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SIZE DOESN'T MATTER: *The arguments for place-based devolution*

*A report by ResPublica for the
District Councils' Network and Unitary Councils' Network*



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The District Councils' Network (DCN) is a cross-party member led network of 187 district councils. DCN are a Special Interest Group of the Local Government Association (LGA) and provide a single voice for district councils within the LGA.

The Unitary Councils' Network is a Special Interest Group of the LGA, formed to support and represent the aims and ambitions of the Unitary Councils of England and to promote the advantages of single tier local government.

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SUMMARY

INTRODUCTION AND BACKGROUND

The long-awaited Devolution White Paper is expected to set out the new Conservative Government's ambitions for extending new freedoms and responsibilities to the local state. This report examines the implications of future devolution for districts and smaller unitary councils, and the potential role that they can play in responding to the challenges of Covid-19 and the crucial levelling up agenda. It makes the case for greater 'subsidiarity' in allowing places to better determine and shape their own fate, and it considers the current arguments deployed for devolved powers, contending - as we have done before - that the crucial role of smaller cities and places is being overlooked in the rush for a 'bigger is better' approach. We therefore discuss the optimal footprint for devolved powers and examine the appropriate governance for where devolution should land.

THE QUESTION OF SIZE AND SCALE

The main argument for devolution has been primarily economic. This approach has prioritised large metro-regions over smaller places, many of which are growing at a faster rate. Consequently, mid-sized cities, towns, districts, and counties have been, at great national cost, locked out of the devolution process.

WHAT MATTERS IS CONNECTIVITY AND HOW GEOGRAPHY FUNCTIONS

There is no clear evidence to indicate a relationship between scale and levels of productivity. Rather, it is *connectivity* between places that appears to be more important than population size.² This implies thinking about economic integration in different ways, with a broader consideration of the relationships between places, to rebalance regional inequalities.³ This also suggests a pattern of development along geographic lines that are not defined by current municipal boundaries (whatever

they are), but which could be constituted from new or existing units of local government.

Travel to work areas are becoming larger as people travel further to work.⁴ By this measure there are very few local authorities that align with functional economic geography. Commuting patterns identify the interlocking arrangements that connect cities and towns within and across regions.⁵ These geographical relationships have important policy implications. England's leading cities need to replicate the effects of London and the South East by connecting to their surrounding areas and extending economic benefits to secondary towns and cities.

THERE IS NO ONE SIZE SOLUTION TO PUBLIC SERVICES

There is little empirical evidence to indicate the optimal footprint for the organisation of public services in the UK. The most general policy implication is that a universal size formula cannot be applied to decisions about devolution or reorganisation. The impact of population size is relatively weak in determining good outcomes, although size in combination with disproportionately high levels of deprivation can have a much greater negative impact. This relationship between size and deprivation has been observed in the performance of Children's Services⁶ and in our healthcare system.⁷

OUTCOMES, NOT COSTS, SHOULD DETERMINE SCALE

Several studies have calculated the potential cost savings to be achieved through the 'at scale' reform of counties and districts.⁸ However, as a House of Commons briefing for MPs summarised in 2019, there is no guarantee that cost savings will directly increase efficiency or improve public services. The focus of reform should instead be on the appropriate

place-based scale that can achieve better outcomes. In this context, the counter argument for hyper-local solutions and the diseconomies of scale are compelling. Services that are person-centred and rooted in the determinants of place are more likely to achieve positive results.

PLACE AND GOVERNANCE

England has one of the least powerful and most under-represented forms of local government in the developed world. Many other countries have a much higher proportion of elected councillors per population and a greater level of control over what happens in their communities. There are also disparities within England, where the largest unitary councils tend to have the fewest councillors per population. As studies have shown, there is no accepted theory for determining the ideal size of local government or the number of elected councillors.⁹ But as powers are devolved and localities are held more directly accountable, the issue of 'electoral equality' could have implications for the capacity and capability of local councillors to represent the electorate, and for the functioning of effective local government.

MAYORAL COMBINED AUTHORITIES REMAIN THE FAVOURED ROUTE TO DEVOLUTION

Government has rightly encouraged the formation of combined authorities and elected Mayors. This has become the preferred model for devolution. Despite having a number of strategic advantages for governing across wider areas, and a level of variance in the model, including how powers are shared, it remains contested outside of the metro-areas. Yet, the fullest devolution is unlikely to be achieved without strengthening local accountability, which is commensurate with new powers and responsibilities, and in line with other devolved areas. This too becomes a matter of electoral equality.

OPPOSITION TO MAYORS REMAINS A BARRIER TO PROGRESS

The arguments against elected mayors ignore the experience in most other European countries, where the role is commonplace in both town and country, at various geographies and scale. Reform should be instigated only where there is persuasive evidence for the tangible benefits that can be achieved. The offer of devolution must be compelling enough to invite change or convince all interested parties to overcome potential opposition.

LOCAL GOVERNMENT HAS NOT DEvised AN ACCEPTABLE ALTERNATIVE

Local authorities that have rejected the Mayoral Combined Authority model have been unable to fashion any alternative governance models. Cornwall (a unitary authority) and Cambridgeshire (a two-tier authority that accepted the Government's deal) represent the only working options for non-metro areas. While the international examples indicate that there is no one-size solution for place-based devolution, the evidence suggests that decentralisation will often lead to localised and asymmetric agreements. This may continue in England. Some functions could feasibly be devolved to smaller units of government, while larger entities move forward with greater spatial powers.

LOCAL GOVERNMENT REFORM SHOULD NOT BE A CONDITION FOR DEVOLUTION

The failure to agree to the available options or to devise an alternative way forward, has contributed to the current impasse and the notion of local government reform as a route to devolution. The 2016 Act provides an advanced procedure to form unitary authorities, where a new combined authority is to be created. Importantly, this could take place

without the consent of one or other of the affected tiers of local government – county or district. While it is now unlikely that the Government will embark on a mandatory programme of local government reform, it should not become a precondition for those areas that want to establish a Mayoral Combined Authority.

THE WAY FORWARD

The next phase of place-based devolution in England should establish an operating agreement that is both principle-based and practical. This should:

- Confirm Government's **presumption to devolve** as the default position.
- **Encourage institutional reform** that is consistent with the scale of devolution required.
- Ensure that **size should not be a condition** or obstacle to devolution.
- **Avoid a standardised approach** that requires all places to accept the same deal.
- **Enable localities to decide** which combined authorities they join.
- Permit combined authorities to **cooperate across administrative boundaries**, where appropriate.
- Allow places to **move incrementally** in accord with the best interest of place and people that live there.
- **Focus on outcomes.**

Government should make clear the full portfolio of powers and duties that it is willing to devolve, and which functions will need institutional change. The breadth and depth of devolved powers may also vary depending on the appropriate tier of government. For example:

- **Spatial planning, transport and infrastructure** should reside at the sub-national level, to be decided by constituent partners.

- **Housing policy and strategy** relating to affordability, homelessness, housing benefits should reside with lower tiers together with house-building programmes to meet local population growth, and to regenerate town centres and high streets.
- **Education and skills** relating to the supply of training should reside with lower tiers.
- **Employment programmes** should be localised to meet the personalised needs of job seekers and reside at the lower tier.
- **Integrated health and social care** should reside at the lower tier.

CONCLUSION

Local government in England, regardless of type or scale, rarely corresponds with the footprint and jurisdiction for real economies or wider public services. There is, however, no clear evidence to suggest what the optimal population size should be. In this sense, size or scale is not the issue. There is also no inherent reason why local government reform should be a condition for devolution. This said, in designing the best model for modern local governance, one that can meet the challenge of connecting function and form across different territories, it is highly unlikely that anyone would invent a two-tier system along the current lines. Our fundamental contention is that much of the argument for the vertical integration of local government fails to meet the crucial condition for growth, which is essentially horizontal and premised on the ability to foster and fund connections between places. If reform is necessary, then the arguments best support unitary government of any size that can connect through combined authorities with wider areas to influence positive outcomes in all places. If travel to work areas where to form the basis for reformed local government, this would see a reduction of existing county and district councils

from 218 to 83. However, local government is about more than just functioning economies. Reform should therefore focus on:

- Pragmatic consideration of the appropriate scale at which better social and economic outcomes can be achieved, and at a level where local areas can agree to cooperate.
- New connections between places, within and across regions, with a relative scaling-up of powers across larger areas, to encourage 'local and regional cohesion'.
- Combined authorities, structured from the bottom up, using existing units of government, to form new territories that could, but need not, correspond to present or historical boundaries.
- Institutional reform (e.g. Mayors and unitarization) where it is desired, that can address the issue of electoral inequality, to ensure a consistent ratio of councillors to population, across all authorities; and ensure parity in local accountability for the fullest devolution of powers.
- The potential contribution that smaller units of government can make, in helping to grow economies and providing effective services, and the additional powers that may be appropriately devolved – whether as part of a wider mayoral combined authority, or not.



1. INTRODUCTION

The pace of devolution has slowed if not stalled. What started out as a city-based approach has now reached the largest metropolitan areas in England. But smaller places, including mid-sized cities, towns, and counties, have been left behind.

There have been many false starts in seeking to revive the early optimism and momentum that had marked the first round of negotiated deals. But the long-awaited Devolution White Paper is expected to set out the new Conservative Government's ambition for this agenda.

As we begin the recovery from Covid-19, the devolution of funding, resources, freedoms, and powers will be vital in levelling-up our economy and allowing local communities to take control of their own fate.

This report considers the role of district and smaller unitary councils in this process, the implications of institutional reform, and the generational opportunity for local government that devolution can offer.

It will make the case for place-based devolution as a necessary condition for recovery; and the need for 'subsidiarity' in providing the appropriate building blocks for devolved powers, considering the:

- Optimal footprint for devolution and the various scales at which powers should ascend or descend
- Appropriate governance structure for devolution, reflecting scale and function.

While embracing the inevitable need for transformational change, this report outlines the requirement for a principle-based approach that can allow for a degree of flexibility in the scope and scale of devolved powers.



2. BACKGROUND

It has long been recognised that England has a highly centralised political system and that local government has the most constrained powers of any equivalent tier internationally. The many arguments for the decentralisation of power have centred on the need to:

- Boost local economic growth to address regional imbalances
- Improve public services, allowing for more local variation and innovation
- Strengthen democracy to reflect differences in local identities and increase control over the way places are governed.

