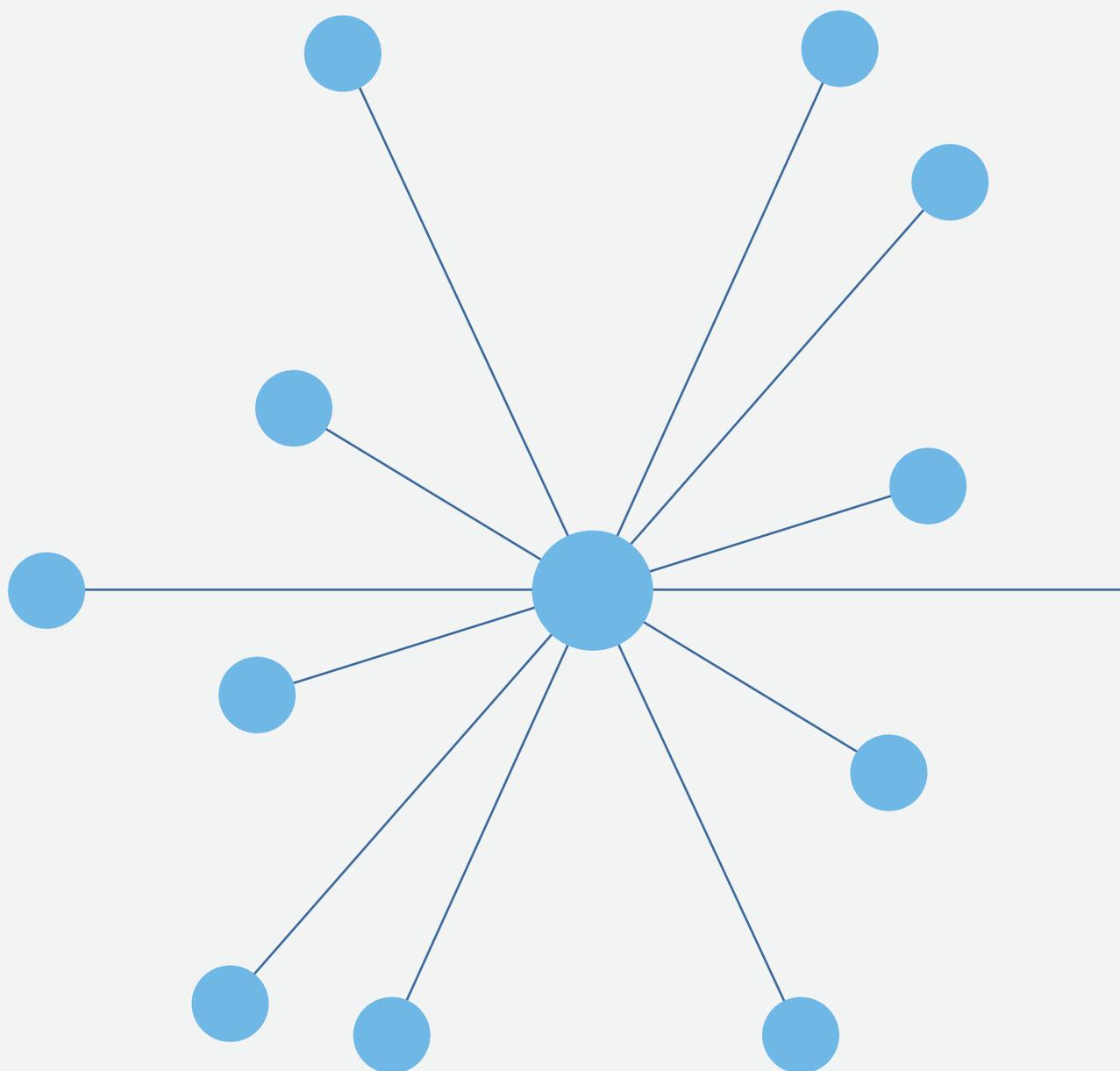


# Decentralisation: Issues, Principles and Practice

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Established in 1977, the Centre for Urban and Regional Development Studies (CURDS) at Newcastle University is a research centre internationally renowned for its academic excellence and policy relevance.

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# 1 Summary

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How we are governed makes a difference to the things that matter in our lives.

Dissatisfaction with the UK's highly centralised system and its shortcomings has prompted a further episode of decentralisation of the governance system.

Yet decentralisation in England since 2010 is ad hoc, piecemeal and rapid.

It is timely to take stock of where the current episode of decentralisation has got to, consider what issues it faces and where it is heading.

This report aims to assist and inform the ongoing activities of policymakers at the central national and local levels working with decentralisation in England.

Drawing upon research supported by a range of international and national funding bodies and tested with central national and local practitioners at roundtables in London, Manchester and Newcastle, the report recommends:

- **Clarifying the rationales and principles of decentralisation** with a decentralisation 'road map' and process to provide some clarity to the vision, direction, purpose, principles and strategy for decentralisation
- **Reforming 'deals' and 'deal-making' through:** clarifying the principles, rationales, frameworks, criteria and timetables for deals; incorporating independent appraisal and approval and strengthening monitoring and assessment of delivery; sharing knowledge, experience and practice; and, enabling local actors to enforce, adapt and amend deals
- **Aligning, co-ordinating and simplifying decentralisation geographies** by establishing a Decentralisation Commission with independence and authority to develop and appraise models and propositions of intermediate governance arrangements in England with variable functions and geographies, powers, resources and accountabilities
- **Rebalancing the public finance system** following a comprehensive review of the balance and nature of taxing, spending and redistribution between the central national and local levels, learning the lessons from evaluations of the place-based and multi-year funding pilots 'Total Place' and 'Community Budgets', and setting out transitional arrangements to reform the current system
- **Clarifying and enhancing accountability, transparency and scrutiny** by supporting the establishment of a National Constitutional Convention to connect decentralisation in England into UK governance deliberations, bolstering parliamentary oversight, developing new local models of accountability, transparency and scrutiny, and devising and investing in new forms of public education and engagement.

The report concludes by outlining the principles, scenarios ('modified status quo', 'local leadership long-march' and 'national devo-project') and frameworks for thinking and practice for decentralisation.

## 2 The Aims of the Report

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How we are governed makes a difference to the things that matter in our lives: how the economy is working and how many and what sort of jobs it is creating; how our education and training systems work; how our infrastructure networks connect us and move us around; how many and what kinds of houses are being built to make homes in; and how our health and care systems look after us when we need them. In short, good governance is critical to human wellbeing and flourishing.

The UK's governance system has become one of the most centralised in the world<sup>1</sup>. Concerns have grown that such centralised governance is becoming less effective in doing the things we need it to do<sup>2</sup>. In an increasingly complex, inter-connected and fast moving world, politicians and civil servants in national central government and Whitehall don't always know what's best for local, regional and urban areas. Pulling levers centrally in a top-down 'command and control'-style governance system doesn't necessarily deliver the goods, leaves local knowledge untapped and does not respond well to diverse needs and aspirations.

Everyone's tax contributions go into a central pot but public service outcomes in education, health and other areas are uneven between places. People are disengaging from politics and losing faith in the capacity of public institutions to make their lives better.

