

Levelling Up White Paper

Briefing on governance and scrutiny

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About Centre for Governance and Scrutiny

CfGS is a social purpose consultancy and national centre of expertise. Our purpose is to help organisations achieve their outcomes through improved governance and scrutiny.

We exist to promote better governance and scrutiny, both in policy and in practice. We support local government, the public, corporate and voluntary sectors in ensuring transparency, accountability and greater involvement in their governance processes.

1. Overview

Shifts in both structures and mindsets around governance are central to the proposals in the White Paper. Fully a third of the White Paper's contents focus on these governance issues, under the umbrella description of "systems reform".

CfGS has long recognised the need for good governance to be central to concerted action on local growth (see "Growth through good governance" (2016)).

The challenge for professionals working in the governance and scrutiny space now lies in using their skills to support their authorities to take necessary action on local growth. The White Paper does provide a template of sorts for this action – but as others have commented, some of the detail is absent. In tone and content, the White Paper reads in part more like a Green Paper – a discussion document aiming to set out a Government's overall direction of travel – than a clear programme for reform.

It is also a challenge when the White Paper proposes no substantial "new" funding to support this activity. Instead, the narrative appears to be that the

Government's levelling up plans provide a framework within which existing funding and priorities will need to align – a shift in emphasis for the machinery of government in its entirety, rather than a separate programme of work being led by DLUHC. Time will tell whether this system-based approach will succeed.

It is worth noting that Governments in the past have attempted to make institutional reforms, and to a lesser extent systems reforms, in order to bring about sustained local growth. Regional Government offices, Regional Development Agencies (and Regional Assemblies) and Local and Multi-Area Agreements were all tools developed by Government to knit together accountability and ownership for large-scale decision-making. Pre-2010, this was governed by public service agreements (PSAs) – Governmental aims and objectives which were aimed at bringing consistency to overall objectives and outcomes for public services. The “mission” based approach in the White Paper – explained below – shares some key characteristics with PSAs. Like PSAs, the WP “missions” will be supported by a comprehensive performance management regime, the detail of which has, so far, not been announced. We do, however, know that this regime will have a substantial effect on governance at local and regional level – driving prioritisation, setting and sharing ownership, and providing new systems for oversight and central direction.

A number of organisations have published more detailed and comprehensive explainers on the White Paper and its contents, which engage with these and other matters. This CfGS paper focuses solely on governance issues, and does not engage with the substantive policy proposals on local growth set out in Chapter 3 of the WP. For more insight into these and other issues, the following reading list may be of use (all links valid at 4 February 2022):

- Summary from the Institute for Fiscal Studies:
<https://ifs.org.uk/publications/15055>
- Summary from the Institute for Government:
<https://www.instituteforgovernment.org.uk/sites/default/files/publications/levelling-up.pdf>
- A position paper published by the House of Lords Public Services Committee on levelling up:
<https://committees.parliament.uk/publications/5952/documents/67603/default/>
- Primer from the Local Government Information Unit on its key hopes and expectations, from before the WP was published:
<https://lgiu.org/publication/on-the-level-six-principles-to-underpin-the-levelling-up-white-paper/>
- Primer from the Centre for Cities, setting out their own expectations:
<https://www.centreforcities.org/publication/what-urban-leaders-want-from-levelling-up-white-paper/>
- General paper from CIPFA on regional inequalities:
<https://www.cipfa.org/cipfa-thinks/insight/addressing-regional-inequalities>

- Statement from SOLACE: https://solace.org.uk/news_and_press/solace-statement-on-the-levelling-up-white-paper/
- Statement from New Local: <https://www.newlocal.org.uk/articles/devolution-whats-new-in-the-levelling-up-white-paper/>
- For context, published at the same time as the White Paper, the Government's response to a report by Danny Kruger on broader issues on community cohesion – we can perhaps expect to see these two policy agendas becoming further conjoined: <https://www.gov.uk/government/publications/government-response-to-danny-kruger-mps-report-levelling-up-our-communities-proposals-for-a-new-social-covenant/government-response-to-danny-kruger-mps-report-levelling-up-our-communities-proposals-for-a-new-social-covenant>

Not directly connected to the WP itself, the following two links might be useful in exploring broader needs in the sector around changing operating and business models. We will be exploring some of these issues – in the context of the WP – in publications to be released during March.