Over the past 30 years there have been various attempts by different governments to create new forms of sub-national democracy to decentralise power. While many have floundered, the progress achieved by the 2010-15 Coalition Government, to devise and agree the first of the new devolution deals with England's leading cities, represented a major step forward. There have, however, been setbacks along the way, and opposition to the conditions of Government's proposed approach.

2.1 THE 'DEAL' BASED MODEL

The 'deal' presented by Government made clear that in exchange for greater devolved powers, local government would need to accept institutional reform. These new powers would require local authorities to work together and form combined authorities. Further to this, a single point of accountability, an elected Mayor, became a 'take it or leave it' condition of any future agreements.¹⁰

Opposition to these terms has been especially strong in non-metropolitan areas where the proposed gains of the deal did not outweigh the perceived imposition of an elected mayor. Authorities were seemingly holding out for an alternative approach. In what appeared to be a response to this deadlock, the Conservative Party Manifesto of 2017 stated:

*"For combined authorities that are based around our great cities, we will continue to support the adoption of elected mayors, but we will not support them for the rural counties."*¹¹

However, this issue was not addressed in the 2019 Conservative manifesto.

2.2 EMERGING POLICY CONTEXT

As we emerge from the current public health crisis, it is likely that devolution will need to play a major role in our economic recovery. The strong interaction of local and central government during the response to the coronavirus, and the vital role played by both local authorities and communities, may end up being a powerful influence on future policy.

As a result of the pandemic, there is likely to be a significant and worsening variation in the size of economic contraction between places, with the most affected areas being in the Midlands and the North of England.¹² This must necessitate a different model for recovery. One that can be centred around local economies. And one that can offer a more equitable settlement to ensure the levelling up of every place and region.

It is anticipated that the Devolution White Paper will be instrumental in taking this agenda forward. Many stakeholders will seek to influence this, but Government had, prior to the resignation of Minister Simon Clarke, provided indications about the direction of this policy. This included plans to create many more mayoralities, for areas that want to assume more powers locally, and the prospect of a new precondition - to establish unitary councils, where these do not exist.¹³ Government would appear to have once again rowed back on the issue of local government reform, with heated opposition from some quarters, and concerns that this may not be the right time for a distracting programme of structural reorganisation. However, this could yet be an important component of future devolution deals.

2.3 THE RESPONSE TO COVID-19

The outbreak of the coronavirus has provided countless lessons about the value of local government in the face of a life-threatening emergency.¹⁴ The adaptability and agility of local government in providing swift decisions and local solutions has been a feature of this crisis.

The response has looked very different in different local authority areas, but councils across the country have moved quickly to work with Government and local partners, including the voluntary sector, police, housing associations, schools and colleges, to protect the most vulnerable, and to support communities.

District Councils have played a vital role in helping businesses to cope with the immediate impacts of lockdown, building on existing networks with new Business Improvement Districts, and local chambers of commerce to provide information, understand the needs of local businesses, adapt systems, and manage the support. Because of this, District Councils have been able to process the payment of emergency grants at a higher rate than other forms of local government, reaching 92% of all businesses by mid-July. This demonstrates the value of local connections and working in-place.

The response to Covid-19 and lockdown has proven the importance of local knowledge and relationships, and the unique role which councils offer, not just in a crisis. This new way of working centred around the local state, strengthened with greater devolved authority, must form an essential part of England's social and-economic recovery.

2.4 THE STATE OF LOCAL GOVERNMENT

The pandemic has also had a devastating effect on the finances and resources of an already weakened sector. After a decade of spending cuts, the social and economic impact of the pandemic has depleted resources, threatening the financial sustainability of councils and services.

Research conducted by the Institute for Fiscal Studies has identified that local authorities, of different types and serving different communities, have been affected by the coronavirus crisis in different ways.¹⁵ Those tending more affluent communities and especially district councils, appear to be exposed to greater revenue risks, due to their reliance on local taxes as well as sales, fees and charges from culture, parking, planning, trade waste and business rates revenues (rather than central government grants). Authorities serving more deprived communities could see particular increases in service needs and challenges if the coronavirus crisis hits individuals and families already suffering disadvantage, and these effects could be long lasting. These patterns will need to be considered in negotiating any local government reforms.

The government has provided an emergency allocation of £3.2 billion for general funding to help authorities cope better with the impact on their spending and income. However, devolution will need to address financial resilience and offer sufficient incentives for local government to accept reforms. There is a need to address underlying structural differences in the fiscal stability of places, as well as to put in place the means to do things differently.

Resiliency and effective governance go hand in hand.





3. THE QUESTION OF SIZE AND SCALE

Place-based devolution in England has been subject to ceaseless discussion and disagreements about the question of size and scale. Consideration of population and functional geography has played a significant role in determining the shape and scope of the devolution deals agreed to date. Understanding what geographies work best for both economic growth and public services may provide insight into the optimal footprint for devolution and the various scales at which certain functions and powers should reside.

3.1 THE NEW ECONOMIC GEOGRAPHY

The impetus, and main argument for devolution, has been primarily economic. This has been evident since the first wave of city deals¹⁶ in 2012, and the first Devolution Deal for Greater Manchester in 2014. Local government viewed devolution as a place-based solution to tackle both growth and public service reform – to simultaneously address an over dependency on public services, while activating workless populations, creating jobs, raising skill levels, and improving wages.

However, central government, led by HM Treasury, clearly regarded devolution as a means to stimulate growth and fix the UK's productivity problem, while rebalancing a national economy that had become overly dependent on London.¹⁷ This argument was aligned to the theories of 'new economic geography'¹⁸, and the spatial concentration (agglomeration) of economic activity. As the City Growth Commission asserted:

*"Agglomeration effects are crucial; sustainable UK growth will rely increasingly on our major cities doing for the North West, North East, West Yorkshire and Midlands – for example – what London does for the South East – driving investment, productivity and growth."*¹⁹

'Metro-regions' were proposed as the drivers for growth that could help our lagging second-tier cities, and their neighbouring urban areas, compete with their international counterparts, all of which enjoyed higher productivity levels and a greater degree of self-governance.

3.1.1 SIZE IS NOT EVERYTHING

One consequence of this narrow policy focus on metro-regions is that most other places, including mid-sized cities, towns, districts and counties, were locked out of the devolution process and the subsequent deals that were intended to rebalance the national economy.

This approach also overlooked an inconvenient truth. Smaller places were growing faster than larger ones. Not just in the UK but internationally. As numerous studies identified, much of the economic growth within OECD countries was now increasingly being driven by smaller cities and less densely populated regions.²⁰ Our report for the Key Cities Group identified that, year on-year, growth among 26 mid-sized cities (including city districts such as Cambridge, Oxford, Exeter, Norwich, and Preston) nearly doubled that of larger cities.²¹

*no clear relationship between
either urban scale or urban density
and levels of productivity*

Overall productivity was indeed lagging in most places outside of London - an analysis of the UK's 35 cities with a population over 250,000, found only seven with productivity levels higher than the UK or EU average. However, one large scale study into the agglomeration effects among Britain's biggest cities found no clear relationship between either urban scale or urban density and levels of productivity.²² Indeed, the author argues that the UK has a 'regional problem', and that if policymaking is disproportionately focussed on larger cities without sufficient broader consideration of connectivity and co-ordination between a wide variety of places, then it will not achieve the stated objective of regional rebalancing.²³

3.1.2 CONNECTIVITY MATTERS MORE

These are lessons that must be learnt as the UK, once again, seeks to 'level-up'. Not least since the Covid crisis has increased the importance of these issues. It seems very likely that the economic impact of this public health emergency will be felt most strongly in those sectors and regions that were already lagging behind. This will exacerbate, to an even greater extent, some of these spatial differences.

Connectivity, between places, appears to be more important than population size. Therefore, a more productive approach might be to foster improved economic integration within a common spatial area, for example across sub-regional territories, such as:

- The Thames Gateway, comprising the Thameside belt of 16 local councils, including seven east London Boroughs, the unitary authorities of Medway, Thurrock, Southend-on-Sea, and the districts of Basildon, Castle Point, Rochford, Dartford, Gravesham and Swale.
- The Oxford-Cambridge Arc, incorporating the ceremonial county areas of Oxfordshire, Buckinghamshire, Northamptonshire, Bedfordshire and Cambridgeshire, and including the City of Peterborough.
- The Western Gateway, linking Bristol, Bath, Swindon, Gloucester, Weston-super-Mare, Cheltenham, Salisbury, Newport, Cardiff and Swansea.

This pattern of development could see the polycentric growth of satellite towns and cities along geographic lines that are not defined by current administrative boundaries, but which could be constituted from existing units of local government, to form new combined authorities.

Such an approach would undoubtedly represent a challenge to the unsolved, complex question of local government structures in England. In seeking to address the long-standing disagreements about economic geography and the problems of territorial politics it is necessary to assess the function of geography.

3.2 FUNCTIONAL GEOGRAPHY

England is quite unique, among developed countries, in the complex arrangement of multiple and often misaligned administrative boundaries. Local government, regardless of type or scale, rarely corresponds with the footprint and jurisdiction for economic development and wider public services.

3.2.1 LOCAL ECONOMIES AND LABOUR MARKETS

Government planning guidance states that economic needs should be assessed in relation to relevant Functional Economic Market Areas (FEMAs), that is, the spatial level at which local economies and markets actually operate. There is no standard approach to assessing FEMAs, and as a result there is no definitive map. In most cases, market areas will extend far beyond existing administrative boundaries. However, there is broad agreement that any consideration of functional geography should include an assessment of travel to work areas.

Travel to Work Areas (TTWAs) are perhaps the most practical approximation of a functional geography since they quite clearly identify the patterns and reach of local economies and labour markets. In other words, they are derived to reflect self-contained areas in which most people both live and work. On average people are travelling further to work and with greater frequency, if not speed. Analysis of TTWAs with a population greater than 60,000 residents, conducted by the Office of National statistics (ONS), confirms this trend.²⁴ In 1981 the UK comprised 334 TTWAs. By the 2011 Census this had reduced to 228. A loss of about 3 or 4 self-contained labour markets per year. (See Appendix 1).