In this context and amidst further evolution in the devolved territories of Northern Ireland, Scotland and Wales in the UK, the decentralisation of governance in England has been unfolding at a rapid and unprecedented pace. The process is ad hoc and piecemeal, and is becoming more complex, uncertain and difficult to interpret, especially for citizens. This situation is not helped by the imprecise and loose ways in which the term 'devolution' is used and applied. Throughout this report we refer purposefully to 'decentralisation', and consider devolution to be just one of its more developed forms.

In 2016, it is timely to take stock of where the current episode of decentralisation has reached, draw upon the research evidence to consider what issues it faces and think through where it is heading.

Those involved in decentralisation see that the current process is entering a relatively more developed stage with a need to focus upon consolidation, effectiveness and delivery. Consequently, this report seeks to be constructive to assist and inform the ongoing activities of policy-makers at the central national and local levels working with decentralisation. Specifically, it aims to:

**Identify the challenging issues emerging from the research evidence on decentralisation and suggest ways of addressing them**

**Discern and articulate the principles needed to underpin and guide future developments in decentralisation**

**Provide scenarios and frameworks for thinking and practice for central national and local actors.**

The project has been funded by the UK Economic and Social Research Council (ESRC) under its Impact Acceleration Account initiative. The report has drawn upon the evidence base of research projects undertaken by the authors and funded by a range of organisations since 2010 (see 'The research evidence base' section) as well as other literature and studies, and the contributions and reflections of participants from academic and practitioner roundtables held in London, Manchester and Newcastle in October 2015 (see the 'Acknowledgements' section). The responsibility for the analysis, findings and recommendations in this report are entirely those of the authors and do not necessarily reflect the views of any organisations that have funded research undertaken by CURDS.

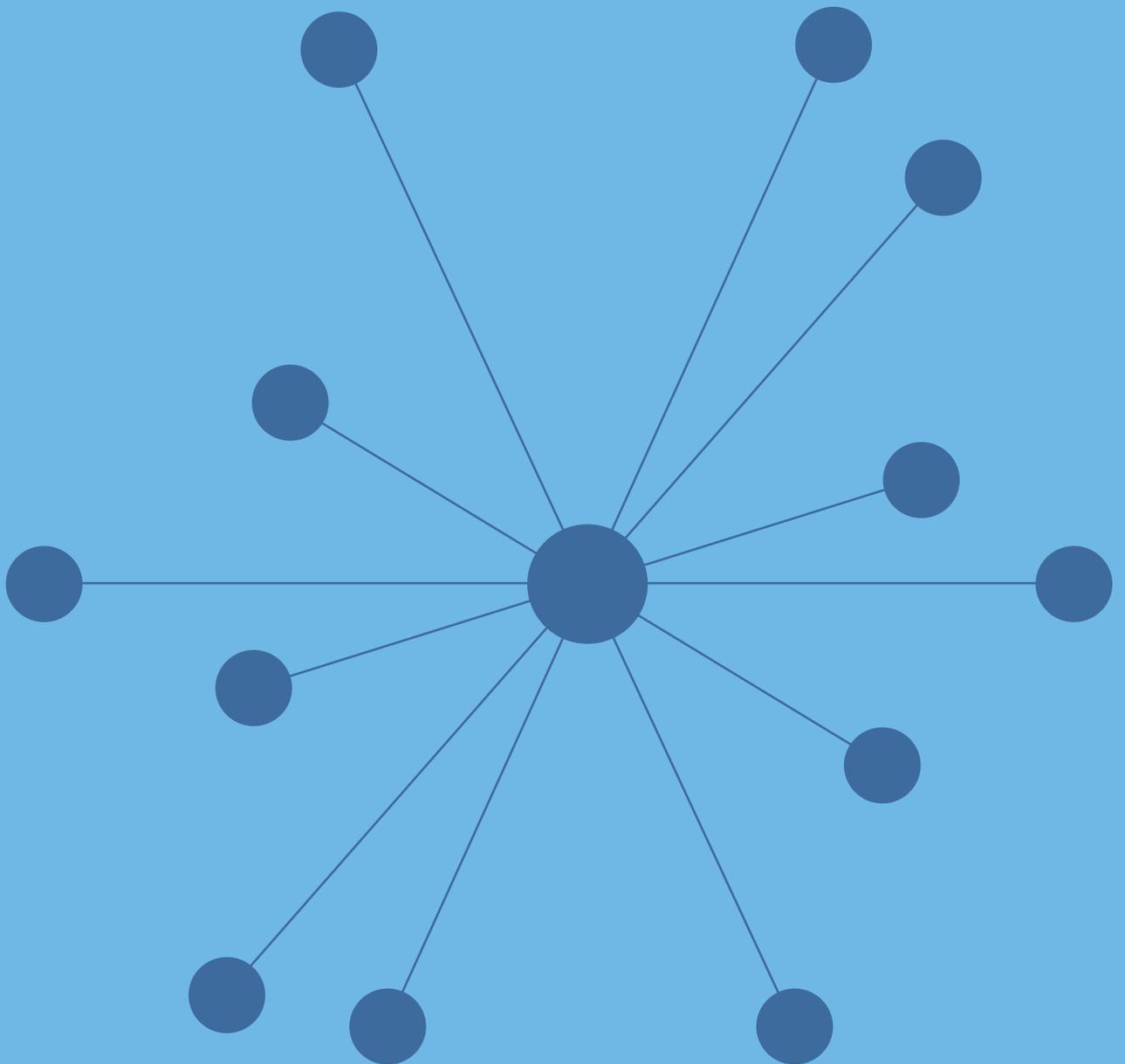
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# RESEARCH, EVIDENCE & RECOMMENDATIONS

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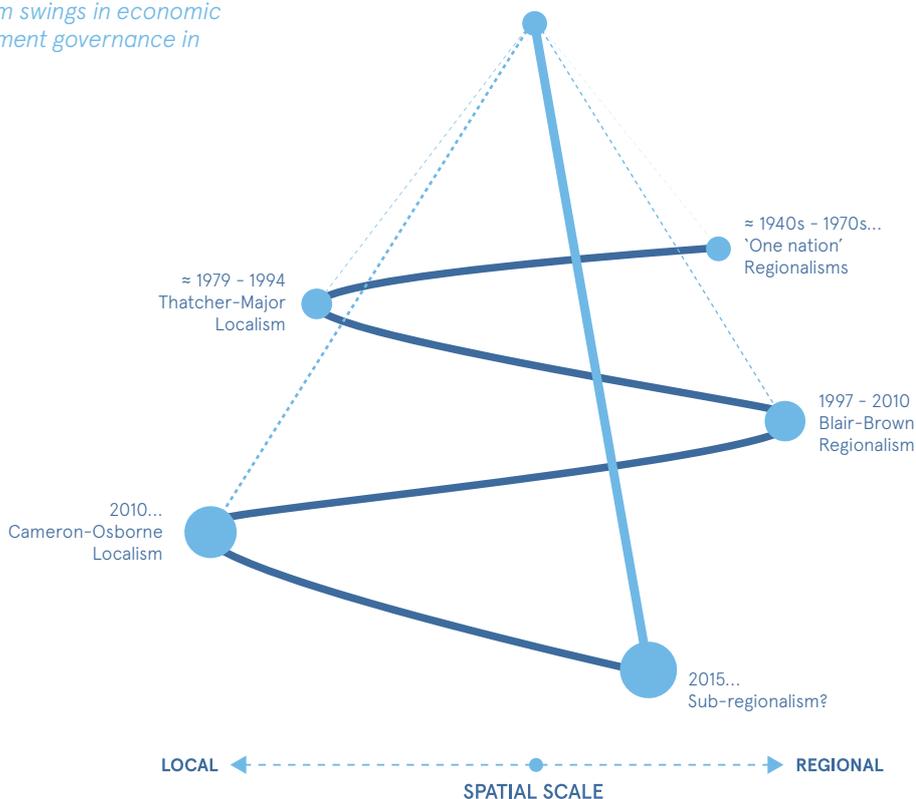


### 3 The Evolving Landscape of Decentralisation in England...

In addressing the centralised governance of the UK and especially its largest economic and demographic part England, various attempts at constructing an intermediate tier between central national and local government have been made.

