



Future
Governance
Forum

Metro—Dynamics

IMPACTFUL DEVOLUTION 01

A new framework for inclusive
local growth and national renewal

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Executive Summary
& Summary Recommendations



FGF

Metro — Dynamics

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About The Future Governance Forum

The Future Governance Forum (FGF) is a progressive, non-profit and non-partisan think tank. We aim to provide the intellectual and practical infrastructure vital to national renewal and the revival of progressive government in the UK.

Our goal is to shape a comprehensive new operating model for the way the country works, delivering effectively across national, devolved, regional and local government. We bring together people and institutions with the expertise to develop and implement new models of partnership, policy development and service delivery.

Our current programmes of work explore:

- **Mission Critical:** how can governments develop missions as more than a signal of intent, but a theory and a practice of government?
- **Impactful Devolution:** how can government meaningfully and permanently devolve power to regional and local level in one of the most centralised countries in the world?
- **Into Power:** how should an administration be set up, and its people empowered, to deliver on its promises?
- **Rebuilding the Nation:** how can we utilise innovative models of public and private investment to deliver future policy objectives?
- **Systems Change:** how can the UK's system of government be reformed to better facilitate not obstruct delivery?

By prioritising these questions we are thinking about new progressive models of governance for the long term.

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About Metro Dynamics

Metro Dynamics is an employee-owned consultancy founded in 2015 to support places to grow stronger, more inclusive economies. From our beginnings in supporting devolution, we have worked with central government departments, cities, universities, investors and businesses to add lasting capacity to places. We advise organisations working in and investing around the country on all aspects of how to make their place better, from physical development and regeneration to innovation and business support, to inclusive growth, skills and public health. And we work across the economic development and regeneration life cycle, from analysis, strategy, project development, finance and business cases, through delivery, evaluation and monitoring.

About the authors

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Ben is an expert on the political and economic drivers that are needed for growth and how to shape narratives that best reflect these. He advises places on governance, inclusive growth and how best to work with Westminster and Whitehall.

Before becoming a founding director of Metro Dynamics, Ben had a long career in public policy and communications, advising cities, businesses and charities on how best to achieve their policy objectives. He has worked with ministers, officials and local government leaders on a range of public policy issues and has set up and run a public affairs consultancy and two highly influential commissions, the 2020 Public Services Commission and the RSA City Growth Commission. He started his career as a research officer for a trade union and then went on to advise Labour frontbencher Jack Straw, where he was responsible for the development of Labour policy on local and regional government.

He was a founder of the New Local Government Network (now New Local) and is now a policy associate at the Future Governance Forum, a member of the Evidence to Impact Committee of Foundations, The What Works Centre for Children and Families, and founding director of The Power Test podcast.

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Elizabeth is an experienced policy consultant, having worked in social and economic policy in central government, parliament and public affairs. Elizabeth's experience in government has included designing local growth funding and programmes to tackle regional inequalities in the cities and local growth unit. She was previously a senior researcher for Heidi Alexander MP (as shadow health secretary), and previously worked in health and NHS policy. Elizabeth applies experience in local economic and public service policy to support places to deliver inclusive growth and build great places to live and work. Recent projects at Metro Dynamics include supporting the development and implementation of devolution deals, developing investment opportunities in inclusive growth, and creating strategy for public-private economic collaboration in places. As a policy associate with The Future Governance Forum, Elizabeth focuses on devolution and regional economic growth policy development.

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Introduction and executive summary

The new government has already made important early steps on devolution. On day five the Prime Minister met with Mayors to discuss how he and they could work together to drive growth. The Kings Speech outlined the flagship 'English Devolution Bill'. And the new deputy prime minister has invited councils that do not currently have devolution arrangements to come forward with their own devolution plans. These are all early down payments on the ambitious plans that Labour set out in the recent general election to pursue greater devolution, and to establish and promote new approaches to mission-driven to governance

This paper addresses how the new government should go on to deliver its devolution plans in full, with a framework that supports local growth and national renewal, and aligns the right powers with the right places. It sets out a programme of initiatives that can be taken forward in a first term to help deliver Labour's missions, particularly its growth mission, through wider and deeper devolution.

Context

The UK is the most centralised country in the G7. It also has the highest levels of regional economic inequality. For more than a decade, growth has flatlined and economic resilience receded. The underlying weaknesses of the UK economy have been exposed by its failure to bounce back from the same shocks that other countries have faced and overcome.¹ This has resulted in the longest period of wage stagnation in modern times, adding further pressures to public services and contributing to a growing sense that the country isn't working.