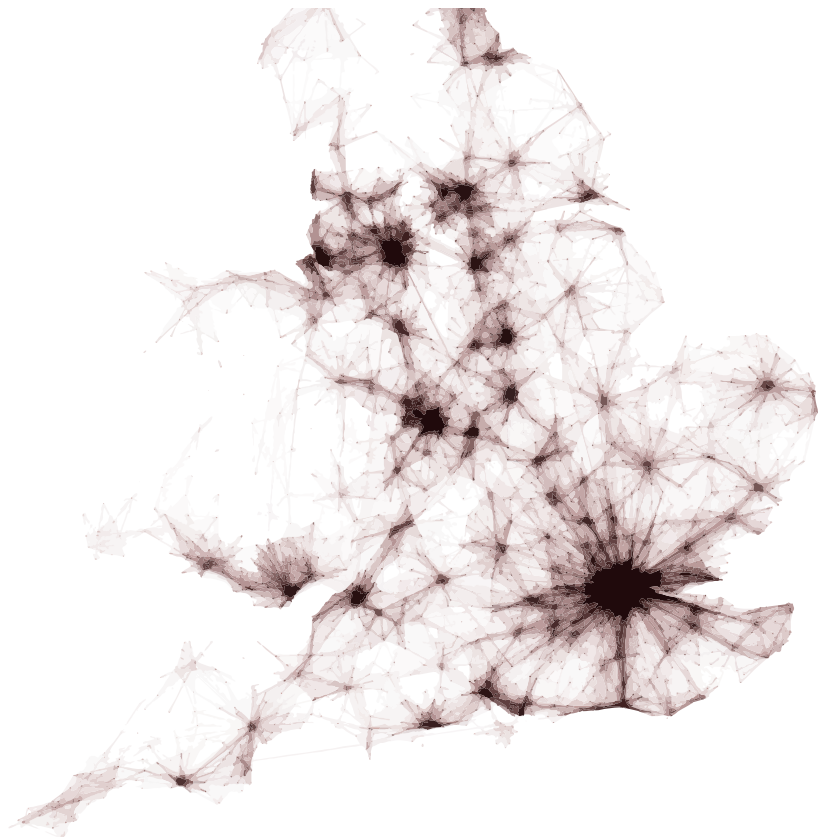
ONS Definition of TTWAs

In concept, a self-contained labour market area is one in which all commuting occurs within the boundary of that area. In practice, it is not possible to divide the UK into entirely separate labour market areas as commuting patterns are too diffuse. Travel to work areas (TTWAs) have been developed so that relatively few commuters cross a TTWA boundary on their way to work. As such, TTWAs are based on statistical analysis rather than administrative boundaries.

The current criteria for defining TTWAs are that at least 75% of the area's resident workforce work in the area and at least 75% of the people who work in the area also live in the area. The area must also have an economically active population of at least 3,500. However, for areas with a working population in excess of 25,000, self-containment rates as low as 66.7% are accepted as part of a limited "trade-off" between workforce size and level of self-containment. The resulting pattern is that many areas are much larger than others.

TTWAs are becoming larger, in size and population, absorbing and containing what were previously separate and distinct areas. Much of London and its surrounding area forms one TTWA, as does Greater Manchester, with the exception of Wigan. Figure 1 illustrates the economic reach of city regions and the extent to which people are commuting.

Figure 1: The Daily Commute in England and Wales (flows of 10 or greater)



Source: Alasdair Rae, ONS, 2011²⁵

However, as the figure also shows, there are significant areas that are not in easy reach of larger conurbations and multiple points in between these major employment centres from which people travel to and from work. These represent smaller settlements, and nodes of economic activity, in unitary and district authorities. Most are directly linked to their nearest, major conurbations, but many are also connected to each other. Transport routes may point in different directions and some areas are at the nexus of multiple commuter patterns. Travel to work data reveals the polycentric relationship of places in the more remote areas of England's hinterland.

The majority of counties contain at least two travel to work areas. Many contain multiple TTWAs. Both Kent and Lincolnshire comprise seven areas. Kent's travel to work areas are centred around 'Medway', 'Canterbury', 'Ashford', 'Tunbridge Wells', 'Margate and Ramsgate', 'Folkestone and Dover'. Lincolnshire's economic geography is shaped around 'Scunthorpe', 'Grimsby', 'Lincoln', 'Skegness', 'Boston', 'Grantham', 'Spalding'. In both Kent and Lincolnshire none of these self-contained areas are coterminous with existing district authorities. In East Anglia 'Thetford (Norfolk) and Mildenhall (Suffolk)' form a single overlapping travel to work area.

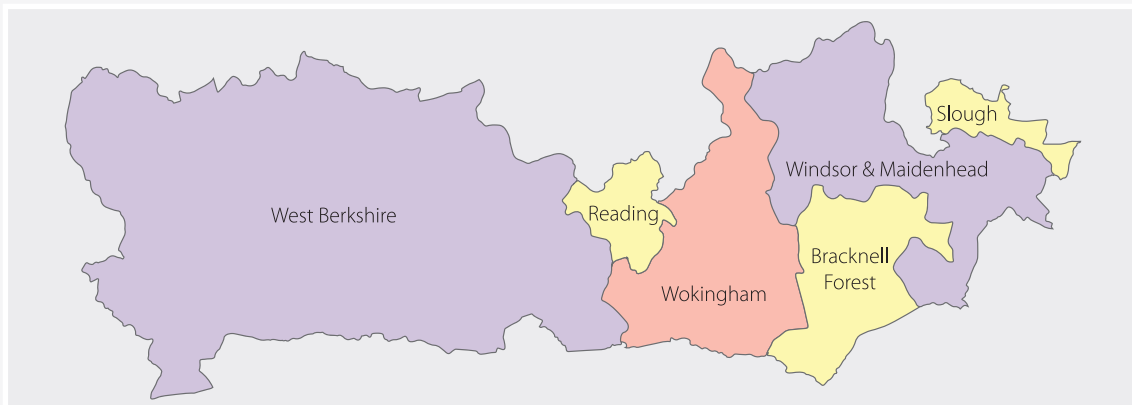
By this measure (i.e. TTWA) there are few districts or counties with administrative boundaries that align with functional economic geography. (See Appendix 1). Indeed, if travel to work areas were to form the basis for reformed local government, this would see a reduction of existing county and district councils from 218 to 83, with a resident population ranging between 28, 931 and 951,762.

3.2.2 SUB-NATIONAL ECONOMIES

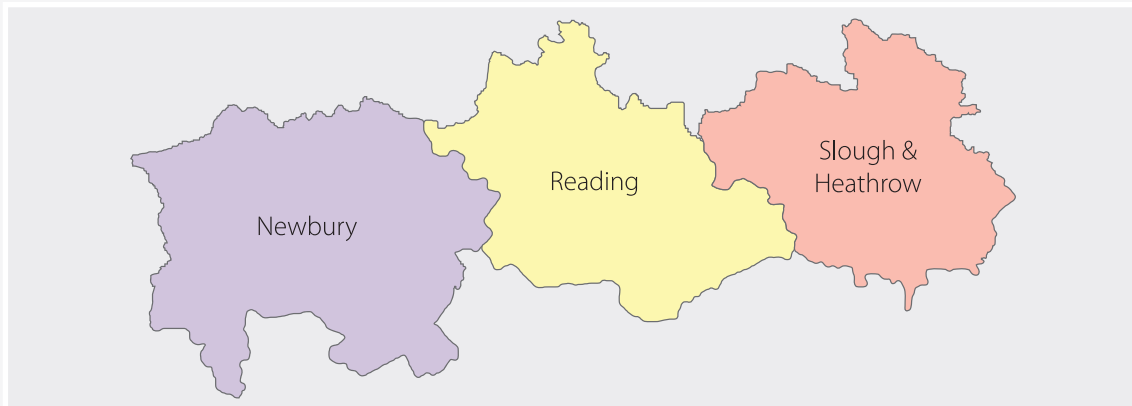
This mismatch of economic and administrative geography holds true for all other forms of local government including metropolitan and small unitary authorities, as well as wider regional economies.

Berkshire

The ceremonial county of Berkshire is comprised of six unitary authorities, including West Berkshire, Reading, Wokingham, Bracknell Forest, Windsor and Maidenhead and Slough.



However, the county contains three distinct travel to work areas, centred around the economic hubs of 'Newbury', 'Reading', 'Slough and Heathrow'.



'Reading' and 'Slough and Heathrow' have clear functional relationships to London, located along the West London commuter belt, but they are both commercial centres in themselves and a net inward destination for commuters. Reading has been the fastest growing economy in the Thames Valley over the last 20 years,²⁶ and was forecast to become the UK's fastest growing city, prior to the outbreak of Covid 19. 'Newbury' is also self-contained but with a westward facing commercial property market orientated towards Swindon.

Berkshire functions within the Thames Valley cluster, with Buckinghamshire, Oxfordshire, Milton Keynes and Bedfordshire forming an arc around west and north London which constitutes the Local Enterprise Partnership. This is an area that has long been identified as part of the global urban phenomenon - the networked polycentric mega-city region - developed around the city of London.²⁷

The types of geographical relationships that exist around London and large cities in the Midlands and Northern England have important policy implications for place-making and devolution.

Research and schematic mapping have identified the interlocking patterns that connect cities and towns within and across regions.²⁸ The UK differs to urban areas in Northern Europe, where connected cities specialise in different industrial sectors. London and other second tier cities in England tend towards multi-sectoral clustering. London is further distinguished by its model of expansion around a single primary mega-city, which extends to secondary towns and cities in the South East, diffusing economic benefits in terms of markets, jobs, technology, and production. This geographical scale is effective at connecting local-regional-national-global markets. However, it is not a pattern of development that has succeeded to the same extent in other parts of England. There is an abrupt fall-off in connectivity beyond the leading cities, where, for example, important places in the North West like Carlisle, Blackpool, Preston, Blackburn, and Burnley have been bypassed in the devolution process.

Productive 'mega-regions' beyond London and the South East will require the construction of proximate cities, without neglecting medium and smaller sized cities and towns. Policies to counteract divisions should include

furthering projects like the Northern Powerhouse 'corridor' and the Midlands Engine to better connect large and small places and boost the distinct types of polycentric regions that are beginning to emerge. But this should be based upon processes that can allow for (i) different places developing different roles (ii) different regional structures for different scales and (iii) multi-scale, 'cross-border' linkages.

There is a natural tendency to think about place as something or somewhere that can be physically defined and located. But the evidence of how economic geography functions suggests that place-making should be viewed as a process of inputs, throughputs, and outputs. This has long been the observation of leading urbanists, such as Jacobs (1969)²⁹ and Castells (1996).³⁰ Places are subject to multiple different processes, each requiring multiple different policies.

