

## DEVO 3.0: LEVELLING UP DEVOLUTION

### DOES LEVELLING UP MEASURE UP?

DevoConnect were quick to rally “Devolutionistas” at our Roundtable to look at what the Levelling Up White Paper means for devolution and to garner views on whether it measures up to our high expectations to:

- **Devolve** greater powers, accountability and devolved decision making
- **Deliver** a rebalanced and levelled up economy and deliver greater prosperity
- **Create** a fairer, more equal, and inclusive - and socially mobile - society

DevoConnect have long advocated that devolution is the solution and are leading proponents of its potential to level up and rebalance the economy and remove inter and intra-regional disparities. We believe that ‘good’ devolution can unlock economic growth in our towns, cities, and regions – if it has the powers and funding to back up bold ambitions. We are living in the most uncertain and risky of times where the Government need a robust plan to build back better and kick start investment in innovation, infrastructure, skills, and jobs. So, is their flagship Levelling up policy the solution?

Look at our summary and some of the consensus points which emerged from our Devo 3.0 session:

- Promises of wider and deeper devolution have been promised by successive Governments and it is pleasing to note that the Levelling up White Paper acknowledges that geographic inequalities across the UK have been on the radar for decades – with some of the earliest discussions over regional inequalities dating back to the Barlow Report of 1937. While the White Paper’s analysis is admirable, a substantial plan to address these inequalities must take place over a longer period than 8 years and involve sums in the billions, rather than millions
- Funding for Levelling up must be at a scale commensurate to the challenge it is addressing. The Shared Prosperity Fund is not going to account for the losses in EU funding to deprived regions, though it was initially promised that it would, and doubts remain as to whether it will truly target the areas most in need. The allocation of funds and powers should not be determined by political party affiliation OR spread too thinly across England
- The Levelling Up White Paper may not measure up to expectations, but it does put in place some good foundations to be built upon in future. It was disappointing that the Levelling Up White Paper only offered further powers to Greater Manchester and the West Midlands, given that other regions such as the Liverpool City Region and West Yorkshire Combined Authority had also pushed for similar powers

- Fundamentally there is a need for a “deep devolution review”. As such, the proposed Advisory Council should also champion devolution as well as scrutinising the implementation of the White Paper
- Devolving powers without funding could be interpreted as devolving *blame*. For example, the adult education budget has been significantly cut, while also being devolved in many regions across England which might result in many local authorities finding themselves ‘empowered’ but underfunded
- There are inherent flaws in a system that encourages ‘bidding wars’ for funding between different councils and combined authorities. Bidding is resource-intensive and creates clear winners and losers. The Government need to be clearer about the bidding process and give full and detailed consideration to establishing a more effective and transparent replacement
- The Levelling Up White Paper needs to empower local and combined authorities; giving them the ability to decide their budgets, and to exercise creativity and independence in raising and spending funds. Huge decisions of major importance for the North – such as the IRP – are currently decided by Whitehall and not by empowered Northern leaders
- The Levelling Up White Paper’s reference to meaningful devolution appears too ‘ad-hoc’ and potentially provide for an uneven and patchy devo-landscape rather than a coherent plan. Devolution without clarity regarding powers is more likely to cause institutional overlap and costly disputes over powers and responsibilities. There needs to be clarity from Government and a clear plan on how to decentralise powers to the regions
- Looking at Scottish devolution, there is now arguably a high centralisation of power in Holyrood with other cities and towns such as Glasgow, for instance, losing out significantly. Need to get it right and not one size fits all
- Fiscal powers should be enabled if we are to see good devolution. The creation of regional banks would be a sign of a genuine commitment to change the flow of capital in England. Need to decentralise finance across England to reduce – and not deepen - regional inequalities

We can assume that much of the future devolution debate will be decided not only by what is negotiated but who is around the negotiating table. On balance, Her Majesty’s Treasury must be involved in all future devolution settlements and negotiations. Ensuring the Treasury takes a positive view of devolution’s economic prospects is essential.

The Levelling Up White Paper has come under criticism for not offering any ‘new money’. In the absence of ‘new money’, the Government should introduce a ‘performance management system’ to ensure the measurement of progress in delivering the White Paper’s missions. It will also be important for advocates for devolution to be proactive in lobbying for the Levelling Up agenda to be central to the *next* Spending Review.

# DEVO 3.0 ROUNDTABLE

## Levelling Up Devolution

Friday 18th February, 10:00-11:30

Online via Zoom

While the White Paper analysed the state of regional inequality in the UK forensically and acknowledged the necessity of systemic change in resolving that situation, it has yet to offer sufficient concrete, systemic changes, that would deliver a rebalanced and levelled up economy.

It is clear from our Devo 3.0 Roundtable that there are some reasons to be cheerful but more importantly there are significant opportunities to shape and influence this whole agenda through the forthcoming Levelling Up and Regeneration Bill. It's time to bang the drum for good devolution.

