

Levelling up towns and cities in non- metropolitan England



Introduction

Devolution can give communities the opportunity to shape their own destiny; to rethink the delivery of critical services and investments in places; to join them up around the people and places to deliver game-changing outcomes, for communities and for the Exchequer.

Our 183 member councils strive every day to build better lives and stronger economies. In market towns and new towns, in cathedral cities, coastal communities and the countryside, our district councils hold the statutory, regulatory, and licensing levers to rebuild the national economy one local economy at a time.

Across the country, district councils stepped up to the challenges posed by the Covid-19 pandemic – keeping essential services such as refuse collection and planning going throughout, taking on new responsibilities, and supporting the national effort to protect the shielded and vulnerable. They are now developing the post-Covid recovery in ways that will work for their local economies.

Bringing leadership, knowledge, agility and delivery capacity, and with a long history of innovating and collaborating across boundaries, districts can make devolution real at pace.

The DCN looks forward to working with government, districts, and our partners. Our members are already adept at working in partnership with other districts and across regional local government to deliver stronger, healthier and more successful communities. This short paper summarises the key principles we believe should be at the heart of taking devolution and levelling up forward.

Context: Levelling up and County Deals

On 15 July the Prime Minister announced new County Deals to take devolution beyond the largest cities, offering the rest of England the same powers metro mayors have gained over local priorities such as transport, skills and economic support.

We welcome the recognition that local priorities will differ in different areas, with the commitment to a more flexible approach, and the assurance that local government reorganisation is not a prerequisite for accessing a deal. District councils hold powerful statutory levers that will be integral to ambitious deals, and government should commit to districts being equal partners in any new largescale deals. We hold to the premise that deals are with the county area, not just the county council.

We also look forward to soon receiving further clarity on what range of powers will be devolved in County Deals. The framework for this should unequivocally enshrine districts' involvement in two-tier areas.

As we set out through this paper, government ambitions should look more broadly at long-term devolution of a full range of powers and resources towards a truly decentralised future. This should be based on the following principles:

- Different services operate best at different levels;
- Functional economic areas and connectivity are key drivers of productivity; and
- Partnership and collaboration should be fostered across devolved areas in ambitious deals.



Summary Recommendations

1. Pace

Move quickly to devolve power, influence, and funding as a central means for delivering ambitions for levelling up across all of England.

2. Powers

The Government should now lay out the full range of powers and funding it is willing to devolve in perpetuity. It should avoid a standardised approach but set out a clear framework of expectations and be clear how it sees individual councils taking devolved powers, and how partnership working between tiers of local government can be ensured.

3. Engaging all tiers

Clear mechanisms that ensure input from all tiers throughout the proposal development and delivery process should be built into any framework from the outset.

4. Bottom-up approach

The approach to future devolution should be bottom-up, flexible and non-prescriptive, allowing councils to come together to reflect the economic patterns around towns, cities and supporting connections across larger areas.

5. Devolving to right tier of local government

Progress devolution direct to individual councils where this is the most appropriate level, and the institutional capacity exists.

6. Partnerships for devolution

Positively support areas to develop their own partnerships to attract devolution across larger economic geographies, with every council in the area on an equal footing in agreeing deals.

7. Clarify local government reorganisation position for devolution deals

Maintain absolute clarity throughout that local government reorganisation is not a prerequisite for devolution in any area of England.

CHAPTER ONE

Districts' ambitions for devolution

The Prime Minister's injection of energy into the prospect of devolution to non-metropolitan areas is very welcome. It shares our enthusiasm for devolution around our towns and cities within wider functional economic areas, such as explored in *Arguments for Place-Based Devolution*¹. It resonates with districts' rich history of innovating and collaborating, boundary blind, as building blocks across wider geographies, such as set out in *Power in Place*², and *Transformation in Localities*³. We welcome the government's recognition that 'counties, towns and villages are an essential part of the nation and should neither be excluded from the devolution enjoyed by many cities and suburbs, nor forced to wear a model which can seem ill-fitting'.