- A blogpost from Noel Hatch (Head of Policy and Research, Newham Council) on emerging operating models: <https://noelito.medium.com/new-operating-models-for-local-government-b0c90fbd8253>
- A blogpost from Catherine Howe (Chief Executive, Adur and Worthing Council, and a member of CfGS's Trustee Board, on wider issues relating to local democracy and participation): <https://www.curiouscatherine.info/2022/01/09/the-participation-continuum/>
- A paper by NESTA with similar themes, mentioned in Noel's blog: <https://www.nesta.org.uk/report/introducing-new-operating-models-local-government/>

2. Key governance implications

The headings below reflect the five “pillars” that the WP argues are central to “rewiring” local and national policymaking. These pillars have been arrived at based on the WP’s conclusion that five principles underpin successful local growth policy. This paper focuses on this specific element of the WP – comprising Chapter 2 (pp 105-157) as this is arguably the most directly relevant to governance and scrutiny professionals.

2.1 The missions

Central to the WP’s vision is the setting out of a number of “missions” – key objectives to meet by 2030. These are not “targets” per se; the WP describes them as being “anchors” for policy across Government, and they derive from a detailed diagnosis of current growth challenges that the WP identifies. So, one presumes, a wide range of Government policies (and the actions of others within the system), each with their own sets of targets and outcomes, will intersect with these missions and deliver the expected results.

The logic of these missions is to provide longevity to plans for growth; this is part of a justification for their comparative vagueness at this stage, to provide a framework within which a broad range of policy interventions can sit. Longevity at national level is one thing; how can good governance assure longevity at local level too? Councils and combined authorities are going to think about how strategic planning around future growth will need to be managed differently in future, with the missions an ever-present feature in the economic development landscape.

There will be a new reporting regime to monitor and co-ordinate this activity – with a suite of metrics accompanying each mission. Inevitably this provides a hook for local scrutiny and accountability. We think that scrutiny functions in local authorities, combined authorities, and in those areas that aspire to holding devolution deals, should start to explore with their executives how the missions might already dovetail with local priorities – and where there might be divergence. Part of the challenge with the missions lies in local areas determining where they demand that some local activity should be deprioritised.

2.2 Changing central government decision-making

If it comes to pass, this pillar could bring about the most profound shift in the central/local relationship. A more joined up approach – supported by meaningful information and more consistent national incentives – will arguably make central government a more “predictable” partner for the sector. The WP highlights the need for “place sensitivity” – implying that Government will take a more nuanced approach to its policy interventions, rather than taking a broadbrush approach.

Alongside this comes more rigour in how data is used to determine these spending priorities.

While the part of this pillar that has garnered most interest has been the appointment of “Levelling Up Directors” (senior civil servants charged with driving forward this agenda and being a link between central and local decision-makers) the real change is about rethinking how evidence and intelligence informs both decision-making, and the evaluation of policy interventions. Part of this lies with the commitment to streamline the local funding landscape – which will inevitably result in winners and losers, and for which the sector will need to make serious preparation.

Here too, there is a self-evident role for robust local scrutiny. Elected members can challenge their authorities on the quality and breadth of evidence produced to support work, and we think can have a more formal role in evaluating the impact of policy interventions as part of ongoing debriefing on the success of those interventions. The more robust the local evidence-gathering, challenge and evaluation, the more able local and combined authorities will be to engage with central Government on a level playing field.

2.3 Devolution, and empowering local decision-making

At the moment, it is unclear how the missions map to the devolution framework (and even if we should expect them too). Government does, however, see as central to its plans a more streamlined local governance system. It has stopped short of proposing full sector reorganisation – not surprising, given the cost and upheaval – but the framework does, we think, presage structural reform in a more ad hoc way.