### HOW DOES THE LEVELLING UP WHITE PAPER MEASURE UP AGAINST DEVO 3.0 PRINCIPLES?

Here is our analysis of whether the Levelling Up White Paper measures up to the 10 principles for Devo 3.0 in DevoConnect's 2020 review for the UK2070 Commission This suggests a score of 6/10:



## Does Levelling Up Measure Up?

# 6/10

|   |  |
|---|--|
|  <b>Transport</b> ? ✓  |  <b>Culture</b> ?       |
|  <b>Housing</b> ✓      |  <b>Net Zero</b> ✗      |
|  <b>Devolution</b> ? ✓ |  <b>Education</b> ✓     |
|  <b>Prosperity</b> ✗   |  <b>Cabinet Voice</b> ✗ |
|  <b>R&amp;D</b> ✓      |  <b>Digital</b> ✓       |

### DOES LEVELLING UP MEASURE UP?

| Devo 3.0 Principles   | Levelling Up White Paper  |
|---|---|
| Devolution must be a top-five priority for the Government which should be clear about the purposes of devolution: supporting a new Treasury objective of rebalancing the economy geographically; creating more democratic governance; and the better delivery of public services.                             | <b>Partly met</b><br>The White Paper makes clear that Levelling Up is about rebalancing the United Kingdom's economic geography.  |
| The Government needs to have a coherent and systematic approach to devolution. The goal should be to agree devolution deals across the whole of England in the next five years.   | <b>Partly met</b><br>The White Paper does offer devolution deals to all who want one although there is no time frame beyond Autumn 2022 for the first nine "county" deals.  |
| The Government should commit to a national dialogue on the benefits of, and need for, devolution as well as a programme of focused dialogue with sub-regional partners  | <b>Not met</b><br>The Government has not committed to such a dialogue although arguably the White Paper may be the start of a wider debate.   |
| In the short term, there is a need for a settlement with existing elected Mayors focused on the devolution of all adult skills funding and powers; NIC's recommendation on devolving transport and other infrastructure spending; and some elements of fiscal devolution.                                     | <b>Partly met</b><br>'Trailblazer' deals are being offered to Greater Manchester and the West Midlands but withheld from many others. There is no timeframe available for when the Trailblazer deals will begin to be negotiated. |
| In the medium term, the Government must set out a clear devolution framework, or continuum, showing the range of current Government powers and funding suitable for devolving and which can be accessed as capacity and competence, as well as leadership and demand, becomes available at the devolved level | <b>Partly met</b><br>The White Paper does provide a framework for devolution although what is on offer is limited to current MCA powers.  |
| The Government should publicly acknowledge that devolution is a process as well as a principle: something that can, and will, only be delivered in partnership with existing elected Mayors and local   | <b>Not met</b><br>This has not been explicitly acknowledged, and in fact the Levelling Up White Paper continues to treat devolution as a top-down   |



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| government as well as business and other stakeholders  | process - something to be permitted and/or restrained, by Whitehall.  |
| The next wave of devolution in England should <b>not be conditional on local government reform but ultimately what is needed is triple devolution</b> : to local government; to the sub-regional (Mayoral) level; and the sub-national level, i.e., the North, the Midlands, London, and the wider South East.   | <b>Partly met</b><br>The Government has acknowledged that the 'bidding' model for funding is flawed and a drain on resources, thus opening the door for a more collaborative approach. However, no alternative has been proposed. Local government reform is no longer an absolute pre-requisite. |
| The next wave of devolution must not be 'half hearted' nor 'one size fits all'. <b>Devo 3.0 needs to signify the end of imposed blueprints and shift the emphasis towards local and sub-regional partners taking the lead in agreeing deals.</b> The Metro Mayoral model should not be the only model permitted. | <b>Met</b><br>Along with the promise to offer a devolution deal to every part of England that 'wants one', the Government has acknowledged that each region will have different priorities and needs and acknowledged the need for flexibility.   |
| Several important issues need to be better understood and addressed: <b>the diversity deficit, especially regards gender; and the arrangements for scrutiny</b> of devolved structures at the sub-regional or city-region level, as well as Westminster and Whitehall levels.                                    | <b>Not met</b><br>These are "wicked" issues that the Levelling Up White Paper fails to address.   |
| <b>A Secretary of State should be appointed to lead the implementation of devolution.</b> All Government Departments - including HMT and relevant quangos - need to be genuinely committed to the principle, and support the process, of devolution and rebalancing the economy.                                 | <b>Met</b><br>With the creation of the Secretary of State for Levelling Up, this request has <i>arguably</i> been fulfilled.  |

**Do you want to shape and influence the debate or want some help with navigating the Levelling Up White Paper? Get in touch with the experts. Contact: [Gill@DevoConnect.co.uk](mailto:Gill@DevoConnect.co.uk)**

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### Devo 3.0 participants:

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Akash Paun, Senior Fellow, Institute for Government

Andrew McPhillips, Chief Economist, Northern Powerhouse Partnership

Ben Glover, Deputy Research Director, Demos

Charlotte Morris, Salford University

Chris Murray, Director, Core Cities UK

Chris Smith, Managing Director, Centre for the New Midlands

Claire Harding, Research Director, Centre for London

Cllr James Jamieson, Chairman, Local Government Association

Cllr Luke Raikes, GMCA

Des McNulty, Deputy Director, Public Policy Scotland

Erica Roscoe, Senior Research Fellow, IPPR

Ian Bins, Director, Thames Valley Forum

Jeremy Skinner, Assistant Director for Strategy, Intelligence and Analysis, Greater London Authority

John Grogan

Lord Bob Kerslake, Chair of UK2070 Commission

Lord Foulkes of Cumnock

Michael Henson, Commissioner, UK 2070

Neil McNroy, Senior Global Advisor, The Democracy Collective

Rich Durber, Associate Director, Turley

Rosie Lockwood, Media, and Campaigns Manager, IPPR North

Sam Spencer, Policy and Data Analyst, Royal Town Planning Institute

Steve Barwick, Associate Consultant Director, DevoConnect

Steve Darling, Council Leader, Torbay Council

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The Lord Inglewood MRICS

Tony Smith, Head of Strategic Policy, West Midlands Combined Authority

Will Mapplebeck, Strategic Communications Manager, Core Cities