For too long, England's fastest growing towns and cities have been locked out of opportunities to shape more of their future, at great national cost. The approach so far, focusing on large metropolitan areas has overlooked an inconvenient truth, that smaller places were growing faster than larger ones. Not just in the UK but internationally, much of the economic growth within OECD countries was now increasingly being driven by smaller cities and less densely populated regions.

As discussed in 'Power in Place: districts and devolution driving our recovery'⁴, the advantages of devolving decision-making, powers and funding are rooted in local leadership; ensuring services are more responsive to local circumstances at the right level, and in joining them up in the most effective and efficient way in places.

Districts will bring forward ambitious proposals for government, and there should be no limits placed on this ambition, with scope to look at powers and flexibilities that cut across infrastructure, transport, skills, housing, health, employment and more.

And a key principle going hand in glove with devolution must be a commitment to rebuilding financial resilience across the sector, placing the sector on a stable footing ready to tackle the challenges of tomorrow.

Recommendation

Move quickly to devolve power, influence, and funding as a central means for delivering ambitions for levelling up across all of England, with no limit on ambition for achieving growth, jobs, health, well-being, and sustainability.

1 *Size Doesn't Matter: the argument for place-based devolution*, ResPublica/DCN, 2020

2 *Power in Place: districts and devolution driving our recovery*, DCN, 2020

3 *Transformation in Localities*, Grant Thornton/DCN, 2018 and 2020

4 *Power in Place: devolution and districts driving our recovery*, District Councils' Network, 2021

Opportunities and asks for devolution to shire areas

- **Growing local economies** – districts are the building blocks for growth with the levers to make it happen and the connections into economies. Working together in clusters that reflect functional economic geographies, connecting towns with cities, they can create one vision and should have a lead role in shaping UK Shared Prosperity Fund and Housing Infrastructure investments locally.
- **Revitalising our town centres** – districts are lead authorities for the Towns Fund and Future High Streets Fund, already providing the leadership, partnership and local know-how and experience to remodel our town centres into thriving centres of community, leisure, and retail. We need to go further and faster in investing in our town centres as centres of community and have further powers to shape places. Remove recent restrictions to the PVWLB lending criteria to enable districts to continue to invest in protecting services, housing, regeneration and growth.
- **Accelerating housing delivery** – as planning authorities and increasingly as house builders, districts are already at the heart of this agenda. Devolution should pass further powers for districts to ensure developers build out sites with permission, to ensure utility companies move at pace, to lead spending on infrastructure and support SME builders, to allow districts to set planning fees locally, and give councils greater flexibility to retain and reinvest Right To Buy receipts to address high waiting lists.
- **Rough sleeping, homelessness and the private rented sector** – as housing and benefits authorities, districts want to end homelessness by preventing it in the first place. Devolution must enable this by reducing complexity and pooling together all funding at local level in districts, and giving new powers for districts to ensure health, employment, welfare and justice partners collaborate around a strategy in places. Districts should be free to introduce licencing schemes without the Secretary of State's approval.
- **Shaping local labour markets with devolved skills and local delivery of the Kickstart Scheme** – with local payment mechanisms already in place, districts can make the case to the DWP to take on greater local responsibility for managing the entirety of local labour markets, and building on their relationships with employers well placed to leverage skills funding to help provide quality training linked to jobs, and learning from the Future Jobs Fund in delivering the Kickstart Scheme.
- **Leading the journey to environmental sustainability** – with their leading role on planning and the environment, districts are well-placed to bring all partners together to deliver local priorities for the environment, sustainability, and community resilience. Districts should have powers to deliver zero carbon homes, and green infrastructure funding for sustainable places.
- **Helping to put health and social care on a sustainable footing and tackle health inequalities** – districts are providers of key preventative services in communities, including housing, homelessness, leisure and environmental health. Devolution should empower prevention, cementing the role of districts in the local health system, revitalising leisure services for the future, and empowering health in the community.
- **Fiscal freedoms responsive to local conditions** – devolution should bring district councils a range of flexible and responsive fiscal tools to match local circumstances, which are common across local government in other countries. It will allow districts to respond to a whole range of policy issues in a way which meets specific local needs and priorities, and to be held to account locally for them.
- **Setting out positive visions for public sector reform with communities at their heart** – devolution could empower local leaders to set out bold proposals for improving local government within their localities, and to provide innovative solutions to local issues which command the support of the residents they serve.