If the levelling up agenda is to succeed as a redistributive strategy, it will need to promote 'regional cohesion'

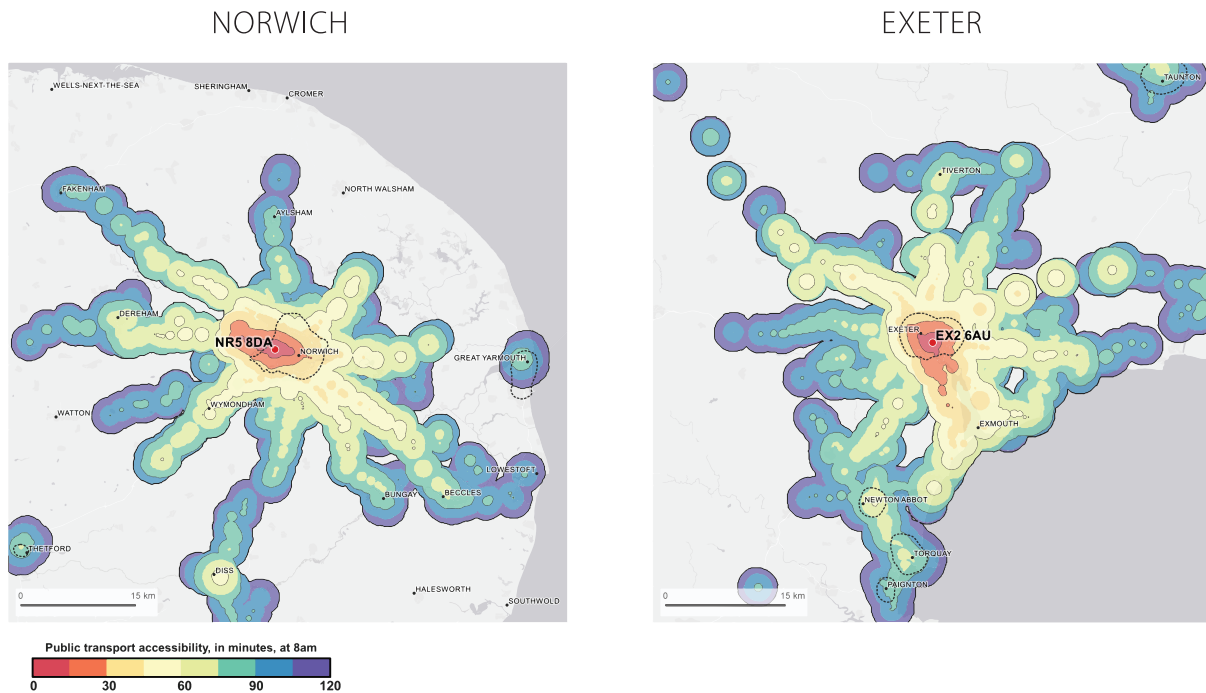
If the levelling up agenda is to succeed as a redistributive strategy, it will need to promote 'regional cohesion' through investment in areas regarded as lacking economic development. But this scale of operation is still largely a function of central government. This emphasises the need for localities to cooperate across territories beyond local and regional identity, as well as the vital role of spatial planning in regional development, if devolution at this scale is to be achieved. Renewing town centres and high streets are critical, but this will not be enough to transform the fortunes of left-behind places. Operating at multi-scale and across boundaries will be vital to achieving strategic infrastructure needs such as housing, transport, and broadband connections.

3.2.3 TRANSPORT

The relationship between transport and economic growth is well understood. Connectivity is increasingly important as people travel further to work. According to analysis by the ONS, the average straight-line distance travelled to work in England and Wales in 2011 was 15 km, up from 13 km in 2001, 17% of all commuters travel more than 30 km with 2% traveling over 100 km.

In England, most travel to work journeys are conducted by car and this is especially the case in more rural areas, where public transport between remote places is inadequate to connect people to job markets and public services. Even where the economic imprint of county towns and cities (such as Gloucester, Ipswich, Bedford and Chelmsford) reach far beyond their boundaries, growth cannot easily be extended to those dependent on public transport. As figure 2 illustrates, access to key job markets, is limited within a 30-minute commute by public transport. This is most damaging to part-time and low-skill workers, who typically commute shorter distances to work.

Figure 2: Public Transport Accessibility in Norfolk and Devon



Source: Alasdair Rae, 2020

Local transport is a county council function in the two-tier system, reflecting the scale at which public transport needs to operate. However, as stated, neither district nor county align with existing TTWAs. The Bus Services Act 2017 allows for devolved responsibilities for bus ticketing and franchising. In order to provide improved services to functionally disconnected places, these should be organised in line with local and sub-regional job markets.

Commuting between regions is extensive and multi-modal. But it is unsurprisingly dominated by major urban areas, and principally London, which is the commuting destination for nearly 18% of all journeys in England and Wales.³¹ Inter-regional transport has risen up the policy agenda, particularly in the North of England where local leaders and Metro-Mayors are seeking to boost economic growth by addressing imbalances in rail infrastructure, between London and major northern cities.

Regular daily commuting between the four major conurbations of the Northern Powerhouse – Merseyside, Greater Manchester, South Yorkshire, and West Yorkshire – are relatively weak although they increased by more than 20 per cent to over 100,000, between 2001 and 2011.³² This can be expected to increase further in the coming decades, as Transport for the North improves east-west connectivity, and the go ahead for HS2 allows people to commute over larger distances, between north and south.

The prospect of ‘super commuting’ across larger areas brings separate economies closer together, increasing scale and aggregate demand, but it also creates a potential risk that places in-between might be bypassed or left behind. The case for different units of local government working across administrative boundaries on regional transport development will become more necessary than ever. Spatial plans should aim to connect key employment and housing sites, across local administrative boundaries, with a view to place-making and where the growth hubs of the future are likely to be. This would provide greater housing density in key innovation clusters and urban centres, and along key transport corridors all of which can minimise travel and contribute towards cutting emissions.”³³

3.2.4 HOUSING AND PLANNING

There is no precise definition of a housing market area (HMA), but for planning and administrative purposes it is accepted that they will be reasonably self-contained, so that a high proportion of house moves (typically 70%) occur within the area. In practice, the main indicators used are migration and commuting. By this measure, few local authority boundaries will reflect a single housing market. The reality is that numerous localised housing markets are evident across sub-regions and within individual authorities.

Disconnected and spatially segregated housing markets limit social mobility and contribute to widening inequalities across wider economic areas

Housing is a function of district councils in the two-tier system, while various aspects of planning is shared between county and district. There is no absolute reason why the current system cannot work well in the right conditions. And it often does. In some areas districts play a leading role in strategic planning, working alongside neighbouring cities (e.g. Leicester) to create single plan. However, as we have previously argued, this division of functions relating to economic development and spatial planning can complicate the strategic place-making role of local government. This is particularly the case with land use and the designation of employment and housing sites, with its implication for transport connections and wider public service delivery.³⁴

In terms of house building, there is evidence that the current system is impacting upon delivery, with a greater proportion of county unitaries delivering houses for at least 95 per cent of the new households formed from population growth projections.³⁵ The fragmentation of responsibility for housing between county and districts can lead to dispersed and asymmetric developments. This can have a negative impact on both the potential for local economic growth and the improved effectiveness of public service delivery. This effect of local planning is not restricted to districts. There is evidence that large unitary authorities in metro-regions could also improve the conditions for growth by building homes to a wider spatial plan.

Solving the national housing shortage and affordability crisis is about more than volume and build-out rates. Housing markets (property prices and rental values) are strongly correlated with the distribution and concentration of social and economic deprivation, including low incomes, low skills and educational attainment, and poor health. Disconnected and spatially segregated housing markets limit social mobility and contribute to widening inequalities across wider economic areas.

Most devolution deals that have been agreed to date refer to housing and planning policy, while many include a commitment to the exploration of further powers being devolved in the future. Powers vary between different areas but those that feature in one or more devolution deals include:

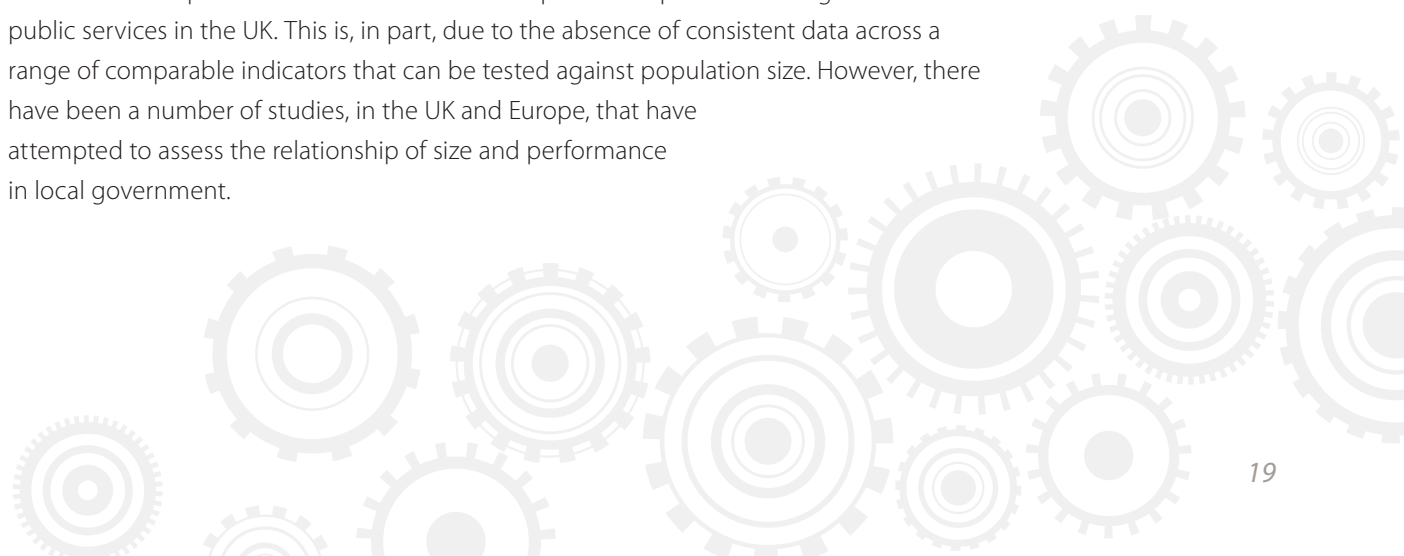
- Public land commission / joint assets board
- Establishment of Mayoral Development Corporations
- Compulsory purchase orders
- Creation of a spatial strategy / framework
- Call-in powers / consultation on strategic planning applications
- Control of a new Housing Investment Fund
- Community Infrastructure Levy.