There is now a clear, progressive roadmap for areas of England wishing to draw down more powers for themselves. As before, the decisions as to what powers go where are a matter for Government. There are three “levels” to the framework:

1. Local authorities working together across a functional economic area (FEA) or whole county area, eg through a joint committee;
2. A single institution or County Council without a DEM, across a FEA or whole county area;
3. A single institution or County Council with a DEM, across a FEA or whole county area.

| Function | Detail | L1 | L2 | L3 |
|---|---|----|----|----|
| Strategic role in delivering services | Host for Government functions best delivered at a strategic level involving more than one local authority e.g. Local Nature Recovery Strategies | ✓ | ✓ | ✓ |
| | Opportunity to pool services at a strategic level | ✓ | ✓ | ✓ |
| | Opportunity to adopt innovative local proposals to deliver action on climate change and the UK's Net Zero targets | ✓ | ✓ | ✓ |
| Supporting local businesses | LEP functions including hosting strategic business voice | | ✓ | ✓ |
| Local control of sustainable transport | Control of appropriate local transport functions e.g. local transport plans* | | ✓ | ✓ |
| | Defined key route network* | | | ✓ |
| | Priority for new rail partnerships with Great British Railways – influencing local rail offer, e.g. services and stations | | | ✓ |
| | Ability to introduce bus franchising | | ✓ | ✓ |
| | Consolidation of existing core local transport funding for local road maintenance and smaller upgrades into a multi-year integrated settlement | | | ✓ |
| Investment spending | UKSPF planning and delivery at a strategic level | | ✓ | ✓ |
| | Long-term investment fund, with an agreed annual allocation | | | ✓ |
| Giving adults the skills for the labour market | Devolution of Adult Education functions and the core Adult Education Budget | | ✓ | ✓ |
| | Providing input into Local Skills Improvement Plans | | ✓ | ✓ |
| | Role in designing and delivering future contracted employment programmes | | | ✓ |
| Local control of infrastructure decisions | Ability to establish Mayoral Development Corporations (with consent of host local planning authority) | | | ✓ |
| | Devolution of locally-led brownfield funding | | | ✓ |
| | Strategic partnerships with Homes England across the Affordable Housing Programme and brownfield funding | | | ✓ |
| | Homes England compulsory purchase powers (held concurrently) | | ✓ | ✓ |
| Keeping the public safe and healthy | Mayoral control of Police and Crime Commissioner (PCC) functions where boundaries align^ | | | ✓ |
| | Clear defined role in local resilience* | | ✓ | ✓ |
| | Where desired offer MCAs a duty for improving the public's health (concurrently with local authorities) | | | ✓ |
| Financing local initiatives for residents and business | Ability to introduce mayoral precepting on council tax* | | | ✓ |
| | Ability to introduce supplement on business rates (increases subject to ballot) | | | ✓ |

Fig 1: reproduction of devolution framework, p140, *Levelling Up White Paper* (DLUHC, 2022)

The implication of the framework is that areas opting to stay at “level 1” will find themselves challenged in meeting the missions – and that funding to authorities at that level will consequently decrease. Level 2 does now provide a staging post for those areas who found the establishment of a CA with a Directly Elected Mayor unpalatable – and we expect that this is the model to which many will gravitate, certainly initially. Government has announced a new range of areas pursuing such deals, and this can expect to be augmented in coming months – Government has announced an expansion in the headcount of the Cities and

Local Growth Unit to 750 people, presumably in anticipation of the activity needed to negotiate these deals.