CHAPTER TWO

Different services operate best at different levels

Future devolution should be about connecting people into growth, about health, wellbeing, and pride in place, delivering net zero. This is a broad agenda and there's little evidence of an optimal footprint for organising public services in the UK.

There cannot be a one-size-fits-all model of devolution, and we welcome the Government's commitment to a more flexible approach in future. As explored in 'Size Doesn't Matter: The arguments for place-based devolution', the significant variation in the size of economic contraction between places necessitates a different model for recovery – one that can be centred around local economies. And one that can offer a more equitable settlement to ensure the levelling up of every place and region.

Evidence suggests the route to long-term public service improvement should focus on the appropriate scale to achieve better outcomes, and services that are person-centred and rooted in place are more likely to achieve positive results. Remote services delivered via call centres, although cheaper, are more likely to defer, hold, frustrate, repeat, and increase demand. Factors playing a more influential role in efficient service delivery are leadership, capacity, competency and skills to innovate. Reform based solely on costs will achieve neither improved results nor long-term savings.

Though broadly speaking strategic planning, transport and large infrastructure would likely reside at a large sub-national level – perhaps spanning county and unitary council areas – devolution on house building, regeneration, high streets, benefits, homelessness, skills, and employment should be direct to districts working with towns and cities. The profile of inequalities within towns and cities can be highly localised, and tackling them requires local place-based responses. Recently published mapping from the ONS⁵ confirms this. Within one district footprint for instance, we see an overall income deprivation score that masks ward-level variation from 2% to 24%. This further demonstrates the need for local leadership and local decision making by district councils who are close to their communities but able to act at a strategic scale.

That is why districts must be integral and equal partners- jointly working and sharing powers with local government partners in any devolution deals. There must be clear mechanisms built into County Deals to ensure that their input and views are taken into account during decision-making.

Recommendation

The Government should now lay out the full range of powers and funding it is willing to devolve in perpetuity. It should avoid a standardised approach, but set out a clear framework of expectations and be clear how it sees individual councils taking devolved powers, and how partnership working between tiers of local government can be ensured.

Recommendation

Clear mechanisms that ensure input from all tiers throughout the proposal development and delivery process should be built in to any framework from the outset.



CHAPTER THREE

Functional economic areas and connectivity are key drivers of productivity

The main argument for devolution has been economic, and so prioritised large metro-regions over smaller places, overlooking an ‘inconvenient truth’ that much of the economic growth within OECD countries was increasingly being driven by smaller cities and less densely populated regions. For most of England the changing functional economic areas, such as travel to work patterns, do not neatly fit any single administrative boundaries, whether county or district. However, as with metro-regions, they can be most closely reflected by groups of district and unitary councils coming together as building blocks across wider economic areas.

Further, the connectivity between places is more important as a driver of productivity than overall population size. Devolution to non-metropolitan areas should consider functional economic areas and the relationships between towns and cities in rebalancing regional inequalities, rather than simple historical administrative boundaries.

This pattern of development could see the polycentric growth of satellite towns and cities along geographic lines that are not defined by current administrative boundaries, but which could be constituted from existing units of local government. For instance, such as underway in the Thames Gateway, the Oxford-Cambridge Arc, and the Western Gateway. Local Enterprise Partnership areas could also be considered as appropriate footprints for deals.