These are limited powers, many of which could fall within the gift of small unitary and district authorities, with the notable exception of a spatial strategy. If devolution is to go further (for example to take control of housing funds currently held by Homes England to create a single funding pot to direct investment in housing and regeneration) this would need to be agreed across a functional economic geography that can best connect places to deliver the greatest impact.

3.3 PUBLIC SERVICES

Local authorities also overlap with various different public service footprints for welfare benefits, health, police and crime, fire, and ambulance. Many of these functions are provided by national agencies, responsible for direct delivery or the distribution of funding. This includes: the NHS, Jobcentre Plus, the Environment Agency, Natural England, Homes England, Highways England, the Arts Council, the Education and Skills Funding Agency. These organisations are accountable to their sponsoring central government department, although local government will have established working relationships.

There is little empirical evidence to indicate the optimal footprint for the organisation of public services in the UK. This is, in part, due to the absence of consistent data across a range of comparable indicators that can be tested against population size. However, there have been a number of studies, in the UK and Europe, that have attempted to assess the relationship of size and performance in local government.



3.3.1 COUNCIL SERVICES

One study, commissioned almost 15 years ago by the Department for Communities and Local Government, aimed to test for the relationship between size and local authority performance.³⁶ This research was enabled by the range of performance data that was collected by local government at that time, including:

- Comprehensive Performance Assessments (CPA)
- Service Inspections
- Consumer Satisfaction Surveys, and
- Best Value Performance Indicators (BVPI).

Size effects were tested while controlling for a range of other influences on performance, including the deprivation of the local population and the diversity of their service needs. Value for money proxies were also devised.

The results suggested that population size had a significant effect on almost 40% of the measures of local authority performance that were tested. The evidence showed little impact of size on CPA outcomes, but numerous links with BVPIs and widespread effects on service inspection judgements, consumer satisfaction, value for money proxies, and administrative overheads. In this context the study might support other more recent findings that suggest larger 'unitary' authorities can provide efficiency savings.³⁷

This suggests that a universal size formula cannot be applied to decisions on reorganisation

At headline level, this study found that size makes a difference to corporate and service achievements in local government. But beneath this, the relationship is a complex mosaic of effects consistent with multi-functional organisations that are judged on a variety of dimensions and measures of performance. Nevertheless, the balance of the evidence supports a working assumption that larger authorities are likely to perform better than smaller authorities: the study found over twice as many positive as negative size effects.

The most general policy implication of these findings is that size cannot be ignored in decisions on local government reorganisation. A change in the population served is likely to make a small but significant difference to many aspects of local authority performance. However, the direction and strength of that difference is likely to vary across and within services, and to vary from place to place, depending on the size of the existing and new authorities. This suggests that a universal size formula cannot be applied to decisions on reorganisation. Instead, the implications for performance, along with other considerations, should be evaluated in the context of the reforms proposed for each local area.

3.3.2 CHILDREN'S SERVICES

Children's Services is an upper-tier function of local government that has been subject to rising demand, while overall spending has been falling in real terms since 2010. The Housing, Communities and Local Government Select Committee looked into this funding crisis and received evidence about the relationship of population size to service costs.³⁸

The LGA highlighted a report from Newton Europe which they had commissioned to look into this issue. This report found that the impact of population size alone is relatively weak, but in combination with deprivation its impact is much greater.

"approximately 50 per cent of the variation in spend per head of 0–25 population seen nationally across all authorities can be explained by just five demographic, economic and geographic factors all largely outside of the control of councils, and certainly outside the control of children's services".³⁹

Failing children's services have been subject to up-scaling and threats of 'takeovers'. In 2013, the Isle of Wight became the first unitary council to have children's services directly managed by another authority. Hampshire County Council had a population of children (0-25) that was just over ten times the size of the Island. The larger county council has been able to turn around performance on the Island, which it added as an 'auxiliary district'.

However, as the Ofsted report makes clear, the larger council was also more affluent overall, with 12% of its children living in poverty in 2014 against the Isle of Wight's 20%. That picture is borne out in the number of children claiming free school meals, with the Isle of Wight's figures close to then-national averages of 18% for primary schools and 15% for secondary, while Hampshire's numbers were much lower at 11% and 9% respectively.

The improvement in performance is nevertheless attributable to having the capacity and capability of a large professional team.

3.3.3 HEALTH

The geography for health and care is particularly complex with some places crossed by multiple boundaries for various Clinical Commissioning Groups (CCGs) and Sustainability and Transformation Partnerships (STPs), neither of which align with each other or local authorities. This can create a complicated patchwork of different commissioning and delivery roles for different services aiming to integrate health and social care more effectively.

Multiple boundaries, and corresponding misalignment between partners and agencies, are not effective in securing the best outcomes for people and communities. Collaboration is undoubtedly easier where the boundaries of the relevant organisations are the same. Health and social care in North Yorkshire fall under five CCGs and three different STPs.⁴⁰

Achieving sustained and significant improvements in population health, through a greater emphasis on prevention and integration, will require a whole-system, place-based approach. One that can more effectively respond to the needs of the population by re-locating the decisions that affect individuals, their carers, and families within the communities that serve them. This means a single, ring-fenced approach to the commissioning, design and delivery of all health care services and the devolution of necessary funding and powers to the local level, in order to achieve this vision.

Transformational change will only come with the devolution of responsibilities for healthcare services alongside the key drivers of a healthy life - employment, education and housing – so that places can shape more relevant, local solutions for their citizens. To break down the siloed barriers between government departments, local government, and other services, to streamline the proliferation of confusing strategic partnerships and to align fragmented geographies.

How this is done will depend on the particularities of place. But building on the emerging NHS evidence about population health and integrated care systems this suggests primary care networks covering about 50,000 people, integrated health and social care units covering territories of about 350,000 people.⁴¹ With larger Health and Care Systems of 2-5 million people to allow for the efficient organisation of specialised tertiary services, in line with a wider health economy – including university hospitals and biomedical research facilities. The larger footprint, of 2.5million, is in line with the devolved health deal in Greater Manchester, while smaller population for primary care would map against recognised neighbourhoods and communities, or area committee structures.

3.3.4 THE COSTS OF SERVICES AND THE ECONOMIES OF SCALE

The cost of providing public sector services is becoming increasingly unsustainable in the face of ever-increasing demand. The longer-term factors include an ageing population, large increases in chronic diseases and widening inequalities between citizens and communities. All of which will further stretch the capacity and capability of our public services to respond.

One potential way to achieve savings is to increase the scale of operation. A recent report by PricewaterhouseCoopers (PwC) suggests that reform of the two-tier system could save up to £2.94bn over five years.⁴² This supports other studies which estimate similar gains.⁴³ Increasing scale may deliver cost savings, and if half of these savings were invested in local growth, as we have previously argued, then this could boost GVA by up to 0.1 per year.⁴⁴ However, assuming that market concepts like ‘economies of scale’ will improve performance is a mistake that has been learnt in the delivery of all public services, from health to the failed Work Programme. As a House of Commons briefing for MPs summarised in 2019, there is no guarantee that cost savings will directly increase efficiency or improve public services.

The focus of reform should be on the appropriate scale to achieve better outcomes. The challenge for public services is to correct the problem of ‘failure demand’. This is a concept relating to the avoidable demand for services generated by a failure to successfully tackle the real issue in the first instance.⁴⁵ When people’s

problems are not immediately and effectively addressed this can often lead to the increased demand for repeat services, or where situations worsen, additional services. This places greater pressure on finite or shrinking resources, where the failure of public services to effectively address real need is perversely, increasing unnecessary demand, leading to rising costs and the need for further cuts as well as increasingly poor outcomes.

*Services that are person centred
and rooted in place are more likely
to achieve positive results*

In this context the counter argument for hyper-local solutions and the diseconomies of scale are compelling.⁴⁶ Services that are person centred and rooted in place are more likely to achieve positive results. Remote services delivered via call centres, although cheaper, are more likely to refer, defer, hold, frustrate, repeat, and increase demand.

Although there will be some benefits to delivering some services at different levels, as with the case of upscaling the Isle of Wight's Children's Services to Hampshire County Council, evidence points to other factors playing a more influential role in efficient service delivery, such as leadership, capacity, competency and skills to innovate. Reform based solely on costs will achieve neither improved results nor long term savings.





4. PLACE AND GOVERNANCE

Devolution demands a strengthening of local governance, and accountability which is commensurate with new powers and responsibilities. To achieve this the Government has encouraged the formation of combined authorities and elected Mayors. This has become the preferred - and perhaps the only - model for devolution. Despite having a number of strategic advantages for governing across wider areas, this has proven to be a course which many local authorities have chosen not to take, and a barrier that all have struggled to circumvent. The failure to agree an alternative way forward has contributed to the current impasse and reintroduced the prospect of local government reform as a route to devolution.

4.1 LOCAL GOVERNANCE AND ACCOUNTABILITY

Over the past thirty years or more, local government powers have diminished as central government has increasingly used local authorities as their executive agents, no different from other parts of central government departments and quangos. One of the primary motivations for devolution is to reverse this trend.

Local government is still responsible for a wide range of vital services, for which elected councillors are effectively held accountable. There are, however, limits to these responsibilities and what any council can directly control. This includes constraints on funding from central government and the ability to levy taxes for the provision of local services. It also includes limitations on the many other public services which affect local people and businesses, but which have no direct democratic accountability to the communities they affect.

It is well recognised that England has one of the least powerful and most underrepresented forms of local government in the developed world. A recent paper for the District Councils' Network highlighted how countries with smaller populations than England often have far more councils and while the average size of each council is consequently smaller, they also have a higher proportion of elected councillors per population. For example, France

has 524,000 councillors (for a population of 67 million) compared to England's 17,700 councillors (for a population of 56 million).⁴⁷ Among European countries, England has the largest councils, with an average population of 177,000, and the greatest ratio of municipal population to elected councillors, with 3,300 persons per councillor.

