

A new deal for England

How the next government should complete the job of English devolution



About this report

There is political consensus for wider and deeper devolution, so whoever forms the next government will have to get to grips with creating a more coherent devolution settlement for England as a whole. This report draws on our extensive research into regional devolution and growth policy to propose a set of recommendations for how the next government should complete the job of English devolution.

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Summary

The English devolution agenda is in need of a reset.

The devolution process over the past decade has made substantial progress. Devolution deals between ministers and local leaders have transferred control of around £30 billion of public spending to metro mayors and combined authorities in a dozen areas.

May 2024 saw the biggest ever set of mayoral elections in England, with more than six million people heading to the polls to determine who will be responsible for the economic prospects of England's biggest urban regions for the next four years.

The 12 metro mayors now in post represent approaching half of England's population and more than half of the country's economic output. Together, they will form a powerful coalition making the case to the next government for further powers and increased investment in their regions. Managing the relationship with the mayors – and getting devolution right – will be a key challenge for the next prime minister.

All major parties recognise that devolution is crucial to tackling the economic under-performance of England's cities and regions away from London, by empowering local leaders to take control of their own economic future and to champion the interests of their places in negotiations with government and private investors.

Devolution has already begun to deliver concrete benefits such as a better integrated transport system in Greater Manchester, the regeneration of brownfield land in the West Midlands, and a skills system that addresses the specific needs of local employers in West Yorkshire and the Liverpool City Region.

But devolution is a job half done. England is at present an incomplete patchwork of deals that vary in their scope and effectiveness and are vulnerable to the changing political winds of Westminster. The current set of devolution arrangements do not represent a long-term settlement.

The next government should offer England a new deal.

In this report, the Institute for Government sets out 30 specific recommendations for how it should achieve this. We argue that by the end of the next parliament, the government formed at the coming general election should have delivered the following:

- **Extension of devolution to at least 85% of England's population**, with devolution to England's remaining large urban areas – such as Leicester, Stoke and Southampton – prioritised in the first half of the parliament.

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- **Publication of a complete and final map of the boundaries for English devolution** – with boundaries determined by reference to a clear decision making framework.
 - **Expansion of the ‘trailblazer’ devolution offer to Greater Manchester and West Midlands** to include strategic spatial planning, employment support, apprenticeships levy funding and R&D budgets, with greater spending flexibility than current rules allow.
 - **A new wave of trailblazer deals**, incorporating ‘single departmental settlement’ funding, in places like Liverpool City Region, West and South Yorkshire, the North East and Tees Valley.
 - **Reform of mayoral combined authority (MCA) constitutions to streamline decision making** – with MCAs moving to ‘simple majority’ rules for key decisions over budgets, investment, transport and spatial plans.
 - **Tax-sharing pilots with leading combined authorities** – specifically by devolving a small share (around 5%) of locally generated National Insurance revenue, as this is the tax that aligns most closely with employment and therefore strengthens incentives to create jobs.
 - **The establishment of ‘Devolved Public Accounts Committees’** – at least for MCAs with the most expansive powers. These should have full-time chairs, a remit to scrutinise MCA spending, and powers modelled on the House of Commons Public Accounts Committee.
 - **Legislation that puts devolution on a firmer statutory footing**, with a legal right for all parts of England to take on devolved powers, and a defined set of devolved functions in which government will not intervene without seeking local agreement.
 - **Establishment of a new ‘devolve or explain’ principle**, under which if a function is devolved to any given area, another place can request the same power and receive a full reasoned response from government about whether and why this transfer of power can go ahead.
 - **A prime minister–metro mayors summit held within two months of taking office** – and on an annual basis thereafter – and a new set of minister–mayoral committees established in key policy areas, to facilitate co-ordination and to send a signal that metro mayors are important strategic partners for government.
 - **A new scheme for interchange of staff between Whitehall departments and MCAs**, including short-term placements and longer-term secondments, to encourage mutual learning and strengthen relationships between these tiers of government.
 - **A review of the electoral system for mayoral elections** – with a view to the replacement of first-past-the-post with the supplementary or alternative vote system, which is more likely to produce effective mayors with a strong mandate from across their regions.

Introduction

Real progress has been made in devolving power across England over the past decade. Metro mayors and mayoral combined authorities (MCAs) in England's largest metropolitan areas have been empowered to take control of their regions' own economic destiny, via policies ranging from transport integration in Greater Manchester¹ to the regeneration of brownfield land in the West Midlands.²

Devolution is not a single decision or act but a process. It is one that has continued to unfold, with the powers of many existing MCAs being deepened and new ones being established through 'devolution deals', signed between local areas and central government with increasing regularity. In 2017 there were seven metro mayors (including in London); today, after the May 2024 local elections, there are 12. Four more are due to be elected in 2025. Almost half of England's population, and more than half of its economic output, is now covered by some form of devolution.

If done right, devolution offers a route both to improve economic and social outcomes and to tackle democratic disengagement, in particular in under-performing areas that feel left behind economically and left out of national debate. Both the UK's main national parties have cause to embrace devolution. For the Conservatives the stronger local leadership it provides will help reinvigorate the stalled levelling up objectives. For Labour, seeking a return to power after 14 years, devolution will be crucial to achieving the long-term 'missions' to which the party has committed – central to which is delivering sustained growth that benefits people in all parts of the country.

But despite recent progress the job of English devolution is far from complete. Large parts of the country – including sizeable urban areas such as Portsmouth, Southend and Northampton – still have no devolution deal in place. Where deals are in operation, the powers devolved are inadequate, funding is often fragmented and short-termist, and the structure and capacity of many MCAs is in need of reform. In addition, the constitutional status of English devolution is uncertain. In short, this is not a settlement for the long term.

It is therefore welcome that there is a consensus across the political spectrum on the need for wider and deeper devolution. The next general election provides an opportunity to embrace this change. This would give the country a genuine prospect of moving beyond the current patchwork of deals towards a more coherent set of devolution arrangements for the nation as a whole: a new deal for England.

Devolution is not a standalone solution to the country's economic and social problems. There are also many important functions that are best managed at the local government and community level, whose funding and capacity is also in need of urgent attention, though this is beyond the scope of this report. So care has to be taken in determining which specific powers sit best at which level of government. Institutional capability and local political commitment to devolution matters too. Transferring powers to places that are not ready to take on those responsibilities can lead to poor results or dysfunctional institutions.³

But as it stands central government tries to do too much and, as a result, does it poorly. This hinders its own plans. Devolving carefully – the right powers, to the right institutions – can empower local leaders to help government meet its own goals, while freeing up Whitehall to focus on those functions that are best managed at the national level.

