What Brexit means for English devolution

Firstly, what will happen to devolution deals now that the UK has voted to leave the EU? The current devolution deals process in England had clear political leadership from the Chancellor George Osborne, backed by a strong team of ministers – Greg Clark as Secretary of State for the Department for Communities and Local Government, Jim O’Neill as Commercial Secretary to the Treasury, and James Wharton as Minister for Local Growth and the Northern Powerhouse. This has given the devolution deals process political momentum, and the ongoing involvement of HM Treasury has been crucial to getting deals done and getting departments to play ball. It’s been the best chance to date of real progress in decentralising power within England and has led to more power being devolved to city-regions than we’ve seen before.

Now that George Osborne has announced that he won’t be standing for leader of the Conservative Party, it’s critical that both the future Prime Minister and the future Chancellor are bought in to this agenda so that this momentum continues and devolution in England doesn’t stall. The leader of Manchester City Council, Sir Richard Leese, has argued that since devolution is a Conservative manifesto commitment, unless there is a general election the new Conservative leadership has a duty to uphold its commitment to devolution. We’ll be following closely what candidates are saying about their commitment to English devolution in the leadership campaign.

There have already been calls for more powers to be devolved to local areas once powers start to return from Europe. Many are asking why the default should be that powers move from Brussels to Westminster, given the disaffection of many voters who were expressing a desire for power to be brought closer to them by voting Leave. The Society of Local Authority Chief Executives (SOLACE) has argued that if the lesson of the campaign is that large swathes of the population are detached from the political process, the answer is not to further concentrate power in Whitehall’, and have urged councils to ‘redouble’ their devolution efforts.

The new leadership will need to take a strategic and determined approach to English devolution. Before the referendum, English devolution was going to take a significant amount of time in Whitehall in the next year and beyond – without a determined approach it will now be hard to get civil service attention when energy and capacity will be elsewhere.

Secondly, will London and other major cities who voted Remain get a seat at the negotiating table? London and the ‘Core Cities’, economically the largest areas outside of London in England, Wales and Scotland, mostly voted Remain, with the exceptions of Birmingham, Nottingham and Sheffield.
regional centres of power, including the London Assembly, would be consulted. The Local Government Association (LGA) has argued that this should go further [8], saying that more generally since EU laws and regulations affect so many council services, councils in England 'need a seat around the table when decisions are taken over how to replace EU laws'. As new directly elected mayors come into major city-regions with devolution deals in England in May 2017, they should be a key part of giving voice to these places, giving meaning to their new institutions and giving them a strong role at national level.

Thirdly, what will happen to the funding for cities and disadvantaged rural areas that currently comes from the EU? The European Social Fund (ESF) and European Regional Development Fund (ERDF) [9] fund core services that help improve employment opportunities, promote social inclusion and invest in skills, as well as supporting research and innovation and investing in local economies. Cornwall wasted no time [10] arguing that its allocation of EU money needed to continue, with the leader of Cornwall Council, John Pollard, saying: ‘We will be insisting that Cornwall receives investment equal to that provided by the EU programme which has averaged £60m per year over the last ten years.

The new Conservative leadership will have difficult distributional choices to make and will need to decide if it will commit to continuing this funding after the current European funding round has ended in 2020. In the short-term, they need to send a clear message to local government that the money promised up to 2020 will be guaranteed so that local councils can plan services for their citizens.

Further information

Find out more about our work on English devolution [11].

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