Table 1: Average Representative Ratios in a Sample of European Countries

Country	Population (millions)	Lower tier councils	Average population per council	Total Cllrs ('000s)	Persons per councillor
France	67	36,500	1,800	515	130
Spain	47	8,100	5,800	65	720
Germany	83	12,013	6,900	200	410
Italy	60	8,000	7,500	100	600
Belgium	11.5	581	18,700	13	880
Sweden	10	290	34,400	46	220
The Netherlands	17	390	43,500	10	1,700
Denmark	6	98	61,000	5	1,200
England	56	315	177,700	17	3,300

Source: Council of Europe Committee on Local and Regional Democracy (CLRD) (2008) and CEMR/Dexia 2010, 2012 and 2013 (figures updated and rounded for ease of presentation)⁴⁸

This issue of electoral inequality can also be found between authorities within England where the largest unitary councils tend to have the fewest councillors per population.

Table 2: District and Unitary Authorities with the Highest and Lowest Ratio of Councillors

LAS WITH THE LOWEST RATIO OF COUNCILLORS TO ELECTORATE			
LA	Total Seats	Total Electorate	Electors per Cllr
Birmingham	101	717,617	7,105
Leeds	99	552,976	5,586
Sheffield	84	401,583	4,781
Bristol	70	324,786	4,640
Leicester	54	245,667	4,549
Kirklees	69	305,722	4,431
Coventry	54	228,089	4,224
Tower Hamlets	45	188,615	4,191
Stoke-on-Trent	44	181,473	4,124
Barnet	63	258,038	4,096

LAS WITH THE HIGHEST RATIO OF COUNCILLORS TO ELECTORATE			
LA	Total Seats	Total Electorate	Electors per Cllr
Isles of Scilly	16	1,598	100
Rutland	27	29,421	1,090
Eden	38	42,107	1,108
Ribble Valley	40	45,744	1,144
Fylde	51	61,069	1,197
Pendle	49	66,626	1,360
West Devon	31	42,710	1,378
Melton	28	38,876	1,388
Ryedale	30	41,931	1,398

Source: District Councils' Network, 2020

As studies have shown, there is no general accepted theory for determining the ideal size of local government or the number of elected councillors.⁴⁹ Existing structures and customs vary across all countries, as a result of historical events and continuous reform. Population size is one possible way of determining this. However, there is no agreement on what constitutes an effective ratio between the number of elected representatives and the size of the electorate.

Numerous surveys have shown that local councillors – and indeed local government – have consistently remained more trusted than national politicians, although public awareness of local government remains consistently low. But there is also strong evidence that the British electorate are opposed to more politicians, while very low turn outs for both mayoral referendum and elections, as well as Police and Crime Commissioners, indicate a general lack of awareness and enthusiasm.

Limiting the number of politicians limits the opportunities for citizens to represent their communities, although one could argue that representation is not a quantitative issue; fewer and better politicians are more desirable. However, as powers are devolved from the centre and localities are held more directly accountable, the issue of electoral equality, and the potential for levelling the number of councillors down, could have consequences for the future of local representative democracy.

Devolution will increase the amount of time and the level of responsibilities which councillors will be required to commit. It will also raise the need for greater scrutiny of the decisions being taken on behalf of communities. In the case of combined authorities, this could involve significant new roles, in addition to existing responsibilities. This has implications for the capacity and capability of local councillors to represent the electorate and for the functioning of effective local government.

4.2 COMBINED AUTHORITIES AND 'METRO-MAYORS'

The introduction of combined authorities (the 2009 Act⁵⁰) allowed existing units of government to operate strategically across wider geographies, primarily for the purpose of economic development, regeneration, and transport, while maintaining the core functions of local government at the appropriate lower level. Subsequent amendments, through the Cities and Local Government Devolution Act (2016), introduced the legislation for existing or newly formed combined authorities to receive new powers and establish elected mayoralities.

4.2.1 STRUCTURE AND POWERS

Mayoral Combined Authorities can provide a degree of flexibility to local governance. Devolved powers may vary according to each deal, and functions may be conferred solely on the Mayor or on the combined authority. Some Mayors are invested with additional roles, including the subsumed responsibility of Police and Crime Commissioner as well as for Fire and Rescue Authorities. Mayors can choose to operate a cabinet model, with leaders taking on portfolios alongside their local leadership responsibilities, although there is no obligation to do this. In this way, individual authorities can also lead on devolved policy issues across larger functional areas.

*Mayoral Combined Authorities
can provide a degree of
flexibility to local governance*

Every member, including the Mayor and the leader of each constituent authority, has a single vote. In many cases, majorities in favour of a decision must include the vote of the Mayor. This means that the mayor has a veto over some of the authority's decision-making. However, mayoral action can also be overruled by member authorities via a supermajority – or require unanimous agreement from member authorities in order for a decision to be taken. The decision-making requirement for functions includes:

- Mayoral decision only - Paying grant to member authorities
- Unanimous agreement - Preparation of Spatial Development Strategy
- Two-thirds majority of combined authority members
 - » Preparation of Local Transport Plan and transport spending
 - » Budget
- Agreement required from specific authorities (where located)
 - » Compulsory purchase
 - » Mayoral Development Corporation.

These provisions have particular significance where an elected mayor faces a majority of members who come from a different political party – as is the case at present in Tees Valley and the West Midlands. In this sense, elected Metro-Mayors can be constitutionally ‘weak’.

4.2.2 THE ROLE OF ‘CONSTITUENT’ AND ‘NON-CONSTITUENT’ MEMBERSHIP

Although combined authority may not intersect district or unitary authorities, they can cross county council boundaries, allowing them to reflect functional economic areas. Combined authorities therefore allow for the inclusion of constituent and associate members. Sheffield City Region and the West Midlands currently have district councils as ‘non-constituent’ members, while York City Council is a unitary authority enclave with associate member status of the West Yorkshire combined authority.

However, associate members have no voting rights unless specifically agreed by the authority as a whole. This has led some district councils to seek formal membership.

The case of Bassetlaw and Chesterfield

Bassetlaw (in Nottinghamshire) and Chesterfield (in Derbyshire) applied to join the Sheffield City Region as full members, in 2016. Following a local consultation on this proposal, Derbyshire County Council launched judicial review proceedings regarding the consultation. The review found that the consultation was defective and ordered that it be rerun. This led to the delay of the Sheffield City Region mayoral election by a year, to 2018. Subsequently, Chesterfield and Bassetlaw withdrew their applications for full membership.

There is nothing in law that prevents any local authority from becoming a formal member of a combined authority, the 2016 Act having removed the county councils veto over district councils doing this. However, the case of Bassetlaw and Chesterfield highlights the potential difficulty in doing so. Yet while a local authority cannot be a constituent member of more than one combined authority, there is nothing to prevent them being a ‘constituent member’ of one and an ‘associate member’ of another.

4.2.3 SCRUTINY AND OVERSIGHT

Combined authorities are required to set up at least one overview and scrutiny committee. Committees must publish a plan indicating how each will exercise its powers, and they have the power to suspend decisions of the combined authority whilst under reviews, requiring members and officers of the authority to attend and answer questions.

It is still relatively early in the evolution of combined authorities to establish how well they are performing and if good governance is being adhered to. The Centre for Public Scrutiny have published a series of reports about the role of oversight and scrutiny in combined authorities and have suggested that it will take time for this to become a vital part of the accountability landscape for combined authorities.⁵¹

Capacity and capability to carry out forensic scrutiny would appear to be an issue that has been flagged at this stage. Members need to quickly get up to speed with strategy and policy, and this needs resources, especially when other duties need to be fulfilled. The issue of resources and logistics have also been identified with officers and members struggling to make effective scrutiny work in areas that are more geographically dispersed. Solutions are being developed, indeed the experience of remote working during the corona crisis has facilitated progress in this regard.

There have been reported concerns about a lack of transparency in some Mayoral decisions in Cambridgeshire and Peterborough, and while the scrutiny committee may be politically motivated in some respects, their activity suggests that there is no evidence of complacency and that this function is an effective tool in holding the Mayor to account. The evidence from across combined authorities suggests that conversations between Mayors and scrutiny committees are happening and seem to be productive.

4.3 OPPOSITION TO THE MAYORAL MODEL

Despite the emerging evidence and some positive experience, the MCA has remained a contested model. The rationale that increased powers need greater levels of local accountability has been challenged by local government and the perceived imposition of an elected Mayor in exchange for devolved powers has been most strongly resisted. West Yorkshire having only recently agreed to a Metro-Mayor, with elections set for 2021.

The push back has been fiercest in non-metropolitan areas, where the view is often expressed that an elected mayor cannot represent large geographical areas, with dispersed populations, large and small asymmetric settlements, and different local identities. Although this is a somewhat weak argument (Metro-Mayors can seemingly represent large populations with diverse communities across different towns and cities) other objections have been deployed:

- Elected mayors are not best suited to, or consistent with, the UK's political system i.e. we do not directly elect our Prime Minister or local leaders.
- The electorate do not want elected mayors, having overwhelmingly rejected them in most places where referendums have been held.
- Elected mayors will invest too much power a single individual.
- The idea of mayors as the 'hero leader' is outmoded and new models of participative democracy and distributive leadership need to be developed.
- Mayors are an undemocratic imposition – a central diktat – and local areas should have the freedoms to self-determine their own governance models, including those not currently on the statute books.

These arguments against elected mayors in non-metropolitan areas ignores the experience in most other European countries, where the role is commonplace in both town and country, at various geographies and scale. France elects 'Maires' in every one of its 37,000 communes, most of which are in rural areas. While Italy introduced elected mayors in the 1990s to reform local government and counter corruption.

Ultimately, the reform as part of a system of decentralisation requires agreement. As the Institute for Government observed, it needs the consensus of three important stakeholder groups: national politicians; local politicians; and the public.⁵² But the experience to date reveals how these groups often have different interests. National government too often lacks the commitment to devolve, distrusting local competence and accountability. Local government is both distrustful about passing powers upwards to new sub-national entities and downwards to lower tiers of authority. It is also suspicious of any changes that may jeopardise existing political composition and control. While the public is either uninterested in the technocratic nature of the debate or sceptical about the benefits of such change.

Unfortunately, in too many cases the offer of devolution has not been compelling enough to invite change or convince all interested parties to overcome potential opposition.

There are strong pressures from communities and local politicians for increased control over the way their areas are governed, but they have considerable power to block or undermine reforms they don't like. Unfortunately, in too many cases the offer of devolution has not been compelling enough to invite change or convince all interested parties to overcome potential opposition.