‘Transformation in Localities’, demonstrates how districts are already collaborating, ‘boundary blind’ across local authority, health and functional economic area geographies for maximum strategic impact – for instance, integrating with health by linking the Local Plan up to the Joint Strategic Needs Assessment and Joint Health and Wellbeing Strategy, co-locating with key public sector partners, joint committees, and partnerships for delivering large-scale growth across wider boundaries through Garden Communities.

Recommendation

A model for further devolution and levelling up should be bottom-up, flexible and non-prescriptive, allowing councils to come together to reflect the economic patterns around towns, cities and supporting connections across larger areas.

CHAPTER FOUR

Fostering partnership and collaboration

For many policy objectives across wider geographies, devolution should also seek to foster partnership and collaboration between councils and other partners across the different geographies. The Government has indicated that some elements of devolution may require a development of local partnership and governance that is commensurate with new powers and responsibilities, and in line with other devolved areas.

District councils are the natural administrative building blocks across wider geographies and are already coming together to provide leadership on wider strategic issues connecting towns and cities. We welcome the confirmation that local government reorganisation is not a prerequisite to devolution – as ‘Transformation in Localities demonstrated:

- districts under different political control routinely work together to the benefit of local communities and businesses, whilst saving money and increasing the resilience of their organisations
- innovation and collaboration is alive and well in district and county areas. Through positive relationships and effective collaboration, there is no intrinsic or structural constraint on what can be achieved by these organisations
- districts are actively engaged with key place-based partners such as health bodies and Local Enterprise Partnerships and are recognised as a vital part of the fabric of local public services
- far-reaching transformation and public sector reform is being achieved within localities without compromising on democratic accountability
- efficiencies and improvements can certainly be achieved without restructuring

Devolution should further enable this by equipping district councils and partners to lead strategic issues such as infrastructure, transport and inward investment across wider economic areas; potentially coming together in Mayoral Combined Authorities only where places want them.

The Combined Authority model has been preferred for metro-regions, but every area is different and should be free to create most appropriate routes forward locally. Meanwhile local government continues to collaborate across a complex set of partnership landscapes, at national, local and regional levels.

It is essential though that all councils within a devolution area must have an equal role in shaping and leading deals. Government must empower local leaders to determine and act on local priorities, to take decisions working with their communities, and not moving decision making further away from them. To foster trust and partnership, the Government must not waver from its confirmation that local government reform will not be any kind of prerequisite for devolution.

Recommendation

Rapidly progress devolution direct to individual councils where this is the most appropriate level, and the institutional capacity exists.

Recommendation

Positively support areas to develop their own partnerships to attract devolution across larger economic geographies, with every council in the area on an equal footing in agreeing deals.

Recommendation

Maintain absolute clarity throughout that local government reform is not a prerequisite for devolution in any area of England.



Conclusion

There is much to welcome from the Government's approach as set out so far – bringing decisions closer to communities will be at the heart of levelling up across and within places; building a strong green recovery that leaves no one behind, empowers local leadership, and equips places with the resources and tools that they need to deliver on the challenges ahead.

Devolution can give communities the opportunity to shape their own destiny; to rethink the delivery of critical services and investments in places; to join them up around the people and places to deliver outcomes.

We now await with anticipation the further details on the range of powers that will be devolved through County Deals, and the framework to achieve this. Understanding how County Deals will differ or correspond to Combined Authority agreements for example, will allow all stakeholders to make more informed decisions.

We would reiterate that it is essential that in two-tier areas consultation and involvement of districts should be a pre-requisite. At the very least mechanisms should be put in place to ensure formal district input in deal proposals and delivery. It is also welcome that the Government has set out explicitly that local government reorganisation is not a prerequisite for devolution, and that councils should not now spend resources on proposals for reorganisation. It's clear that efficiencies and improvements in service delivery can be achieved without restructuring.