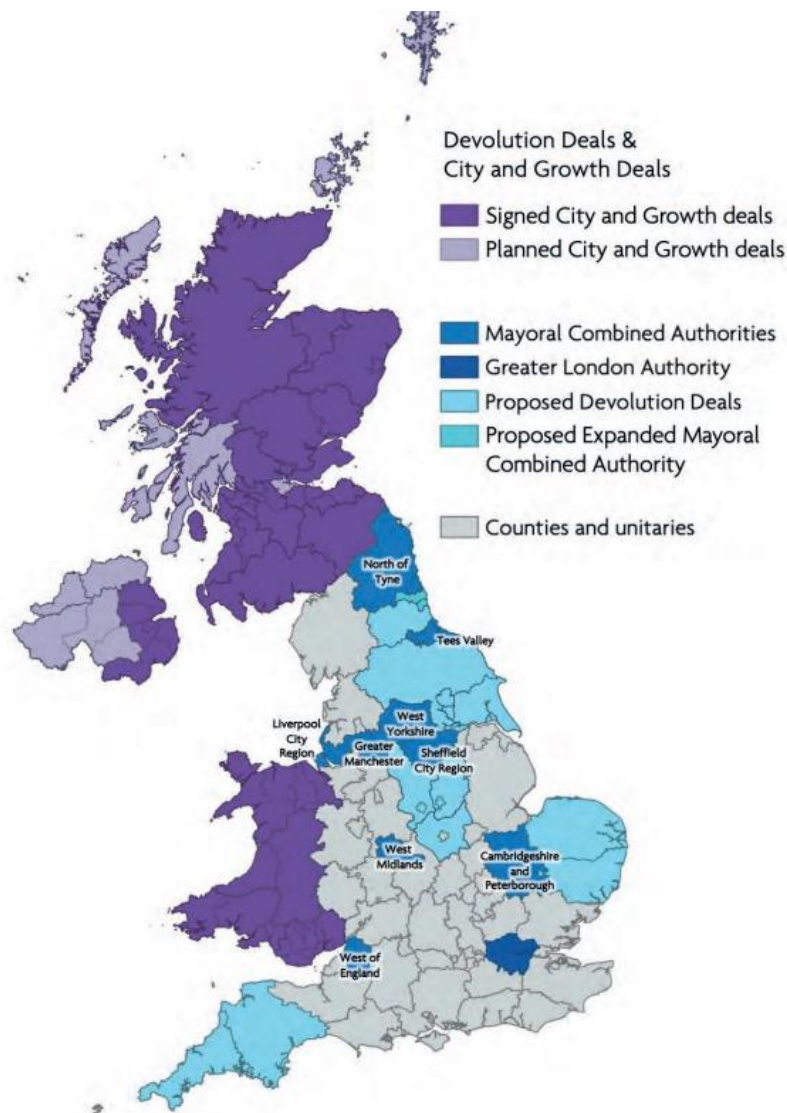


Fig 2: reproduction of map showing current state of play on UK devolution deals, p134, Levelling Up White Paper (DLUHC, 2022)

While this will not lead to reorganisation it will lead to a realignment in relationships – especially in two tier areas. Strong governance systems will be needed to co-ordinate between councils and to manage relationships. This is particularly the case given the expectation that LEP functions will, in due course, be rolled into these arrangements, with LEPs as separate entities continuing to exist, presumably at Level 1. Again, this raises the prospect of the co-ordination of scrutiny on economic development across a wider area, particularly given the WP’s expectations on co-ordination with the private sector overall.

Part of the devolution framework is about the need for strong local accountability. For the first time there is a prominent expectation that local leaders will need to be subject, in delivering their priorities, to strong local

scrutiny. We would therefore expect plans for governance, scrutiny and oversight to be much more prominent in future deals than they were in the 2015-17 deals.

2.4 Data and monitoring

Government is preparing to transform the way it collects, analyses and disseminates statistics. A lot of this is about increased capacity and insight in central Government – but much of this information will also be made public. Government has long professed a commitment to better approaches to data, which it has struggled to deliver on – the granularity that Government expects to deliver (the level of detail, and in particular the frequency of data collection) seems extremely challenging. The WP posits the possibility of creating a new body specifically tasked to analyse data to understand which policy interventions “work” – a sort of clearing house for best practice. We are instinctively dubious about such measures – firstly, they in part already exist, through tools like LG Inform and CIPFA “nearest neighbours” data – secondly, they suggest that there is national consistency in how measures impact on local circumstances, when the WP itself admits in earlier sections that interventions need to be carefully designed to “fit” the places in which they are deployed.

That said, there is clearly a case for governance systems to be rethought to accommodate the need for a better focus on data – how it is gathered, how it is analysed and how that analysis is brought to policymakers. Councils have little capacity to manage data effectively; scrutiny can help councils to understand where gaps and shortcomings exist and how they might be filled.

2.5 Transparency and accountability

There have to be ways for decision-makers to be held to account for the priorities they set, and the decisions they make. The WP sets out a national reporting and accountability regime – and a statutory basis by which the missions and their delivery can be held to account.

But at local level similar actions, taken by local leaders, require similar levels of transparency and accountability. Scrutiny here, too, can and should be taking centre stage – alongside broader accountability to the public.