



Japan Local Government Centre, London

Monthly Report for July 2010 (UK) – Developments in Devolution

Scotland

In June 2009 the cross-party Calman Commission reported with proposals to review the devolution arrangements for Scotland within the United Kingdom and increase the powers of the Scottish Parliament, particularly over tax raising. Its findings were accepted by the UK Government. Following the formation of the Coalition government after the May 2010 general election, the new government has confirmed its intention to honour the previous government's commitment to legislate to implement the commission's recommendations and a Scotland Bill was contained in the 2010 Queen's Speech.

In February 2010 the Scottish Government, a minority administration of the Scottish National Party (SNP), published its draft Referendum (Scotland) Bill in the Scottish Parliament. If passed a referendum of the Scottish people on full independence for Scotland would be held on 25 November 2010, St Andrew's Day.

The next elections for the Scottish Parliament will be held on May 5 2011, where the SNP minority government will be hoping to gain a working majority in the parliament, while Labour will also be seeking to regain power alongside its former Liberal Democrat coalition partners. This is also the proposed date for the UK-wide referendum on introducing the Alternative Vote (AV) for elections to the House of Commons at Westminster. The Scottish Government claimed that it had not been consulted on the referendum date and that it would be an "extraordinary act of disrespect" to hold it on the same date as the elections to the Scottish Parliament.

Wales

In November 2009 the All Wales Convention established by the Welsh Assembly issued its final report, recommending that a referendum on giving the assembly full legislative powers be held before June 2010. In February 2010 the assembly voted in favour of requesting the UK Government make the arrangements for a referendum, though this was delayed by the May general election. The likely date for the referendum is now between January and March 2011, though there is some disagreement on both the prospect of holding it on the same day as the assembly elections on May 5 and on the question of the UK Government's wording for the referendum question.

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In July 2008 the Welsh Assembly established the Independent Commission on Funding and Finance for Wales (or Holtham Commission) under a commitment within the 'One Wales' coalition agreement between Labour and Plaid Cymru. The commission's remit was to:

- *look at the pros and cons of the present formula-based approach to the distribution of public expenditure resources to the Welsh Assembly Government; and*
- *identify possible alternative funding mechanisms including the scope for the Welsh Assembly Government to have tax varying powers as well as greater powers to borrow.*

The three-man commission examined the population-based Barnett Formula (or HM Treasury's Statement of Funding Policy) and concluded that Wales Government should be funded by a combination of a block grant, calculated on the basis of relative need, and own-source tax revenues. The main tax to provide those would be personal income tax, accompanied by some smaller taxes like stamp duty land tax or landfill tax, as well as devolution of corporation tax, though it acknowledges the legal and practical problems this presents and emphasises the need for further thinking and debate about it. Gerard Holtham, former chief economist at Lehman Brothers, suggested that the assembly should have power to make different changes to the rate of Welsh tax across the various tax bands, in contrast to the Calman Commission's assertion that the Scottish rate would have to be the same across all the tax bands.

In July 2010 the Welsh Assembly Government published a proposed Assembly Measure on local government in Wales. The measure would give the assembly government the ability to direct Welsh local authorities to work closer together and share services, as well as some aspects aimed at attracting a more diverse range of candidates to stand for public office. The Welsh Social Justice and Local Government Minister Carl Sargeant said that Wales' 22 local authorities, a consequence of the 1996 unitary reorganisation, was too many and while a full-scale reorganisation would be too expensive, councils must find ways of working closer together and delivering efficiencies by driving down administration costs.

The next Welsh Assembly elections will be held on May 5 2011, where the Labour Party hopes to either gain a working majority to govern alone or renew its coalition with the Welsh nationalists Plaid Cymru.

Northern Ireland

In June 2010 the Northern Ireland Executive abandoned longstanding plans to reform the province's 26 district councils into 11 larger 'super councils'. The dispute between the parties on the executive stemmed from plans to include the community of Dunmurry within Belfast rather than the new Lisburn City and Castlereagh. There was also some unease in local government over the executive's plans to create a

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single waste authority and a joint back office support organisation for all 11 new councils. A proposal to delay the reorganisation until 2015 was dropped by Environment Minister Edwin Poots. The next local and assembly elections in Northern Ireland are scheduled for May 5 2011, though there is some discussion about holding the council polls in March in order to avoid confusing voters. The executive has also protested to the UK government about the proposed date for its referendum on electoral reform.

England

In June 2010 the Department for Communities and Local Government announced that the eight regional Local Authority Leaders' Boards would be scrapped as soon as possible in order to save money. The boards, established in March as successors to the eight unelected Regional Assemblies, were due to be abolished as part of the Coalition's dismantling of Regional Development Agencies (RDAs). Ministers said the move would save the department £6m this year, as well as for local government itself, as councils provided £10m in the past year to establish the new bodies.

The Secretary of State for Business, Innovation and Skills Vince Cable and the Secretary of State for Communities and Local Government Eric Pickles wrote to all English local authorities to direct them to consider the formation of Local Enterprise Partnerships (LEPs) as replacements for RDAs. The LEPs will consist of one or more top-tier local authority and any district councils beneath and will be charged with driving local economic development, with some additional scope for powers over housing, planning, transport and skills as part of this. It is assumed that LEPs will supersede existing City Regions and Multi-Area Agreements also. It is assumed that LEPs will consist of both local authorities and business representatives and will be led by a leading business figure, although an elected mayor will be considered if they exist. Local authorities have until September to consider which neighbouring local authorities they will partner with.

In July the Secretary of State for Communities and Local Government announced that the eight statutory Regional Strategies for planning and housing would be scrapped with immediate effect following his tabling an Order in Parliament. Local authorities will now have their strategic planning powers returned from this month, while the legal basis for the strategies will be abolished in the forthcoming Localism Bill. He also announced his decision to abolish the other regional Government Offices outside of London, which will take place by the time of the Spending Review in the autumn.

In London, the Mayor Boris Johnson has approached the department with a view towards streamlining devolved governance in the capital, particularly in light of the Coalition's abolition of the Government Office for London. His proposals are also supported by the London Assembly and London Councils, who co-signed his letter to the Secretary of State. The mayor's proposals include incorporating the London Development Agency into the Greater London Authority as part of a revamped

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housing and regeneration agency for the capital, alongside the London region of the Homes and Communities Agency, as well as turning the Olympic Park Legacy Company into a mayoral development corporation. They also propose that the Port of London Authority become part of the GLA Group and that the mayor jointly award future rail franchises for suburban rail lines in the capital (alongside the Transport Secretary). Finally, they suggest the transfer of the Royal Parks Agency from the Department for Media, Culture and Sport to the Greater London Authority. The government said it was sympathetic to the mayor's proposals and would issue a London governance consultation paper in due course.

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