FIGURE 1

*Pendulum swings in economic development governance in England*



Source: Authors' research

An oscillating pendulum between different broadly defined and sometimes overlapping forms of decentralisation has been evident in the post-war years as illustrated in Figure 1: 'One Nation' regionalisms between the 1940s and 1970s; the Thatcher-Major version of centrally orchestrated 'localism' between the late 1970s and mid-1990s; the Blair-Brown 'regionalism' from the late 1990s to 2010 and the current variant of Cameron-Osborne 'localism' since 2010.

Decentralisation comes in different forms (see Table 1). The extent and nature of decentralisation is critical in shaping its potential effectiveness, outcomes and impacts<sup>3</sup>. Understanding the different kinds of decentralisation is important in assessing the current and potential future changes in England. 'Devolution' is the term being widely used in this policy area but whether it contains the appropriate elements to meet that definition of decentralisation is questionable.

TABLE 1

*Forms of decentralisation*


<b>ADMINISTRATIVE</b>	Administrative functions and responsibilities undertaken at the sub-national level
<b>DECONCENTRATION</b>	Dispersion of central government functions and responsibilities to sub-national field offices. Powers transferred to lower-level actors who are accountable to their superiors in a hierarchy
<b>DELEGATION</b>	Transfer of policy responsibility to local government or semi-autonomous organisations that are not controlled by central government but remain accountable to it
<b>POLITICAL</b>	Political functions of government and governance undertaken at the sub-national level
<b>FISCAL</b>	Autonomy over tax, spending and public finances ceded by central government to sub-national levels
<b>DEVOLUTION</b>	Central government allows quasi-autonomous local units of government to exercise power and control over the transferred policy

Source: Adapted from Tomaney et al. (2011: 17)

Beginning under the Conservative–Liberal Democrat Coalition government in 2010 and accelerating with the Conservative government from 2015, the current episode of decentralisation has been articulated as ‘localism’<sup>4</sup>. The empowerment of local areas is intended to free them from central national government control and dependence, and has involved the construction of new institutions such as the Combined Authorities and Local Enterprise Partnerships, and the reorganisation and rationalisation of existing funding, institutions and services at the central national and local levels.

Decentralisation has been given an increasingly high political profile and invested with substantial political capital most notably recently by the Chancellor George Osborne. The initial focus upon local and city economic growth has shifted with a broadening of the aims and expectations being placed upon decentralisation by central national government. Specific initiatives in distinct policy areas such as City Deals have enlarged to wider agendas such as the various pan-regional ‘powerhouse’ and ‘engine’ initiatives in the north, midlands and south west and has been given a legislative basis in the Cities and Local Government Devolution Bill. Amidst unprecedented reductions in public expenditure and reforms of local government, local actors are actively engaging in and being carried along by decentralisation, albeit with reservations about its intent and centralised character. A degree of consensus in support of decentralisation is evident across the political spectrum<sup>5</sup>. Yet decentralisation in England is proceeding in a somewhat disconnected way from the wider and deeper constitutional questions about UK governance in the wake of the independence referendum in Scotland in 2014 and evolving settlements with the devolved administrations.

# 4 Clarifying the Rationales and Principles of Decentralisation

FIGURE 2

*Multiple and competing goals of decentralisation*



Source: Authors' research

## What does the research evidence say?

The current episode of decentralisation has been unfolding since 2010. It has been ad hoc, incremental, piecemeal, and rapid<sup>6</sup>. An uncertain mix of centralism and decentralism has been evident with some decisions being national and top-down – such as business rate retention and precepts on council tax for social care – and others more negotiated – such as the various deals between central national and local government (see below). Thinking and practice has been tactical rather than strategic<sup>7</sup>. Decisions have sometimes appeared political and subjective rather than more evidence-based and objective. The aims, purposes and goals of decentralisation have multiplied and widened (see Figure 2). It is unclear now exactly what decentralisation is trying to achieve: unlocking local growth? Spatially rebalancing the national economy? Savings and public sector reform? Addressing societal challenges like climate change and ageing locally? Improving public accountability? All of the above? There is a lack of clarity about exactly what decentralisation is for, where it is heading, when, how and with whom. Repeating the institutional churn, disruption and discontinuity characteristic of the history of decentralisation in England makes it hard to achieve long-term strategic planning, development and governance by central national and local actors. This difficulty is amplified by the context of austerity.

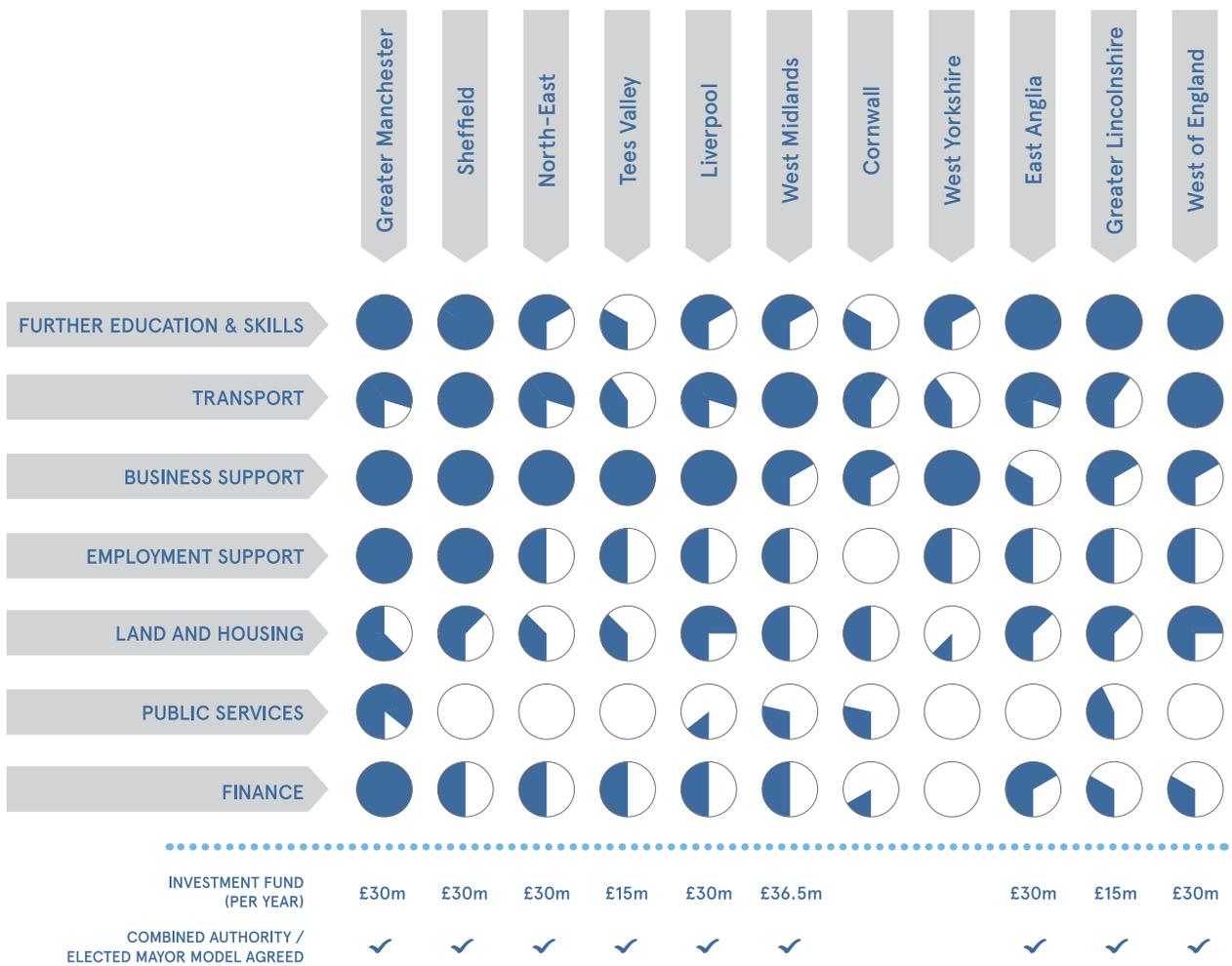
## Recommendations for central national and local actors