The extent of this regional and local inequality in Britain is stark, making it an outlier when compared to other, similar economies. Outside London, most major cities have growth rates lower than the national average. Cities and towns are not achieving their agglomeration growth potential due to constraints on transport, research and development investment, housing and skills.

There is no way the incoming Labour government can improve national prosperity without bridging this great divide.

The Conservatives' *2022 Levelling Up White Paper* recognised that an inclusive economy approach to growth was required to tackle this. It understood that the focus should not be just on Gross Value Added (GVA), but on the social and economic determinants of inequality. However, it was singularly unable to create the means to deliver on its 12 missions, because mission-driven government requires more than the support of one Whitehall department.

A more comprehensive approach is needed, one which engages the whole system of government in the delivery of its missions. The grand challenges for society - on growth, clean energy, better health, safer streets and breaking

¹ [GDP International](#), House of Commons Library, May 2024.

down barriers to opportunity – can only be delivered through sustainable partnerships between different levels of government, and between public and private sectors.

National renewal requires channelling much greater private sector investment into our towns and cities. Long-term industrial strategy and net-zero plans, alongside macroeconomic stability, are critical conditions for this. But so too is a pipeline of credible and investable projects that can attract investment into infrastructure, housing and innovation, and cluster development opportunities across the country.

Devolution is central to this. Unlocking the potential of people in every part of the country will not only improve people's lives, but strengthen the economy, too. The challenge for the new government is to deliver a devolution settlement which addresses the systemic issues that have held the country back for decades.

Labour's intentions

The Labour Party has signalled its intention to establish and promote new approaches to mission-driven government, a systemic reform that brings together economic and social policy. This approach integrates the removal of continuing barriers to opportunity within its ten-year plan for national renewal.

Building on the earlier work of Gordon Brown's Commission on the UK's Future,² Labour set out its pre-election approach to devolution in *Power and Partnership: Labour's Plan to Power Up Britain* and in its election manifesto.³ Commitments included:

- An English Devolution Bill setting out what Keir Starmer has called a 'full-fat approach to devolution'.
- New powers for mayors over transport, skills, housing, planning, employment support and energy, supported by long-term integrated funding settlements.
- Statutory local growth plans, aligned with national industrial strategy, for all mayoral combined (county) authorities, ie MC(C)As with devolution deals, developed in collaboration with their local authorities, businesses, anchor institutions and trade unions.

² Commission on the UK's Future, [A New Britain: Renewing Our Democracy and Rebuilding Our Economy](#), Labour, December 2022.

³ [Labour Party Manifesto 2024: Our plan to change Britain](#), Labour, June 2024.

- Expanding devolution further and faster, with local authorities (outside current devolved areas) supported to come together on sensible economic geographies to establish sub-regional collaborative economic governance and to benefit from new growth powers.
- Supporting councils to 'get back on their feet' with long-term funding, the phasing out of wasteful competitive bidding, and through a new partnership with central government to provide capacity support and to focus on prevention in public services.

During the election campaign, Labour made further commitments to pursuing greater devolution. Local and sub-regional government have critical roles to play in getting Britain building again, because devolution brings together economic and social policy at place level.

And they are not starting at ground zero. There are some positive signs, some green shoots.

In the private sector, and especially where there are university research centres, sectoral clusters of high-value businesses are emerging. Although unevenly distributed across our towns and cities, these could hold the keys to future economic success.

Additionally, many place-based government structures already exist. Mayoral combined and county combined authorities (referred to as MC(C)As in this paper) cover functional economic areas in a substantial part of the country, in addition to the Greater London Authority (GLA) and Mayor of London, with 48 per cent of the English population currently covered by devolution arrangements. This is due to increase to 65 per cent if the new deals are implemented as planned for 2025. But these foundations need to be both strengthened and extended.

Mayors, combined authorities and councils are making big strides forward in driving local growth, improving public transport, bringing buses back under public direction, investing in infrastructure and supporting innovation clusters. But they need more capacity and powers to build a better future for their places. They now have a government that wants to work with them in a partnership for inclusive growth and national renewal.

