

# Executive

## Devolution and Public Service Reform – Next Steps

Item no. 5

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**Summary:** This paper provides an update on London government's programme of devolution and reform, including opportunities emerging as a result of discussions convened over the summer by the Mayor of London.

This item also provides the Executive with the opportunity to hear and consider verbal updates on the very latest progress in these discussions and thus to help shape the next stage of London's proposition to Government.

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**Recommendation:** The Executive is asked to:

1. Note the progress reported, including the emerging joint initiative championed by the Mayor of London.
  2. Provide guidance on shaping the next stage of London's proposition to Government.
  3. Note the position achieved in discussions with the DWP on the Work and Health Programme.
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# Devolution and Public Service Reform – Next Steps

## Introduction

1. London Borough Leaders have driven a programme of work over the last two years in pursuit of devolution and reform of public services in London, working closely in partnership with the Mayor of London and the GLA. This led to the development of the London Proposition in summer 2015, which set out practical ideas for further devolution to London in support of public service reform.
2. This report opens with a summary of the emerging joint devolution initiative which is being championed by the Mayor of London, following a Devolution Summit which he convened in July 2016.
3. In parallel, negotiations with Government and partners continue in relation to key components of the 2015 London Proposition for devolution and public sector reform. This report concludes with a brief update on these discussions, noting in particular, the position reached in discussions with the DWP on commissioning the Work and Health Programme.

## Recent Developments

4. The Mayor of London convened a summit meeting on 14 July 2014 to consider further Devolution for London. The purpose of the discussion was to take stock of where London had reached in its devolutionary and reform ambitions and to seek to gauge the initial views of key London Government and wider stakeholders about the level of appetite for further devolution and reform.
5. The Summit, which was chaired by the Mayor, included cross-party representation by London Councils leading members<sup>1</sup>, the City of London Corporation, the London business community, the London Assembly, the Mayor's Office and the co-chairs of the All Party Parliamentary Group for London, Bob Neill MP and Steve Reed MP.
6. The Summit discussed the importance of further and faster devolution to London, particularly in the context of the need to protect London's economy from the uncertainty

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<sup>1</sup> Councillor Lib Peck, Councillor Ravi Govindia

ahead, following the outcome of the referendum into Britain's membership of the European Union.

7. In the discussion, a number of key themes emerged:
  - Agreement that the work of the London Finance Commission needed to be updated to reflect the current context.
  - The Mayor would work through London Councils to ensure that boroughs were involved in the process, underpinned by an understanding that the fact that London is not a single homogenous unit.
  - Recognition of the importance of involving business representatives.
  - The importance of deepening the relationship between London and its immediate hinterland as part of the devolution agenda.
  - Recognition of the potential provided by the All Party Parliamentary Group for London.
  - The importance of building public engagement.
8. The Mayor subsequently met with the Chancellor to discuss the impact of the referendum result on the Capital's economy. Following this meeting, London government is now working to prepare a submission setting out options for further devolution to London, with a view to this being ready in advance of the Autumn Statement.
9. Following the Summit and meetings with Ministers:
  - The London Finance Commission has been re-established and an interim report is envisaged in early October.
  - GLA officials are working with London Councils' officers and wider London local government colleagues on a list of key devolution requests on behalf of London government that could be put to the Chancellor in the early autumn.
10. The proposed package of key devolution requests will need to demonstrate how it contributes to protecting and growing London's economy. It is envisaged therefore that it may encompass the following themes:

## Skills and employment

- Potential further Skills devolution, including powers over the Adult Education Budget (AEB); 16-19 provision in the capital; any unspent apprenticeship and the National Careers Service.
- Potential further devolution of employment provision and advice to permit the provision of an integrated local offer.

## Fiscal devolution

- Potential devolution of further tax and spending powers once the London Finance Commission has issued its second report in November.

## Transport

- Potential devolution of further inner-suburban rail services to improve services and support new homes and jobs

## Housing and planning

- Potential devolution of a range of powers to support the Mayor and boroughs in boosting housing supply, including areas identified in 2015 joint submission.