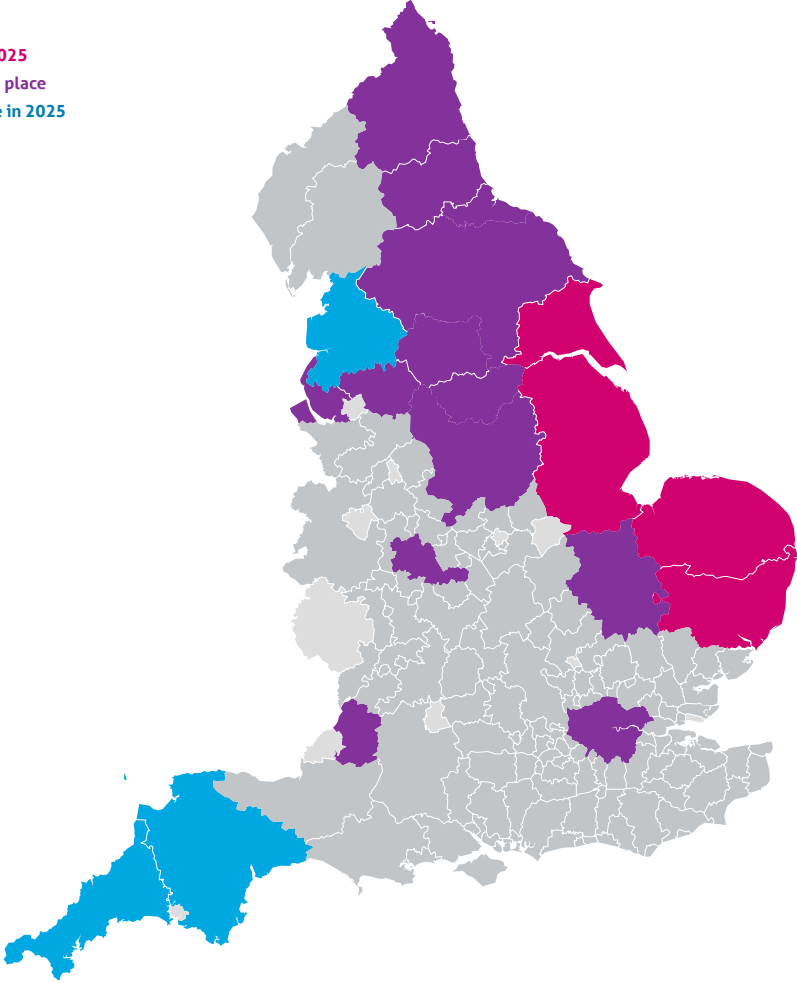
This paper sets out 30 proposals for how the next government can move devolution forward, to provide that new deal for England. It is informed by our own extensive research into devolution and regional policy and builds on the excellent work of many other researchers and organisations active in this debate, including think tanks from across the political spectrum; these are reflected in our list of references.

Our recommendations are designed to meet four key objectives:

- Completing the map of English devolution
- Deepening devolution and reforming funding
- Strengthening governance and accountability
- Putting devolution on a firmer footing.

Figure 1 Coverage of devolution, 2024

- Area type
- Mayoral deal due in 2025
- Mayoral devolution in place
- Non-mayoral deal due in 2025



Source: Institute for Government analysis.

The case for devolution

Before setting out the detail of our propositions, we first address the case for devolution itself, highlighting two sets of distinct benefits that it can deliver.

When done well, devolution can lead to *improved economic and social outcomes*:

- **Devolution enables policy and services to be better tailored** to local conditions and preferences, drawing on the 'tacit knowledge' that local leaders and institutions hold about their places.⁴ Devolution of the adult education budget, for instance, has enabled combined authorities to work with local employers to identify and address local skills shortages, such as of bus drivers in West Yorkshire⁵ or construction and carpentry workers in Cambridgeshire.⁶
- **Devolution can enable local leaders and institutions to join up across silos**, for example to develop strategies for economic development that align key drivers of growth, from transport and skills to housing and planning. This is seen in the Liverpool City Region, where the mayor is leading the creation of a spatial development strategy that sets out a 15-year plan for investment in homes, infrastructure, regeneration and the environment.⁷
- **Devolution empowers local leaders to make progress with transformational long-term projects.** Using their convening power, mayors are well placed to bring partners together and make the case – to government and private investors – for big projects like the planned Mersey Tidal Power⁸ or the West Yorkshire Mass Transit schemes.⁹
- **Devolution creates a 'policy laboratory'** in which places can innovate and test different approaches to tackling common challenges. Evidence gathered from these different initiatives can be disseminated among other areas, lifting standards overall. Pilot schemes for housing retrofit budgeting are under way in Greater Manchester and the West Midlands, whose performance will be compared with that of similar schemes led by central government.¹⁰

Devolution can also support *greater fairness and more opportunities for democratic engagement*:

- **Devolution can give regions a stronger voice**, by empowering elected mayors to speak and advocate for their places in national debate and in negotiations with government and business. Tees Valley Mayor Ben Houchen has successfully persuaded central government and large corporations to back major regeneration initiatives such as Net Zero Teesside Power,¹¹ as part of the region's long-term strategic economic plan.¹²

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- **Devolution can create institutions that both reflect and strengthen people’s sense of civic identity**, ensuring that devolved bodies enjoy democratic legitimacy. Devolution to London, for instance, appears to be founded on a strong sense of identification with London and its distinct culture.¹³ In other cases, leaders such as the mayor of South Yorkshire are purposefully using their platform and powers to try to forge a new sense of shared identity and purpose at the regional scale.¹⁴
 - **Devolution can create new opportunities for democratic engagement and participation** in the policy process, by creating institutions that are closer to the people and communities they represent. For example, Jamie Driscoll, mayor of the North of Tyne, held a citizens’ assembly on climate change in 2021, which developed a set of recommendations for action on decarbonisation at the regional level.¹⁵