4.4 ALTERNATIVE MODELS

Having rejected Mayoral Combined Authorities, local government has been unable to fashion any alternative governance models to those currently on the statute book.

In the first round of devolution deal negotiations in 2015-16, local areas that did not wish to create a mayoralty were invited to propose 'alternative governance arrangements'. This included a reduction in councillor numbers; a move to all-out elections (where councils currently elect in thirds); district council mergers; or the creation of unitary authorities. Other suggestions which various think tanks and umbrella groups put forward included a system of elected Cabinet membership for councils and combined authorities.⁵³ Or instituting the power of recall, to remove a Mayor ahead of the next election through petition or a council vote of no confidence, as is the case in other countries.

Cornwall and Cambridgeshire present a useful precedent for devolution. Cornwall is a unitary authority, but it is the only area to have successfully negotiated a non-mayoral deal. In negotiating their deal, Cornwall Council agreed to take forward a council boundary review, which is currently out to consultation. This review is expected to change the boundaries of 29 wards and reduce the number of local councillors. Cambridgeshire is a two-tier authority that moved early to accept the Government's deal.

In levelling up powers with other devolved areas, and securing additional powers, both Cornwall and Cambridgeshire may be required to introduce further reforms. Otherwise England will proceed with an asymmetric system. In Cornwall, any future enhancement to its current deal will be predicated on strengthening of local governance, which would meet the Government's ambition for visible and accountable leadership that enables residents to understand who is taking local decisions.⁵⁴

However, the opportunity to take an alternative path appears to have receded. Districts and counties will seem to have backed themselves into a corner if the prospect of devolution comes with greater conditionality than before. In attempting to renew local democracy, devolution has created something of a paradox - central government wants greater accountability in the form of elected mayors, reformed local government and reduced numbers of local politicians; while localities object to institutional change and the imposition of an elected leader.

INTERNATIONAL EXEMPLARS

There are many alternative models of devolved governance in the developed world, from which the UK Government could borrow. The international evidence suggests that places perform better in those countries that are less centralised. But what it also shows is that vast areas and populations are not necessarily the basis on which to devolve significant powers.

the international evidence suggests there is no optimum scale for devolution

The smallest Swiss canton – with powers far beyond those currently available in England – is home to just under 16,000 people. In Canada the smallest province (with a population of 150,000) enjoys exactly the same powers, including the ability to raise taxes, as the largest (with a population of 13 million). The smallest territory, to which legislative power has been delegated directly from the Federal Government, has a population of only 36,600.

While the international evidence suggests there is no optimum scale for devolution, it also points to the asymmetric and unequal distribution of devolved powers between different regions (as is the case in Spain) and between places within decentralised states. Powers can vary based upon a jurisdiction's population size and economic base. The evidence suggests that decentralisation will naturally lead to localised and asymmetric agreements – and it is on this basis that district councils and small sized unitaries, in all their diversity, would seek to establish devolved settlements that are appropriate to their individual character and scale. There is, however, an argument for a more systematic approach that can mitigate the risk of unequal development between places.

4.5 LOCAL GOVERNMENT REFORM AS THE ROUTE TO DEVOLUTION

The failure to agree functional geographies, to form combined authorities and accept elected Mayors has helped to revive long standing debates about the structure and efficacy of local government.

Interest in local government reform was stirred during the 2010-15 parliament. The 'Heseltine report' (*No Stone Unturned in the Pursuit of Growth*) proposed a fully unitary system of local government for England in late 2012. However, the Government rejected this recommendation, preferring "authorities not to be distracted by structural change".⁵⁵

Consequently, any moves towards a modernising agenda were not actively encouraged by Government, although the 2016 Act did provide an advanced procedure for creating unitary authorities. Where a new combined authority is to be created, this could allow the simultaneous creation of unitary authorities, if this were desired locally. Importantly, a move to unitary local government could take place without the consent of one or other of the affected tiers of local government – county or district. The added jeopardy is that whoever moves first could force the hand of the other in providing a potential route to devolution.

This existing legislation could feasibly be enacted with the forthcoming devolution white paper. Unitarisation, on a 'sensible footprint', had once again been suggested as the key to unlocking further devolution in non-metro areas.

*"Unitarising at the right scale can preserve the best of district councils' strong relationship with local communities...with the more strategic geography of the county councils."*⁵⁶

However, it is now looking less likely that the Government will embark on a mandatory programme of local government reform. The risks, now, are that unitisation will be a distraction to places seeking to plan their economic recovery from the pandemic, and that the debate will descend into further disagreement over the optimal size of local government.



5. THE WAY FORWARD

Devolution in England needs a fundamental shift. The current deal-based model has initiated a gradual decentralisation of powers, but this has now run its course. The next generation should seek to go further, and faster. The economic imperative to recover from the effects of the global pandemic demands this. But this must be accomplished as part of a levelling up agenda that leaves nowhere untouched, enabling places to build resilience to future economic shocks and other unpredictable crises. To achieve this devolution must be attainable in all places, in all communities.

In moving forward, it will be necessary to distinguish between how devolution is achieved, what is devolved, and for what purpose.

5.1 PRINCIPLES FOR DEVOLUTION

The next phase of place-based devolution in England should establish an operating agreement that is both principle-based and practical. This should:

- Confirm Government's **presumption to devolve**, as the default position, so that in time all places in England will be included and have a greater level of devolved power. Each locality should have the opportunity to move up through different levels of devolution, at an appropriate scale, and according to its local ambition, need and capacity.
- **Encourage institutional reform** that is consistent with the scale of devolution required. There should be no compulsion to accept structural change in exchange for new powers. At the same time, devolution at scale should not be permitted without strengthened accountability, equivalent to other devolved areas.
- Ensure that **size should not be a condition** or obstacle to devolution. The principle of subsidiarity should

apply, and powers should always be devolved to the lowest appropriate level. This would allow for all localities, regardless of size, to exercise their 'sovereignty', establish their priorities for place-making (e.g. renewing town centres and high streets) and act upon them. Powers relating to wider spatial areas should be shared at the appropriate level.

- **Avoid a standardised approach** that requires all places to accept the same deal. Parity should be ensured, and conditions should be commensurate with powers - no one place should be allowed privileged concessions. Different levels of devolution should allow for different institutional arrangements, to respect local identities, sense of belonging, and the value of place.
- **Enable localities to decide** which combined authorities they join. This should allow county and districts authorities to come together, within existing county council boundaries, and to join with neighbouring unitaries, where the economic geography suggests this is practical. Conversely, districts should be allowed to join with other authorities according to their economic links.
- Permit combined authorities to **cooperate across administrative boundaries**, where appropriate, to facilitate cooperation and develop institutional relations with other similar entities (e.g. Council of the North, Transport for the North).
- Allow places to **move incrementally**, at their own pace and scale to reflect local and central government capacity. There should be a presumption, but not a compulsion to devolve. No place should be enclosed within an agreed devolution deal without consent.
- **Focus on outcomes** so that future devolution is more than a redistribution of powers and resources and can properly tackle structural impediments and underlying inequalities.

5.2 A FRAMEWORK FOR DEVOLUTION

Government should make clear the full portfolio of powers and duties which it is willing to devolve. This would act as an incentive for reluctant partners to consider what changes they may need to make to achieve optimal control, and whether this is sufficient to provide a coherent response to the challenges that they face.

A framework for devolution should also make clear which functions will need institutional change, to be exercised collectively at the combined authority level, and which could fall under the operation of smaller constituent authorities. The breadth and depth of devolved powers may also vary depending on the appropriate tier of government, for example:

SPATIAL PLANNING, TRANSPORT AND INFRASTRUCTURE

- Spatial planning and transport functions should reside at the sub-national level, through appropriate joint strategic arrangements to reflect economic geography and travel to work areas.
- Bus ticketing and franchising should reside with the sub-national level.
- Major transport infrastructure investments (e.g. TfN) should be considered within pan regional arrangements.
- Broadband infrastructure should reside with the lower tier.

CARBON REDUCTION AND ENVIRONMENTAL ACTION

- Responsibilities should reside with lower tiers, where existing statutory functions are well placed to deliver local priorities for the environment, sustainability, and community resilience.

HOUSING

- Strategic planning for new housing development, transport links and associated public services should reside with the combined authority at the higher sub-national level.
- Housing policy and strategy relating to affordability and homelessness, housing benefits, should reside with lower tiers.
- Planning and house building programmes to meet local population growth, to regenerate town centre and high streets, should reside with lower tiers.
- Devolved funding for house building could be shared between tiers according to agreed allocations.

EDUCATION AND SKILLS

- Demand side issues relating to skills needs should be planned alongside local industrial strategies at the sub-national level and in relation to the wider economy, with input from constituent members to reflect localised challenges.
- Supply side issue relating to provision of education and skills training should reside with lower tiers. Devolved skills funding should be shared between tiers according to agreed allocations.

EMPLOYMENT PROGRAMMES

- Devolved employment services and employment programme should be localised to meet the personalised needs of job seekers and reside at the lower tier. Devolved funding should be shared between tiers according to agreed allocations.

HEALTH

- A fully devolved healthcare system should reside at the sub-national level in line with the wider health economy
- Within this, integrated health and social care should reside at the lower tier
- Primary care networks should reside at neighbourhood level.

Devolution will need to move beyond static city-based deals, to forge new connections between places, within and across regions, and to help align the multiple administrative boundaries for the delivery of public services. The policy response will need to assist this development with a relative scaling-up of powers across larger areas. But this should not exclude the potential contribution that small units of government can provide at the local level, in helping to grow economies and providing effective services.



6. CONCLUSION

Devolution is critical to growth and renewal. The recovery from Covid 19 provides a unique opportunity to build on the demonstrable strengths of local government, by enhancing their powers and improving their resilience to future threats. By giving local government the ability to make its own decisions, devolution can help to level-up our economy and transform how we govern.

A consideration of economic geography and public service footprints reveals a myriad of overlapping administrative boundaries. Local government, regardless of type or scale, rarely corresponds with the footprint and jurisdiction for real economies, as measured by travel to work patterns, or wider public services.

There is no clear evidence to indicate a relationship between scale and levels of productivity. In the UK and in Europe, many smaller cities are more productive than their larger neighbours. Rather, it is connectivity between places that appears to be more important than population size. This implies thinking about economic integration in different ways, between large and small places, and beyond current or historical boundaries. This approach could help form new sub-regional entities (such as the Thames Gateway, the Oxford-Cambridge Arc, and others) from existing or reformed units of local government.