Districts have a track record of being innovative and creative. Districts bring leadership, knowledge, agility and delivery capacity – they can make devolution real, and at pace. To make growth happen, districts must be on an equal footing in establishing devolution deals, working positively with partner county and unitary councils. As the housing, planning, billing, revenue authorities and more, districts deliver and right now that is what our businesses and residents want.

Case Studies

CASE STUDY

North Worcestershire Economic Development and Regeneration

“By joining up, particularly for districts, you start to get that critical level of capacity and resilience that will put you in a better position overall than if you tried to plough your own furrow.” In 2010, Bromsgrove, Redditch and Wyre Forest Councils merged their separate economic development and regeneration functions to create a shared North Worcestershire Economic Development and Regeneration (NWEDR) team. All three district councils are in both the Worcestershire LEP and the Greater Birmingham and Solihull LEP. The project was born out of a desire amongst key stakeholders for simplicity, clarity, efficiency and improved impact. The purpose of the NWEDR shared service is to promote and enable growth and sustainable development within North Worcestershire.

Through this partnership, the districts are identifying ambitious and coherent plans for business and growth, providing a “red carpet” approach to prospective inward investors and working with the county council and the LEP to shape investment in infrastructure in the area. North Worcestershire Economic Development and regeneration programme has gained traction where other similar projects have struggled, due to an explicit long-term commitment amongst partners, an awareness of the need for flexibility, and robust relationships.



CASE STUDY

Lightbulb: Our 'Housing offer' to health

Lightbulb is a partnership programme supported by the seven district councils in Leicestershire, Leicester City Council, and Leicestershire County Council. It is an integrated service model across housing, health and social care. It brings together a range of practical housing support for local residents into a single point of access or referral. A holistic housing needs assessment (the Housing MOT) has been developed to ensure that housing support needs are proactively identified and that the right solution is found. The partnership was officer-driven and emerged out of housing officers' conviction that housing services can make a difference to people's health and wellbeing. Partners worked hard to engage with health, and achieved success through:

- having a district-wide 'housing offer to health'
- communicating the 'offer' in a language that was meaningful to NHS bodies
- doing 'something for nothing' when starting the relationship

The seven districts commissioned the Chartered Institute of Housing to look into local examples of service/programmes having a positive impact locally. This research served as the basis for their 'Housing offer to health' and an action plan about what more districts can do for health in terms of housing. However, effective communication and engagement was needed to bring the offer to life for NHS partners: "Health people are very evidence-driven. It's not the anecdotal case studies that ticks their boxes – it's hard data".

The initial challenge was to demonstrate in measurable terms how district housing services can be part of the solution to demand pressures by reducing hospital admissions and delayed transfers of care. When approaching partners, it is also important to show a degree of 'selflessness'. In order to gather the 'hard data' and provide the evidence, the districts offered to place a housing officer in hospitals for a week. The trial showed that around 42% of the people that were seen had a housing need they needed help with. Adopting the language of health unlocked the relationship. The approach to collaboration was based on "starting small, proving the premise and then the evidence that there was something behind that. This opened the doors to having those high-level conversations".

Maintaining the momentum behind collaboration

Putting together the right resources and project management structures was crucial to scaling up the partnership. Partners were fortunate in being able to access MHCLG's Transformation Award funding, providing resource to build customer insights, metrics and return on investment. The greatest challenge was achieving a shift in culture and mindset. Developing a sense of ownership by staff over the redesign of processes and pathways was crucial to enabling pooled staffing and funding arrangements. Leadership of different strands of the work programme is distributed across organisations to remove the impression of a top-down approach, although work is coordinated through a dedicated project team. Governance structures have been kept relatively simple, with a Programme Board acting as the decision-making body, and a Steering group of operational managers driving day-to-day change. As Chief executives and directors are represented at the Programme Board, they are also able to link up to the county-wide Health and Wellbeing Board to ensure effective overall

coordination. This link at the strategic level has really moved housing up the agenda at county level, and when the Better Care Fund programme was initially designed, the Lightbulb project took on a central role.

