

# MDA No.: 1506

## Title: Levelling Up and Devolution for London

### 1. Executive Summary

1.1 At the GLA Oversight Committee meeting on 13 July 2022 the Committee resolved that

**That the Committee delegates authority to the Chair, in consultation with the Deputy Chairman and party Group Lead Members, to agree any output arising from the discussion**

1.2 Following consultation with party Group Lead Members, the Chair agreed the Committee's report *Devolution in London*, as attached at **Appendix 1**.

### 2. Decision

2.1 **That the report of the GLA Oversight Committee on Devolution in London be agreed.**

#### Assembly Member

I confirm that I do not have any disclosable pecuniary interests in the proposed decision and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:



Printed Name: **Emma Best AM, Chairman of the GLA Oversight Committee**

Date: **11 December 2023**

### **3. Decision by an Assembly Member under Delegated Authority**

#### **Background and proposed next steps:**

- 3.1 The terms of reference for this investigation were agreed by the Chair, in consultation with relevant party Lead Group Members and Deputy Chairs, on 16 June 2022 under the standing authority granted to Chairs of Committees and Sub-Committees. Officers confirm that the report/letter and its recommendations fall within these terms of reference.
- 3.2 The exercise of delegated authority approving the report will be formally noted at the GLA Oversight Committee's next appropriate meeting.

#### **Confirmation that appropriate delegated authority exists for this decision:**

Signature (Committee Services): Nikoleta Kemp

Printed Name: Nikoleta Kemp

Date: 11 November 2023

#### **Financial Implications: NOT REQUIRED**

Note: Finance comments and signature are required only where there are financial implications arising or the potential for financial implications.


Signature (Finance): Not Required

Printed Name: N/A

Date: N/A

#### **Legal Implications:**

The Chair of the GLA Oversight Committee has the power to make the decision set out in this report.

Signature (Legal): 

Printed Name: Rory Mckenna, Monitoring Officer

Date: 11 December 2023

Telephone Number: [rorymckenna@london.gov.uk](mailto:rorymckenna@london.gov.uk)

#### **Supporting Detail / List of Consultees:**

- Leonie Cooper AM;
- Susan Hall AM;
- Caroline Russell AM; and
- Caroline Pidgeon MBE AM.

#### **4. Public Access to Information**

- 4.1 Information in this form (Part 1) is subject to the FoIA, or the EIR and will be made available on the GLA Website, usually within one working day of approval.
- 4.2 If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary.
- 4.3 **Note:** this form (Part 1) will either be published within one working day after it has been approved or on the defer date.

##### **Part 1 - Deferral:**

Is the publication of Part 1 of this approval to be deferred? NO

##### **Part 2 – Sensitive Information:**

Only the facts or advice that would be exempt from disclosure under FoIA or EIR should be included in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form? NO

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#### **Lead Officer / Author**

Signature: Gino Brand

Printed Name: Gino Brand

Job Title: Senior Policy Advisor

Date: 11 November 2023

#### **Countersigned by Executive Director:**

Signature:



Printed Name: Helen Ewen

Date: 11 December 2023

An aerial, top-down view of a city map, likely London, rendered in a vibrant green color. The map shows a dense network of streets and a winding river. Scattered across the map are several small, realistic human figures in various poses and outfits, suggesting a busy urban environment. The overall composition is clean and modern.

# Devolution in London

GLA Oversight Committee

**LONDONASSEMBLY**

## 2022-23 GLA Oversight Committee



Leonie Cooper AM  
(Chair)  
Labour



Susan Hall AM  
(Deputy Chairman)  
Conservatives



Marina Ahmad AM  
Labour



Emma Best AM  
Conservatives



Len Duvall OBE AM  
Labour



Peter Fortune AM  
Conservatives



Joanne McCartney  
AM  
Labour



Caroline Pidgeon MBE  
AM  
Liberal Democrats



Keith Prince AM  
Conservatives



Caroline Russell AM  
Greens



Dr Onkar Sahota AM  
Labour

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## **Contact us**

**Gino Brand**

Senior Policy Adviser

Gino.brand@london.gov.uk

**Deanna Hobday**

Policy Adviser

Deanna.hobday@london.gov.uk

**Kirsty O'Driscoll**

Head of Communications

Kirsty.odriscoll@london.gov.uk

**Paul Goodchild**

Principal Committee Manager

Paul.goodchild@london.gov.uk



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## Foreword



### **Leonie Cooper AM** **Chair of the GLA Oversight Committee**

In 2013, the London Assembly’s Devolution Working Group was established to consider the case for further devolved services and taxes in London. Ten years on, the GLA Oversight Committee felt it timely to take stock, and set out to understand what progress has been made and how the Capital might benefit from further devolution.

Our investigation has shown that devolution in London works. Moreover, further devolution is necessary for sustainable growth in the Capital. London is frequently held up as an example of how devolution can create good outcomes for a place and its citizens. The government’s Levelling Up White Paper sees London’s world-leading transport system as something that all regions should be able to work towards. The English Devolution Accountability Framework suggests that London’s governance model is effective and is something that regions in the earlier stages of devolution can learn from.

Nevertheless, London is facing significant challenges. As the Capital continues to rebuild after the COVID-19 pandemic and withstand the impacts of the cost of living crisis, it is vital that London’s government has the tools to support residents through well-funded services and help businesses to develop a thriving economy. The UK’s exit from the European Union also means that questions about where political decisions are made should be at the front of our minds; decisions taken in and funding allocated by Brussels should not automatically be transferred to Whitehall.

The Committee is encouraged by the government’s commitment to devolution, but it is important that London is not left behind. Whilst the government seeks to offer all regions opportunities for devolved powers, and develop deeper devolution deals with the Greater Manchester Combined Authority and the West Midlands Combined Authority, London’s ambitions for further devolution must be part of the conversation.

As the English model of devolution develops and evolves, I hope that the Committee’s findings can add further value to this conversation. If London is to continue to compete on the world stage and contribute to the prosperity of the whole country, the Committee’s recommendations must be carefully considered.



## Executive summary

Ten years on from the establishment of the London Assembly's Devolution Working Group, the GLA Oversight Committee set out to examine how much progress has been made. It also set out to understand the impact of the Government's levelling-up programme on devolution in London.

The Committee held two meetings in City Hall with invited guests on 16 June and 13 July 2022. As part of this investigation, the Committee submitted evidence to the Public Bill Committee on the Levelling-up and Regeneration Bill; and wrote to the Minister for London about its findings.

The report is made up of five chapters focusing on: fiscal devolution; devolution of public services; health devolution; enhanced powers for the London Assembly; and the impact of Levelling Up on London. The report identifies 22 recommendations aimed at the Mayor, and at both regional and central governments.

The Committee reached several key findings:

***The Mayor, together with the M10 group, must continue to lobby Government for both the reform of business rates and council tax; and moreover, demonstrate that devolving powers in these areas to mayors and combined authorities could actually make reform more effective.*** There has been limited progress on fiscal devolution; the current business rates and council tax systems are regressive and require reform. Devolution can enable innovation, with the flexibility to adapt to local needs. Retaining revenue locally provides opportunities to spend more effectively and better respond to local needs.

***The Government and the Mayor must commit to working together and with stakeholders to develop a clear, long-term investment strategy for London.*** There is a risk that the Government's levelling-up agenda could leave London behind. London could be in a position where it has neither the fiscal powers to raise revenue, nor the funding from the Government, to provide investment in the capital. In levelling up other parts of the country, it is essential that London does not become a static bar against which others are compared.

***The Mayor should publish a forward plan of decisions that would increase the transparency of City Hall decision-making and support effective scrutiny.*** Whilst Government seeks to enhance scrutiny functions across England, it is crucial that London's scrutiny functions are given appropriate focus. The publication of the English Devolution Accountability Framework provides the opportunity to further consider the evolution of London's governance arrangements.

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## Recommendations

### Recommendation 1

The Committee reiterates its support for the devolution of property-based taxes to the capital; and calls on the Mayor and London Councils to continue to make the case for fiscal devolution for London.

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### Recommendation 2

The Mayor, together with the M10 group, must continue to lobby Government for both the reform of business rates and council tax; and, moreover, demonstrate that devolving powers in these areas to mayors and combined authorities could actually make reform more effective.

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### Recommendation 3

The Mayor should make the case for a longer-term business-rate settlement; and work with the Government to establish a settlement that is similar to the trailblazer schemes, and is appropriate for London.

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### Recommendation 4

The Mayor should have the same powers and responsibilities as the Scottish and Welsh devolved administrations in relation to business rates, including: the ability to determine the timing of revaluations; the setting of the non-domestic rating multiplier; relief and discount policies; and the ability to use locally raised revenues in a targeted way to deliver infrastructure, housing and transport investment.

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### Recommendation 5

The Mayor should revisit the GLA's work from 2017, which looked into options for a potential tourism levy; and collaborate with other key cities in this area of work, including taking early learnings from Manchester's approach.

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### Recommendation 6

The Government should consider the implementation of a tourism levy within the Levelling-up and Regeneration Bill as a way to raise money for local infrastructure; and carefully consider the impact of schemes in Manchester and Wales.

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### Recommendation 7

The Committee reiterates its long-held position that Vehicle Excise Duty should be devolved to London.

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### Recommendation 8

The Committee continues to support the London Finance Commission’s recommendation that London should be assigned ‘a proportion of income tax and VAT yields’, and urges the Government to explore how this could work in the city and combined-authority models.

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### Recommendation 9

The Committee urges the Government to commit quickly to exploring the feasibility of a single funding settlement with combined authorities; and to use this to consider the impact of single mayoral settlements for all devolved authorities, including the GLA.

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### Recommendation 10

The Mayor should continue to work with M10 mayors to help influence and shape implementation of the trailblazer schemes; and consider how London can further benefit from expansion of powers in other regions.

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### Recommendation 11

The Committee would welcome an update from TfL on its position regarding further devolution of suburban rail, in light of the August 2022 funding settlement agreed with the Government.

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### Recommendation 12

In light of results from Greater Manchester showing that health and social care devolution has had a positive impact on life expectancy, the Mayor should undertake a fresh review into devolution in this area, building on the work of the 2014 London Health Commission.

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### Recommendation 13

The Mayor should publish a forward plan of decisions, which would increase the transparency of City Hall decision-making and support effective scrutiny.

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### Recommendation 14

The Committee reiterates its position, that the Government should ensure that the enhanced scrutiny powers and accompanying remuneration contained within the Levelling-up and Regeneration Bill are extended to the GLA (the Mayor and the London Assembly).

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### Recommendation 15

The Government and the Mayor must commit to working together, and with stakeholders, to develop a clear, long-term investment strategy for London.

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### Recommendation 16

The Government must ensure that any measures as part of the levelling-up agenda include interventions to tackle inequality within London.

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### **Recommendation 17**

Annual reporting on the Levelling Up missions must include metrics that will support London to 'level up'; and must reflect the work that will be undertaken by the Levelling Up Advisory Council.

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### **Recommendation 18**

The Government should ensure that the Levelling Up missions do not consider London's current arrangements as the 'ceiling' or 'benchmark'; and that the missions and Devolution Framework do not limit London's potential for further growth and devolution.

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### **Recommendation 19**

Levelling Up missions must be responsive to emerging or changing local priorities; and the statutory reporting of missions must not impede the ability of local leaders to prioritise what is most important for their areas.