There is also no empirical evidence to indicate the optimal footprint for the organisation of public services in the UK. The implication being that a universal population size cannot be deduced or applied to decisions on reorganisation, although size combined with high levels of deprivation can have a negative effect on outcomes across public services. The focus for reform should therefore be on the appropriate scale at which better outcomes can be achieved, and not the potential for savings. There is no guarantee that cost savings will directly increase efficiency or improve public services.

Studies have also shown that there is no generally accepted theory for determining the ideal size of local government or the number of elected councillors. We know that England has one of the most underrepresented forms of local government in the developed world. Many countries have a much higher proportion of elected councillors per population. There are also disparities within England where the largest unitary councils tend to have the fewest councillors per population. This issue of electoral equality will have consequences for the future of local representative democracy, if it is not properly considered in the context of new governance arrangements for devolution.

In addition, there are many international examples where devolved powers do not vary according to the size of population or economy, and others where they do. All this suggests that there is no one-sized solution. It is on this basis that district councils and smaller unitaries should seek to establish devolved settlements that are appropriate to their individual requirements and scale.

The presumption must be to devolve, and the approach must provide the opportunity to all places without disproportionate conditions or institutional restrictions that are likely to deter progress. Devolution should uphold the principle of subsidiarity and the sovereignty of the local state to make strategic decisions and not just act as a transactional arm of central government. In this way, existing units of government can be used as the building blocks for place-based devolution.

It will be necessary to both strengthen existing deals and broaden out this offer to other places. Devolved powers and responsibilities should not be exclusively centred around a restricted number of metropolitan cities. These places are vital to productive growth, but they must begin to function as fully networked, polycentric entities, that connect cities and towns within and across regions, to diffuse the benefits of proximity and economic growth more widely, linking local, regional, national and global markets.

In this process, devolution should also seek to redefine local and sub-national relationships that do not strictly conform to historical or time-honoured boundaries. There is nothing 'natural' or predetermined about our current system of local government. No tier of authority should be so privileged that it is immune to change.

One aspect of the current two-tier system that could be usefully improved, relates to the division of economic development, housing, and planning functions. This can complicate place-making at a wider strategic and spatial level. This is particularly the case with land use and the designation of employment and housing sites, with its implication for transport connections.⁵⁷ This can lead to dispersed, and asymmetric developments, which can have a negative impact on both the potential for local economic growth and the improved effectiveness of public service delivery.

However, institutional reform should not be instigated for its own purpose, but only where there are strong arguments for change and tangible benefits that can be achieved. If the system is not broken it should not require a fix. But devolution at scale should not be permitted without strengthening local accountability, in line with other devolved areas. Either Mayoral Combined Authorities (e.g. Cambridgeshire and Peterborough) or unitarization (e.g. Cornwall) should be a condition of achieving the fullest devolution across larger spatial areas.

Devolution should actively encourage 'regional' agendas to counteract spatial inequalities. This should include furthering projects like the Northern Powerhouse and the Midlands Engine to better connect large and small places. But this should be based upon processes that can allow for:

- Different places to develop different roles
- Different regional structures for different scales and
- Multi-scale, 'cross-border' linkages.

Places are subject to multiple processes, each requiring multiple solutions. For the levelling-up agenda to succeed, devolution must promote 'local and regional cohesion' by operating at multiple scales across large spatial areas to invest in strategic infrastructure vital to economic development. This emphasises the need for places to cooperate across territories beyond local identity. In the absence of definitive evidence or a generalising theory this will require a high degree of pragmatism in pursuit of the common good.

APPENDIX 1: TRAVEL TO WORK AREAS IN TWO TIER COUNCILS

COUNTY COUNCIL	TTWA NAME	TTWA POPULATION
CAMBRIDGESHIRE	CAMBRIDGE	712,330
	HUNTINGDON	170,897
	WISBECH	86,922
CUMBRIA	BARROW-IN-FURNESS	92,171
	CARLISLE	137,499
	KENDAL	78,748
	PENRITH	48,706
	WHITEHAVEN	69,832
	WORKINGTON	78,667
DERBYSHIRE	BUXTON	43,139
	CHESTERFIELD	224,562
	DERBY	432,718
DEVON	BARNSTAPLE	94,059
	BIDEFORD	53,000
	EXETER	426,538
	KINGSBRIDGE AND DARTMOUTH	32,894
	SIDMOUTH	49,686
	TORQUAY AND PAIGNTON	158,111
DORSET	BLANDFORD FORUM AND GILLINGHAM	76,649
	BRIDPORT	28,931
	DORCHESTER AND WEYMOUTH	122,447
	POOLE	206,074
EAST SUSSEX	EASTBOURNE	248,850
	HASTINGS	176,157
ESSEX	CHELMSFORD	482,688
	CLACTON	115,185
	COLCHESTER	220,297
	SOUTHEND	581,668
GLOUCESTERSHIRE	CHELTENHAM	182,459
	CINDERFORD AND ROSS-ON-WYE	94,770
	GLOUCESTER	258,251
HAMPSHIRE	ANDOVER	84,051
	BASINGSTOKE	246,569
	PORTSMOUTH	557,339
	SOUTHAMPTON	688,002

COUNTY COUNCIL	TTWA NAME	TTWA POPULATION
HERTFORDSHIRE	LUTON	736,283
	STEVENAGE AND WELWYN GARDEN CITY	375,958
KENT	ASHFORD	123,285
	CANTERBURY	199,316
	FOLKESTONE AND DOVER	162,997
	MARGATE AND RAMSGATE	185,963
	MEDWAY	626,275
	TUNBRIDGE WELLS	298,834
LANCASHIRE	BURNLEY	177,131
	LANCASTER AND MORECAMBE	141,277
	PRESTON	419,105
LEICESTERSHIRE	LEICESTER	951,762
LINCOLNSHIRE	BOSTON	82,478
	GRANTHAM	78,556
	GRIMSBY	187,340
	LINCOLN	352,914
	SCUNTHORPE	170,507
	SKEGNESS AND LOUTH	100,381
	SPALDING	90,419
NORFOLK	CROMER AND SHERINGHAM	52,148
	GREAT YARMOUTH	102,758
	KING'S LYNN	157,169
	NORWICH	471,330
	THETFORD AND MILDENHALL	118,112
NORTH YORKSHIRE	NORTHALLERTON	111,093
NOTTINGHAM	MANSFIELD	300,299
	NOTTINGHAM	817,873
	WORKSOP AND RETFORD	118,536
OXFORDSHIRE	BANBURY	114,722
	OXFORD	560,935
SOMERSET	BRIDGWATER	102,041
	MINEHEAD	30,194
	STREET AND WELLS	72,343
	TAUNTON	122,933
	WESTON-SUPER-MARE	158,223
	YEOVIL	181,171

COUNTY COUNCIL	TTWA NAME	TTWA POPULATION
STAFFORDSHIRE	BURTON UPON TRENT	188,135
	STAFFORD	159,385
SUFFOLK	BURY ST EDMUNDS	139,105
	IPSWICH	372,109
	LOWESTOFT	126,098
	THETFORD AND MILDENHALL	118,112
SURREY	GUILDFORD AND ALDERSHOT	653,090
WARWICKSHIRE	LEAMINGTON SPA	244,669
WEST SUSSEX	CHICHESTER AND BOGNOR REGIS	241,399
	CRAWLEY	623,908
	WORTHING	183,297
WORCESTERSHIRE	EVESHAM	87,512
	WORCESTER AND KIDDERMINSTER	314,062



ENDNOTES

- 1 Bath & North East Somerset; Bournemouth, Christchurch and Poole; Bracknell Forest; Cheshire East; Cornwall; Leicester City; Medway; North Lincolnshire; North Somerset; Plymouth City; Portsmouth City; Rutland County; Shropshire; Slough Borough; South Gloucestershire; Swindon Borough; Southampton; Stoke on Trent; Telford & Wrekin; Thurrock; Torbay; West Berkshire; Windsor & Maidenhead Royal Borough; Wokingham Borough.
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Society

The UK has one of the most centralised states in the developed world and one of the most disaffected and politically passive populations in Europe. We hold our leaders in contempt, but despair of doing anything for ourselves or our community. The dysfunction at the highest level of society stems from the collapse of our social and personal foundation. There is little doubt that we are becoming an increasingly fragmented and individualist society and this has deep and damaging consequences for our families, our communities and our nation state.

Starting from the bottom up, the collapse of the extended family and the ongoing break-up of its nuclear foundation impacts on all, but disproportionately so on the poor and on their offspring. Too many children at the bottom of our society are effectively un-parented as too much is carried by lone parents who are trying to do more and more with less and less. We know that the poorer you are, the less connected with your wider society you tend to be. Lacking in both bridging and bonding capital and bereft of the institutions and structures that could help them, too many poorer families and communities are facing seemingly insurmountable problems alone, unadvised and without proper aid.

Based on the principle of subsidiarity, we believe that power should be devolved to the lowest appropriate level. Public services and neighbourhoods should be governed and shaped from the 'bottom up', by families and the communities. These neighbourhoods need to be served by a range of providers that incorporate and empower communities. Moving away from a top-down siloed approach to service delivery, such activity should be driven by a holistic vision, which integrates need in order to ascertain and address the most consequent factors that limit and prevent human flourishing. Local and social value must play a central role in meeting the growing, complex and unaddressed needs of communities across the UK.

The needs of the bottom should shape provision and decision at the top. To deliver on this, we need a renewal and reform of our major governing institutions. We need acknowledgement of the fact that the state is not an end in itself, but only one means by which to achieve a greater end: a flourishing society. Civil society and intermediary institutions, such as schools, faith groups and businesses, are also crucial means to achieving this outcome. We also need new purpose and new vision to create new institutions which restore the organic and shared society that has served Britain so well over the centuries.

Society

Society

Society

This report examines the implications of future devolution for districts and smaller unitary councils, and the potential role that they can play in responding to the challenges of Covid-19 and the crucial levelling up agenda.

It makes the case for greater 'subsidiarity' in allowing places to better determine and shape their own fate, and it considers the current arguments deployed for devolved powers. Our contention is that the crucial role of smaller cities and places is being overlooked in the rush for a 'bigger is better' approach.

We therefore discuss the optimal footprint for devolved powers and examine the appropriate governance for where devolution should land.

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