It is time to consider moving beyond ad hoc and piecemeal approaches to develop a decentralisation 'road map' and process to provide some clarity to the vision, direction, purpose, principles and strategy for decentralisation. This 'road map' should help to identify decentralisation options in a more systematic way – including powers and resources – and help both central national and local government actors to design appropriate and bespoke arrangements while being mindful of how the overall governance system is working across England. This is not a plea for a centralised and top-down blueprint designed in Whitehall and rolled out across England, but it is a call for the articulation of things that are currently unclear and/or unwritten and exist only in their practice. Such changes will make the decentralisation agenda more sustainable and longstanding. Greater clarity will improve the process.

# 5 Reforming 'Deals' and 'Deal-making'

FIGURE 3

Funding, powers and responsibilities in Devolution Deals



- Devolved or under discussion
- Not Devolved

\* What these segments illustrate is an indicative representation of the number of areas under each policy heading that central national government is willing to negotiate or has agreed with local actors for devolution. For full details of these please see the source reference.

Source: Adapted from Sandford, M. (2016) 'Devolution to local government in England', House of Commons Library Briefing Paper No. 07029, House of Commons: London: 6.

## What does the research evidence say?

Beginning with the City Deals<sup>8</sup>, 'devolution deals' and 'deal-making' have emerged as the preferred methods of formulating public policy and resource allocation in the current episode of decentralisation. This kind of explicitly 'informal governance' is novel and innovative in the UK context<sup>9</sup>. 'Deal-making' is good at providing a channel for local actors to talk to the centre, empowering local actors, encouraging strategic thinking, promoting innovation, and stimulating governance reform<sup>10</sup>. But it is marked by problems including: uneven information and power between central and local actors; the ambiguous role of the centre as supporter, appraiser and authoriser of the plans of local actors; limited capacity nationally and centrally in the context of expenditure reductions; lack of transparency; highly uneven resource allocation outcomes; slippage and prolonged timescales from announcement to implementation; and, limited evaluation of progress to date. As the process has developed with each new round of deal-making, common elements have emerged alongside more bespoke and particular dimensions<sup>11</sup>. But participants are fatigued by the centrally orchestrated deal-making process and episodic timetable, are still wondering what the criteria were against which their proposals were assessed, anxious that they will have to prepare further propositions for further deals, and curious about where it is heading next and to what ends, especially with the emergence of local political dissent in some places. Those negotiating the deals have experienced the paradox that this episode of decentralisation in England has actually been a highly centralised process.

## Recommendations for central national and local actors

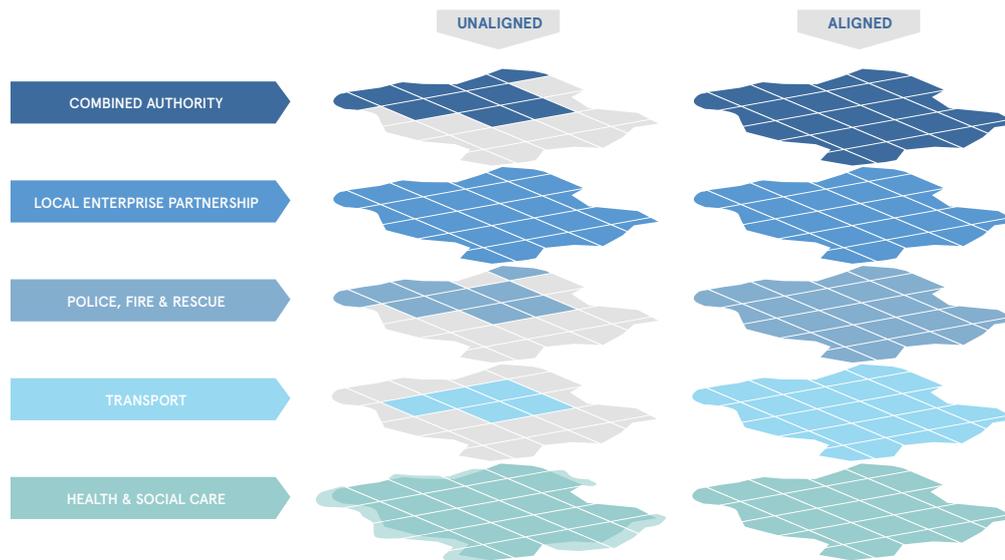
While not used in other areas of public policy, deals and deal-making for decentralisation appear here to stay for the duration of this Parliament and are now enshrined in the Cities and Local Government Devolution Act. But their informality, lack of protocols and absence of monitoring and evaluation are questioning their sustainability. These emergent limits point toward the need for a more strategic and planned process for 'deal-making' with some form of (semi)-independent arbitration between local and national negotiators to encourage 'fairness' and greater consistency and coherence. In our practitioner roundtables, there was a mixed response to this recommendation – both centrally (with a recognition that it entailed a loss of national powers of patronage and policy sovereignty) and locally (where privileged access to government is a political 'prize' that is sought and valued). On balance, we consider deals may be done better for the local and central national levels if the negotiation and agreement process addresses the following issues:

- Clarifying the principles, rationales and criteria for deals
- Outlining a framework, parameters and indicative timetable for deals and the deal-making process
- Providing 'menus' for deal elements beyond local growth to Public Service Reform
- Incorporating independent components of appraisal and approval
- Strengthening monitoring and assessment of delivery and value for money
- Designing mechanisms for sharing knowledge, experience and practice for central and local actors in how deals can be used effectively to deliver public policy outcomes
- Enabling local capacity and power to enforce, adapt and amend deals