Completing the map of English devolution

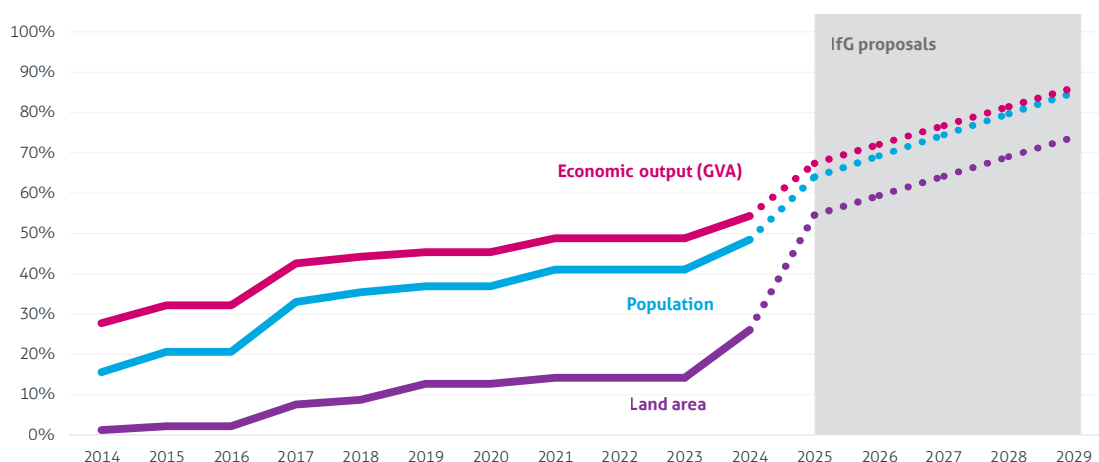
Both of the UK's main national parties have committed to extending devolution to the large parts of England that have so far been left out. In the 2022 levelling up white paper, the Conservatives promised an expansive devolution deal for "every part of England that wants one" by 2030.¹⁶ And Labour, in its *Plan to Power up Britain*, published this year, announced that all places currently without devolution would be asked to come forward with plans for devolution on a sensible scale, stating that "no place should be left behind by the opportunity to take back control".¹⁷

Completing the map of English devolution is the right objective, on both fairness and efficiency grounds. The task may take longer than one parliament, but with sustained effort and political will, substantial progress can be made in the next five years. It is not credible to expect every area to move at the same pace, but nor can every deal be entirely bespoke: a patchwork of entirely different deals risks the same bureaucratic web that holds back delivery now. A clear timetable and consistent framework for creating a coherent devolution map for the whole of England is needed. The next government should therefore:

- 1. Extend devolution to at least 85% of England's population.** The government should set as a clear target that devolution deals will be agreed and implemented in areas covering at least 85% of England's population and economic output by the end of the next parliament, with an agreed set of boundaries for the remaining set of deals and work under way to conclude the final set of deals.
 - **Within the first six months**, the government should produce a refined devolution policy framework that makes clear what powers are on the table, the criteria against which the government will decide what to devolve, and how decisions will be taken. This should expand upon the existing four-level devolution framework published by the government.¹⁸ The objective should be to open up the process and ensure that local leaders are given a timely and reasoned response to bids for new powers. This does not happen at present, resulting in local areas wasting effort and losing confidence in the government's approach to devolution. The government should also establish a formal review process and cycle for the devolution framework, rather than making ad hoc amendments on an occasional basis.

- **Within the first 18 months**, the government should conclude the negotiation of deals with all the remaining large urban areas that are without devolution* – these are the areas most likely to contribute to growth. Successful devolution here – along with implementation of all the deals already agreed, and other incremental adjustments – would see the government meet our proposed 85% coverage target; it would also cover around 86% of economic output and 74% of England’s land area. In Annex A, we set out the parts of England that we think should be prioritised for devolution deals in the next parliament, along with a provisional set of boundaries for the new arrangements.
- **Within three years** of taking office, the government should set out a finalised map of devolution for the whole of England. This should set the geography for all remaining deals and a timetable for completing those agreements, showing the country that the government will deliver on its commitment to complete the map.

Figure 2 **Proportion of England covered by devolution, 2014–2024 and future projections**



Source: Institute for Government analysis of ONS, Regional gross value added (balanced) by industry: local authorities by ITL1 region, 2022; ONS, Estimates of the population for the UK, England, Wales, Scotland and Northern Ireland, 2021 and ONS, Standard Area Measurements for Administrative Areas in the United Kingdom, 2021. Notes: All data includes Greater London. The dotted line to 2025 includes deals announced since 2022 covering Lancashire, Greater Lincolnshire, Hull and the East Riding, Suffolk, Norfolk, Cornwall, Devon and Torbay, Surrey, Buckinghamshire and Warwickshire. IfG proposals are outlined in Appendix 3.

* At present, nine of the 25 largest 'primary urban areas' (PUAs) (based on 2021 Census data) are without devolution, including Leicester, Portsmouth, Northampton, Bournemouth, Southampton, Stoke, Southend, Reading and Brighton. Source: Figure 1 in Quinio V and Rodrigues G, 'What do the first Census 2021 results say about the state of urban Britain?', blog, Centre for Cities, 1 July 2022, retrieved 17 April 2024, www.centreforcities.org/blog/what-do-the-first-census-2021-results-say-about-the-state-of-urban-britain. Using the alternative ONS definition of 'built up areas' (BUAs), which are smaller than PUAs, there are three additional top-25 urban areas without devolution: Milton Keynes, Plymouth and Luton (though under the BUA definition, Southend and Bournemouth are ranked out of the top 25). Source: ONS, 'Towns and cities, characteristics of built-up areas, England and Wales: Census 2021', ONS, 2 August 2023, retrieved 17 April 2024, www.ons.gov.uk/peoplepopulationandcommunity/housing/articles/townsandcitiescharacteristicsofbuiltupareasenglandandwales/census2021

One challenging task will be to agree the map – that is, setting the boundaries within which the deals are done. This will require close working with local areas, but ultimately some big political choices to shape the geography of devolution for the next generation of deals. To make those choices, the next government should:

- 2. Apply a consistent decision making framework.** There are various factors to consider when deciding on boundaries – including economic geography, historic patterns of local identity, existing administrative borders and the strength of local political support. The next government should use a consistent framework of metrics to identify the trade-offs between these different metrics when concluding new devolution deals. Annex B sets out a draft of this framework, which ministers and officials can apply to guide decisions as it extends devolution into new areas.
- 3. Focus on its priorities.** In applying this framework, the next government should establish a clear set of priorities for deciding between different potential geographical footprints for devolution. Given the broad consensus on the urgency of increasing productivity growth, the economic geography of areas should be key: new deals should align where possible with ‘travel to work’ areas, local housing and labour markets, but in such a way that does not create ‘devolution exclaves’ – that is, areas left out of the spreading patchwork. In addition, where local support for devolution is weak, the process may have to move more slowly to allow time for building of local consent and capacity.
- 4. Reserve some core strategic powers for mayoral deals.** The next government should recognise the value that mayors can add. Due to their mandate and profile, mayors are often better placed to set an overall strategic direction for a region and take difficult decisions in service of that strategy than a committee of local leaders. They also provide a single point of accountability and stability of leadership. For these reasons, the next government should conclude the most ambitious devolution deals – including strategic spatial planning powers and long-term investment funds – with areas ready and willing to accept a mayoral model. Non-mayoral deals that go further than the current ‘level 2’ offer should also be on the table, in particular in the case of deals with county councils (rather than combined authorities) – but the expectation should be that these are a first step towards deeper mayoral deals in future.
- 5. Revisit and renegotiate existing deals.** The devolution map as it exists now is not perfect. The next government may have to reopen some existing deals, where the existing boundaries make little sense or risk leaving out neighbouring areas altogether. For instance, the West of England Combined Authority should be expanded to include North Somerset, the new Devon and Torbay deal should bring in Plymouth, and the Lancashire deal could potentially be extended to Cumbria.

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- 6. Align other administrative boundaries.** Clearer alignment between the geography of devolution and other boundaries (including those of NHS bodies, police forces, skills plans, local nature recovery strategies and outsourced employment programmes) would help local leaders to work across silos. Major structural reorganisation can be disruptive so alignment of all subnational administrative boundaries may take longer than one parliament, but the next government should set as a default that all government departments align the delivery of new initiatives with the agreed boundaries. It should also prioritise the alignment of local skills improvement plans with devolution deals and complete the job of integrating local enterprise partnership functions with combined authorities and county councils.
 - 7. Encourage unitarisation in two-tier areas.** In some cases, implementing devolution deals is complicated by a messy local government landscape. This is particularly true in county areas with a mixture of county, district and unitary authorities (as in Essex, Kent, Hampshire and Lancashire, among others). In such places, the next government should support locally led unitarisation initiatives, in some cases splitting large counties into two or three unitary authorities, then establishing combined authorities at the historic county level. Taking some of the pain of reorganisation early on could help to create a more stable and durable settlement for the long term.
 - 8. Be prepared to take the final decision.** The priority should always be to agree the geography of new deals with local leaders. But local rivalries and party politics will make that more difficult in some areas. An entirely bottom-up approach also risks leaving some areas out entirely, as occurred in Devon where Plymouth was excluded from the deal announced in 2023. To complete the map in difficult areas, the next government will have to be prepared take the final decision on the geography of particular devolution deals.

Deepening devolution and reforming funding

Providing more coherence and consistency to devolution across England is important for reasons outlined above. But it is also important to extend the powers of existing mayors – who between them represent most of England’s largest cities. The cities outside London under-perform economically, and are operating at some way below their economic potential given the natural agglomeration advantages they should enjoy.¹⁹ London’s own economy also compares unfavourably to international comparators.²⁰ Deepening devolution and reforming funding holds the potential to boost economic growth in both cases.

This has been the logic of the UK’s approach to English devolution, but it has not gone far enough and there are gaps that hinder mayors from delivering a coherent economic strategy. As devolution continues to mature, the next parliament presents an opportunity to improve the devolution offer in a way that ensures this relatively new tier of government can deliver higher growth. With more power should come more robust accountability mechanisms, which we address in a subsequent section. The next government should therefore:

9. Expand the powers in the single settlement ‘trailblazer’ deals. The trailblazer devolution model currently being implemented in Greater Manchester and the West Midlands includes a ‘single settlement’ funding model that covers a whole spending review period and provides flexibility to reallocate money in line with local needs and priorities. This model is a step forward: MCAs are currently held back by a complex and fragmented funding landscape. However, it is not the endpoint of the devolution process and there remain gaps that will prevent authorities driving economic activity in their region as effectively as they could. There are four policy areas with a particularly compelling case for inclusion in the most developed devolution deals:

- **Employment support** to enable local leaders to co-ordinate active labour market interventions with skills policy
- **Additional responsibilities for other skills initiatives**, including how the apprenticeship levy is administered locally
- **‘Translational’ R&D spend** – which focuses on translating research ideas into practice and other profitable ventures from ideas already generated
- **Planning** in areas where meaningful strategic spatial plans are currently hard to deliver, which hampers co-ordination with transport and infrastructure.

10. Improve the single settlement by removing ring-fences and developing a fair and comprehensive formula for allocating funds to different areas. The single settlement is a major step forward that will provide areas more genuine control over how to spend money on key economic priorities in their area. As well as expanding the funding streams included alongside the recommendation above, the next government should increase the flexibility it provides to combined authorities to ensure they can spend money more effectively. This should include merging the separate funding streams into a single pot and ensuring local areas are held to account for achieving key outcomes set by central government – rather than satisfying onerous box-ticking on process and procedure. As the model is extended across the country, the government will also need to develop a consistent and transparent methodology for allocating funding to different places.

11. Extend trailblazer single settlement deals to other combined authorities that have already been established. Most MCAs outside Greater Manchester and the West Midlands should complete level 4 deals this year in time for the next spending review.* This will allow them to reform their internal operations and build strategic capacity in a way that will help to prepare for a trailblazer single settlement deal. To help drive growth across the country, those combined authorities that demonstrate their ability to effectively take on greater financial autonomy should be granted the new, improved single settlement deal (effectively a 'level 5' deal) in the first two years of the next parliament, to allow them time to prepare to take on these responsibilities by the next multi-year spending review. In particular, the objective should be to implement single settlement deals for the West Yorkshire, South Yorkshire, Liverpool City Region and North East combined authorities, as well as in Tees Valley if governance concerns there are adequately addressed.

12. Review the constitutions of combined authorities to streamline decision making. Many combined authorities are hamstrung by complicated rules that hinder their ability to act. The next government should review all MCA constitutions with the objectives of reducing the number of veto points for important strategic decisions, as well as increasing consistency in the rules in different areas.²¹

Combined authorities are constituted to take collective decisions with the mayor setting the direction and working in partnership with other local leaders.²² However, MCA constitutions require unanimous or supermajority support for many important decisions. This hampers their ability to make progress with big strategic reforms, and makes it more likely that specific local concerns override the interests of the region as a whole. The next government should identify particular 'pinch points' and require places to streamline decision making, as a quid pro quo for deeper devolution deals at level 4 and above. In particular, we recommend that all MCAs move towards simple majority requirements (including the mayor) for key decisions including the adoption of budgets, investment plans, transport strategies, and spatial plans.