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### **Recommendation 20**

The Mayor should work with London Councils to explore further opportunities to scale up net-zero initiatives currently funded by the GLA.

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### **Recommendation 21**

The Government must give more clarity on the powers contained within the Devolution Framework – particularly the net-zero local-proposals aspect – so that the Mayor can understand how the powers go beyond what he is already doing, and how these allow him to scale up climate action initiatives with key performance indicators.

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## Introduction

In 2013, the London Assembly established a working group to consider the issues of further devolution in London.<sup>1</sup> In September 2015, the Devolution Working Group published its report, [A New Agreement for London](#), setting out London government's case for why further powers and responsibilities should be devolved to London.

A New Agreement for London argued that further devolution would help London to face the challenges of a growing population by leveraging funding for more homes, a thriving economy and improved public services. The report called for both fiscal devolution and a re-design of public services through a number of long-term, radical ideas, plus more short-term measures that could be implemented without primary legislation.

The report focused on four key themes:

- fiscal devolution to better support a growing city
- public service devolution to boost London's productivity
- a more radical agreement with the Government to improve health and cut crime
- an enhanced London Assembly for an increasingly devolved London government.

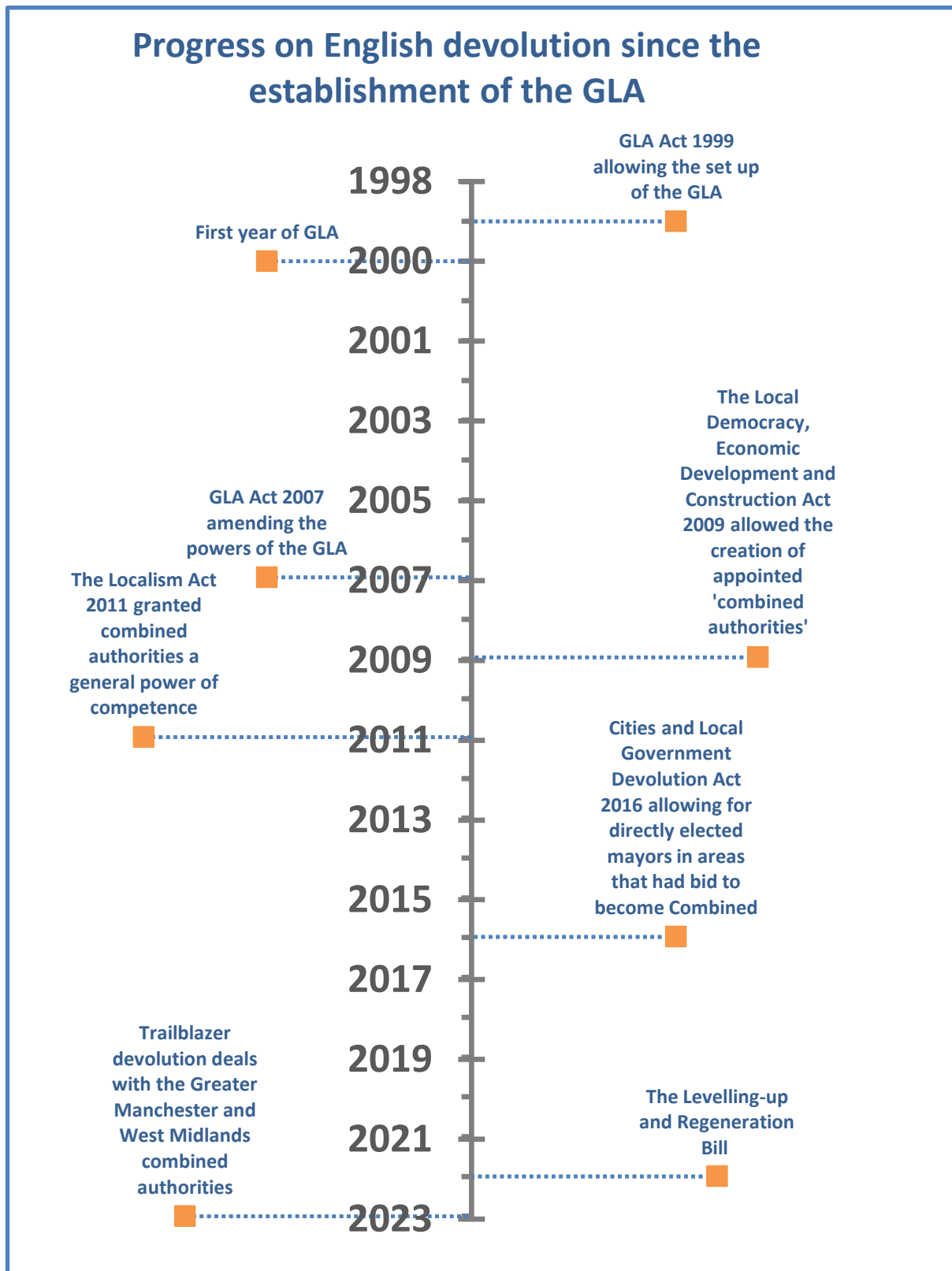
Ten years on from the establishment of the London Assembly's Devolution Working Group, the Greater London Authority (GLA) Oversight Committee felt it timely to revisit this topic, particularly in the context of the Government's levelling-up agenda, and accompanying White Paper and Bill. The Committee held two formal meetings on this topic in summer 2022.

This report considers the key asks set out in A New Agreement for London, examining what progress has been made over the last decade, and putting forward recommendations to support further devolution in this area. It also considers the impact of the Government's levelling-up programme on London; what opportunities are available; and what more the Committee feels could be done – building on the recommendations that the Committee has already put forward as part of its submission to the Bill Committee on the Levelling Up Bill, and its correspondence with the Minister for London.<sup>2</sup> It will include early reflections on more recent announcements made by the Government in respect of trailblazer devolution deals and the English Devolution Accountability Framework.

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<sup>1</sup> London Assembly Devolution Working Group, [A New Agreement for London](#), September 2015

<sup>2</sup> London Assembly GLA Oversight Committee, [Written evidence submitted to the Public Bill Committee – Levelling-up and Regeneration Bill \(LRB57\)](#), 7 September 2022; and GLA Oversight Committee, [Letter on London's devolution demands](#), 17 October 2022





## Background

The GLA was formally established in July 2000, following the passing of the Greater London Authority Act 1999. Since then, the Government has considered the issue of further devolution across England for over a decade. The Greater London Authority Act 2007 gave extra powers to the GLA and the Mayor.<sup>3</sup> The Local Democracy, Economic Development and Construction Act 2009 allowed the creation of appointed ‘combined authorities’, and the Localism Act 2011 granted combined authorities a general power of competence.<sup>4</sup>

In the 2015 Spending Review, the Government said that it was ‘committed to building strong city regions by elected mayors’; and that the Chancellor had asked ‘all relevant Secretaries of State to proactively consider what they can devolve to local areas’.<sup>5</sup> The Government set a deadline of 4 September 2015 to receive bids from potential combined authorities for a devolution deal; 38 bids were received. The Cities and Local Government Devolution Act 2016 allowed for directly elected mayors in areas that had bid to become combined authorities.<sup>6</sup>

The current Government has also made clear its intention to further support devolution. The 2019 Conservative manifesto stated, ‘We remain committed to devolving power to people and places across the UK. Our ambition is for full devolution across England.’<sup>7</sup> By May 2021, there were ten devolution deals, excluding the GLA.<sup>8</sup>

The Government published its Levelling Up White Paper on 2 February 2022. The paper details how the Government will ‘spread opportunity more equally across the UK’.<sup>9</sup> It sets out 12 ‘levelling-up missions’, or targets, that the Government intends to achieve by 2033. The missions aim to: boost productivity, jobs and living standards; spread opportunities and improve public services; and empower communities and local leaders. The White Paper commits to providing every part of England the opportunity for a devolution deal, and seeks to make devolution more transparent and formalised through a Devolution Framework.

The Levelling-up and Regeneration Bill was introduced to the House of Commons (HoC) on 11 May 2022. The Bill intends to put the legal foundations in place for delivering the Government’s levelling-up agenda, including the creation of county combined authorities. The Bill would place a duty on the Government to publish a ‘statement of levelling-up missions’ which would include target dates and metrics for how progress will be measured. The Government would also have to report annually on the missions. As of April 2023, the Bill was at the House of Lords Committee Stage.<sup>10</sup>

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<sup>3</sup> [Greater London Authority Act 2007](#)

<sup>4</sup> House of Commons (HoC) Library, [Introduction to devolution in the United Kingdom](#), January 2022, p.35

<sup>5</sup> HM Treasury, [Spending Review 2015: A country that lives within its means](#), July 2015, p.15

<sup>6</sup> HoC Library, [Introduction to devolution in the United Kingdom](#), January 2022, p.36

<sup>7</sup> Conservative party, [2019 Conservative Party Manifesto](#), November 2019

<sup>8</sup> HoC Library, [Introduction to devolution in the United Kingdom](#), January 2022, p.36

<sup>9</sup> Department for Levelling Up, Housing and Communities (DLUHC), [Levelling Up White Paper](#), 2 February 2022, p.245

<sup>10</sup> UK Parliament, [Levelling-up and Regeneration Bill](#), May 2022

Over the course of concluding the Committee’s investigation, there have been further major developments in the devolution landscape. The Levelling Up Advisory Council (LUAC) was established by the Department for Levelling, Housing and Communities (DLUHC) in February 2022, as an expert body that provides the government with independent research and advice to inform the design and delivery of levelling up policy.<sup>11</sup> The LUAC will be looking into a range of issues including, ‘how to ensure London’s complex economic geography and socio-economic spectrum can further benefit from levelling up, in the context of broader thinking about levelling up implementation in different places in the UK.’ A dedicated London Steering Group has been set up by the LUAC.

On 13 June 2023 the LUAC informed the London Partnership Board that the London Steering Group will be focusing on the following three themes:

- **Theme 1:** London’s relationship with the wider UK - analysing the economic linkages between London’s economy and the broader UK; and London’s status as a global city
- **Theme 2:** Levelling up London - exploring inequalities within the capital and the challenge of inclusive growth alongside potential policy initiatives to level up the capital
- **Theme 3:** London’s devolution settlement; lessons from the last 20+ years - exploring the strengths and challenges of London’s current devolution settlement

The LUAC will be reporting its findings to Government in summer 2024.<sup>12</sup>

As part of the 2023 Spring Budget, the Government announced the agreement of trailblazer devolution deals with the Greater Manchester and West Midlands combined authorities (GMCA and WMCA, respectively). The Government also announced the publication of the first iteration of the English Devolution Accountability Framework, which sets out how areas with devolution deals will be scrutinised and held to account. This includes a specific commitment to review the current GLA model, ‘aimed at sharing best practice, learning lessons for other mayoral authorities’.<sup>13</sup>

Whilst not in the original scope of the Committee’s investigation, this report will also give initial consideration to the potential impacts and opportunities arising from these new developments. The London Assembly will consider the Framework and its recommendations in more detail in the coming Assembly year. This subject remains a live and important one – with a growing sense that London’s experience will help to inform and shape approaches elsewhere.