Combined authorities, county deal areas and wider local government need to be adequately supported to play the new roles that mission-driven government will require. Government should widen the remit of combined authorities to encompass its missions, while also strengthening their capacity to deliver. And it should rapidly extend devolution to those areas of England not yet covered, with new sub-regional tiers similarly based in local government, and aligned with administrative and functional economic areas.

Our proposals

The paper sets out how Labour can deliver these commitments based on the system it has inherited.

It has been developed through extensive FGF engagement with stakeholders; local government, combined authorities, think tanks, national policymakers and practitioners.

This process helped establish a set of guiding principles for how Labour should approach devolution in government:

- Hit the ground running. Set the tone for devolution from the outset with a clear signal of intent across Whitehall about a new approach to working with regional and local government.
- Build on what's there. Don't waste time scrapping and reorganising structures and organisations - align them with Labour's missions.
- Strengthen capacity for mission delivery. Mobilise government and its agencies to provide capacity support, pooled funding and project expertise.
- Enable combined authorities and local government to develop the projects that can deliver growth, housing, prevention focused services and safer streets.
- Bake in collaboration. Embed a wider missions approach across local and national systems, with collaboration between public and private sector, with local anchors and local people, and between every level of government.
- Unlock private investment in cities and regions by creating greater long-term certainty for investors, with an investable pipeline of industrial, infrastructure, net zero and housing projects, aligned with Labour's national missions.
- Better align finance with purpose, so that the connection between spending and delivery can support growth and reform (critical in a period of tight public finances).
- Remove ringfences, wasteful bidding and duplication processes to promote efficiency, simplicity and prevention by introducing integrated single pot and pooled funding at place level.

This report makes the case for devolution as part of a national strategy for growth - devolution animated by a collective mission. It sets out a programme of initiatives that can be taken forward in a first term to help deliver Labour's missions, particularly its growth mission, through wider and deeper devolution. It sets out a coherent framework, underpinned by mission-led governance, that can galvanise partners at every level to work together to drive inclusive growth across the country. We believe this is the key to aligning the right powers with the right places across the country.

Summary recommendations

Develop missions-based partnerships for devolution, and regional and local growth plans

Recommendation 1: Establish a mission council incorporating councils, mayors, ministers, business and civil society: this will inform how all five missions – including the growth mission – can be delivered outside Westminster and Whitehall.

Recommendation 2: Develop statutory local growth plans for every devolved area as the organising vehicles for delivering Labour’s growth mission: Labour has committed to statutory local growth plans, setting out sub-regional and local plans for good jobs, resilient places and growth everywhere. These plans need to connect directly with the government’s national Industrial Strategy, containing pipelines of investable projects that can attract private sector investment, encompassing the following:

- **National Industrial strategy.** Evidence-based support for the long-term development and transformation of key industrial clusters, their innovation and supply chain ecosystems around them, and for increasing productivity and innovation in the foundational economy.
- **Spatial strategy.** Adopted by all MC(C)As and developed in conjunction with local plans, to cover housing, transport, utilities, nature recovery, climate adaptation and land use.
- **Housing strategy and delivery plans.** Developed in collaboration with partners across the housing system, including Homes England, to include housing numbers, site targets and specific plans for social and affordable housing; and unlocking stalled sites.
- **Deeper devolution of skills and employment support.** Skills and Jobcentre Plus employment support programmes delivered through devolution and place partnership.
- **Plans for public service reform and prevention.** Led by upper-tier local authorities and supported by combined authorities and lower-tier local authorities, including delivering joined-up services for residents and connecting funding in place.

Recommendation 3: Coordinate strategic investment at the pan-regional level: each pan-region should develop its own infrastructure, clean energy, climate adaptation, housing and investment framework to support local growth plans. This should be based on the geography of the existing sub-national transport bodies, and should start in the North and the Midlands, where this model of devolution is most progressed.

Recommendation 4: Focus devolution on outcomes with outcomes frameworks for each place: each MC(C)A or other devolved partnership to develop an outcomes framework, which unites local priorities with the national missions. This will be at the heart of strengthening accountability in local and combined

authorities, but also in the wider regional system of public services, assets and investments. This will support the shift to 'single settlement' governance for MC(C)As, and build new capacity and capability for supporting this with strengthened accountability.