* At the time of publication it is not known when the next spending review will be, but the Sunak government has ruled out conducting a review before the general election, meaning it could be as late as January 2025. For more on the implications of this see our recent insight paper on [When to run the next spending review](#).

13. Review and reform the Greater London devolution settlement. London will continue to be the biggest engine of growth for the UK, and although it outperforms other UK cities it still under-performs when compared with large capital cities in other advanced economies. Power was devolved to London long before other city regions and many of the devolution deals since 2015 have provided powers to other metro areas that London already has. But the trailblazer deals with GMCA and WMCA go beyond London's offering in several respects, including in the creation of a single settlement funding model and in devolving powers relating to retrofit budgets to achieve net zero.

As devolution is deepened elsewhere, London should not be left out if the capital is to fulfil its economic potential and continue to support growth in other parts of the country. The next government should seek to deepen devolution to London by conducting a review of devolved powers, taking into account – and considering reforms to – London's distinct governance model. The Levelling Up Advisory Committee has established a London workstream that has gone some way towards this aim – it will publish a report in summer 2024 looking at the strengths and challenges of the current settlement.²³ However the remit for this review excludes the development of proposals requiring new funding or changes to governance or accountability structures. The next government should be bolder and carry out a fuller review that considers the case for structural reform and a new funding settlement for London.

There are other changes the government should make to the funding arrangements for less mature combined authorities and local authorities. These should be implemented within the first year of the new parliament, building on progress the current government has made on funding simplification.

14. Reform and simplify the funding for economic growth for all combined and local authorities. While the single settlement is a big step towards creating the budget certainty and flexibility that combined authorities need, this model will initially only apply in two places. Local growth funding for local authorities, and combined authorities that do not yet have a single settlement, is characterised by a fragmented funding landscape. This risks holding back devolved bodies by restricting their ability to develop and implement joined-up, long-term strategies.²⁴ Funding should therefore be reformed to offer more flexibility for places without single settlements, including areas without devolution deals, recognising that central government will have to play an ongoing role in ensuring that public money is spent well, while working with local leaders to build up their strategic capacity at the devolved level.

The same aim should apply more broadly to all local authorities to ensure they are not held back from growing the capacity and expertise that will be needed at the next level of devolution. The Department for Levelling Up, Housing and Communities (DLUHC) has done some work in this area already including producing a funding simplification doctrine that sets out how departments should design new

funds to reduce the burden on local authorities. But this does not go far enough and both the current government and Labour have recognised that getting funding right is key to unlocking economic growth. To do this, the next government should:

- **Commit to a substantial streamlining and simplification of local growth and other funds for combined and local authorities.** This could be done by strengthening and expanding the funding simplification doctrine, but would mark a clear shift from this government's approach, which has been characterised by a proliferation of multiple, often overlapping streams like the Levelling Up Fund and Towns Fund.
- As part of this, DLUHC should provide **clear guidance to Whitehall departments that competitive pots are only appropriate in limited circumstances**, and develop a new approach to funding based on a few larger consolidated pots aimed at specific objectives, where local plans for use of the money can be approved by relevant departments. Funds should also be designed to impose fewer burdens on local areas. This includes running funds over multi-year timeframes by default with longer lead-in times.
- The **Treasury should commit to funding simplification plans** and make meeting the core principles of the doctrine, and getting sign-off from DLUHC, a requirement for the approval of new funding to local government across all departments. This will ensure the plans are enforceable. The Treasury should also publish binding guidance for departments alongside the next spending review and review and revise *Managing Public Money*, the handbook used by civil servants to ensure money is being spent in accordance with value for money principles, to reflect the doctrine.

Implementing the above reforms in five years would represent a substantial achievement and set combined authorities up to deliver further growth. The next government should also have one eye on how devolution might evolve beyond the next parliament, setting in train the necessary preparatory work to take devolution in new directions. There are two areas in particular that stand out as being promising opportunities but where it is unlikely to be appropriate to devolve in a major way in the next parliament:

15. Enhance mayors' role in co-ordinating public services. To date, devolution has focused principally on direct economic levers, and these should remain the initial priority for further devolution. However, economic outcomes are determined by a wider set of government services and interventions, and many of the arguments in favour of devolution of economic levers (like the benefits of local knowledge and the ability to co-ordinate different policies) also apply to public services like health, justice and support for troubled families. Some mayors already have a role in these areas: the Greater Manchester Combined Authority has partnerships with the NHS and Ministry of Justice. In the short term, the government should empower mayors to develop strategies for enhanced co-ordination between public services operating in their area; for example, to focus more on prevention.

This will require mayors to work closely with both local authorities and central government departments. Moving towards fuller devolution of such services would need to be considered carefully. Work should begin early to build the evidence base on whether and how devolution of different public service levers will improve outcomes.

16. Pilot 'tax sharing' with some combined authorities as a first step of fiscal devolution. There is good evidence that associates tax devolution more strongly with improved economic outcomes than devolution of policy levers alone,²⁵ which at least in part reflects the additional incentives governments have to drive growth when they receive some of the proceeds from it. The UK's tax system is unusually centralised, and tax devolution has been a natural progression of devolution in Scotland and Wales over the past decade.²⁶ There are risks to devolving taxes, especially if key mechanisms like how to redistribute between richer and poorer areas are not thought through. Towards the end of the next parliament, or early in the one after, the government should introduce pilots of tax revenue devolution (also known as tax assignment), in which a small share of tax revenue raised within a region is devolved, but rates and bands of the tax are controlled nationally.

We specifically recommend the devolution of a small share of revenue from National Insurance contributions (NICs), as this is the tax most closely linked to local employment, and therefore the best way by which combined authorities can be given a direct fiscal incentive for the creation of new jobs within their region. This could give local leaders a substantial source of stable revenue: for example, devolving just 5% of NICs revenue on a per capita basis would amount to around £350 million of flexible resource for a large authority such as Greater Manchester Combined Authority.

