

## UK'S CORE CITIES MUST HAVE DEVOLUTION

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The UK's largest cities and city regions need bottom-up devolution by the end of the next Parliament, according to the leading independent think tank ResPublica.

In a new report, **Restoring Britain's City States: Devolution, Public Service Reform and Local Economic Growth**, ResPublica says these potential economic powerhouses should be given control of public spending and have tax raising powers to enable their regions to grow and to attract jobs and inward investment.

The radical proposals also call for the Core Cities to be allowed to borrow on Housing Revenue Account subject to Debt Deals with individual cities and city regions. These deals would be related to the growth engendered in the regions by devolution.

The plans demand the fullest possible devolution of public spending and tax raising powers to the UK's largest cities and city regions. The report says all regions should have a visible political figure in the form of a Metro Mayor or direct accountability through elected City Region Cabinet.

The Report argues for full local authority retention of property taxes, council taxes and a slice of income tax retained locally, and control of business rates within an equalisation mechanism.

ResPublica also wants one city region to come forward to pilot variable income and corporate tax rates to see if this can reverse economic decline and address the economic imbalance in the country.

It also calls for the establishment of a Devolution Agency to oversee placed based devolution across UK, and encourage both government and cities to be ambitious. Also called for are new Local Public Accounts Committees with enhanced powers to ensure that all public services are integrated across the new devolved areas and that only one set of outcome measurements for public spend are applied across the whole city region.

Report author and Director of ResPublica, Phillip Blond, says:

It's time to change the old 'one size fits all' model of centralised public services delivering the same thing to everybody regardless of need. It simply isn't working for the Core Cities. They deserve a better, more integrated system, free of all external

ring-fencing. If we do this correctly the benefits to the public purse will be in the billions of pounds.'

With devolved powers Core Cities could generate an extra £222 billion and 1.3 million jobs for the country by 2030.

The report says Core Cities deliver 24.4% of the combined economic output of England, Wales and Scotland. And despite the cities being net wealth producers, generating a surplus from work based tax compared to local public spending (+£2.4 billion across the English Core Cities in 2012/2013), much of this money (some £10.7 billion) flows out to the surrounding sub-regions.

**Restoring Britain's City States: Devolution, Public Service Reform and Local Economic Growth** tackles the thorny issue of spending on public services. It suggests place-based service integration to take public services out of separate, sealed-off siloes. Ernst & Young estimates that the saving to the public purse from place based integration could be as much as £20.6 billion over five years.

A detailed timetable to city based devolution is outlined:

- Pre-election: there must be legislative reform to give authorities greater flexibility in working across functional economic areas.
- Post-election: in the first 100 days of the next parliament a Devolution Agency needs to be established to oversee the changes.
- 1<sup>st</sup> year: devolved funds for transport, housing and employment.
- By 2016: a devolution pilot in one city region where income and corporation tax variation would be devolved and implemented.
- By 2020: pilot extended to all city regions.

Other recommendations include:

1. A commitment from all the major parties to include adoption of a statutory presumption in favour of devolution in their manifestos.
2. All parties should identify a comprehensive package of powers and legislative timetable for Cities in line with the enactment of the Smith Commission in Scotland.
3. The next UK Government should commit to extending the legislative framework for city-based devolution to enable 'The UK Devolution Act'.
4. All city authorities should commit to come together with neighbouring councils to form combined authorities.
5. Cities should commit to new levels of accountability and governance. Including direct elections for the new devolved authority leaders

ENDS

Notes to the Editor:

- 1) Core Cities are: Birmingham, Bristol, Cardiff, Glasgow, Leeds, Liverpool, Manchester, Newcastle, Nottingham and Sheffield.
- 2) For further details or to get an embargoed copy of the report please call Oruj on 07866685130 or email her on [oruj@sogold.co.uk](mailto:oruj@sogold.co.uk)