## 6 Aligning, Co-ordinating and Simplifying Decentralisation Geographies

FIGURE 4

### Messy Geographies



Source: Authors' research

### What does the research evidence say?

The avowed aim and aspiration of central national government is for decentralisation to be based on geographies of functional economic areas. However, this approach has been applied both inconsistently, and may be inappropriate if the purposes of decentralisation are not principally focused upon economic growth. The rationale is that public policy is more effective when interventions are focused on territories over which the targeted processes work, for example the labour markets of travel to work areas for skills and transport policy<sup>12</sup>. But the ad hoc and piecemeal way in which decentralisation has unfolded has created much more complex, messy and inconsistent geographies that are proving hard to make sense of, untangle and make workable<sup>13</sup> (Figure 4). With the exception of London and Greater Manchester, there is a lack of geographical alignment and co-ordination between functional policy areas and institutions across the local authorities, Combined Authorities, LEPs, education, health, police, transport and other partners and sectors. The spatial focus has been primarily on cities/city-regions and only latterly on their hinterlands and rural areas in counties<sup>14</sup>. Deals enabling decentralisation of specific powers and functions with different geographies are leading to geographical tensions and contradictions that are difficult for local actors to co-ordinate, resolve and sort out – especially without recourse to the centre – to deliver their aims for decentralisation. The emergent pan-/regional 'powerhouses' and 'engines' in the north, midlands, south and south west are further complicating the geographies involved.

As the historical pendulum again appears to be moving toward sub-regional geographies, it appears we have gone back to the future of sub-national governance in England – described by the Audit Commission in the 1980s as a “patchwork quilt of complexity and idiosyncrasy”<sup>15</sup>. International evidence suggests institutional fragmentation at the metropolitan scale is a drag on productivity growth<sup>16</sup>. International investors and institutions find local, regional and urban governance in England complex, uneven and not easily legible to understand and engage with<sup>17</sup>. The current situation raises several questions: does this form of decentralisation work as a coherent governance system for the constituent areas and for England as a whole? How can it be led, co-ordinated and managed at the local level to deliver the best public policy outcomes? How does it all fit together? What about the areas left out, ‘failing’ or with contested association with any intermediate geography in the current and evolving circumstances?

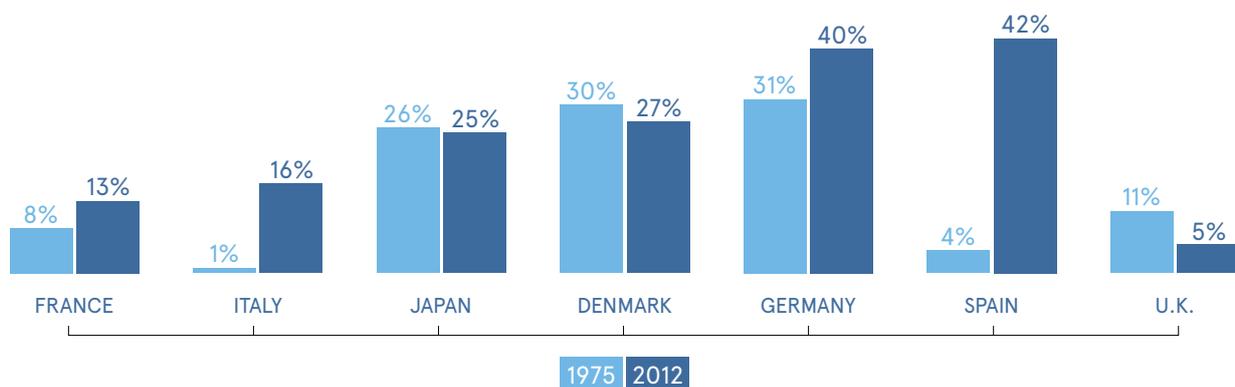
## Recommendations for central national and local actors

Institutional innovation is needed to find a way of aligning, co-ordinating and simplifying decentralisation geographies. Establishing a Decentralisation Commission with independence and authority could involve public, private and civic actors to provide the capacity to develop and appraise models and propositions of intermediate governance arrangements in England with variable functions and geographies, powers and resources, and accountabilities. Such a body could work with central national and local government to bring more clarity and coherence to the decentralisation agenda, contributing to the development of the ‘road map’, and help identify and agree solutions and processes for areas left out, deemed ‘failing’ and contested. Learning from those areas with knowledge, experience and progress under their belts, the new institution would be constructive, challenging and developmental. The aspirations and aims for decentralisation – such as local growth and public service reform – can be more likely achieved with more aligned, co-ordinated and simplified decentralisation geographies. While there may not currently be the appetite for such an institutional innovation and, indeed, local actors have expressed fears that such a body would slow things down, without institutional change the kinds of things that need doing about decentralisation analysed in this report would remain the tasks of the existing actors.

## 7 Rebalancing the Public Finance System

FIGURE 5

*Changes in % of taxes raised locally in 1975/2012*



Source: OECD (2015) Tax Policy Analysis. Organisation for Economic Cooperation and Development: Paris.

### What does the research evidence say?

The UK's system of public finance is amongst the most centralised internationally, and has been centralising while other countries have been decentralising (Figure 5). International evidence demonstrates that while decentralisation comes in different forms, shapes and sizes, appropriate funding and financing are pivotal to its effectiveness<sup>18</sup>. In the context of the national priorities of fiscal consolidation and surplus generation in the UK, the limits of this highly centralised system are being exposed in the current episode of decentralisation. The national centre wants local government to find and stimulate new sources of revenue and reduce its financial dependence upon the national centre. Local government is keen to reduce its reliance upon reduced transfers from the national centre and to get meaningful powers, funding and taxes at the local level<sup>19</sup> to deliver its public policy aspirations.

But there are lock-ins, thorny issues and inertia preventing any more than modest and limited reforms. The national centre is nervous about meaningful decentralisation of fiscal powers because of its potential risks for the national priority of deficit reduction and aspiration for fiscal surplus and its enduring lack of trust in the capacity and competence of local government to take on further powers and responsibilities. As a legacy of working in a highly centralised public finance system, the local actors lack knowledge, capacity, experience and confidence and are worried about future revenue sources especially in a context of reductions in public expenditure and the uncertainties and risks involved. City and Devolution Deals have largely comprised bids for shares of existing and, in some cases, shrinking pots of expenditure. Difficulties have been evident in negotiating and agreeing modest new instruments such as 'earn-back' and 'gain-share' or they are heavily caveated such as business rate retention and tax increment financing. In moves towards fiscal devolution and localisation, the wider systemic impacts for the UK and the need to retain appropriate equalisation, stabilisation and redistribution mechanisms have not been given sufficiently thorough consideration especially if London's fiscal powers are enhanced. There is an element of 'smoke and mirrors' and it is not clear whether new and additional money is being decentralised alongside giving local areas the powers to raise tax and shoulder the risks of new borrowing and investment instruments. The public finance system remains highly centralised with only modest and limited decentralisation measures to date relative to the scale of the problem but is facing growing pressures for far-reaching but difficult reform.