Strengthening governance and accountability

The more power that is devolved, the greater the requirement for effective scrutiny and accountability mechanisms. At present, local scrutiny of metro mayors and combined authority decision making is under-resourced and patchy, and there is too little transparency about what combined authorities do and how they spend public money. There is also a clear lack of what the Productivity Institute has defined as effective 'inward accountability', meaning the accountability of mayors and MCAs to local scrutiny bodies.²⁷

The next government should reform MCA governance and scrutiny arrangements to ensure that devolved bodies are better held to account for their performance and spending decisions. To enable effective oversight by voters and central government, the next government should:

17. Agree a clear outcome delivery framework. With the move to greater budgetary flexibility at the mayoral level, traditional input-based accountability mechanisms focused on Whitehall controlling what projects combined authorities can spend money on are inappropriate. Instead, Whitehall should set out high-level outcomes and priorities in clear remit letters. These must be flexible enough to empower local leaders to design local solutions but should set out minimum levels of service expected in key areas and details of the actions government might take if performance falls significantly short of those national benchmarks. This model is currently being developed as part of trailblazer single-settlement devolution deals.

18. Work with MCAs to establish a consistent approach to financial and performance reporting. This would enhance accountability and make it easier for MCAs themselves, the public and external stakeholders to compare their funding settlements with those offered to other regions. This would also help to clarify funding sources from central and local sources, and enable better project evaluation. After consultation, a revised finance and performance framework should be in operation by the midpoint of the parliament at the latest.

19. Double the mayoral capacity fund to enhance data science and strategic analytics capacity in combined authorities. Many mayoral combined authorities are small organisations with relatively little strategic analytical capacity to inform the decision making process. At present, the nine existing mayoral combined authorities each receive an annual allocation of £1m capacity funding per annum. We recommend that this funding be doubled and linked to public sector pay inflation going forwards, with MCAs encouraged to invest in data and analytical capacity. This would improve the evidence base for decision making within

combined authorities.²⁸ Any such funding should be committed to on a long-term basis. Combined authorities should also be encouraged to learn from the [Office of Data Analytics](#) model that has been implemented in places including Greater Manchester and Greater London.

In addition to these reforms, the next government should strengthen combined authority scrutiny and accountability mechanisms in line with common practice at a national level. The current lack of an effective local scrutiny system reduces confidence in Westminster and Whitehall that further powers can be devolved.^{29,30,31} Stronger 'bottom-up' and 'inward' accountability is needed: without this, the centre will be reluctant to cede its oversight of the spending of public money.³² Improved accountability will help to deliver local value for money and drive better outcomes. These reforms matter most for devolution deals with the greatest new powers and freedom and should be developed in tandem with the reforms to powers and funding outlined above. We suggest that the next government should implement the following reforms in the first half of the next parliament:

20. Establish Devolved Public Accounts Committees (DPACs) for all existing mayoral combined authorities and make this a requirement for all future devolution deals at level 3 and above. The composition, remit and powers of new DPACs should be modelled on those of the House of Commons Public Accounts Committee. In Annex C we set out draft principles for how we envisage these new bodies operating.

21. All mayors should commit to holding monthly 'question time' sessions in which they are open to questions from members of the public (as some mayors already do). Any such question time meetings should be well publicised and held on a regular basis in venues across the combined authority area. There may also be a case for additional public funding for local press to further strengthen the local accountability ecosystem, as recommended by the Cairncross Review and others.³³

22. Turn the chief executive of each combined authority into the accounting officer for fully devolved budgets, at least in places with level 4 or trailblazer single-settlement deals.³⁴ This would make the chief executive directly accountable for oversight of spending within certain non-ringfenced blocks of funding. Chief executives should also be empowered to request a 'mayoral direction' if a given project does not meet all of the following criteria: regularity, propriety, value for money, and feasibility. In this case, the mayor would themselves be held directly accountable for the decision. This model would replicate how accountability works at the departmental level in Whitehall.³⁵

Putting devolution on a firmer footing

The status of English devolution is uncertain and unstable in comparison to devolution to Scotland, Wales and Northern Ireland. This limits the ability of metro mayors and other local leaders to develop and implement economic strategies for their places, since their powers and funding remain subject to change and override from central government.³⁶ There is also substantial variation in the powers of different metro mayors – often without a clear rationale.

We believe the next government should put devolution on a firmer footing through legislation that recognises English devolution as an important tier of government in its own right and creates a clear right for places to draw down powers from Whitehall.³⁷ Early steps should be taken in the next term to strengthen the relationship between Whitehall and local leaders across England. This will support the ability of metro mayors to work in partnership with central government and each other, in order to improve outcomes in their areas. Specifically, the next government should:

23. Put English devolution on a firmer statutory footing. Devolution to England’s cities and regions is on a weaker footing than the institutions in Scotland and Wales, more easily subject to reversal or override by central government. To consolidate many of the reforms set out above, the next government should introduce primary legislation to strengthen the status of English devolution. This legislation should include the following elements:

- A recognised **principle that all parts of England have the right to take on devolved powers**, in exchange for meeting specified governance conditions relating to institutional capacity, local political readiness, sensible geography and a clear plan for how powers will be used to improve outcomes.
- **Provisions specifying the core functions that can be devolved** as part of mayoral and non-mayoral devolution deals. For instance, the legislation could set a legal requirement to publish a devolution framework that would set out the detail of the powers on offer (without putting the full detail on the face of the act).
- A requirement that the government carry out a **‘devolution audit’ that establishes precisely which powers are devolved to which places**, with the results published in the existing annual report on devolution. This would improve transparency and enable local leaders to more easily compare their powers with those of their counterparts elsewhere in the country.
- **Recognition in law that English devolution is a permanent feature of the governance landscape**, as was enacted in the case of Scotland and Wales in 2016 and 2017 respectively.³⁸ This should be supported by provisions clarifying that combined authorities can be abolished only with their own consent.³⁹

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- **Provisions that enable the creation of Devolved Public Accounts Committees** in places with higher level devolution deals, as described in recommendation 20 and Annex C.

24. Commit to the principle of 'devolve or explain'. The next government should create a new right for metro mayors and other devolved authorities to formally request the devolution of any power devolved elsewhere in England. They should then receive a public, timely response from government that – if the answer is no – explains the reasons and sets out conditions that would have to be met for the power to be devolved in future.

