

# Leaders Committee

## Devolution and Public Service Reform

Item no: 8

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### Summary

This report provides an update on recent work in pursuit of devolution and reform of public services in London.

The Congress of Leaders, comprising the Mayor of London and the London Councils' Leaders Committee, met on 14 July 2015 and endorsed an agreed version of the London Proposition as a framework for engagement with Government.

Subsequently, the Chancellor announced a deadline of 4th September, for authorities across the country to make submissions on devolution. A version of the London Proposition was duly submitted, having been updated to reflect progress made in the workstreams over the summer, with the aim of providing the basis of further discussion and negotiation with Government.

This work is intended to provide a platform to help boroughs – individually and in voluntary sub-regional groupings – to advance their reform ambitions. As the work develops, engagement with boroughs and sub-regional groupings is being strengthened to help pursue these ambitions.

### Recommendations

Leaders' Committee is asked to:

- 1) Note the submission of the London Proposition to Government, following endorsement of the framework at the London Congress meeting on 14 July 2015.
- 2) Note the work which is continuing to provide further operational detail in support of the discussions with Government, working closely with boroughs and sub-regional groupings.



# Devolution and Public Service Reform Update

## **Introduction**

1. This report provides an update on recent progress in pursuit of devolution and reform of public services in London. This follows the agreement at Leaders' Committee on 9 December 2014 to a joint approach with the Mayor of London, seeking talks with Government on the scope of London devolution and public service reform agreement.

## **Background**

2. Leaders' Committee has considered a series of linked reports over the last two years on the longer-term prospects for financing local government together with wider opportunities for devolution and reform.
3. This led to the development of an outline proposition, which had been designed as a platform for practical delegation of responsibility to London in relation to a range of public services, where integration at a local level would produce more effective outcomes and greater efficiency. The outline proposition, which was approved by Leaders' Committee on 9 December 2014, included proposals for governance of newly devolved responsibilities, focussed on Borough Leaders and the Mayor and building to some degree on existing joint arrangements. The powers sought and the governance arrangements to support them, do not take any powers away from any existing local or regional authority. The sovereignty of individual authorities in respect of existing functions remains unaffected and paramount.
4. Leaders' Committee subsequently considered a series of progress reports on the developing London Devolution Proposition and endorsed the approach being taken, including the work being taken by Chief Executive's Devolution & Public Service Reform Group to develop the operational detail to support engagement with Government.
5. The development of the propositions has involved wide-ranging engagement with member authorities, voluntary groupings of boroughs and officials.

## **Advancing the Joint Proposition with the Mayor of London**

6. Congress of Leaders, comprising the Mayor of London and the London Councils' Leaders Committee, met on 14 July 2015 and took stock of the joint work to secure a London

devolution and public sector reform agreement. The meeting endorsed an agreed version of the proposition as a framework for negotiation by officers with Government.

7. The proposition describes proposals for devolution and reform in relation to:
  - a. Employment
  - b. Skills
  - b. Business Support
  - c. Crime and Justice
  - d. Health
  - e. Housing
  
8. The core proposition is that London, like other cities, should have significant responsibilities devolved from the national level, allowing us to stimulate growth, boost housing delivery and deliver more effective outcomes within a tight public spending settlement. Tackling these issues locally, through integrated working, would allow a focus on avoiding the costs of failure and the sustainable management of services in the face of rising demand and continuing fiscal restraint.
  
9. It was understood that Ministers would also expect to see a convincing proposal for governance before agreeing significant devolution of responsibilities to London. Consequently, the proposition sets out how London's elected leaders and mayors at borough and London level would govern areas of devolved responsibility in partnership and how they would take decisions collectively. This joint machinery will only have oversight over areas of newly devolved responsibilities and all areas of activity currently under the authority of either the London Mayor, or London boroughs will remain sovereign to each individual body.
  
10. In some service areas, voluntarily constituted borough partnerships would be the preferred operational leadership for newly devolved responsibilities. These partnerships may vary depending upon the service or policy area and boroughs themselves would be responsible for agreeing decision-making machinery.
  
11. Shortly after the July 2015 meeting of Congress, the Chancellor announced a deadline of 4 September 2015, for authorities across the country to make submissions on devolution. Given the constraints that this timetable imposed, officers sought to prepare an updated version of the proposition which:

- remained faithful to both the key principles of the document agreed by the Mayor and Leaders on 14<sup>th</sup> July and, to a large degree, retained the same content;
- responded to requests from Government departments to provide more supporting detail about how the proposals for greater autonomy in commissioning integrated local public services could be made to work in practice.
- reflected discussions between Group Leaders, the Mayor of London and Simon Stevens at the end of July and follow up discussions since then with boroughs and health partners.
- reflected the evolving policy environment in respect of housing and planning and acknowledged that a separate stream of activity and engagement needs to take place to take account of the interests of boroughs, which would require wide political engagement, and extend beyond 4th September.
- emphasised points made by Leaders on governance at the Congress meeting about both a more explicit protection of minority interests in respect of the revised Congress Executive arrangement and to make clear that any joint arrangements between authorities should be both established and, when necessary, ended by the voluntary decisions of individual, participating authorities. The proposition went on to seek the Government's assistance in ensuring joint-committee provisions could be suitably strengthened to meet these principles and hence be an adequate vehicle for devolved powers.
- Made clear the important role of voluntary groupings of authorities in any reform settlement.