Over the last decade, there has been a series of key reviews and policies into devolution in London and nationally that will be referred to throughout this report. These include:

- London Finance Commission (LFC), [Raising the Capital](#), May 2013
- HoC, Levelling Up, Housing and Communities (LUHC) Committee, [Devolution in England: the case of local government](#), July 2014

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<sup>11</sup> [Levelling Up Advisory Council](#)

<sup>12</sup> [London Partnership Board](#), 13 June 2023

<sup>13</sup> DLUHC, [English Devolution Accountability Framework](#), 16 March 2023

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- The London Assembly Devolution Working Group, [A New Agreement for London](#), September 2015
  - HoC: LUHC Committee, [Devolution: the next five years and beyond](#), January 2016
  - LFC, [Devolution: a capital idea](#) January 2017
  - HoC: LUHC Committee, [Progress on devolution in England](#), October 2021
  - DLUHC, [Levelling Up White Paper](#), February 2022
  - UK Parliament, [Levelling-up and Regeneration Bill](#), May 2022
  - DLUHC, [English Devolution Accountability Framework](#), 16 March 2023

## Chapter one: Fiscal devolution

In February 2016, the LUHC Committee published its second report into Devolution, [Devolution: the next five years and beyond](#).<sup>14</sup> This built on its first report on this issue from July 2014 – [Devolution in England: the case for local government](#) – with a focus on the Cities and Local Government Devolution Bill. The report emphasised the importance of fiscal devolution in London.

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*“Devolution to London was successful because it enabled the city to meet the key challenges it faced in 2000. Sixteen years on, London faces a series of additional challenges including housing and skills, which are not addressed by the existing Devolution Framework. London is therefore not only ready for further devolution, but urgently needs it.*

*“In keeping with the recommendations of our predecessors, we believe fiscal devolution is essential to London’s continuing success. The scale of growth of service demand alone in London requires significant investment in infrastructure for which fiscal devolution is required.”<sup>15</sup>*

### HoC, LUHC Committee

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The former Mayor, Boris Johnson, established the LFC in July 2012, made up of various members from central, regional and local government; think-tanks; and the private sector. The purpose of the LFC was to ‘examine the potential for greater devolution of both taxation and control of resources’ in London.<sup>16</sup> The LFC published its first report, [Raising the Capital](#), in May 2013.

In July 2016, the current Mayor, Sadiq Khan, reconvened the LFC to consider ways to devolve powers locally, to manage uncertainty caused by the EU referendum and ensure that London’s economy continued to be global-facing and competitive. During these periods, the focus at Mayoral level has been primarily on questions of fiscal devolution.

The LFC published its second report, [Devolution: A Capital Idea](#), in January 2017, recommending a wide range of options for devolution of national taxes, local taxes and levies,

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<sup>14</sup> The Levelling Up, Housing and Communities Committee has had several different names over the last eight years, owing to changes in titles to its relevant department. This report will refer to the Committee’s current title: the Levelling Up, Housing and Communities Committee (LUHC).

<sup>15</sup> HoC: LUHC Committee, [Devolution: the next five years and beyond](#), January 2016, p.43

<sup>16</sup> London Finance Commission (LFC), [Raising the Capital](#), May 2013, p.7

and devolution of services. The recommendations include devolution of stamp duty, air passenger duty, vehicle excise duty, share of income tax, VAT revenue and tourism tax.

The Committee heard a range of expert evidence about the need for reform, in terms of the extent and nature of devolution, as well as, more broadly, full-scale review and reform of how the current systems operate.

The evidence the Committee has received suggests consensus that the current business rates and council tax systems are regressive, and reform of the current system is required to make meaningful change. Claire Harding, Research Director at Centre for London, told the Committee: “Many of us, or almost everybody who works in public policy, has felt for years that Council Tax is an extremely peculiar tax that works in extremely peculiar ways and is highly regressive.”<sup>17</sup>

The Committee heard evidence describing the current business rates system as ‘hopelessly broke[n]’, ‘unfair’, ‘antiquated’ and requiring ‘really radical reform’.<sup>18</sup> Professor Tony Travers, Director of LSE London and co-author/Chair of the LFC reports, noted how the business rates system, in particular, does not work well for London. Many small and medium-sized businesses are not eligible for relief schemes because they have rateable values above the threshold, whereas similar businesses in the North of England or Midlands would be below the threshold.<sup>19</sup>

This chapter looks at these taxes in more detail, and considers potential next steps for London.

## **Council tax and property taxes**

Raising the Capital recommended that the full suite of property taxes should be devolved – council tax, business rates, stamp duty, and capital gains property tax – and that the GLA ‘should have devolved responsibility for setting the tax rates and authority over all matters including revaluation, banding and discounts’. The LFC argued:

*“Property taxes are suitable for local control because of their immobile bases, the fact they are easy to collect and enforce, and insofar as they relate to land, they are economically efficient. In the international cities we have reviewed, property taxes are largely devolved to sub-national government.”<sup>20</sup>*

A New Agreement for London reiterated its support for this recommendation.<sup>21</sup>

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<sup>17</sup> London Assembly, [GLA Oversight Committee: Transcript of Agenda Item 5 – Devolution for London – Q&A](#), session 2, 13 July 2022, p.2

<sup>18</sup> London Assembly, [GLA Oversight Committee: Transcript of Agenda Item 6 – Levelling Up and Devolution for London – Q&A](#), session 1, 16 June 2022, p.11-12

<sup>19</sup> London Assembly, [GLA Oversight Committee: Transcript of Agenda Item 5 – Devolution for London – Q&A](#), 13 July 2022, p.5

<sup>20</sup> LFC, [Raising the Capital](#), May 2013, p.10

<sup>21</sup> London Assembly Devolution Working Group, [A New Agreement for London](#), September 2015

The devolution of all property taxes could create greater democratic accountability as residents would have a more direct link to voting on these matters. Moreover, from a financial perspective, having local control of property taxes could create the conditions through which London, and other regional governments, could exercise greater autonomy.

As Professor Travers told the Committee:

*“Given the scale of the yield of the business rates, the more modest scale of the yield of the Council Tax, and certainly if stamp duty land tax were added in, London could in a sense, with the existing service responsibilities, be self-sufficient.”*

Nonetheless, such a system of taxation would create a risk during times of national emergency – such as the COVID-19 pandemic. Business rates and stamp duty were altered by the Government during the pandemic to provide relief to businesses and the housing market respectively. Had regional governments been directly responsible for business rates and stamp duty during this period, this could have created funding issues – specifically the extent to which the Government would have needed to step in to provide support, and what conditions may have been attached to any extraordinary support. “That would give an enormous degree of autonomy in ordinary years, not during the COVID years, but during ordinary years. Therefore, it would create that benefit.”<sup>22</sup>

A Capital Idea continued to support this position, and argued that the operation and setting of council tax should be devolved to London’s government – with the growth in the tax base retained locally, along with the power to set rates. It argued that council tax should be a local revenue that not only funds services but incentivises the GLA to build up the tax base.<sup>23</sup>

More recently, the LUHC Committee recommended in 2021 that ‘in the longer term, the Government should consider options for wider reform of council tax’.<sup>24</sup> The LUHC Committee also received evidence from a wide range of stakeholders who suggested reforms to the council tax system including: abolishing the referendum requirement for an increase of 2 per cent or above in general council tax (excluding the Social Care precept, of up to an additional 2 per cent); adding extra council tax bands (as adopted in Wales); and devolution of determination of council tax discounts (such as being a student or living on your own).<sup>25</sup>

The Government responded to the HoC LUHC Committee’s recommendation in October 2021:

*“Spending Review 2021 provided local authorities with a 3 per cent average annual real term increase in their core spending power over the next three years to 2024-25. This sustained real-term increase in core funding gives local authorities the certainty to plan over the long term with the largest sustained rise in core funding in more than a decade. The Government is giving local authorities flexibility to raise council tax to meet spending pressures across their budgets. Councils will need to judge themselves whether increases*

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<sup>22</sup> [GLA Oversight Committee, Transcript](#), 13 July 2022, p5

<sup>23</sup> LFC, [Devolution: a capital idea](#), January 2017, p.53

<sup>24</sup> LUHC Committee, [Progress on devolution in England](#), October 2021, p.28

<sup>25</sup> LUHC Committee, [Progress on devolution in England](#), October 2021, p.26



*can be justified to their local electorates. The Government is consulting on the Local Government Finance Settlement which will confirm specific Council tax flexibilities.”<sup>26</sup>*

As noted in the HoC briefing on the 2022-23 Local Government Finance Settlement, ‘the referendum thresholds for council tax increases stayed at two per cent and the extra precept for councils with social care responsibilities was reduced from three per cent to one per cent’.<sup>27</sup> For councils that did not raise their council tax by the maximum amount allowed in 2021-22, the settlement permitted them to use the remaining allowance in 2022-23.

In the 2023-24 Local Government Finance Settlement, the referendum thresholds were increased to 3 per cent for general council tax and 2 per cent for the Social Care precept.<sup>28</sup>

The main referendum principles that have been set since the introduction of council tax referendums in the 2012-13 financial year are set out in the following table.<sup>29</sup>

Year	County and unitary councils	Social care precept	District councils	Fire and rescue authorities	Police and crime commissioners	GLA
2023-24	3%	Over 2%	3% and more than £5 on Band D	£5 on Band D	More than £15 on Band D	More than £38.55 on Band D
2022-23	2%	Over 1%	2% and more than £5 on Band D	More than £5 on Band D	More than £10 on Band D	More than £31.93 on Band D
2021-22	2%	Over 3%	2% and more than £5 on Band D	2%	More than £15 on Band D	More than £15 on Band D
2020-21	2%	Over 2%	2% and more than £5 on Band D	2%	More than £10 on Band D	More than £11.56 on Band D
2019-20	3%	Over 2%	3% and more than £5 on Band D	More than £10 on Band D	More than £24 on Band D	3%
2018-19	3%	Over 3%	3% and more than £5 on Band D	3%	More than £12 on Band D	3% or more than £14.21 on Band D
2017-18	2%	Over 3%	2% and more than £5 on Band D	3%	2%	2%
2016-17	2%	Over 2%	2% and more than £5 on Band D	2%	2%	2%
2015-16	2%		2%	2%	2%	2%
2014-15	2%		2%	2%	2%	2%
2013-14	Over 2%		Over 2%	Over 2%	Over 2%	Over 2%
2012-13	Over 3.5%		Over 3.5%	Over 4%	Over 4%	Over 4%

<sup>26</sup> DLUHC, [Response to LUHC Committee Report on Progress on Devolution in England](#), 25 February 2022

<sup>27</sup> HoC Library, [Local Government Finance Settlement 2022/23](#), 14 February 2022, p.9

<sup>28</sup> DLUHC, [The Referendums Relating to Council Tax Increases \(Principles\) \(England\) Report 2023-24](#), 6 February 2023, p.8

<sup>29</sup> HoC Library, [Council tax: local referendums](#), 4 January 2023

## Recommendation 1

The Committee reiterates its support for the devolution of property-based taxes to the capital; and calls on the Mayor and London Councils to continue to make the case for fiscal devolution.