25. Commit not to introduce new initiatives in devolved areas without consultation.

The first King's Speech after the general election should also include a public commitment that the government will not announce new policy or spending initiatives in areas that are devolved to metro mayors without first consulting them and seeking their consent.⁴⁰ This would not prevent the government from acting unilaterally, like the Sewel Convention that strengthens the autonomy of devolution to Scotland and Wales, but it would set as an expectation that the views and voices of devolved leaders would be heard and considered as part of the policy making process. The expectation should be that if UK ministers establish new programmes in areas specified as devolved, the associated budget should be transferred by default to the devolved bodies. Whitehall guidance should also set out clear expectations of how government departments should work with MCAs during the development of new legislation or policies that affect devolved matters.

26. Host a prime minister–mayoral summit within two months. The prime minister – along with the lead cabinet minister for English devolution – should meet with all the elected metro mayors in a high-profile summit to be held within the two months after the next general election. This meeting would offer an opportunity for mayors to contribute to the development of the government's overall economic strategy.^{41,42} The prime minister should also commit to hosting this summit annually, with meetings rotating around different cities of England where metro mayors are in post. This would send a strong signal that the government recognises metro mayors as important strategic partners in helping to deliver the party's economic missions.

27. Establish a new set of minister-mayoral committees. The next government should set up a review, in partnership with the 'UK Mayors' group (formerly known as the M10), to identify ways to strengthen the relationship between central government and combined authorities. One specific objective should be the establishment of a new system bringing together mayors and ministers, analogous to the inter-ministerial groups at which UK ministers engage with counterparts from the devolved nations.⁴³

This could take the form either of a single policy consultation committee or separate committees for key policy areas such as transport, skills and housing, with ministers from the lead departments for these functions meeting mayors on a quarterly basis.⁴⁴ The secretary of state for levelling up should play a central role in this

system, perhaps chairing the main committee. This would offer a forum for mayors to be collectively consulted about government decisions affecting them and their powers, and would help ministers to take policy decisions better informed by local insights about what will work.

28. Launch a new interchange scheme between the civil service and combined authority officials. A further way to improve relationships and the flow of information between central and devolved government would be for the next government to set up a new staff interchange scheme for civil servants and combined authority officials.⁴⁵ This could include short-term placements and shadowing options, as well as longer-term secondments, and these schemes should be targeted at parts of Whitehall central to devolution such as the Treasury and DLUHC. Regional civil service hubs such as the Darlington Economic Campus should take particular responsibility for fostering links with combined authorities.⁴⁶ The next government should also designate a senior 'point person' for each devolved area with a remit to connect local officials to relevant people across government.⁴⁷

29. Set aside funding for policy evaluation and learning. The next government should also set aside funding for the evaluation of policy innovations and experiments taking place in different devolved areas.⁴⁸ This funding should be used to commission independent research assessing and comparing the effectiveness of policy and spending decisions taken by different combined authorities; for instance, in how they have used devolved skills budgets to improve the level of qualifications among specific groups.⁴⁹ The government should consult with the UK mayors group in determining how best to use this evaluation budget, whose purpose would be to make a reality of the 'policy laboratory' that devolution holds the potential to create.

30. Review the electoral system for mayoral elections. Finally, the next government should review the impact of the recent introduction of the first-past-the-post system for mayoral elections, and consider a return to the previously used supplementary vote, or potentially the alternative vote model.^{50,51} Under these systems, candidates are incentivised to appeal to opposition voters for second preference votes and therefore to build a wider coalition of support from across the region.^{52,53} Under first-past-the-post, elections can be won with the support of a third of voters or less, based on votes from their core support base, who may be concentrated in certain parts of the region. This would be a weak mandate. Mayors taking office in such circumstances would likely be less able to deliver effective leadership, given that the MCA devolution model requires mayors to work in partnership with other local leaders as 'first among equals' rather than strong executive leaders.

We therefore think there is a strong in-principle case for reverting to a preferential electoral system that encourages candidates to appeal for support across party lines and to build the broadest possible coalition of support for their plans.

Conclusion

There is more devolution, and more metro mayors, in England than ever. But the map of English devolution is not complete. The next government has the opportunity to begin to complete that map and to move devolution to the next stage, by replacing the current fragmented approach with a more coherent, consistent and transparent devolution offer to all parts of England. We have set out 30 specific proposals for how to achieve this. These ideas can be treated as a menu of options, but we believe that all can and should be implemented as a package over the next five years. This new deal for England will help improve economic outcomes and tackle democratic disengagement across the country, while improving the efficiency of central government.

Annex A: Devolution deals that the next government should prioritise

In recommendation 1, we advise the next government to set a target of extending devolution to 85% of England’s population within five years, by completing deals with all the remaining large urban areas, and tidying up the geography of some existing deals. In the table below we set out the specific deals we have included in our calculations, while recognising that in some cases there are alternative potential boundaries that could be pursued.

Proposed new or expanded area	Population	Gross value added	Comments
West of England – expansion to North Somerset: <i>Bath and North East Somerset, South Gloucestershire, Bristol, and North Somerset</i>	1.17m	£38.6bn	The West of England Combined Authority excludes North Somerset, formerly part of both the LEP and Avon county footprints. Including it would better align the MCA with the functional economic area. If left out North Somerset would likely become an ‘devolution exclave’ – that is, not part of any devolution deal.
Devon – expansion to Plymouth: <i>Devon, Torbay and Plymouth</i>	1.22m	£26.4bn	The agreed level 2 deal between Devon and Torbay turns Plymouth into a devolution exclave with too small a population for its own deal. Including Plymouth would avoid this problem, improve on functional economic area footprints and better align with historic county boundaries.
Greater Leicestershire or ‘LLR’: <i>Leicester, Leicestershire, and Rutland</i>	1.12m	£28.1bn	Past attempts to include the three councils in either the East Midlands deal or a standalone ‘LLR’ deal have foundered, ⁵⁴ leaving Leicester as the largest urban area with no deal in place. A Greater Leicestershire or LLR deal would address this.

