

Briefing for London borough scrutiny members

What are the implications of London-wide devolution for local areas and how can boroughs make the most of the opportunities?

London faces public service and infrastructure challenges on a national scale, but currently lacks the power and resources to tackle these effectively. Put simply, devolution provides the capital with a means to reaching that end, allowing boroughs and the Mayor of London to jointly develop more effective public services and bring investment and funding decisions closer to London's communities.

The implications of devolution for London boroughs are likely to unfold over the short and medium term. First, city-wide devolution is only likely to be successful if it is founded on robust partnerships – between individual boroughs, groups of boroughs and the Mayor of London. Establishing each party's position and developing a clear account of the architecture that governs their relationship and responsibilities is a priority.

Second, implicit within the framing of the Government's approach to devolution is the need to properly account for risk both locally and within partnerships. The government is looking for a 'deal', a proposition for devolution that either increases growth, or reduces the cost of public service interventions. Local authorities participating in these deals will be expected to deliver improved outcomes within a constrained financial envelope. Not only will local and sub-regional business plans need to take account of the cost of delivery, but also develop robust mechanisms for managing the risks of failure within extended partnership arrangements.

Third, those services with the greatest potential for devolution are those that are likely to benefit most from intelligently targeted locally integrated solutions. It will not be possible or desirable to simply replicate national silos or fragmented interventions at a local or city-wide level. This has implications for service design, delivery and commissioning arrangements, which in turn places a focus on the skills, expertise and flexibility of the authority staff tasked with co-ordinating, commissioning and delivering these programmes.

Fourth, each of the three aspects described above create implications for local accountability, transparency and scrutiny. Through the process of devolution, services that have traditionally sat outside local government may find themselves influenced by London boroughs. This will increase the importance of clear public explanations of accountabilities. As such, clearly communicating with residents the role of the council as the only elected local body with responsibilities across all aspects of public services will be critically important.

What are the most promising areas for further devolution of budgets and powers from central government to London?

Through the competitive processes of the city, growth and devolution deals, cities and city-regions have been encouraged to evidence how their plans for an area will provide growth above and beyond that already forecast and reduce the cost of public service intervention e.g. through improved operating efficiency, the better targeting of interventions and the consolidation of fragmented or overlapping programmes.

Some of the most tempting propositions from cities and city-regions across the country have therefore been those that demonstrate how both ambitions might be realised and how in doing so local government might take advantage of its unique position to create integrated services that tackle the issues of complex dependency that underpin the demand for many of these interventions in the first place.

As such, in London the most promising areas for further devolution are those that address the needs of the most vulnerable, socially and economically excluded groups: the long term unemployed; those at risk of (re)offending; and, those unable to access affordable housing.

In addition, while still at an early stage, the Government's proposal to shift the balance of local authority funding towards full business rate retention, presents the opportunity, albeit with a significant degree of additional risk, for regions that generate a 'surplus' to 'bid' for services currently provided nationally services to be devolved. Proposals in this area are likely to develop throughout 2016, but may potentially open up new prospects for devolution.

What areas of service/expenditure should be devolved and to what governance level within London?

London's discussions with government have included proposals for devolution to London across six broad areas:

- **Employment** – we proposed a large scale mobilisation of the long term unemployed into jobs, ensuring that all of London's communities are able to share in its growth and contributing to the goal of the UK having the highest employment rate in the G7.
- **Skills** – we called for a transformation of London's skills system to deliver in-demand skills from the best performing providers to drive up investment from individuals and employers in professional, digital and technical training and enable Londoners to access the basic and higher level skills they need to compete in London's thriving jobs market.
- **Business Support** – we want to create an environment in London for the best entrepreneurs, innovators and SME owners to grow their business supported by excellent, accessible advice, high quality tailored services, supported by bespoke digital tools and targeted engagement.
- **Crime and Justice** – we called for lasting reforms to the policing and criminal justice system to secure for the future a safe city that brings business and investment to Britain.
- **Health** – we want to see faster reform of health and social care services, building on the proposals of the London Health Commission, to deliver swifter improvements in the health of Londoners and faster reductions on the cost pressures on London public services.
- **Housing** – we proposed a significant and sustainable home building programme across all types of tenure on a London wide scale and a reduction in the costs on the public finances of homelessness and high cost housing.

While within each of these areas a differential approach to governance has been discussed in outline, the underpinning principle is that devolution to London has been proposed from the joint platform of London boroughs and the Mayor of London.

For example, within employment support, our proposals for devolution have been shaped by the understanding that arrangements will need to focus on supporting operational delivery by groups of boroughs. In contrast, negotiations regarding skills devolution have been framed by the government's intention to devolve the Adult Education Budget to London government at a city-wide level, with borough partnerships playing a delegated role within a strategic context.

Similarly, while the five health devolution pilots are likely to generate new structures at a borough, sub-regional and pan-London level, proposals relating to crime and justice are more likely to build on existing arrangements between London boroughs and the Mayor's Office for Crime and Policing for the oversight of any future devolution.

How will the relationship between the GLA and the 32 boroughs need to be recalibrated in order to make devolved arrangements work?

It has been proposed that any newly devolved responsibilities will be governed by a structure based on the existing London Congress and the Congress Executive machinery - this would bring together borough Leaders and the Mayor of London.

It is also envisaged that negotiation with Government over specific functional areas (e.g. employment) will lead to voluntary co-operation among groups of boroughs being identified as the preferred operational leadership in certain areas.

While plans for operational devolution remain at an early stage, discussions regarding recalibration would be premature. However, in the longer term it may be that the operational detail of devolution arrangements prompts a more substantial consideration of governance arrangements across the capital.

Is there a need for more consistent arrangements to be agreed at the sub regional and pan borough level in London?

Across London discussions have taken place between groups of boroughs at a sub-regional level within the context of providing a comprehensive delivery framework for jointly commissioning employment support under the newly announced Work and Health Programme.

As devolution to London continues, elements of best practice are likely to emerge and London Councils will play a key role in ensuring this learning is shared swiftly across the capital. Clearly, as devolved governance arrangements at the local, sub-regional and pan-London levels evolve there may be a case to examine pan-borough governance across the capital.

How can we ensure that devolution is supported by strong governance and public participation?

Three factors would appear to be crucial to ensuring strong governance and public participation. First, by focusing on and communicating the difference devolution can make to particular places, through intelligent service design, locally responsive service integration and outcomes measured by the needs of particular communities.

Second, by using the process of devolution to develop a fair and inclusive approach to local growth: by connecting more individuals to the labour market; increasing the rate of

progression to higher paying work; and, bringing decisions regarding infrastructure investment closer to the communities bearing the brunt of existing pressures.

Third, by ensuring that scrutiny at a local, sub-regional and city-wide level evolves in line with the scale of devolution to London and, consequently, by ensuring that as new powers are brought down from central government to the local level communities are able play a commensurate role in influencing decisions that directly affect the neighbourhoods they live in and services they rely on.