Professor Tony Travers told the Committee that if the full suite of property-based taxes were devolved to London, London would benefit from a ‘substantial collective of taxes’ which the capital could then ‘modernise and reform’. This would allow London flexibility to revalue council tax and operate business rates differently. Professor Tony Travers described the devolution of property taxes as a ‘starting point’.<sup>30</sup>

Claire Harding felt that it made most sense to reform property taxes (such as council tax) first, and to consider further devolution second, so that local authorities, cities or city regions could ‘flex with their own particular policy requirement’. However, she acknowledged that reform of council tax has been discussed for decades and there has been limited progress in this area.<sup>31</sup>

Experts that gave evidence to the Committee acknowledged the difficulties in any government reforming the business rates and council tax system because there will always be winners and losers. Professor Tony Travers argued that potential negative consequences of reform could be avoided if these systems were devolved, allowing regions to then set reforms that would work for their area. This could be particularly helpful for London, in which the re-evaluation of council tax bands in the current system would ultimately mean that Londoners would pay considerably more than the rest of the country, as council tax is linked to property values and property prices are higher in London.<sup>32</sup>

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*“Devolution can enable experimentation and innovation in a way that central Government finds difficult.”*

**Akash Paun, Devolution Programme Director, Institute for Government<sup>33</sup>**

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The Committee heard evidence on the benefits of devolution of these taxes and how this could enable innovation. Devolved nations have some devolved tax powers that make the system less regressive. For example, Wales introduced extra council tax bands in 2003 and additional

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<sup>30</sup> London Assembly, [GLA Oversight Committee: Transcript of Agenda Item 5 – Devolution for London – Q&A](#), 13 July 2022, p.2

<sup>31</sup> London Assembly, [GLA Oversight Committee: Transcript of Agenda Item 5 – Devolution for London – Q&A](#), 13 July 2022, p.2

<sup>32</sup> London Assembly, [GLA Oversight Committee: Transcript of Agenda Item 5 – Devolution for London – Q&A](#), 13 July 2022, p.1

<sup>33</sup> London Assembly, [GLA Oversight Committee: Transcript of Agenda Item 5 – Devolution for London – Q&A](#), 13 July 2022, p.7

charges for holiday properties. Scotland’s approach to Stamp Duty reform in 2015 was extremely successful, with England and Wales following these reforms shortly afterwards.<sup>34</sup>

Enver Enver, Assistant Director Group Finance at the GLA, gave an example of how devolution and flexibility in reform would benefit London. Enver argued that if the Mayor was able to reform business rates and council tax – for example, being able to set multipliers, discounts and reliefs – the GLA could model this and cut out a lot of the uncertainty in the annual budget-setting process.<sup>35</sup> This is something in which the London Assembly has a particular interest.

The GLA’s annual budget-scrutiny process begins in November each year, with the submission of draft budget plans from the GLA and the functional bodies.<sup>36</sup> The main analysis of these plans by the Budget and Performance Committee takes place during December and early January. This involves a detailed review by officers and Members, as well as a series of Committee meetings. When the Mayor receives additional funding late in the budget process, his general response is to add further expenditure to his budget. There are further opportunities for the full London Assembly to investigate late changes, but this does reduce the scope for more detailed scrutiny analysis and opportunities to publicly question GLA officers. Giving the Mayor powers to reform the system could also provide the opportunity to improve the budget process and ensure that the budget is adequately scrutinised. It is vital that if the Mayor is given powers to reform the system, the scrutiny powers of the Assembly must improve in line with any reform.

## Recommendation 2

The Mayor, together with the M10 group,<sup>37</sup> must continue to lobby Government for both the reform of business rates and council tax; and, moreover, demonstrate that devolving powers in these areas to mayors and combined authorities could actually make reform more effective.

## Business rates

A New Agreement for London proposed:

*“The Mayor should have the same powers and responsibilities as the Scottish and Welsh devolved administrations in relation to business rates – including the ability to determine the timing of revaluations, the setting of the non-domestic rating multiplier, relief and*

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<sup>34</sup> London Assembly, [GLA Oversight Committee: Transcript of Agenda Item 5 – Devolution for London – Q&A](#), 13 July 2022, p.7

<sup>35</sup> London Assembly, [GLA Oversight Committee: Transcript of Agenda Item 5 – Devolution for London – Q&A](#), 13 July 2022, p.7

<sup>36</sup> Mayor of London, [The Mayor’s Budget](#)

<sup>37</sup> M10 is a cross-party group of English metro mayors who work together on strategic policy areas and lobby Government on relevant issues.

*discount policies and the ability to use locally-raised revenues in a targeted way to deliver infrastructure, housing and transport investment.”<sup>38</sup>*

A Capital Idea supported this position, arguing, “To protect business rate payers, the multiplier should be linked to changes in council tax.” The LFC also recommended:

*“London’s government should also be granted full control of business rates reliefs, including the flexibility to introduce a more effective relief scheme for small businesses, which reflects the capital’s higher rental values.”<sup>39</sup>*

The Mayor has powers to introduce a business rates supplement. In 2010, former Mayor Boris Johnson introduced a supplementary business rate of 2p in the pound, lasting 25 years, on all businesses in Greater London with a rateable value over £55,000.<sup>40</sup> This funding has been used to fund the Northern Line extension, and has raised £3 billion for the Elizabeth line. London is the only authority in England to have exercised this power to date.<sup>41</sup>

From 2013-14 to 2016-17, London’s locally retained share of business rates was 50 per cent, split between 20 per cent for the GLA and 30 per cent for London’s 33 billing authorities. In 2017-18 there was a partial pilot of 100 per cent, in which the GLA’s retention share was increased to 37 per cent; this brought the locally retained share in London to 67 per cent.<sup>42</sup>

In December 2017, the Mayor approved the participation of the GLA in a London-wide 100 per cent business rates retention pilot for 2018-19. This represented a significant benefit to the GLA, which previously paid over 25 per cent of its business rates growth to the Government.<sup>43</sup> On 13 December 2018, the Government confirmed in the 2019-20 provisional Local Government Finance Settlement that it would continue the London pilot for a further year, but at a lower retention rate of 75 per cent.<sup>44</sup> The 2018-19 pilot delivered £397 million of net financial benefit to the GLA and London boroughs; and the 2019-20 pilot approximately £212 million.<sup>45</sup>

During its investigation, the Committee heard evidence about the benefits of the 100 per cent business rates retention pilot and the strategic pool established as part of the pilot. The GLA’s Assistant Director for City Intelligence, Jeremy Skinner, told the Committee that the business rates pool allowed the GLA to develop digital connectivity schemes that covered the whole of London. He argued that this enabled the GLA, together with London boroughs, ‘to craft a portfolio of investment that [we] could demonstrate was touching all parts of the city and

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<sup>38</sup> London Assembly Devolution Working Group, [A New Agreement for London](#), September 2015, p.22

<sup>39</sup> LFC, [Devolution: a capital idea](#), January 2017, p.12

<sup>40</sup> HoC Library, [The Greater London Authority](#), March 2022 p.16

<sup>41</sup> London Assembly, [GLA Oversight Committee: Transcript of Agenda Item 6 – Levelling Up and Devolution for London – Q&A](#), 16 June 2022, p.12

<sup>42</sup> GLA, [MD2407](#), January 2019

<sup>43</sup> GLA, [MD2217](#), December 2017

<sup>44</sup> GLA, [MD2407](#), January 2019

<sup>45</sup> London Councils, [Business Rates Update](#), 7 June 2021

addressing genuine economic development needs in the capital'.<sup>46</sup> London Councils supported this position and noted the benefit of both the 2018-19 and the 2019-20 pilots, which 'supported direct spending totalling around £280 million on strategic projects aimed at driving economic growth'.<sup>47</sup>

The 75 per cent pilot stopped for 2020-21, but all 34 authorities decided to continue with the pool and were 'committed to the wider strategic benefits that come with pooling' – though this had less impact due to the pandemic. Due to the uncertainties over business rates income as a result of the pandemic, London boroughs and the Mayor agreed not to continue the business rates pool in 2021-22.<sup>48</sup> The GLA continues to receive a higher level of business rates retention despite discontinuing the business rates pool and continues to retain 37 per cent of its business rates.<sup>49</sup>

The London Assembly has called for London's business rate retention to be moved back to the 100 per cent level, as per the pilot.<sup>50</sup> It is worth noting that, at present, several mayoral combined authorities are still participating in the 100 per cent business rates retention pilot.<sup>51</sup>

The think tank Onward supports this, and has recommended that the 100 per cent business rate retention pilot for mayors should be retained; and that business rate growth should be fully devolved.<sup>52</sup> The HoC LUHC Committee recommended, in Progress on Devolution, that all councils should be able to retain 75 per cent of business rate revenue growth from 2022, without a 'commensurate cut in grant funding'.<sup>53</sup>

The Government's review of business rates was published in October 2021.<sup>54</sup> With the exception of some limited new relief schemes, and the confirmation that there would be a move to a three-yearly revaluation cycle from April 2026, there were no fundamental changes made to the operation of the business rates system. No other recommendations from the LFC have been taken forward by Government.<sup>55</sup>

In the Levelling Up White Paper, the Government stated:

*"Alongside the upcoming [business rates] revaluation in April 2023, the UK Government will explore with the Combined Authorities further flexibilities to enable them to raise their*

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<sup>46</sup> London Assembly, [GLA Oversight Committee: Transcript of Agenda Item 5 – Devolution for London – Q&A](#), 13 July 2022, p.8

<sup>47</sup> London Councils, [Business Rates Update](#), 7 June 2021

<sup>48</sup> London Councils, [Business Rates Update](#), 7 June 2021

<sup>49</sup> HM Treasury, [Final Local Government Finance Report 2023-24](#), 6 February 2023

<sup>50</sup> HoC: LUHC Committee, [PDE 021](#), August 2019

<sup>51</sup> These are Greater Manchester, Liverpool, West Midlands, West of England and Cornwall. Source: HoC Library, [Devolution to local government in England](#), January 2023, Appendix 1

<sup>52</sup> Onward, [Give Back Control: Realising the potential of England's mayors](#), June 2022 p.79

<sup>53</sup> LUHC Committee, [Progress on devolution in England](#), October 2021, p.27

<sup>54</sup> HM Treasury, [Business Rates Review: Final Report](#), October 2021

<sup>55</sup> MQT, [London Finance Commission](#), 17 September 2020

*own funding through the business rates system to fund local priorities, whilst also considering the impacts on business”.*<sup>56</sup>

The trailblazer deals agreed between the Government and the GMCA/WMCA in March 2023 allow these authorities to retain 100 per cent of the business rates growth for another ten years. However, the deals do not go as far as to allow for additional revenue-raising powers (as are currently held by the Scottish and Welsh devolved administrations).<sup>57</sup> The Committee urges the Government to further consider flexibilities that allow combined authorities to raise their own funding. Nevertheless, the establishment of a ten-year pilot provides these combined authorities with certainty and allows the opportunity for long-term planning.

The Committee’s investigation has shown that widespread support for devolution of business rates continues. Further devolution in business rates would give the Mayor the powers and flexibility to be more locally adapted to the needs of businesses and communities. The business rates retention scheme, and the business rates supplement, have raised funds for critical schemes and infrastructure that deliver huge benefits to the capital. This clearly demonstrates that fiscal devolution works, and that money can be spent more effectively when locally retained.

### Recommendation 3

The Mayor should make the case for a longer-term business-rate settlement; and work with the Government to establish a settlement that is similar to the trailblazer schemes, and is appropriate for London.