Pan-Hampshire (or Solent): <i>Hampshire, Portsmouth, Southampton, and Isle of Wight</i>	2.00m	£60.4bn	Hampshire County Council has proposed a pan-Hampshire deal that aligns with historic county boundaries. The alternative is a 'Solent' deal that covers the major urban areas of Portsmouth, Southampton as well as Isle of Wight. ⁵⁵
Greater Dorset: <i>Dorset and Bournemouth, Christchurch, Poole (BCP)</i>	0.78m	£19.1bn	Dorset Council has sought talks in relation to a devolution deal with BCP as the council alone doesn't have large enough population for deal. ⁵⁶
Sussex: <i>Brighton & Hove, East Sussex, West Sussex</i>	1.71m	£42.6bn	This deal would unite the historic county of Sussex. An alternative would be a 'Greater Brighton' city region deal, but this would likely require local government reorganisation to incorporate districts of East and West Sussex.
Greater Essex: <i>Southend-on-Sea, Essex, Thurrock</i>	1.86m	£44.8bn	These three authorities published a formal 'expression of interest' in devolution in 2023, ⁵⁷ but were unable to agree on whether to accept a mayoral model. Negotiations on this proposed deal were unsuccessful but should be started again early in the next parliament.
Bedfordshire: <i>Luton, Central Bedfordshire, Bedford</i>	0.71m	£15.5bn	Buckinghamshire recently announced a 'level 2 devolution framework agreement'. This could be expanded to include Milton Keynes, and potentially also the neighbouring counties of Bedfordshire and Northamptonshire.
Buckinghamshire: <i>Milton Keynes, Buckinghamshire</i>	0.84m	£31.3bn	
Northamptonshire: <i>North Northamptonshire, West Northamptonshire</i>	0.79m	£20.6bn	

Berkshire: <i>Reading, West Berkshire, Wokingham, Windsor and Maidenhead, Slough, Bracknell Forest</i>	0.95m	£47.8bn	A devolution deal was suggested on this footprint in 2021 across the six unitary authorities of Berkshire. ⁵⁸
Staffordshire: <i>Stoke, Staffordshire</i>	1.14m	£25.5bn	Previous discussions were held about a Staffordshire and Stoke on Trent deal. ⁵⁹
Current deal coverage as of May 2024	27.38m (48%)	£956.2bn (54%)	Including all deals implemented following mayoral elections on 2 May 2024.
Additional projected coverage by 2025	8.81m (16%)	£230.2bn (13%)	Including all agreed deals awaiting implementation and level 2 devolution framework agreements announced in spring 2024.
Additional proposed new deals in next parliament	11.82m (21%)	£329.6bn (19%)	Figures do not fully tally to the sum of proposed deals in the above table: where we propose extensions (e.g. North Somerset, Plymouth and Milton Keynes) only the value of the extension is measured here. The values for pre-existing deals such as WECA, Devon and Torbay, and Buckinghamshire are recorded under either current deal coverage by May 2024 or additional coverage by 2025.
Total potential coverage by 2029	48.01m (85%)	£1,516.1bn (86%)	Including all currently agreed deals and all deals and extensions proposed in this table.

Notes: Figures may not fully sum due to rounding.

Annex B: Criteria to consider in completing the devolution map

The framework below builds upon the three criteria outlined in the levelling up white paper (size, functional economic area, identity), drawing on findings from Institute for Government research on what makes for a successful devolution deal and the depth of powers required for different levels of government. It outlines five success criteria and some metrics that can be used to help inform the judgment.

The final weighting across the five criteria are political decisions to be made in light of specific government priorities. The framework will help to inform judgments about different geographies particularly where there are competing visions for devolution deals. Once a final geography is decided it will also establish risk factors that will help to prioritise the level of support required from central government to make a success of devolution.

Criteria	Metrics
Geography	Population size. Is the population of the proposed region similar to existing combined authorities? Is it too small (e.g. below 0.5 million) or much larger than international comparators (3 million)?
	Residual area size – whether a deal on the proposed footprint would leave residual areas that are too small for their own deals (and would become 'devolution exclaves')
Economics	Travel to work area – establishing the local labour markets by considering how aligned a given proposal is with travel to work areas (TTWAs). Does the proposal contain multiple nested TTWAs, and if so are they fully contained within the proposed footprint?
	Transport areas – how does the footprint align to existing bus/car usage?
	Housing area – how well does the footprint align to local housing markets?
	Travel time to HQ – establishing the time it takes for a round trip from major centres to the proposed headquarters for the area.

Identity	Is there alignment with historic or other local boundaries?
	Is there evidence of public support, e.g. via polling or consultations?
	Is there meaningful media coverage for the locality (i.e. how well does the footprint align to ITV/BBC media regions)?
Implementation	How well does the footprint align with other public sector boundaries such as: the police authority, the LEP, any transport authority, the ICS, the LSIP, utility supplies, local nature recovery strategy areas?
	Is there a pre-existing structure for partnership working, e.g. a public sector leaders board for the area?
	Will there be any disruption to pre-existing governance structures?
Politics	Have local leaders and institutions produced a shared economic strategy?
	Were previous devolution deals attempted on similar boundaries and where challenges occurred have they been resolved?
	Has there been consistent commitment from local political leaders and local authorities to work together on this footprint?
	Is there support from local MPs for a devolution deal?
	Is there evidence of support from other local institutions such as business lobby groups, universities and major regional employers?

Annex C: Draft operating principles for Devolved Public Accounts Committees

- **Cross-party and representative membership:** members would be selected from elected councillors across the combined authority area with seats apportioned on a representative basis.
- **An independent chair:** the chair of the local DPAC will be required to come from the largest opposition party to the incumbent mayor. The chair should be required to be nominated by a specified number of councillors from across party lines.
- **A focused remit:** the remit of each DPAC will only cover the power to review the economy, efficiency and effectiveness of its own mayoral and MCA programmes.⁶⁰
- **Wide scrutiny powers (the power to send for persons and papers):** DPACs should have the power to call witnesses – including metro mayors and their advisers – and to require the provision of financial information from the combined authority it scrutinises.
- **Independent funding from the body it scrutinises:** additional resources for the scrutiny system should be provided from central government. These funds should be used for the committee to commission independent reports from external bodies to support their work, and to remunerate members of the committee.
- **An escalation mechanism to Westminster:** DPACs should have the ability to refer to the House of Commons Public Accounts Committee (PAC) serious issues of concern uncovered in relation to the use of public money by the MCA.* Parliament should also seek ways to support and entrench the new committees; for instance, by hosting an annual summit between the chairs of DPACs and the chair and deputy chair of PAC, to share good practice and common challenges.
- **A right of response from the scrutinised body:** in the UK parliament all reports published by PAC receive a 'treasury minute' – a formal response drawn up by Treasury on behalf of the government.⁶¹ A similar mandatory response to DPAC reports should come from the MCA head of finance. This would ensure that the MCA engages with the scrutiny process and considers the merits of the report.

* In certain instances it may be more appropriate to refer matters to the House of Commons Levelling Up, Housing and Communities Committee.

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