important. Whilst devolution to London and Scotland gained sufficient local and national political backing and majority support in referendums, the proposals for English devolution have signally failed to seek or secure public consent.

Robust accountability mechanisms: Decentralisation reforms often explicitly aim to reconfigure democratic accountability arrangements but the English proposals will replace a multiplicity of local channels of accountability with single channel of accountability to a regionally elected mayor or an indirectly elected combined authority, alongside weak scrutiny arrangements.

Meaningful transfer of powers: Decentralisation involves a genuine transfer of power from higher to lower levels of aggregation, not tinkering around the edges. Scottish devolution has passed this test; English devolution will not.

‘Successful policies’ according to the Institute for Government are:

‘ones which achieve or exceed their initial goals in such a way that they become embedded; able to survive a change of government; represent a starting point for subsequent policy development or remove the issue from the immediate policy agenda’.

On this measure, the proposals for English devolution fare badly. In their current form they are unlikely to become embedded, unlikely to survive a change of government and unlikely to remove the issue from the immediate policy agenda. At best they constitute a starting point – and a poor one at that – for subsequent policy development.

Note: The article represents the views of the author and not those of the British Politics and Policy blog nor the LSE. Please read our [comments policy](#) before posting.

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