### Recommendation 4

The Mayor should have the same powers and responsibilities as the Scottish and Welsh devolved administrations in relation to business rates, including: the ability to determine the timing of revaluations; the setting of the non-domestic rating multiplier; relief and discount policies; and the ability to use locally raised revenues in a targeted way to deliver infrastructure, housing and transport investment.

## Tourism levy

The LFC’s second report argued: “London’s government should be able to introduce new smaller taxes and the Government should pass permissive legislation that would make such changes straightforward to implement.”<sup>58</sup> An example used was a tourist tax, which would help

<sup>56</sup> [Levelling Up White Paper](#), 2 February 2022, p.141

<sup>57</sup> Institute for Government, [Trailblazer Devolution Deals](#), 16 March 2023

<sup>58</sup> LFC, [Devolution: a capital idea](#), January 2017, p.13



to vary London's tax base and could help to fund tourist infrastructure.<sup>59</sup> The Committee's investigation found that the GLA had previously considered options for a tourism levy in London. According to a GLA report from 2017, a tourism levy could raise between £77 million and £240 million a year.<sup>60</sup> The Committee heard that other UK cities have also looked into a tourist tax.<sup>61</sup>

In December 2022, the Manchester Hoteliers Association, in collaboration with key stakeholders and relevant local authorities, held a vote with hotel and serviced apartment providers in Manchester to establish the Manchester Accommodation Business Improvement District (BID).<sup>62</sup> The Manchester Accommodation BID seeks to provide a better visitor experience through funding local visitor infrastructure. Four out of five businesses voted in favour of establishing the Manchester Accommodation BID. The BID is funded by a mandatory levy on hotels and short-stay serviced apartments in Manchester's regional centre that have a rateable value of £75,000 or more.<sup>63</sup> Businesses then raise funds for the levy through a 'city visitor charge', a supplementary charge of £1 per room per night.<sup>64</sup>

Whilst the approach in Manchester is business-led via a BID, the Welsh Government is proposing legislation to establish a visitor levy. Following a consultation in 2022, the Welsh Government announced it will proceed with legislative proposals that will enable local authorities to raise a visitor levy.<sup>65</sup>

Professor Tony Travers told the Committee that the LFC had looked at how a tourist tax would operate. This also considered mechanisms to ensure that benefits are felt not just by the centre of the city, where there is a large concentration of tourism accommodation, but in outer boroughs too.<sup>66</sup> The Committee believes spreading the benefits across all of London must be a key consideration of any potential tourist tax. The Committee did not receive confirmation of the outcome of the GLA's work on a tourism levy from 2017 and why it was not progressed.

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<sup>59</sup> LFC, [Devolution: a capital idea](#), January 2017, p.9

<sup>60</sup> GLA, [Working Paper 83: Options for a tourism levy for London](#), January 2017, p.3

<sup>61</sup> London Assembly, [GLA Oversight Committee: Transcript of Agenda Item 5 – Devolution for London – Q&A](#), 13 July 2022, p.4

<sup>62</sup> According to the [GLA](#): "A Business Improvement District (BID) is a geographical area in which the local businesses have voted to invest together to improve their environment [...] BIDs are business-led organisations [...] funded by a mandatory levy on all eligible businesses after a successful ballot". The BID company and the relevant local authority then establish an agreement. The Council is responsible for collecting the BID Levy and administering the funds to the BID.

<sup>63</sup> According to the [Valuation Office Agency](#), 'a rateable value is an estimate of what it would cost to rent a property for a year, on a set valuation date'.

<sup>64</sup> Manchester BID, [City's accommodation operators vote in favour](#), 8 December 2022

<sup>65</sup> Welsh Government, [Update on proposals for a discretionary visitor levy for Wales](#), 30 March 2023

<sup>66</sup> London Assembly, [GLA Oversight Committee: Transcript of Agenda Item 5 – Devolution for London – Q&A](#), 13 July 2022, p.4

### Recommendation 5

The Mayor should revisit the GLA's work from 2017, which looked into options for a potential tourism levy; and collaborate with other key cities in this area of work, including taking early learnings from Manchester's approach.

The Levelling-up and Regeneration Bill also proposes to introduce a discretionary council tax premium on second homes, and changes the qualifying period for use of the long-term empty-homes premium. Local authorities can levy a premium of up to an additional 100 per cent on council tax bills for second homes and empty homes after one year (the current requirement is two years). The Government states that this intervention will allow local authorities to raise more funding for local infrastructure.<sup>67</sup>

The Committee's investigation has demonstrated that varying local authorities' tax base could enable them to raise substantial funding for local infrastructure.

### Recommendation 6

The Government should consider the implementation of a tourism levy as a way to raise money for local infrastructure; and carefully consider the impact of schemes in Manchester and Wales.

## Vehicle Excise Duty

Currently, Vehicle Excise Duty (VED) raises around £500 million from London-registered vehicles. The majority of this money is spent on roads outside of London. London accesses funding for road maintenance from the Government via its Major Roads Network, with TfL and local authorities paying for maintenance of local roads.<sup>68</sup>

In the 2015 Summer Budget, the Government announced that it would reform VED to create a new roads fund, meaning that all revenue raised from VED in England would be allocated to a new roads fund and invested directly into the strategic road network.<sup>69</sup> Prior to this the VED was not allocated to a specific area of expenditure. The LFC recommended that, instead, 'a share of London's contribution to VED revenue for improvements of nationally strategic roads [in London]'.<sup>70</sup> The full extent of the Government's proposed reform was later reduced.<sup>71</sup>

<sup>67</sup> DLUHC, [Levelling Up and Regeneration: further information](#), May 2022

<sup>68</sup> MQT, [Value Of VED Paid By London Drivers](#), 1 March 2022

<sup>69</sup> House of Lords Library, [Funding roads: Coming full circle?](#), 10 December 2020

<sup>70</sup> LFC, [Devolution: a capital idea](#), January 2017, p.61

<sup>71</sup> Highways, [VED hypothecation 'fizzles out' after £2bn Treasury raid](#), 5 November 2021

As part of the emergency funding agreement from the Government to TfL during the COVID-19 pandemic, TfL developed a Financial Sustainability Plan which set out options for TfL to become financially sustainable over the medium term. The plan, published in January 2021, reiterated that London currently pays around £500 million of VED per year, ‘almost all of which is used to fund roads outside of London’, and proposed that the devolution of this funding would help TfL to become financially sustainable.<sup>72</sup> Both the Mayor and the London Assembly have supported this position.<sup>73</sup>

The Government made it clear, in a letter sent from the Secretary of State for Transport to the Mayor of London in June 2021, that it was not in favour of devolving VED to London. The Government argued that the transfer of VED income from the Exchequer to TfL is ‘in effect, a permanent government grant’ and that this was not acceptable as the emergency funding agreements had set out that the Government would not provide any future operating grants to TfL.<sup>74</sup>

### Recommendation 7

The Committee reiterates its long-held position that Vehicle Excise Duty should be devolved to London.

## National income tax

The LFC recommended in its 2017 report, *A Capital Idea*, that London should be assigned ‘a proportion of income tax and VAT yields, increasing as and when service devolution occurs and when major capital projects are agreed’. It argued that this would incentivise growth in the tax base and provide a ‘stable base against which London’s government could prudently borrow for capital investment’.<sup>75</sup>

The HoC LUHC Committee echoed this in its 2021 report, and recommended that the Government ‘should explore alternative ways in which revenue can be raised by local councils, to reduce reliance on council tax and business rates’ and ‘commission research into how income tax or other national tax revenue could be allocated to local and combined authorities’.<sup>76</sup> In its response to this report, the Government stated that it had ‘no plans to hypothecate revenue from national taxes to local or combined authorities’, arguing: ‘Doing so would make it harder to pool and share our resources effectively.’<sup>77</sup>

<sup>72</sup> TfL, [Financial Sustainability Plan](#), January 2021, p.14

<sup>73</sup> London Assembly, [Motion: London Boundary Charge](#), March 2021

<sup>74</sup> Department for Transport, [Letter from Secretary of State for Transport to Mayor of London](#), 1 June 2021

<sup>75</sup> LFC, [Devolution: a capital idea](#), January 2017, p.9

<sup>76</sup> LUHC Committee, [Progress on devolution in England](#), October 2021, pp.31-32

<sup>77</sup> DLUHC, [Response to LUHC Select Committee Report on Progress on Devolution in England](#), 25 February 2022

The Committee's investigation found support for progress in this area, but raised questions on the practicality of implementing such measures. Professor Tony Travers still supports the LFC's position about the possibility of devolving national income tax. He told the Committee: "If Scotland and Wales can operate a local income tax, [it is] hard to see why London and other city regions in England could not."<sup>78</sup> Akash Paun, Devolution Programme Director at the Institute for Government (IfG), told the Committee that whilst assignment of a share of national taxes is 'an attractive model in principle', there are some 'technically complicated aspects' to it. Akash Paun argued that whilst income tax can be easily devolved by identifying a person's residency in Scotland or Wales, it raises questions about how this would be done in London, as large numbers of people commute in from outside London, and based on that model, would not be London income taxpayers.<sup>79</sup>

The trailblazer schemes do not consider any additional revenue-raising powers for the GMCA or the WMCA. The Committee believes that any deepening of these deals or similar deals in the future must consider how additional revenue-raising powers, particularly income tax, could work in the city and combined authority model.

### **Recommendation 8**

The Committee continues to support the London Finance Commission's recommendation that London should be assigned 'a proportion of income tax and VAT yields', and urges the Government to explore how this could work in the city and combined-authority models.

## **Funding settlements**

The Levelling Up White Paper states that the Government will commit to giving every part of England a simplified, long-term funding settlement.<sup>80</sup> The London Assembly GLA Oversight Committee supports this ambition which could provide greater security for future years and allow longer term planning for public services. The Committee also supports the Government's acknowledgement that funding is currently too complicated.

The GLA Oversight Committee supports the HoC LHUC Committee's recommendation:

*"The principle of devolution funding should be that grants are given on a block basis to cover all services of which local and combined authorities have oversight, without ringfencing or competitive bidding."<sup>81</sup>*

<sup>78</sup> London Assembly, [GLA Oversight Committee: Transcript of Agenda Item 5 – Devolution for London – Q&A](#), 13 July 2022, p.2

<sup>79</sup> London Assembly, [GLA Oversight Committee: Transcript of Agenda Item 5 – Devolution for London – Q&A](#), 13 July 2022, pp.8-9

<sup>80</sup> HM Government, [Levelling Up White Paper](#), 2 February 2022

<sup>81</sup> LHUC Committee, [Progress on devolution in England](#), October 2021, p.3

With a single pot of funding for the Mayor of London, alongside expanded powers for the London Assembly to ensure adequate scrutiny of how funding is spent, the Mayor could deliver positive outcomes for London more efficiently and be more effective in delivering the Government's strategic levelling-up priorities.