## Recommendations for central national and local actors

While it has been reviewed periodically<sup>20</sup>, the nature and speed of decentralisation since 2010 warrants a further comprehensive and thoroughgoing review of the public finance system in the UK and its balance between the central national and local levels. A further review is warranted given the timely nature of the current moment and the avowed appetite of central national and local government for fiscal reform. To underline its independence and authority, this is a task for the new Decentralisation Commission. The terms of the review would consider:

- The public finance system as a whole
- The balance and nature of taxing and spending between the central national and local levels
- Relationships and mechanisms for co-operation and collaboration for local authority areas to achieve scale through tax base enlargement and revenue pooling
- Genuine revenue-raising options to enhance the local government tax base and borrowing powers to bolster their financial capacity
- New and reformed resource equalisation mechanisms and transfer safeguards
- Distilling and learning the lessons from evaluations of the place-based and multi-year funding pilots 'Total Place' and 'Community Budgets'<sup>21</sup>
- Transitional arrangements to reform the current system

## 8 Clarifying and Enhancing Accountability, Transparency and Scrutiny

FIGURE 6

*Changes in institutions and initiatives for local growth since 2010*



\*While the first combined authority (Greater Manchester) was created in 2011, the initial legislation that enabled combined authorities to be established was the Local Democracy, Economic Development and Construction Act 2009.

Source: Adapted from NAO (2013) Funding and Structure for Local Economic Growth, National Audit Office: London

## What does the research evidence say?

The ad hoc, piecemeal and rapid process of decentralisation in England is generating a new institutional landscape. Since 2010, institutions have been abolished as the regional tier was dismantled, new institutions have emerged, existing institutions reformed and new areas of public policy been brought together creating new arrangements involving Combined Authorities and LEPs with metro mayors to come as well as connections between new policy areas, for example health and social care (Figure 6). Echoing historical experience in England, this further episode of institutional churn, disruption and hiatus has reproduced many longstanding issues including loss of leadership, capacity and momentum as well as instability and uncertainty with negative impacts on growth and development<sup>22</sup>.

The new institutional landscape is raising serious questions of accountability, transparency and scrutiny – the ‘achilles heel’ of decentralisation<sup>23</sup>. Decisions are being made by a narrow cadre of actors behind closed doors, involving a mix of elected politicians, appointed officials and external advisors. Deals and deal-making are being conducted, negotiated and agreed in private by a small number of selected participants in closed and opaque circumstances and in a technocratic way. Decisions involving large sums of public money and long-term financial commitments are being taken without appropriate levels of accountability, transparency and scrutiny<sup>24</sup>. Although uneven in different places, many institutions and interests in the wider public, private and civic realms feel left out and marginalised. These include business and their representative associations (alongside the uneven involvement of LEPs), environmental organisations, further and higher education, trade unions, and the voluntary and community sector. Equalities and representation concerns are evident in relation to gender and diversity. The wider public knows little about decentralisation of the governance system and is becoming increasingly disengaged and lacking faith in the ability of politics, public policy and institutions to make their lives better<sup>25</sup>. Those better informed and engaged worry that power and control has simply shifted a little from elites in central national government to those at the local level.

Concerns that the decentralisation efforts in England failed in the early 2000s due to the limited nature of decentralisation on offer and lack of public engagement and support<sup>26</sup> are mixed with fears that the current process risks repeating this mistake. Accountabilities are lacking, weak and under-developed. Wider discussion, scrutiny and challenge by the public and/or relevant institutions have been largely absent. Anxieties are being articulated that the exclusive, opaque and technocratic way decentralisation is being conducted is reinforcing such concerns. More inclusive, transparent and accountable ways of doing decentralisation need to be found, developed and adapted to local circumstances. Means need to be explored to allow and enable a wider set of voices to be heard and more interests and opinions considered in order to make decentralisation accountable and transparent and more sustainable. International evidence illustrates that inclusive deliberation and dialogue supports better and more robust decision-making for public policy and more effective and lasting outcomes<sup>27</sup>. Decentralisation must not be seen as an end in itself but as a means to better economic, social and environmental outcomes for people and places across England and the UK.

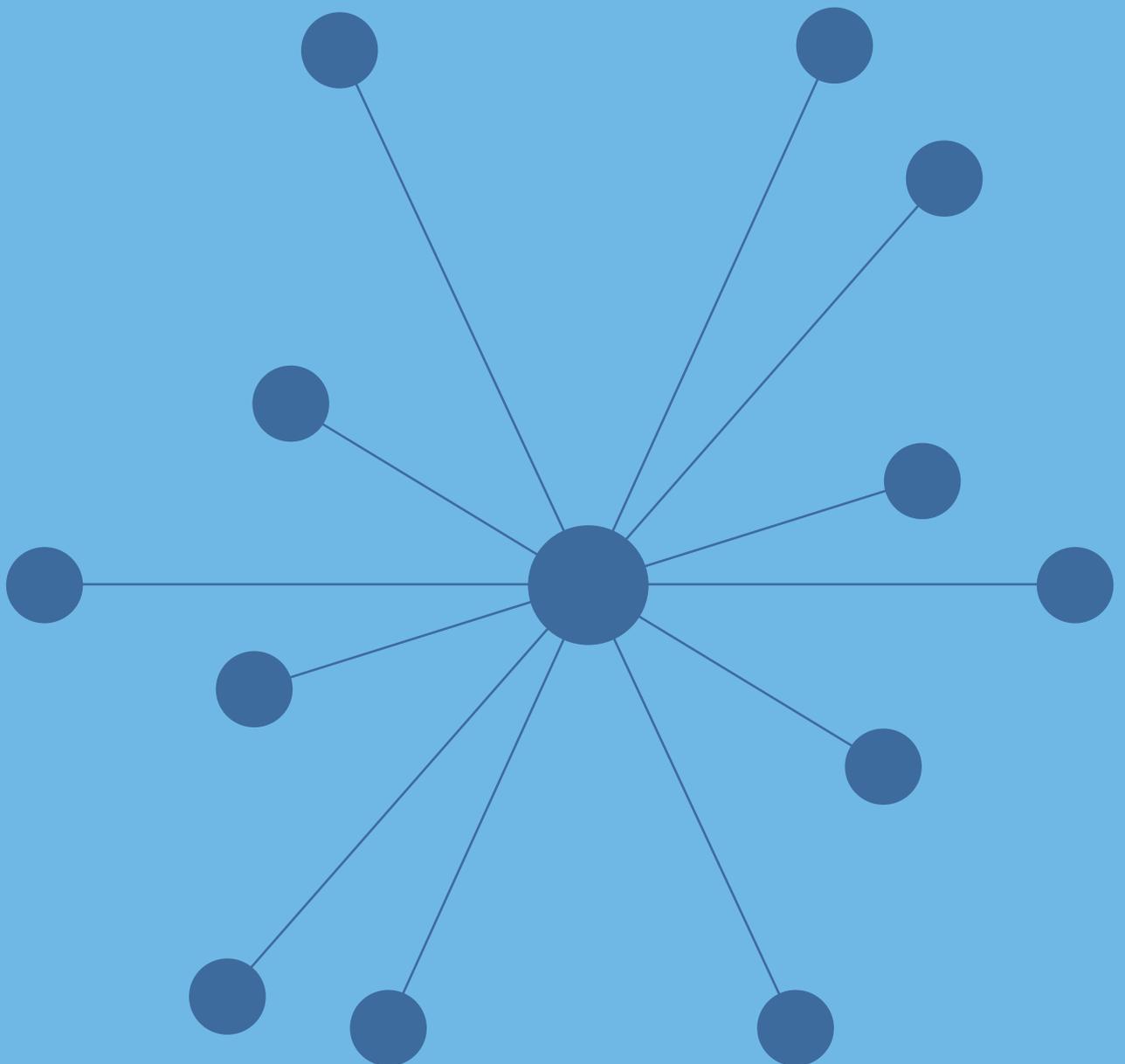
## Recommendations for central national and local actors