CASE STUDY

Five-council partnership Publica Group Economies of scale and market-shaping influence

As the existing contract for business processing and professional services came to an end, South Oxfordshire and Vale wanted to move away from a traditional outsourced contract as it did not provide a bespoke model – “suppliers essentially provide you with their model”. Together with four additional councils, they made the choice to go to market together. The key drivers for considering a joint procurement were:

- increasing bargaining power as a larger customer to encourage additional investment by providers and expand the range of outsourced services
- mitigating the disadvantages of being in direct competition with each other, if going to the market at the same time
- reducing the cost and drain on specialist capacity arising from separate procurement exercises

There was no previous relationship across the six councils, which were also not geographical neighbours – “it was created for a purpose: to go to market for a procurement”. Collaboration was based on ‘the belief’ that costs would reduce and would make the contract more appealing to suppliers, resulting in more innovative and preferential bids. Financial resilience and responsiveness to local needs Publica was created to assist the councils in delivering both savings and efficiencies, whilst retaining responsiveness to local needs. The company’s vision is to grow the business further, building on the foundations already created, to maximise the benefits from shared working. The key outcomes specified by member councils were:

- realistic and sustainable savings
- retention of local influence by respecting separate identities
- maintenance or enhancement of service quality for the public
- a culture of creativity in which staff were empowered, collaborative and enquiring

CASE STUDY

Lincolnshire Wellbeing Service: a joint bid by seven districts

The seven district councils in Lincolnshire successfully bid for the provision of the Lincolnshire Wellbeing Service on behalf of Lincolnshire County Council. The Wellbeing service contract is managed by East Lindsey district council and is delivered by four delivery partner councils (East Lindsey, West Lindsey, North Kesteven, and City of Lincoln) through formal partnership arrangements, with active support from three further stakeholder councils. Lincolnshire's advice on making a successful offer The value proposition was based on districts' community links and key role in influencing the wider determinants of health, but also on a clear commercial offer. The below is a summary of some of the key elements of the offer:

- Embedding the Wellbeing Service into the core services of all seven district councils. This ensures a customer-centred approach, a more streamlined process and ease of access to the right service
- Access to the tools available to districts as strategic housing authorities
- Understanding of countywide strategic priorities through districts' involvement in strategic networks and partnership, including the Health and Wellbeing Board, Health Scrutiny Committee, Lincolnshire Safeguarding Boards, Community Safety Partnerships, etc
- Co-location of local teams with district councils: many of the district authorities in Lincolnshire co-locate with strategic partners, eg DWP, the NHS, Adult Social Care and Community Groups
- Districts are locally accessible and accountable to local residents and elected members: "We are easy to find, known and trusted by residents and partners. Rooted in our communities, district councils are highly sensitive to the needs and opportunities to support our residents: we can't up and leave if the going gets tough! Our councillors are elected by local people. They scrutinise service quality and performance to ensure they meet local needs"
- Governance and performance management – Each partner has clear roles and responsibilities set out in formal management agreements, underpinned by a single IT performance management solution – The Wellbeing Service Management Board brings together the four delivery partner councils overseeing contract delivery Lessons learnt
- Understanding the boundary lines of statutory services is key. Covering such a large area, Lincolnshire's statutory services often have different boundary lines. For example, GP surgeries might cover an area crossing two or more district councils; while clinical commissioning groups do not follow the same split as Adult Social Care teams. These boundary issues impacted on the initial separate delivery of the Wellbeing Service. Joining the service across the whole of Lincolnshire removed these boundary issues.
- Understanding partners' service strengths and gaps. Districts are also able to identify possible service gaps between partners, allowing them to develop strategies to fill these gaps, ensuring equitable access to services throughout the county.



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Contact us at dcn@local.gov.uk