Mayoral combined authorities currently receive long-term grants agreed by the Government called 'investment funds'. These are single pots of funding tied to a 'set of broad economic outcomes' with 'few conditions on how the funds are spent to achieve this'.<sup>82</sup> The funding is 'subject to 5-year independent gateway reviews to assess the impact investment funds have made in the local area on economic growth'.<sup>83</sup>

In its June 2022 report, *How Metro Mayors Can Help Level Up England*, the IfG recommended that the Government seeks to 'emulate the model used for the Mayoral Combined Authority MCA investment funds', such as a flexible Skills and Employment fund. The IfG makes an argument around the benefit of this:

*"In this funding model, the Government is not responsible for monitoring every outcome. Instead, Whitehall accounting officers focus on ensuring that robust systems are in place so that funding is used appropriately and secures value for money."<sup>84</sup>*

This supports A New Agreement for London's recommendation, which argued in favour of a single funding pot for employment support.<sup>85</sup>

Another example of simplified funding is the Departmental Expenditure Limit (DEL), the total funding that a government department is provided, set at Spending Reviews.<sup>86</sup> Onward recommends that the Government replaces 'dozens of siloed central government transfers to mayors with a single mayoral settlement, agreed every 5 years with the Treasury'. Onward argues that this would reduce administration for both Mayors and Whitehall, 'saving money and accelerating delivery' as well as providing the Government with a 'much clearer cross-government view on the resources going to Mayors and what they were expected to achieve'<sup>87</sup>.

During its formal meetings, the Committee heard evidence that considered the advantages and disadvantages of these approaches. In terms of a single mayoral settlement, there was consensus that this would provide certainty and the ability to better plan, which in turn should create better outcomes and value for money. Enver Enver, Assistant Director for Group Finance at the GLA, also suggested that this approach has its downsides. Enver Enver argued that a single settlement could limit opportunities for the GLA to negotiate and push for further growth in funding. The GLA is a multidisciplinary organisation that currently receives funding from several Government departments. In the case that a single settlement was to come from the Treasury, Enver questioned how and where the GLA would get that high-level political

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<sup>82</sup> IfG, [How metro mayors can help level up England](#), June 2022, p.48

<sup>83</sup> DLUHC and MHCLG, [The Investment Funds Programme](#), 10 May 2021

<sup>84</sup> IfG, [How metro mayors can help level up England](#), pp.48-49

<sup>85</sup> London Assembly Devolution Working Group, [A New Agreement for London](#), September 2015, p.28

<sup>86</sup> HM Treasury, [How to understand public sector spending](#), 29 May 2013

<sup>87</sup> Onward, [Give Back Control: Realising the potential of England's mayors](#), p.76

support to promote and push for a good settlement for London. Enver also raised concerns that if the GLA was not happy with the settlement it received, it would be stuck with it for five years.<sup>88</sup>

The Committee's evidence from July 2022 suggested that, whilst experts felt that a single mayoral settlement had its advantages, this was seen as a long-term ambition. It was felt that, in the short term, English devolution was nowhere near the place in which a radical, single settlement could be on the table. The Committee's submission to the Levelling-up and Regeneration Bill noted that neither the Levelling Up White Paper nor the Bill provided any detail of what a simplified long-term funding settlement would look like or how it would be achieved.<sup>89</sup>

The Committee was therefore pleased to see the announcement, in the Spring Budget 2023, that the Government intends to trial a single funding settlement in the trailblazer deals with the GMCA and the WMCA.<sup>90</sup> The Committee eagerly awaits the outcome of these pilot schemes, and hopes that this will set strong foundations for London to also pursue the opportunity of a single mayoral settlement. In the short term, the Committee still believes that London would benefit from a simplified long-term funding settlement that replicates the mayoral combined authority's investment funds on a large scale.

### **Recommendation 9**

The Committee urges Government to commit quickly to exploring the feasibility of a single funding settlement with the combined authorities; and to use this to consider the impact of single mayoral settlements for all devolved authorities, including the GLA.

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<sup>88</sup> London Assembly, [GLA Oversight Committee: Transcript of Agenda Item 5 – Devolution for London – Q&A](#), 13 July 2022, p.16

<sup>89</sup> London Assembly, GLA Oversight Committee, [Written evidence submitted to the Public Bill Committee – Levelling-up and Regeneration Bill \(LRB57\)](#), 7 September 2022

<sup>90</sup> HM Government, [Greater Manchester Combined Authority Trailblazer deeper devolution deal](#) and [West Midlands Combined Authority Trailblazer deeper devolution deal](#), both 15 March 2023

## Chapter two: Devolution of public services

Alongside fiscal devolution, the London Assembly's A New Agreement for London argued that the devolution of public services is also necessary. The report stated that the current, centralised system of governance 'is not creating effective local outcomes for London' and suggested that the devolution of public services would help London government to become 'more dynamic and responsive'.<sup>91</sup>

### Skills and employment

A New Agreement for London argued that 'devolution of employment and skills measures is needed to support and sustain London's economic dynamism'.<sup>92</sup> The report recommended that the Skills Funding Agency's allocation for London should be fully devolved to the GLA, as well as a single funding pot for employment support which brings together all the existing major contracts let in London.<sup>93</sup>

In 2019, certain adult education functions in the Apprenticeships Skills, Children and Learning Act 2009, were transferred from the Secretary of State for Education to the Mayor of London. The Government delegated the £306 million Adult Education Budget (AEB) funding to the GLA for education and training for Londoners aged 19 and above, with London's sub-regional partnerships given responsibility for the Work and Health programme. The GLA is now responsible for commissioning AEB-funded provision to Greater London and has powers to set priorities and funding rates.<sup>94</sup>

While the Mayor and London Councils described these changes as 'welcome first steps', they have called for further devolution of education and skills, describing AEB funding as 'piecemeal devolution' and 'insufficient to deliver London's vision for skills and employment'.<sup>95</sup>

In 2019, the Mayor and London Councils published A Call for Action, setting out their asks for a new devolution and funding deal to 'establish an integrated, properly funded skills and employment system'. They argued: "London government needs the flexibility of a single skills and employment system, fully devolved to the capital and with funding restored to at least pre-austerity levels." This included devolution of: adult education; careers advice, apprenticeships; emergent skills; further education capital funding; 16-18 skills; employment support services; the skills and employment elements of London's share of the UK Shared Prosperity Fund; and the immigration skills charge.<sup>96</sup>

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<sup>91</sup> London Assembly Devolution Working Group, [A New Agreement for London](#), September 2015, p.7

<sup>92</sup> London Assembly Devolution Working Group, [A New Agreement for London](#), September 2015, p.24

<sup>93</sup> London Assembly Devolution Working Group, [A New Agreement for London](#), September 2015, p.28

<sup>94</sup> Mayor of London, [About the Adult Education Budget](#)

<sup>95</sup> Mayor of London and London Councils, [Skills for Londoners: A Call for Action](#), September 2019, p.13

<sup>96</sup> Mayor of London, [Skills for Londoners: A Call for Action](#), September 2019, p.33

The Government did not formally respond to A Call for Action. Since its publication, there have been some reforms to the apprenticeship system. For example, there are new incentives for employers creating apprenticeships, and measures to make it easier for employers to transfer unspent levy funds to each other.<sup>97</sup>

Historically, data on AEB outcomes has been limited. Authorities with devolved skills powers are required to monitor and evaluate the delivery of adult education functions including strategy and priorities, spend, analysis of delivery and impact of the spending.<sup>98</sup> The Mayor launched the London Learner Survey at the start of the 2021-22 academic year to improve data collection and outcomes for learners in order to address this problem. Final data from the first year of the London Learner Survey was published in June 2023.<sup>99</sup> The survey found that in the academic year 2021-22, 52 per cent of non-retired learners had a positive economic or educational change in the months following their participation in the AEB.<sup>100</sup> The results will provide an important opportunity to consider how this data could be used to support the case for further devolution for skills and employment in London.

Despite these changes, the Committee’s investigation has shown that the current funding system remains fragmented, lacks overarching accountability and is too complicated. The Government itself has agreed with this view in the recent signed trailblazer deals, describing current funding as ‘fragmented, overly reliant on centrally administered funds and lacks clear, lean and proportionate accountability structures’.<sup>101</sup>

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*“About seven or eight years ago now, I was invited to chair a Skills and Employment Commission for Wolverhampton City Council. Wolverhampton has a good council, good links to local businesses, successful use of apprenticeships, a good local university, a good local FE college and links to the Warwick University system. The officers of the authority who tried – and they were very good – could not provide a full list of all the funding streams for skills and employment, try as they might ... That is evidence of neglect.”*

**Professor Tony Travers, Director of LSE London<sup>102</sup>**

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The Committee heard evidence during its investigation that employment and skills would be a feature of the trailblazer deals; and that this might provide an opportunity to simplify and unify the current fragmented system.<sup>103</sup>

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<sup>97</sup> MQT, [London Apprenticeship Service](#), 20 January 2022

<sup>98</sup> DLUHC, [English Devolution Accountability Framework](#), 16 March 2023

<sup>99</sup> Mayor of London, [Measuring the impact of the Adult Education Budget](#)

<sup>100</sup> [London Learner Survey 2021-22](#), June 2023

<sup>101</sup> HM Government, [Greater Manchester Combined Authority Trailblazer deeper devolution deal](#), 15 March 2023, p.16

<sup>102</sup> London Assembly, [GLA Oversight Committee: Transcript of Agenda Item 5 – Devolution for London – Q&A](#), 13 July 2022, p.25

<sup>103</sup> London Assembly, [GLA Oversight Committee: Transcript of Agenda Item 5 – Devolution for London – Q&A](#), 13 July 2022



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*“When you have accountability for different parts of an interconnected system sitting at different tiers, it does not make for either clearer accountability or better outcomes because you are not able to design those joined-up systems.”*

**Akash Paun, Devolution Programme Director, IfG**

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This was confirmed in the Government’s Spring Budget in March 2023. The trailblazer deals build on the combined authorities’ responsibilities for the adult education budget. The Government committed to devolving adult skills functions and grant funding in the next spending review period, though this does not include apprenticeship funding. In the current spending review period, the Government committed to transferring skills funding for Free Courses for Jobs programme and skills bootcamps, and committed to co-designing all future employment support programmes between the relevant combined authorities and the Government.<sup>104</sup> This goes beyond the powers that London currently has over AEB delegation and the Work and Health programme.

The Committee is interested to see how these deals progress and work in practice. It is clear that collaboration with local government regional leaders is critical to influencing devolution policy. The Committee believes that the Mayor can play an important role in influencing devolution policy, even when devolution in London is not the focus. By using London’s experience and advocacy, the Mayor can support expansion of powers across the country, and in turn potentially argue for further expansion to the GLA model.

**Recommendation 10** The Mayor should continue to work with M10 mayors to help influence and shape implementation of the trailblazer schemes; and consider how London can further benefit from expansion of powers in other regions.

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<sup>104</sup> HM Government, [Greater Manchester Combined Authority Trailblazer deeper devolution deal](#), 15 March 2023

## Transport devolution

In 2015, it was announced that TfL would take over rail services between Liverpool Street, Enfield Town, Cheshunt and Chingford from Greater Anglia. A New Agreement for London welcomed this news; but argued that rail devolution in London needed to go further, and that the Government needed to ‘reconsider its approach to suburban rail devolution’.<sup>105</sup> The report recommended that the Government should consider devolution of the Southeastern franchise and the expansion of all inner suburban routes in London as franchises came up for renewal.