To address the concerns about limited accountability, transparency and scrutiny, a number of connected activities are necessary:

- Support the establishment of a National Constitutional Convention rooted in civic society to connect governance of England questions into broader UK governance deliberations in the wake of the Scottish independence referendum in 2014
- Bolster parliamentary oversight, building upon the Annual devolution statements from Whitehall Departments required by the Cities and Local Government Devolution Bill
- Consider the establishment of Regional Select Committees comprised of regional MPs and/or Ministers for Combined Authority areas to supplement metro mayors
- Develop and support new local models of accountability, transparency and scrutiny for the new institutional arrangements able to encompass Combined Authorities, metro mayors and LEPs and including wider stakeholders. Further fresh thinking is required to create and develop new, innovative and experimental forms that are more open, deliberative and inclusive rather than closed, technocratic and exclusive. Movement beyond the outline provisions included in the recent devolution deals is needed to elaborate how the new governance arrangements will work and how they will address the issues of accountability, transparency and scrutiny. The decentralisation road map and Commission could work with central national and local actors in the public, private and civic sectors to advise, support and share learning and good practice amongst the actors involved
- Devise and invest in new forms of public education and engagement. Inspiration is provided from the work of the Citizen's Assemblies, Citizens UK and its emergent local branches across England, the existing civic fora and the use of processes such as 'community proofing' of proposals<sup>28</sup>. Recognition is needed that such activities cost money and financial restrictions are biting hardest on the democratic institutions of local government at their heart
- It is in the interests of the central national and local levels to take the issues of accountability, transparency and scrutiny more seriously if they want decentralisation to work and to provide a sustainable model of governance in England (rather than a continuously chaotic, unresolved, and expensive version) and one that outlives the current episode and its high level of political support.

# TOWARDS A DECENTRALISATION ROAD MAP

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## 9 Principles, Frameworks & Scenarios for Thinking and Practice

Having specified the challenging issues emerging from the research evidence on decentralisation and suggested ways of addressing them, this final section of the report discerns and articulates some principles needed to underpin and guide future developments in decentralisation, outlines some potential scenarios, and suggests some frameworks for thinking and practice for central national and local actors. Key is the aspiration to avoid further repetition of the historical pattern of institutional churn, disruption and discontinuity in the governance of England.

Drawing inspiration from other bodies that have sought to articulate their own versions of principles for decentralisation<sup>29</sup>, the potential principles are:

Decentralisation is a means to better or enhanced economic, social and environmental outcomes for people and places in England rather than an end in itself

Decentralisation in England needs to be connected and part of wider deliberations and developments in the UK constitution and governance system

Decentralisation should follow the principle of subsidiarity in devolving meaningful decision-making power to the lowest appropriate level and, where applicable, reducing or removing the need for local actors to ask or defer to the central national level

Decentralisation geographies need to encompass and include all areas and authorities in England and work as a coherent governance system

Decentralisation needs to involve and demonstrate parity of treatment and process (rather than outcome) for all the different areas in England

Decentralisation needs to embody the principles of accountability, transparency and scrutiny

Decentralisation needs to achieve and demonstrate (wider) public consent and support

As the democratically accountable institutions at the sub-national level, local government should be the lead and focus of decentralisation individually and collectively through Combined Authorities

Reforming and rebalancing the public finance system needs to better match local taxing and spending, and retain appropriate equalisation, stabilisation and redistribution mechanisms to avoid disadvantaging areas with weaker tax bases and economic growth performance and potential

Decentralisation needs a priority, political lead, enforcement and support within and across central government departments to ensure their commitment and buy-in. Where appropriate, this may even include a 'presumption to decentralise' and a requirement that cases be made for function and/or policy centralisation.

In our applied work, the following framework has been a useful tool for central national government, local authorities and partners to help them work through the parameters and directions of any road map (see Table 2). For the road map for decentralisation, options on a decentralisation menu are to be combined in locally appropriate and bespoke ways by selecting from each of the four columns.

TABLE 2

*Options on a decentralisation road map*

	PURPOSES	GEOGRAPHIES	FORMS	FUNCTIONS
OPTION 1	Local growth and economic rebalancing	Pan-region (e.g. 'northern powerhouse', 'Midlands engine')	National statutory bodies (e.g. Transport for North, HS2 development agency)	Local growth (e.g. strategic planning, transport, skills, business support, housing)
OPTION 2	Health and care integration, PCC issues	Metro city-region	CA with directly elected mayor	NHS and social care  Police and blue light services
OPTION 3	Public expenditure reduction	Non-metro city and county regions	CA without directly elected mayor	Other services (e.g. culture, energy, flood protection, innovation)
OPTION 4	Meeting societal challenges locally	LEP-based	Non-statutory and/or LEP-based arrangements	Consolidated management and development of the public estate
OPTION 5	Bottom-up decentralisation on demand	Single LAs (e.g. Cornwall) or specific places/functional economic areas	Local government reform options	Limited interest in and scope for enhanced fiscal decentralisation (e.g. business rates, localisation of other taxes)

Source: Authors' research

Questions to consider from such a framework include:

What is the vision and direction for decentralisation?

What is it for and what are its rationales?

What principles underpin and guide decentralisation, and at what levels of geography?

What is the strategy for designing and delivering the kinds of decentralisation desired by central national and local actors?

Whether at central national or local levels, determining the 'menu' to be progressed from the framework in Table 2 can help ensure either central national and/or local road maps are more consistent and coherent.

As part of interpreting the future direction, extent and nature of decentralisation, using the key issues raised in our analysis we have sought to outline three potential scenarios for further decentralisation in England: 'modified status quo', 'local leadership long march' and 'national devo-project'. The decentralisation geographies challenge cross-cuts each of the issues.

Such archetypes are offered as provocative and stimulating cases to reinforce the central message about the need to think more clearly and carefully about the nature of decentralisation and governance in England in the UK context and its future direction, character and pace.

TABLE 3

Enhanced decentralisation scenarios in England to 2030



Source: Authors' research

## LOCAL LEADERSHIP 'LONG MARCH'

## NATIONAL 'DEVO-PROJECT'

- Local leadership puts major efforts into:
  - building a trusting, coherent, cohesive team with shared values, vision and priorities
  - capacity-building, strengthening the evidence base and 'regional intelligence system(s)' and institutions
  - formulating and gaining wide ownership of a strategic plan for growth, PSR, etc.
  - making the most of inception of metro-mayoral systems where appropriate
  - experimenting with innovations in democratic renewal and local/regional engagement
- Local leadership uses government policies opportunistically and adapts local team-building process to them.