Drive devolution delivery: increase capacity, remove barriers and redeploy funding

Recommendation 5: Give MC(C)As stronger funding and investment levers to drive local growth:

- **Single local growth fund:** establish a new consolidated local growth fund for every MC(C)A that combines existing departmental growth and levelling up funding streams and removes ringfences.
- **Move to comprehensive single settlements:** extend the full multi-year, single settlement to all MC(C)As with Level 4 devolution deals, applicable from the first spending review.
- **Enable mayors and pan-regional bodies to align infrastructure funding and investment with growth and net-zero transition.** Major regional infrastructure investment, including for utilities, energy and transport, should be growth- and net-zero-led, and designed, funded and delivered on this basis.

Recommendation 6: Reintroduce multi-year spending settlements for local government: to enable long-term stability with certainty of finance underpinned by a new fair and transparent needs-based funding formula.

Recommendation 7: Fund the foundations of 'Total Place 2.0': consolidate local public service budgets to create a local prevention fund, potentially as part of a wider, flexible local government settlement.

Recommendation 8: Repurpose government agencies and redeploy Whitehall capacity: arm's length bodies should be repurposed to support local and regional investment and housing delivery - including the UK Infrastructure Bank, British Business Bank and Homes England. Capacity from Whitehall departments should be redeployed to support local growth through civil service secondments and departmental relocation.

Make devolution work for inclusive growth in every part of the country

Recommendation 9: Expand single settlement devolution to all MC(C)As: give trailblazer deal powers to every MC(C)A to support them to build the necessary corporate capacity and capability where required.

Recommendation 10: Extend devolution beyond MC(C)A areas: local authorities should be encouraged to create partnerships for economic

leadership and governance at functional economic area level, where possible going with the grain of former Local Enterprise Partnership (LEP) boundaries, but without mandating that if there is a different local preference around a sensible economic geography.

Recommendation 11: Support the next era of London's devolution: enable our global city to help power growth for the UK, while developing a more inclusive economy, by developing:

- A London-wide strategic growth plan in collaboration with the Greater London Authority (GLA), boroughs and sub-regional partnerships.
- London borough place plans.
- Devolution of further economic powers.
- A single settlement aligned to the spending review cycle, with five-year transport funding, plus investment flexibilities - including business rates retention, tax incremental funding (TIF), land value capture - that utilise the proceeds of future growth to invest in the housing and economic growth corridors, high value clusters and critical infrastructure that can drive inclusive and sustainable growth for the capital.

Recommendation 12: Align city deals in the devolved nations with a new partnership approach to UK-wide renewal and inclusive growth: the new government will have the opportunity to align city deals in the devolved nations with its new mission-led approach to devolution. These city deal regions should have additional, appropriate and complementary powers to drive inclusive growth and public service reform, subject to agreement with the devolved governments.

Recommendation 13: Devolve by default: as the future form of central government takes shape around missions, a culture of being considerate about the right place for powers and resources must emerge, with a starting presumption in favour of devolution. The era of some government departments being hostile to devolution must end.

The first 100 days: rapidly mobilise around national renewal

Recommendation 14: Invite mayors and local authorities to play their part in national renewal: in the first weeks, a joint letter from the prime minister, chancellor and secretary of state for the Ministry of Housing, Communities and Local Government (MHCLG) should be sent to mayors and council leaders. This should:

- Outline the government's commitment to working with regional and local government to deliver its missions through a new partnership for inclusive growth and national renewal.
- Invite mayors, county deal chairs and council leaders from the main local government groups to join a new missions council with ministers and business leaders.

- Ask all devolved areas in England to start to develop their own local growth plans.
- Commit to single settlements for MC(C)As and multi-year funding settlements for wider local government.
- Invite MC(C)As that do not yet have single settlement and trailblazer powers into dialogue on the pathway to having them.

Recommendation 15: Rapidly mobilise government plans for delivering national renewal:

- Develop guidance for local growth plans.
- Task the MHCLG with blending remaining levelling up and other local growth funding streams into a single funding stream.
- Have MHCLG support the rapid development of devolution arrangements to cover the areas of England that do not currently have combined authorities or county deals.
- Support MC(C)As and local authorities to play their part in delivering a housing recovery plan.
- Lay the foundations for translating the Office for Local Government (OfLoG) into the Office of Local Government Improvement and Learning, which will include support for the local statutory audit service and a more robust approach to sector-led improvement.
- Publish a timeline to complete the fair funding review for local government: this was initiated in 2018 and will contain relevant insights for stability, recovery and renewal.
- Develop plans with the Department for Work and Pensions (DWP) to devolve Job Centre Plus as part of a major push to target worklessness as an early priority.



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