There has been little progress in this area since A New Agreement for London was published. In 2016, a Government consultation was launched on transferring services on several suburban routes to TfL, including routes stretching beyond the Greater London boundary. There was no report published in response to the consultation and no further initiatives to transfer rail services to TfL.<sup>106</sup>

The London Assembly and its Transport Committee have long called for greater devolution of rail services to TfL. In 2016, the Secretary of State for Transport rejected proposals from TfL to take over Southeastern services and Govia Thameslink Railway. The London Assembly called on the Government to reconsider these decisions, reiterating its preference for devolution.<sup>107</sup> There have been further London Assembly motions supporting devolution of rail services in September 2019 and June 2021.<sup>108</sup> Most recently, on 16 March 2023, the London Assembly argued that current performance of operators is poor and devolution of these routes would provide a more integrated and reliable service for passengers.<sup>109</sup>

May 2021 saw the publication of Great British Railways: Williams-Shapps plan for rail. This report is the Government’s blueprint for how it intends to reform the UK’s rail industry, bringing the network under a single national leadership of a new public body, Great British Railways.<sup>110</sup> The London Assembly’s Transport Committee’s response to this report, published in February 2022, reiterated its ‘long-standing recommendation’ that suburban rail services in London should be devolved to London. This position was not supported by the London Assembly Conservative group at the time due to the uncertainty around TfL’s financial situation.<sup>111</sup>

In a London Assembly Transport Committee meeting in March 2022, the former TfL Commissioner Andy Byford described potential further devolution of rail services to TfL as an opportunity arising from the Williams-Shapps report, ‘where there is demonstrable benefit to customers’ in terms of quality and levels of service, branding and consistency with the Oyster pay-as-you-go system. However, he stated that until TfL’s funding situation had more

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<sup>105</sup> London Assembly Devolution Working Group, [A New Agreement for London](#), September 2015, p.32

<sup>106</sup> HoC Library, [The Greater London Authority](#), March 2022, p.19

<sup>107</sup> London Assembly, [Motion: Plans for Future of Rail](#), 7 December 2016

<sup>108</sup> London Assembly, [Devolution of Train Franchises](#), 5 September 2019; and London Assembly, [Motion: Williams-Shapps Plan for Rail](#), 10 June 2021

<sup>109</sup> London Assembly, [Press release: Suburban rail services should be devolved to TfL – Assembly](#), 16 March 2023

<sup>110</sup> Department for Transport, [Great British Railways: The Williams-Shapps Plan for Rail](#), May 2021

<sup>111</sup> London Assembly Transport Committee, [Williams-Shapps: The Committee’s response to the Plan for Rail](#) February 2022, p.5

certainty, his priority was to ‘maintain a state of good repair of the existing system’ and ensure it is properly funded. TfL has also stated that it would need to fully consider what it would involve to take over certain sections of railway services; and what support would need to be given to bring it up to TfL standard.<sup>112</sup>

TfL stated that, among railway lines, the potential candidates for devolution would be ‘inner suburban routes’ that are ‘high-frequency commuter lines that serve London termini’. One route that has been discussed by the London Assembly over recent years is the Great Northern Line from Hertfordshire to Moorgate. Andy Byford indicated that if a multi-year settlement was forthcoming in June 2022, TfL would ‘revisit’ railway lines such as Great Northern.<sup>113</sup> In August 2022 a settlement was agreed; however, TfL’s 2023 Business Plan does not include any detail on further plans for devolution of rail services. In addition, at a London Assembly Transport Committee in November 2022, the Great British Railways (GBR) Transition team (a limited company working on behalf of the Government) stated that they did not anticipate that there would be a Government plan for GBR to facilitate further devolution.<sup>114</sup>

**Recommendation 11** The Committee would welcome an update from TfL on its position regarding further devolution of suburban rail, in light of the August 2022 funding settlement agreed with the Government.

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<sup>112</sup> London Assembly Transport Committee, [Question and Answer Session](#), 14 March 2022

<sup>113</sup> [Question and Answer Session](#), 14 March 2022

<sup>114</sup> [Question and Answer Session](#), 14 March 2022

## Chapter three: A radical agreement to improve health

A New Agreement for London recommended that Public Health England should give the Mayor the resources to implement the London Health Commission's recommendations from its 2014 report. This includes the creation of a London Health Commissioner who would 'be able to advise the Mayor on a vision for how London's health and social care services need to adapt to face the challenges of a rapidly growing but also ageing population'.<sup>115</sup>

The report argued that a properly resourced London Health Commissioner would enable 'innovative pan-London public health trials to be piloted and bring economies of scale to existing borough level activity', ensuring 'accountability at a London-wide level to deliver on the Government's public health outcome framework'. It also argued that a London Health Commissioner would support improvements in primary and acute health with the ability to link the Mayor's inequality, diversity and inclusion strategy, Inclusive London, with the need to improve the NHS estate.<sup>116</sup>

In addition to these recommendations, A New Agreement for London recommended that the GLA has powers to legislate on health matters, with the Mayor given the power to propose legislation and for the London Assembly to agree. Using the example of New York – where the Mayor banned smoking in bars and restaurants in 2002, and restricted partially hydrogenated vegetable oils in restaurants in 2007 – it argued that if London government had more power in this area, it could take quick and decisive action to save lives and money over the longer term.<sup>117</sup>

There has been some progress in this area. In 2015, the London Health and Care Collaboration agreement was signed between Boris Johnson (then the Mayor of London) and local and national health stakeholders. As part of this, five pilots were launched to explore how the devolution of specific decisions, powers and resources could support the delivery of better health and care for London, focusing on health and care integration, estates, workforce and prevention. As a result, the 2017 London Health and Care Devolution Agreement and Memorandum of Understanding was signed, establishing the London Estates Board, which aims to take more decisions around capital investment.<sup>118</sup>

In April 2022, the GLA established a new Public Health Unit which aims to provide independent public health advice and support services to the GLA and the GLA Group, to strengthen

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<sup>115</sup> London Assembly Devolution Working Group, [A New Agreement for London](#), September 2015, p.8

<sup>116</sup> London Assembly Devolution Working Group, [A New Agreement for London](#), September 2015, p.34

<sup>117</sup> London Assembly Devolution Working Group, [A New Agreement for London](#), September 2015 pp.34-35

<sup>118</sup> HOC Library, [The Greater London Authority](#), March 2022, p.25; and MQT, [Healthcare Devolution](#), 19 July 2018

capacity and cooperation on public health.<sup>119</sup>

Whilst the Mayor has responsibility for some public health messaging, and is responsible for producing a health inequalities strategy, he has no direct health or social care powers. The Mayor has a convening role in health; he chairs the London Health Board, which includes mayoral appointees and representatives from the healthcare sector and local government. The Board aims to improve the health of Londoners through pan-London collaboration.<sup>120</sup>

The current Mayor of London, Sadiq Khan, has rejected calls for further devolution to London of any NHS services:

*“I remain unpersuaded ... that devolving responsibility for NHS services to my office would be the right approach for London; instead, I will continue to champion, challenge and collaborate with the NHS to deliver the high-quality services Londoners deserve.”<sup>121</sup>*

In 2016, Greater Manchester took charge of the £6 billion spent on health and social health in its boroughs, and was given £450 million extra to transform services.<sup>122</sup> This involved the transfer of powers and responsibilities from the Government to all 37 NHS and local authorities in the area. Partners in this agreement include NHS England, 12 NHS Clinical Commissioning Groups, 15 NHS providers, 10 local authorities and the Mayor of Manchester.<sup>123</sup>

A study published in September 2022 has shown that devolution has contributed to better health outcomes in Manchester – life expectancy has increased, and those in the most deprived areas have seen the greatest benefit.<sup>124</sup>

The Mayor of London and health stakeholders have previously stated that it would not be effective to replicate Manchester’s model of devolution, due to the complex health and care landscape in London. This includes a larger population; more pronounced inequalities; three times the number of health and care commissioners and providers; and the fact that London trains a significant proportion of the NHS workforce. In July 2022, the Committee questioned GLA Director of Public Health, Vicky Hobart, on this approach and she reconfirmed this position. She stated that:

*“For London, we are 9 million to 10 million people, five different integrated care systems (ICS), 32 boroughs plus the City of London, with a far more mobile and often transient population and quite a different age profile within the population.”<sup>125</sup>*

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<sup>119</sup> GLA, [MD2940](#), 16 March 2022

<sup>120</sup> Mayor of London, [London Health Board](#)

<sup>121</sup> MQT, [NHS powers devolution \(1\)](#), 14 October 2021

<sup>122</sup> GMCA, [Health](#)

<sup>123</sup> GMCA, [Taking Charge of Our Health and Social Care](#), December 2015

<sup>124</sup> The University of Manchester, [Study links devolution in Greater Manchester to modest improvement in life expectancy](#), 29 September 2022

<sup>125</sup> London Assembly, [GLA Oversight Committee: Transcript of Agenda Item 5 – Devolution for London – Q&A](#), 13 July 2022, p.21

Whilst the Committee understands that London cannot simply replicate Manchester’s approach, it is clear that this area could benefit from clarity around accountability. During the Committee’s investigation, experts at the 13 July 2022 meeting who gave their experience agreed that there was a lack of clarity around accountability in health and social care in London.<sup>126</sup> It is notable that this is an outlier compared to many other parts of London’s governance.

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*“Health is really complicated. It is probably one of the least centralised bits of decision-making in England in terms of what is prescribed and what decisions are made at a local level.”*

**Claire Harding, Research Director, Centre for London<sup>127</sup>**

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*“Accountability for the NHS in London is almost impossible to understand. It is very difficult to know who is making decisions, why they are made, whether the NHS is efficient or not ... The difficulty – not unique to London but certainly very visible here ... is that holding public services to account, fully understanding whether they are efficient, whether they are well run, whether they are responsible to all 9 million people in London, is terribly difficult under the current arrangements. Until and unless there is more capacity for decisions to be made at the subnational level, as again they are in Wales, Scotland and Northern Ireland, that difficulty will remain.”*

**Tony Travers, Director of LSE London<sup>128</sup>**

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The Committee welcomes the progress that has been made in terms of health and social care devolution in London. Nevertheless, the Committee’s investigation suggests that there is real scope to provide greater clarity around accountability in the NHS and public health services in London. The Committee considers that the Mayor should revisit the question of health and social care devolution in this context, and in light of any further learnings from the role of the Public Health Unit.

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<sup>126</sup> London Assembly, [GLA Oversight Committee: Transcript of Agenda Item 5 – Devolution for London – Q&A](#) 13 July 2022, p.22-23

<sup>127</sup> London Assembly, [GLA Oversight Committee: Transcript of Agenda Item 5 – Devolution for London – Q&A](#), 13 July 2022, p.23

<sup>128</sup> London Assembly, [GLA Oversight Committee: Transcript of Agenda Item 5 – Devolution for London – Q&A](#) 13 July 2022, p.22-23

### **Recommendation 12**

In light of results from Greater Manchester showing that health and social care devolution has had a positive impact on life expectancy, the Mayor should undertake a fresh review into devolution in this area, building on the work of the 2014 London Health Commission.

## Chapter four: An enhanced London Assembly

A New Agreement for London argued that any further devolution to London government must be balanced ‘by effective and appropriate scrutiny arrangements’.<sup>129</sup> The report called for the expansion of the following powers:

- to require the Mayor to publish a forward plan of decisions, which would increase the transparency of City Hall decision-making
- to summon information and cooperation from bodies outside the GLA group that are appointed by the Mayor, or have a significant London-wide role to play in delivering the Mayor’s strategies
- to reject the Mayor’s Police and Crime Plan
- to use a power of veto, via a binding confirmation hearing, to reject key Mayoral appointments (Deputy Mayors)
- to amend the Mayor’s budget (at a programme level) and the capital budget.