11. There will also, nonetheless be an opportunity to flag up our expectation that the Government will engage fully with the asks which will be submitted later in the year as part of the London Health and Care Devolution agreements made with the then Chancellor, last December. Discussions may extend to exploring the potential for a form of improved governance that recognises boroughs as an equal partner with the Mayor.
12. The Mayor is discussing the initiative directly with the Chair of London Councils, Councillor Kober. A verbal update on the outcome of this meeting will be provided to the Executive. It is envisaged that negotiations with officials in Government will follow this formal submission.
13. To support the developing work, GLA officials will collaborate closely with senior borough officers, in liaison with the Chief Executives Devolution and Public Service Reform Sub Group. The Sub Group was convened by London Councils and the GLA to support the development of joint work on Devolution and Public Service Reform in the Capital, including the 2015 London Proposition. It is well placed to develop further

work in support of London's collective initiatives and it includes representation from each of the borough groupings as well as thematic leads.

### **Progress on Employment Support Devolution**

14. The 2015 Spending Review announced the creation of a new Work and Health Programme that will launch from 2017 onwards. It contained a specific commitment that the Mayor of London and London boroughs will jointly commission employment support (outside the Jobcentre Plus regime), to assist the very long term unemployed and those with health conditions and disabilities to (re)-enter work. The Work and Health Programme will provide employment support for Jobseekers Allowance (JSA) claimants unemployed for 2 years or more and for people with health conditions and disabilities and will operate over a four year period (2017-2021).
15. London Council officers, alongside officers from the London boroughs, sub-regional partnerships and the GLA, have undertaken extensive discussions with DWP officials about the agreement and the design of the Work and Health Programme in the capital. The basis of the discussions had been that London, via its four sub-regions, would lead the design, development, commissioning and management of the Work and Health Programme, working with DWP and within some core minimum national policy and commercial design elements.
16. In August 2016 DWP officials proffered a draft Memorandum of Understanding which significantly changed the terms of the envisaged deal on sub-regional commissioning of the Work and Health Programme. In addition to stepping back from devolution of funding and commissioning, officials had also set an unrealistic deadline of 26 August.
17. At the time of drafting this report, strenuous efforts were being made to broker a better outcome with senior officials. These discussions involve officials from DWP, HM Treasury and CLG.

### **Progress with other elements of the summer 2015 Proposition.**

18. Work continues to progress in relation to the other elements of the 2015 proposition and will be reported to Leaders in detail at a later date. In the interim, the key points to note are:

## I. Skills

- As the Area Reviews of Further Education continue, a number of FE colleges are already putting plans for change into place.
- Concerns remain about the lack of a broader ambition to reform the overall skills system.
- London Councils has commissioned work which might support the development of a complementary London vision for a reformed FE system that would be responsive to local need.

## II. Health

- As set out in a separate report to today's meeting, learning from the pilots is leading to the development of 'asks' which will be formally put to Government at the end of the year.

## III. Criminal Justice

- The Charlie Taylor review of youth justice was still awaiting publication at the time of drafting this report.
- The review may open up the potential for further discussions with MOPAC on next steps, including exploring the potential for collaboration in the light of the approach that the Ministry of Justice takes following the review.

## IV. Housing.

- Sir Steve Bullock and Cllr Ravi Govindia are engaged in a dialogue with the Deputy Mayor for Housing about the delivery of housing in London.
- An officer level Housing Sub Group has been established, which includes sub-regional representation.
- The Sub Group is looking to scope what would be required to establish a collaborative vehicle for interested authorities to boost the supply of housing.

## Considerations

19. This is a significant time for the development of devolution and public service reform policy in the context of:

- The policy aspirations of the new Prime Minister and the new Mayoral administration.

- The imperative of protecting London's economy from uncertainty, following the outcome of the Referendum into Britain's membership of the European Union.
- The narrow window of opportunity to influence the Chancellor's Autumn Statement and early thinking on the 2017 budget.
- The potential to explore bolder and more ambitious asks in relation to devolution and public sector reform in the Capital.

20. The discussion under this agenda item will provide the Executive with the opportunity to shape the policy response, including development of the proposed London devolution asks that the Mayor and Chair have been discussing.

### **Recommendations**

The Executive is asked to

1. Note the progress reported, including the emerging joint initiative championed by the Mayor of London.
2. Provide guidance on shaping the next stage of London's proposition to Government.
3. Note the position achieved in discussions with the DWP on the Work and Health Programme.

### **Financial implications for London Councils**

None

### **Legal implications for London Councils**

None

### **Equalities implications for London Councils**

There are no direct equalities implications for London Councils as a result of this paper. However, core elements of the propositions are targeted at improving outcomes for groups of people with protected characteristics, notably improving employment outcomes for disabled people.