- Government adopts a small set of coherent, inter-related devolution priorities and objectives:
  - radical rebalancing to 'Northern Powerhouse' and
  - 'Midlands Engine'
  - transformational fiscal devolution
  - permissive experimentation and innovation
- Major national machinery of government changes to enable national 'devo-project'
- Parliamentary and independent oversight of devo-project welcomed and embraced
- Strong efforts to build capacity and capabilities both nationally and locally

- Based on implicit GMCA 'model' of getting local leadership 'right' and adapting this as government opportunity arises
- Needs geography with some sort of coherence and rationale; and a group of leaders prepared to build and share trust

- Genuine commitment to economic rebalancing and to rebalancing power between England national and local/regional governance
- Willing to adopt a comprehensive, robust, and intelligence-led approach rather than partial, competitive deal-making
- Some concern for 'left out' areas - with either growth or leadership deficits

- Willing to enter into competitive deal negotiations - but try to shape national agendas to local strategic plan
- Willing to work and learn with other leadership teams and neighbours

- 'Deals' underpinned by clear principles, robust independent analysis and mediation processes, national and local overview and scrutiny
- Although asymmetric, some clear entitlements to devo-by-demand or earned autonomy where proven devo-readiness shown
- Ongoing process of evolution, learning, development and capacity-building

- Prepared to share and pool resources for greater leverage of national and market pots
- Seek tactical fiscal devolution subject to benefits and 'no disadvantage' vis-a-vis other geographies

- Focus on both expenditure and revenue-raising
- Comprehensive reforms of national expenditure and distribution formulae and practice
- Multi-year settlements, increasingly shaped by bottom-up as well as national considerations

- Build strong network of partners and role players with confidence in local leadership team and strategic plan
- Willing to experiment with democratic reforms - ideally within strategic plan parameters

- Major reforms of both national and local accountability systems
- Accompanied by rethinking issues like democratic renewal, partner and community engagement, role of business in local leadership and financing

- Probably a highly asymmetric set of solutions - based on 'leading areas' with strong, stable leadership
- Major issues for lagging and failing leadership teams; and for low growth/low political influence areas

- No real sense that government is prepared to do this, and civil service/agencies would welcome it
- Even if they do, unlikely to be sustainable until after EU referendum and implications for political leadership
- Many more advanced local leadership teams do not wish to lose what they perceive as their 'edge' to a more robust, comprehensive, and balanced approach

Finally, to address the need for further frameworks to assist in thinking and practice, the rapid pace of decentralisation has meant insufficient attention has been paid to evaluation and assessing the difference(s) that decentralisation does (or does not) make for both central national and local actors.

Critical to this is sharing worthwhile knowledge and practices amongst the actors involved and drawing upon international experiences for ideas to adapt to local circumstances.

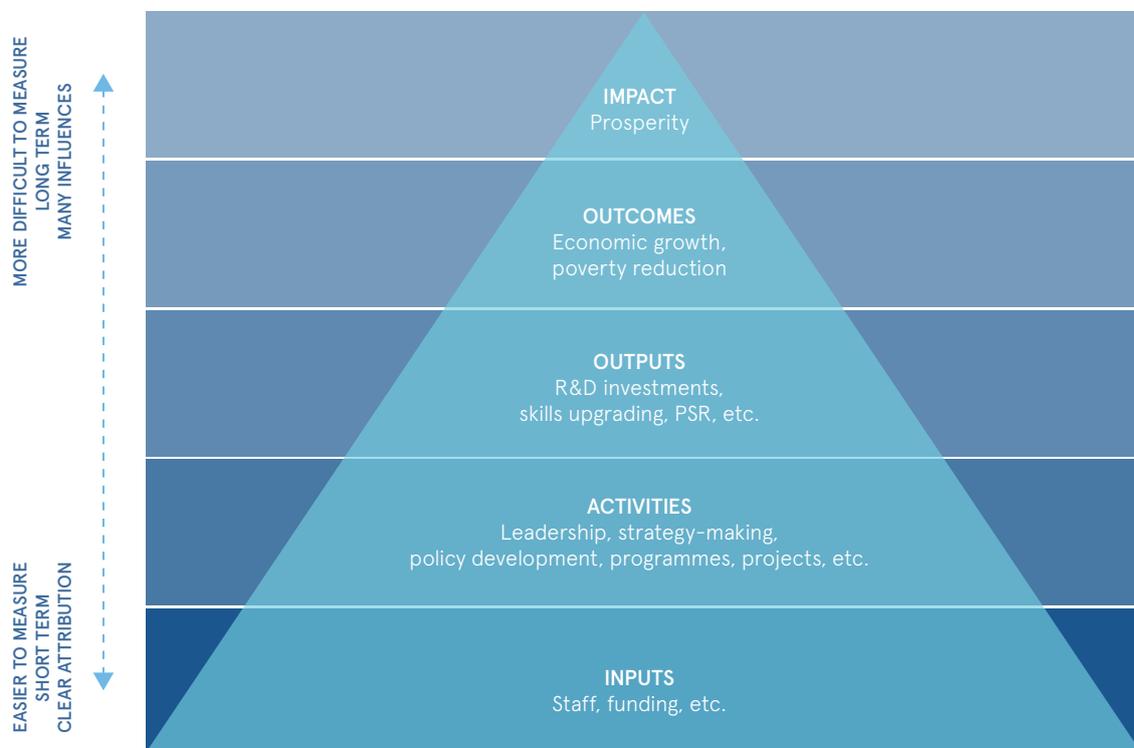
Even those in the vanguard of the process and widely perceived as 'models' are taking more time to reflect upon and develop monitoring and evaluation frameworks<sup>30</sup>.

This is a potential task for the Decentralisation Commission or a partnership between national central government and the Local Government Association with an audit and/or developmental style role.

A potential evaluation framework is set out in Figure 7.

FIGURE 7

*Measuring the decentralisation difference: from inputs to impact*



Source: Adapted from Neil MacCallum, Office of Project Advice and Training, London, UK; OECD LEED Evaluation Workshop, Trento, 2006.

## The Research Evidence Base

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- **Engineering and Physical Sciences Research Council (EPSRC) and Economic and Social Research Council (ESRC)**, 2013-17, 'Innovative Business Models for Infrastructure Financing (iBUILD)'
- **ESRC, UK Department of Business, Innovation and Skills and UK Department of Communities and Local Government**, 2013-17, 'What Works Centre in Local Economic Growth'
- **Joseph Rowntree Foundation**, 2014-15, 'Uneven Growth: Tackling Declining Cities'
- **Local Government Association**, 2014, 'Getting devolution of funding right for local economic growth and development'
- **UK Department of Communities and Local Government**, 2009-11, 'Decentralisation Outcomes: A Review of Evidence and Analysis of International Data'
- **United Nations–International Labour Organisation**, 2012, 'Local Economic Recovery and Development Planning in Iraq'
- **Economic and Social Research Council, UK Department of Business, Innovation and Skills and UK Department of Communities and Local Government and Welsh Government**, 2008-13, 'Spatial Economics Research Centre'
- **OECD**, 2012, 'SME and Entrepreneurship Issues and Policies at the National and Local Levels in Russia'

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