


# More radical thinking than we are currently seeing will be needed to secure the devolved powers that London needs

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By Democratic Audit UK

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*London is the United Kingdom's pre-eminent city, with enormous global economic clout. Here, **Richard Brown** argues that in order to thrive, more radical thinking than we have seen recently will be needed to ensure that the Capital's governance structures and range of powers is appropriate for the modern age.*



Waltham Forest Town Hall (Credit: Manhattan Research Inc, CC BY 2.0)

The Government's sporadic and asymmetric approach to devolution reminds me of a story about the pioneering Mancunian music producer Martin Hannett.

When Joy Division first presented themselves at his studio in 1979, Hannett told them to start playing, and then retreated into a cupboard, shutting the door behind him. The bewildered band played on for a few minutes, before sending Ian Curtis, their singer, to knock on the cupboard door and ask Hannett what was going on.

"You just carry on playing," Hannett replied. "I'm staying in this f\*cking cupboard, till I hear something I f\*cking like, then I'll tell you." The Mayor of London and the boroughs have been playing devolutionary tunes since the London Finance Commission was set up in 2012, but are still awaiting any signal of Government approval.

Some omens have been promising. Last November, on the eve of the London Conference, there was a major devolution announcement. New powers would be devolved – over housing, planning, skills, health and social care – to the Greater Manchester Combined Authority, headed by a directly-elected Mayor.

At the Conference the next day, discussions were animated: what did the 'Devo Manc' announcement mean, had London been left behind, how could the capital catch up with the vanguard of the Northern Powerhouse? On a panel that afternoon, Greg Clark MP, then Minister for State for Cities, said that London shouldn't wait to be handed

more powers on a plate, but should come forward with tangible proposals, as the Greater Manchester authorities had done and as other city-regions were doing, for our own 'city deal'.

What has happened since then, or indeed since the London Finance Commission's report was published in May 2013?

On fiscal devolution – the power to set, vary and collect taxes – the London Finance Commission proposed devolution of the full range of property taxes (including stamp duty, capital gains tax, council tax and business rates), and the relaxation of borrowing controls.

The current priority for London government is full control of business rates, enabling local authorities to vary the regime to incentivise growth in particular areas and sectors. As Government has already legislated for local authorities to retain a share of business rate growth (50 per cent generally; less in central London and other areas seeing exceptional growth), you could argue that the principle has been conceded, though there is little sign of appetite for more comprehensive fiscal devolution – to London or other English cities – from Whitehall.

The experience of Manchester and other cities suggests that administrative devolution of other powers and budgets may be more fertile territory. The Greater London Authority and London's 33 local authorities have been working together, through their 'Congress of Leaders', to develop [proposals for devolution](#).

The emerging proposals are presented as part of a package of public service reform; that is to say, as necessary enablers for more efficient delivery of public services in London. They will be submitted to the Government's spending review this month, in the hope that changes will be announced in the Autumn Statement.

The proposals cover:

- devolution of budgets for employment support for long-term unemployed people;
- tailoring further education and skills provision to London's needs;
- devolving budgets for business support, including for export promotion and SME growth;
- giving London government a lead responsibility for co-ordinating the criminal justice system;
- measures to improve co-ordination between health and social care, including new joint commissioning arrangements, borough-based allocation of budgets and devolution of capital budgets and assets; and
- more flexibility on housing, including on local authority borrowing powers and cross-boundary deployment of s106 payments.

The case for these measures is strong, not least given the resilience and adaptability that local authorities have demonstrated during the years of fiscal austerity. The Chancellor of the Exchequer has [already indicated](#) that he wants to devolve skills budgets to London, and to give the Mayor more economic development powers, and city devolution has a more powerful champion following Greg Clark's promotion to Secretary of State for Communities and Local Government. But it's hard to get a reading on the direction of government policy, not least as progress towards health devolution – the biggest prize for London in terms of potential for better joint working with social services – has been slow-paced in Manchester. The cupboard door remains closed.

And there are other factors that may slow progress for London in particular. The argument that London already has enough powers is relatively easily dealt with. As the London Finance Commission argued, devolution to London should be alongside, not at the expense of, devolution to other cities. If London can meet its own housing and skills needs, for example, it will put less pressure on other UK cities.

Politics may be a more serious obstacle, as London approaches an election year. The Government may want to see what sort of mayor London elects in May 2016, before doing an extensive deal on devolution (though this is not in any case likely to involve the Scottish-style devolution being [proposed](#) by Labour outsider Gareth Thomas).

But the biggest stumbling block for London devolution, apart from Whitehall's innate inertia and reluctance to cede control, may be sheer complexity. The city deals announced to date have placed a premium on effective governance, with a directly elected mayor being superimposed on joint working arrangements in Manchester. London already has a directly elected mayor, of course. In fact it has five, including not only the Mayor of London, but also the mayors of Hackney, Lewisham, Newham and Tower Hamlets. In addition to these, there are 28 council leaders, and the City of London's august structures. Scrutiny in the London Assembly, and in each borough, enriches this heady mix.

So London's governance arrangements are significantly more complicated than the 'first among equals' mayoral model proposed in Manchester, and [likely to be adopted](#) in other English city-regions, despite the new joint machinery proposed to oversee devolved services (while retaining several 'sovereignty' over existing services). There is also growing appetite for more powers from London's sub-regional partnerships – a third tier of governance. South London Partnership has [established a formal joint committee](#) to lobby for and exercise more powers, and similar groupings in other parts of London are pushing for a stronger subregional dimension to devolution.

All of which may suggest that – 50 years after London's boroughs were established and 15 years after the Mayor and Assembly were elected – London's governance is beginning to show its age. The Greater London Authority has accrued significantly more powers than were originally envisaged, and more of these are direct (for example, on housing, land and planning) rather than strategic roles.

For their part, the boroughs strongly resisted the suggestions floated by Ken Livingstone for their merger into 'superboroughs'. But an emerging voluntaristic subregional geography suggests that they see the need for something that sits between one metropolis and 33 sovereign subdivisions, recognising that skills, employment, housing and health are no respecters of administrative boundaries.

London's leaders and mayors have been galvanised by the potential for devolution to develop a powerful consensus for public service reform. As they play on, hoping that Government will hear a tune it likes, perhaps more radical thinking will be needed to secure the devolved powers that the capital needs.

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