

# Leaders Committee

## Devolution and Public Service Reform

Item no: 3

**Report by:** Doug Flight      **Job title:** Head of Strategic Policy  
**Date:** 24 March 2015  
**Contact Officer:** Doug Flight      **Email:** Doug.flight@londoncouncils.gov.uk  
**Telephone:** 020 7934 9805

---

### Summary

This report provides an update on recent work in pursuit of devolution and reform of public services in London. This work follows the agreement to a joint approach with the Mayor of London, seeking talks with Government on the scope of London devolution and public service reform agreement.

The Congress Executive, comprising the Mayor of London and the London Councils' Executive, met on 3 March 2015 and endorsed the joint work to develop a framework for negotiation with the incoming Government. This framework covers:

- Skills
- Employment
- Housing
- Health
- Crime, Community Safety and Criminal Justice

The Congress Executive went on to initiate an exploration of the potential for joint executive governance in relation to newly devolved responsibilities, whilst respecting existing borough and mayoral powers.

### Recommendations

Leaders' Committee is asked to:

- 1) Note the endorsement of the joint work- between the Mayor of London and London Councils- to pursue devolution and reform at the Congress Executive on 3 March 2015.
- 2) Note the joint work that has been initiated to:
  - a. develop a platform to support negotiation with Government after the 2015 General Election and in the run up to the likely Comprehensive Spending Review.
  - b. explore the potential for streamlined governance in relation to newly devolved responsibilities.



# 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, including the London Growth Deal.
3. At Leaders' Committee on 15 July 2014, members agreed that it would be advantageous for the focus of London Councils work in this area to encompass wider public service reform initiatives, particularly given the preparations for the General Election and likely comprehensive spending review expected in the summer of 2015 and the consequent opportunities for influencing manifestos and post-election spending plans.
4. This work led to the drafting 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.
5. The Mayor of London and London Councils Executive considered the broad scope of a potential proposition at the Congress Executive meeting on 20 November 2014. There was support for an approach to Government seeking talks on the scope of a joint London devolution and public service reform agreement.
6. The Chair and the Conservative Group Lead for Devolution & Public Service Reform met the Chief Executive's Devolution & Public Service Reform Group in November and sought their

support for the development of detailed propositions supporting the political initiative agreed with the Mayor of London.

7. Leaders' Committee considered a report on the London Devolution Proposition at its meeting on 10 February 2015 and endorsed the approach being taken, including the work being taken by chief executives to develop the initial framework of operational detail to support negotiations with Government. The development of the propositions has begun with wide-ranging engagement with member authorities and officials.
8. Building on the themes agreed by Leaders' Committee the five current areas of focus are:
  - Employment
  - Skills
  - Health
  - Housing
  - Crime Community Safety and Criminal Justice.

The intention is to develop a platform for discussion and negotiation, starting from the outline proposals set out in Appendix A.

9. Meetings have been scheduled in recent weeks between London Councils' Portfolio Holders and the individual chief executives who are leading specific streams of work, to steer the development of the outline propositions. In addition, the Chair and Cllr Philippa Roe are scheduled to meet with Chief Executives' Group to review progress at the beginning of April.
10. On Friday 20 February 2015 the Chancellor and the Mayor of London made an announcement on a long term economic plan for London. The plan includes measures that relate to the devolution and reform agenda, including:
  - a. Skills - Devolution of the Apprenticeship Grant to Employers and a remit to work with Government to reshape skills provision in London.
  - b. Land - Establishing a London Land Commission to identify public sector land for development and support home building.
  - c. Planning - Beginning discussions on planning devolution, including powers over sight lines for strategic views and wharves (i.e. those safeguarded for waterborne freight handling use).
  - d. Housing - The designation of nine Housing Zones.

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

11. The Congress Executive, comprising the Mayor of London and the London Councils' Executive, met on 3 March 2015 and took stock of the joint work to secure a London devolution and public sector reform agreement. The meeting endorsed the joint work, which is focused on developing a framework for negotiation with the incoming Government, once its policy priorities emerge following the General Election.
12. Mayor Johnson expressed his strong support for the joint work and he pointed to his regular mention of working with the boroughs at the recent launch of the long term economic plan for London. It was emphasised that the recently announced work with Government to reshape skills provision in London, for example, would continue to be pursued in partnership with London Councils.
13. The Congress Executive went on to consider what the Government might expect to see before significant devolution could occur, in terms of adequate governance in London. Government is expected to seek reassurances that any systems for governing newly devolved responsibilities are robust, efficient and provide adequate accountability mechanisms. The Chair of London Councils stressed the need to ensure that any new governance mechanism must be designed to facilitate devolution down from Whitehall, not draw responsibilities up from boroughs or impinge on either the boroughs' or the Mayor's existing powers.
14. It was agreed that it would be important to begin the development and consideration of potential propositions for joint executive governance of a London devolution settlement, so that London was prepared for questions that might emerge in negotiations after the General Election.

## **Considerations and Next Steps**

15. Operational work to develop more detailed propositions is now underway and is being co-ordinated by the Chief Executive's Devolution & Public Service Reform Group, which encompasses both borough and GLA representatives. This is designed to provide Leaders with the technical advice needed to advance negotiations after the General Election, with the incoming Government.

