

The Greater Manchester Agreement is only a small step towards greater devolution in England

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This week, George Osborne announced an agreement to devolve powers to the Greater Manchester area.

Tony Travers reviews the agreement and finds that, while any devolution in a country as centralised as England is to be encouraged, the deal is modest and conditional in nature and suggestive of a long, laborious road to further devolution in England.



George Osborne's decision to give Greater Manchester (GM) more powers is a small step towards a modest form of English devolution. Although Manchester's city-regional initiative started as far back as 2004, the Chancellor's willingness to make the case for devolutionary reform is inevitably seen against the backdrop of the recent Scottish independence referendum.

Scotland is to be offered a radical package of tax-raising powers, including control of (at least some elements of) income tax. Wales is to take control of stamp duty, landfill tax and, possibly, part of income tax. The Westminster political machine, traumatised by the Scots' near-departure, has no choice but to give Edinburgh substantial new powers. Nicola Sturgeon, the incoming first minister, will use hints about the possibility of a second independence vote to push the UK government to deliver on the commitments made by Gordon Brown during the 2014 referendum.

But what to do about England? The UK is by far the most fiscally-centralised of the major OECD countries. 95 per cent of all taxation is in the hands of the Treasury, while in England the remaining 5 per cent (council tax) is frozen and capped. Thus, in effect, 100 per cent of all taxation in England is determined in SW1. As a consequence, Whitehall departments are the location of virtually all decision-making about public expenditure for every locality within England.

The *Greater Manchester Agreement*, signed by Osborne and the 10 GM council leaders this week, is a tentative step along a road which might lead to greater devolution in England. The councils have agreed to a Greater Manchester-wide directly-elected mayor, in exchange for that individual being given most of the powers of the mayor of London, plus responsibility for skills and further education. Elections will use the 'supplementary vote' system used in London and other mayoral contests.

Directly-elected mayors have been promoted by Tony Blair, David Cameron and now George Osborne. Senior national politicians are evidently comforted by the idea of a powerful, single, individual running a big city. Ken Livingstone and Boris Johnson have both exceeded expectations in terms of giving prominence to London and its lobbying needs. Non-mayor council leaders are generally less enthusiastic about powerful city-wide mayors. But are in some cases such leaders are coming to the conclusion that unless they accept central government's preferences, they will not be given further freedoms. He who pays the piper does indeed call the tune.

The agreement is carefully-worded. For example, the Mayor of Greater Manchester will receive "Responsibility for a devolved and consolidated transport budget, with a multi-year settlement to be agreed at the next Spending Review". The qualification "at the next Spending Review" is significant, given the near inevitability that transport spending will be cut further in the post-election settlement. Similarly the "Opportunity to be a joint commissioner with the Department of Work and Pensions...for the next phase of the Work Programme" is some way short of becoming the sole commissioner or, indeed, a joint one.

Comparisons of the proposed devolution to GM and what is likely to be offered to Scotland are instructive. The agreement states "Greater Manchester will be required to put in place an extensive programme of evaluation,

agreed at the outset with HM Treasury". There is zero chance that the Scottish government could ever be required to give step-by-step evidence that it was using its freedoms in a way of which the Chancellor approved. Scotland will be given freedom over a range of taxes and all Barnett-formula protected spending without any Whitehall controls.

Still, in a country as centralised as England, any offer of greater devolution has to be encouraged. The last Labour government took the first, tentative, steps towards city-regional governance by passing legislation which allowed combined authorities to be created. The Greater Manchester's 10 authorities now work reasonably contentedly within such a structure. City regions have almost certainly killed off any further efforts to introduce regional government in England.

The modest nature of the *Greater Manchester Agreement* and the conditional nature of the deal suggest granting similar powers to other areas of England will be a laborious, long-term, process. Whether city-regional devolution can provide even a partial solution to the many problems facing the traditional Westminster government model only time will tell. Given the condition of the established major parties and the constitution, time may be running out.

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About the Author

Tony Travers is Director of LSE London and Professor in the LSE's Government Department.