12. A revised version of the London Proposition was duly submitted by the 4 September deadline, which was faithful to the agreement by Mayor and Leaders on 14 July, with the aim of providing the basis of further discussion and negotiation with Government and to provide a platform upon which authorities and groups of authorities can build in practice. It presents propositions across six themes, each of them interrelated: Employment and Complex Dependency; Skills; Enterprise Support; Crime & Justice; Health; Housing. Taken together, these propositions provide an integrated package of proposals upon which authorities and groups of authorities can bring services and interventions together to deliver effective outcomes in their localities:

- **Tackling complex dependency and avoiding the cost of failure** through an integrated package of reform that would look to both prevent demand developing in the first place – by ensuring that Londoners have the skills to compete in an internationally competitive labour market – and to dramatically reduce the cost of failure where it does occur by ensuring the resource of local public services – from GPs and Jobcentres to the Police and councils – is used efficiently to provide the right support, in the right way and at the right time to address the interrelated problems of unemployment, poor mental and physical health, low skills and the risk of re-offending.
- **Mobilising a highly skilled, highly productive labour force** through delivering a comprehensive package of employment support programmes that provide quicker, easier access to the range of help needed for people to find work and to have the chance to progress, including those with poor physical and mental health, and a new skills system for London that puts employers in the driving seat and prioritises increased productivity, sustainable employment outcomes and progression in work.
- **Tackling barriers to increasing the supply of housing across all types of tenure to create prosperous, mixed communities that can drive productivity, support enterprise and share in the capital's wealth** - through delivering a comprehensive package of reforms to public and private land assembly, levers over planning and financing, and the Temporary Accommodation regime to achieve a step increase in home building which can be sustained over many years.

## Next Steps

13. Government received a large number of devolution submissions from around the country and an extensive process of assessment and engagement is now taking place in parallel with the Spending Review timetable. It is understood that some early signals of Government's initial reactions to the propositions are likely as part of the Spending Review announcement in late November. However, it is likely that discussions and engagement on a London agreement in different areas will continue beyond these initial announcements.
14. Operational work to support the propositions will need to continue through this period and is being co-ordinated by the Chief Executive's Devolution & Public Service Reform Group, which encompasses both borough and GLA representatives. The Group's work is designed both to provide Leaders with the technical advice needed to advance negotiations with Government and to allow appropriate consideration of the implementation implications.

15. The role of voluntary borough groupings and sub regions is growing in importance and consequently the proposition has been designed as a platform upon which groupings of authorities can build (whilst also recognising that these partnerships have further ambitions in relation to the growth, reform and development in their local areas). The membership of the Chief Executive's Devolution & Public Service Reform Group has recently been revised to ensure that these current groupings are each represented strongly alongside thematic leads and relevant professional groupings.
16. Progress towards implementation in some of the thematic areas will rapidly present questions about the need to connect appropriately with those boroughs that are not currently members of flexible voluntary groupings for such a policy area. The Area Review process for further education is in preparation, the first Review will begin formally in February 2016. As a result, London boroughs' preferred view of the geography for leading further education area reviews will be needed nearer the time of the CSR announcements. Good progress is being made with this. It is likely that decisions on voluntary groupings for devolved employment programmes will be required within a similar timescale.

## **Conclusion**

17. The joint proposition has positioned London - the Mayor and Borough Leaders - to develop these issues further with Government with a view to securing further devolution and public service reform in London. This next phase of engagement will require close co-operation with boroughs and voluntary borough groupings, as potential plans for implantation are developed.
18. Leaders are asked to:
- 1) Note the submission of the London Proposition to Government, following endorsement of the framework at the London Congress meeting on 14 July 2015.
  - 2) Note the work which is continuing to provide further operational detail in support of the discussions with Government, working closely with boroughs and sub-regional groupings.

**Financial implications for London Councils**

None

**Legal implications for London Councils**

Any recommendations arising from work to develop shared governance structures would be subject to detailed legal advice.

**Equalities implications for London Councils**

There are no direct equalities implications for London Councils as a result of this paper.

**Attachments - None**