16. As the overall package develops, the different thematic areas are likely to present questions on which Leaders will be asked to make a considered judgement. For example, in order to secure greater influence over skills provision, boroughs will need to consider greater collaboration across borough groupings to facilitate richer engagement with businesses and to gather intelligence on skills gaps. In relation to housing, greater collaboration across borough boundaries may be required to secure greater freedom over use of s106 monies and over borrowing secured against the housing revenue account.
17. In taking forward the exploration of potential propositions for joint executive governance of newly devolved responsibilities, called for at London Congress, consideration will need to be given to developing robust systems. To secure credibility with Government, these will need to demonstrate a capacity to allow firm decisions within a reasonable timeframe, whilst protecting the existing powers and interests of both boroughs and the Mayor.
18. Leaders will have the opportunity to shape the evolution of the thematic propositions, as well as any proposals on joint governance of new responsibilities which may emerge, after the General Election.

## **Conclusion**

19. Work is now in hand to add operational detail to the joint London proposition being developed by the Mayor and Borough Leaders, and to assemble a platform which could then become the basis of negotiations with the new government after the General Election.
20. It is envisaged that engagement will be initiated on the basis of utilising the existing joint governance arrangements, but it is likely that negotiations will need to include an exploration of potential enhancements to the supporting governance systems. To prepare for this eventuality, exploratory discussions are due to be initiated with GLA officials.
21. As a result of the preparatory work on the joint proposition, London - the Mayor and Borough Leaders – should be positioned well to initiate a second phase of engagement after the General Election, offering the potential opportunity to secure significant public service reform in London and to help tackle the challenges that boroughs are likely to face in the next Spending Review period.

22. Leaders are asked to:

- 1) Note the endorsement of the joint work- between the Mayor of London and London Councils- to pursue devolution and reform at the Congress Executive on 3 March 2015.
- 2) Note the work that has been initiated to:
  - a. develop a platform to support negotiation with Government after the 2015 General Election and in the run up to the likely Comprehensive Spending Review.
  - b. explore the potential for streamlined governance in relation to newly devolved responsibilities.

**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**

**Appendix A:** Outline proposals, which are being used to inform the development of the London Proposition

## **Appendix A: Outline proposals, which are being used to inform the development of the London Proposition**

The proposition, which is intended as a platform for discussion and negotiation, is being developed from the following outline proposals, which have previously been considered by Leaders' Committee and were reported to the Congress Executive on 3 March 2015. It is likely that each of the five areas will demand some different approaches to governance, geography and delivery.

### **Employment**

- London government should co-commission with DWP the next phase of the Work Programme in London. This would result in better integration of mainstream employment services with other local support services and improve employment outcomes for the very long term unemployed and jobseekers with complex needs.
- Mainstream employment programmes for those closer to the labour market are delivered by Jobcentre Plus (JCP). The introduction of Universal Credit is an opportunity for more systematic co-location of JCP and borough staff to increase efficiency, as well integration of JCP staff and management with London local government in order to operate more closely with other welfare services.

### **Skills**

- Incentives for further education through the Adult Skills Budget should be set at London level through collaboration between the London Mayor and the boroughs - to ensure that Londoners have the skills they need to succeed in the jobs market; and that businesses have the skilled workers they need to grow. Decisions on incentives would be informed by local knowledge, with London boroughs co-ordinating data from local business using cross borough partnerships. This information would have a formal role in informing London's decision making on further education funding.
- A similar model of pan-London decision making would create a new:
  - London Careers Service
  - London Apprentice Service.

### **Health**

- The long term challenges faced by health and social care services, including demographic pressures and technological advances, cannot be met through simple refinements to the current system. Given the vital role of social care and public health in providing the integrated responses needed to tackle these challenges, London local government will be critical to shaping sustainable, locally embedded solutions for health.



- We are exploring ways to hasten improved, better integrated health and care, including strengthening system resilience to avoid future A&E crises.
- There is a significant opportunity to transform the way the health estate is used across London (particularly to support primary care) and also to release land for housing and economic growth.

## Housing

- Current plans and resources leave London far short of the minimum requirement for home building to in London to keep pace with growing population. In times of austerity additional plans cannot rely solely on additional public funding.
  - For this reason the boroughs' ability to create value through change of land use is an essential part of any successful strategy.
  - Leveraging existing assets to raise funds is a second essential route to provide resources when public funding is limited.
  - Ensuring that different types of infrastructure – such as transport links and housing - complement each other in creating value is a third opportunity.
- To support improved supply of housing, we are exploring propositions around:
  - London solutions to improve supply. This will focus on how to maximise use of the resources already available to us, proposing the creation of new potential mechanisms to ensure homes are delivered across London, regardless of where the resource is currently held.
  - Flexibilities from government on planning and regulation issues to complement the above. This will focus on what policy changes are needed – particularly around devolution of further powers and resources – to help support successful and more effective pan-London mechanisms as above.

## Crime, Community Safety and Criminal Justice

- The outline proposition being examined is that, by enhancing strategic leadership of the criminal justice system in London, the Mayor and boroughs could deliver significant savings and improve outcomes.
- A second level of devolution forms a core part of the proposition, through the development of a locally managed single pot arrangement for borough based crime and disorder work. This would allow closer local integration of services and be more effective in preventing crime and reducing offending. This approach builds on best practice developed under the Troubled Families Programme.