HoC LUHC Committee’s 2021 inquiry into devolution supports expanded powers for the London Assembly, including much of what was proposed in A New Agreement for London. In response to the DLUHC’s inquiry into devolution, the Government mainly stated that they had no plans to expand powers in this area, and that potential expansion of powers needed to be balanced against additional bureaucracy for the Mayor.<sup>130</sup> The Committee’s investigation also considered this aspect, and felt that it was achievable to strike this balance. Professor Tony Travers supported this view:

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*“The Assembly having enhanced scrutiny powers need not lead to massive amounts of bureaucracy. Giving the power to call in people and papers, which Select Committees have, could be strengthened both for them, frankly, and certainly for the scrutiny of city regional Mayors.”*

**Professor Tony Travers, Director of LSE London<sup>131</sup>**

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This chapter will take each recommendation from A New Agreement for London in turn, considering any progress made in these areas and what evidence the Committee has gathered during its investigation.

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<sup>129</sup> London Assembly Devolution Working Group, [A New Agreement for London](#), September 2015, p.9

<sup>130</sup> DLUHC, [Response to LUHC Select Committee Report on Progress on Devolution in England](#), 25 February 2022

<sup>131</sup> London Assembly, [GLA Oversight Committee: Transcript of Agenda Item 5 – Devolution for London – Q&A](#), 13 July 2022, p.32



## A forward plan of Mayoral decisions

The London Assembly has repeatedly called for a forward plan of the Mayor's decisions – including as recently as September 2022, when it passed a motion arguing that a forward plan would aid transparency, effective scrutiny and best use of resources. The motion also noted that local authorities are required to produce and maintain a public forward plan of key decisions. The TfL Board, and its committees and panels, also produce forward plans.<sup>132</sup>

Publication of a forward plan of mayoral decisions has also been supported by the HoC LUHC Committee in its most recent report into devolution in 2021.<sup>133</sup> The Government responded to the LUHC Committee's recommendation and said that requiring the Mayor to publish a forward plan 'could strengthen the scrutiny of the Assembly' but it would 'also introduce additional bureaucracy and [would] have to be balanced against the benefits of the strong mayoral model in London'.<sup>134</sup>

### Recommendation 13

The Mayor should publish a forward plan of decisions, which would increase the transparency of City Hall decision-making and support effective scrutiny.

## Summoning information and cooperation from bodies outside the GLA Group

The London Assembly has long called for powers to summons information and cooperation from bodies outside the GLA group that are appointed by the Mayor or have a significant London-wide role to play in delivering his strategies.<sup>135</sup> The HoC LUHC Committee supported this recommendation, and the recommendation that the London Assembly should be able to 'scrutinise other aspects of London governance beyond those overseen by the Mayoral administration'.<sup>136</sup>

In the London Assembly's evidence to the HoC LUHC Committee's inquiry into devolution in 2021, it called for an expansion of the current legislation. The London Assembly's current function is defined as keeping 'under review the exercise by the Mayor of the statutory functions exercisable by him'. The London Assembly argued: "20 years on from the

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<sup>132</sup> London Assembly, [Press Release: Mayor should publish a forward plan for transparency](#), 8 September 2022

<sup>133</sup> LUHC Committee, [Progress on devolution in England](#), October 2021, p.59

<sup>134</sup> DLUHC, [Response to LUHC Select Committee Report on Progress on Devolution in England](#), 25 February 2022

<sup>135</sup> These bodies are: ReLondon; London Pensions Fund Authority; the Museum of London; NHS London; the London Ambulance Service; the Environment Agency; The Royal Parks and The Royal Parks Operational Command Unit; Canal and River Trust; Arts Council England; English Heritage London Advisory Committee; the Port of London Authority; the Higher Education Funding Council for England; and the Civil Aviation Authority.

<sup>136</sup> LUHC Committee, [Progress on devolution in England](#), October 2021, p.59

establishment of London government, it is now time for a review of the London Assembly's statutory functions, as set out in Section 59 of the GLA Act." It also stated:

*"Broadening this function to allow the London Assembly to investigate and promote London matters beyond the mayoralty would give Assembly Members a proper basis on which to investigate matters affecting London, for example, London's health trusts, the ambulance service and privatised utilities such as Thames Water. These issues have a significant impact on the lives of Londoners, and it is right that the London Assembly plays a role in scrutinising them. Such a change would enable the London Assembly to truly represent the issues that matter to our city, rather than being limited in this exercise by the stipulations of our current statutory function."*<sup>137</sup>

The Government's response to HoC LUHC Committee's report stated:

*"At present the London Assembly is employed to scrutinise the London Mayor and this includes the scrutiny of police and transport through the Mayoral role. Other aspects of London governance are managed through London council governance arrangements."*<sup>138</sup>

However there are some agencies such as Thames Water or the Environment Agency that fall outside these London council governance arrangements.

## **The Mayor's Police and Crime Plan**

The London Assembly's Police and Crime Committee is required by statute to review the Mayor's draft Police and Crime Plan and publish a report or recommendations on it, but does not have the power to reject it. A New Agreement for London argued that the Police and Crime Committee should have the power to reject the Mayor's Police and Crime Plan.<sup>139</sup>

The HoC LUHC Committee has also supported this recommendation. In its response to the LUHC Committee's recommendation, the Government stated:

*"The London Assembly Police and Crime Committee has an important role in reviewing the Mayor's Police and Crime Plan, with the Mayor being required to have regard to any report or recommendation from the Panel in relation to the issuing or variation of the Police and Crime Plan. This is consistent with the role and powers of Police and Crime Panels across England and Wales."*<sup>140</sup>

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<sup>137</sup> HoC: LUHC Committee, [PDE 021](#), August 2019

<sup>138</sup> DLUHC, [Response to LUHC Select Committee Report on Progress on Devolution in England](#), 25 February 2022

<sup>139</sup> London Assembly Devolution Working Group, [A New Agreement for London](#), September 2015, p.17

<sup>140</sup> DLUHC, [Response to LUHC Select Committee Report on Progress on Devolution in England](#), 25 February 2022

## Veto powers and binding confirmation hearings

The London Assembly currently has powers to hold non-binding confirmation hearings when the Mayor proposes to make an appointment or reappointment for certain offices. These are: Chair or Deputy of TfL; Chair of the Cultural Leadership Board; Chair or Deputy Chair of the London Pensions Fund Authority; Chair of ReLondon, formerly the London Waste and Recycling Board; and Chair of a Mayoral Development Corporation.

At present, the London Assembly does not have the same confirmation hearing powers for the appointment of Deputy Mayors, the London Fire Commissioner or the Metropolitan Police Commissioner; nor for the Arts Council Board or the Board of the Museum of London. However, as statutory committees, the London Assembly Police and Crime Committee has power of veto for the Deputy Mayor for Police and Crime; and the Fire, Resilience and Emergency Planning Committee has power of veto for the Deputy Mayor for Fire Resilience.

A New Agreement for London recommended that the London Assembly should have the power of veto, via a binding confirmation hearing, to reject key Mayoral appointments (Deputy Mayors).<sup>141</sup>

The HoC LUHC Committee also recommended that the London Assembly should be able to call in and reject appointments for Deputy Mayors. In its response to the LUHC Committee's report, the Government stated that it is "not currently looking at changing the existing veto arrangements of the London Assembly in relation to Deputy Mayors" and did not provide its reasoning for this.<sup>142</sup>

The Committee heard evidence during its investigation that supported further powers around confirmatory hearings, including broadening who should be included within this. However, some experts felt that non-binding hearings were just as effective as binding, due to the public nature of the meetings.<sup>143</sup>

## Amending the Mayor's budget

A New Agreement for London recommended that the London Assembly should be able to amend the Mayor's budget (at a programme level) and the capital budget.<sup>144</sup>

The London Assembly has the power to reject and amend the Mayor's budget with a two-thirds majority, although this power has never been directly utilised. The London Assembly can put forward budget amendments to the Mayor with a simple majority at the Draft Consolidated Budget stage – the Mayor does not have to accept the amendments, but he does have to

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<sup>141</sup> London Assembly Devolution Working Group, [A New Agreement for London](#), September 2015, p.17

<sup>142</sup> DLUHC, [Response to LUHC Select Committee Report on Progress on Devolution in England](#), 25 February 2022

<sup>143</sup> London Assembly, [GLA Oversight Committee: Transcript of Agenda Item 5 – Devolution for London – Q&A](#), 13 July 2022, p.37

<sup>144</sup> London Assembly Devolution Working Group, [A New Agreement for London](#), September 2015

respond to them. The London Assembly also has the power to amend the Mayor’s budget with a two-thirds majority at the Final Draft Consolidated Budget stage.

Most recently, during the 2023-24 budget process, an amendment was approved by the London Assembly to increase the Ultra Low Emission Zone scrappage scheme, and to increase bus services in outer London.<sup>145</sup> The increase would have been funded by £100 million from the Transport Services Funding reserve and £25 million from the Environmental Improvement reserve.<sup>146</sup> The Mayor did not accept this amendment, stating:

*“The Transport Funding Reserve is an important contingency, given the financial risks facing Transport for London, with the Government removing its support for fares income at the end of 2023-24, and the high inflationary environment in the UK. These risks mean it is necessary for the Mayor to maintain a reserve in case additional financial support is required during 2023-24 or in setting the 2024-25 budget.”<sup>147</sup>*

At the final stage, there was insufficient support for a budget change.<sup>148</sup>

## Levelling up the London Assembly

London’s governance model is unique and its approach to devolution is bespoke. The London Assembly was established in 2000 and predates the creation of combined authorities and Metro Mayors. The Government’s approach to devolution in recent years suggests a preference for devolution, which reflects the combined authority approach, particularly with the proposed establishment of county combined authorities in the Levelling-up and Regeneration Bill. The Government concedes that scrutiny arrangements and resources in this model require improvement; and as the Government seeks to formalise and expand devolution across England, it is right that scrutiny and accountability is at the heart of devolution.<sup>149</sup>

The English Devolution Accountability Framework, published in March 2023, sets out how areas with devolution deals will be scrutinised and held to account, including the GLA. It places an explicit focus on questions about appropriate models of scrutiny in a devolution context, recognising the different approaches in different areas. It also sets out the Government’s intention to develop a Scrutiny Protocol that will ensure a ‘sustained culture of scrutiny’ in devolved authorities.<sup>150</sup> The framework presents both opportunities and questions for London’s scrutiny arrangements and the London Assembly.

The English Devolution Accountability Framework states:

*“Two decades on from the establishment of the Mayor of London and the London Assembly, the Government intends to review how current scrutiny and*

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<sup>145</sup> London Assembly, [Motion: Scrappage Scheme Funding](#), 23 February 2023

<sup>146</sup> [Liberal Democrat Group Budget Amendment](#), 26 January 2023

<sup>147</sup> [Final Draft Consolidated Budget 2023-24 Agenda](#), 23 February 2023

<sup>148</sup> [London Assembly Minutes](#), 23 February 2023

<sup>149</sup> DLUHC, [English Devolution Accountability Framework](#), 16 March 2023

<sup>150</sup> DLUHC, [English Devolution Accountability Framework](#), 16 March 2023

*accountability arrangements in London are operating in practice, exploring the strengths and challenges of the capital's devolution settlement, and how the Greater London Authority works and liaises with the London boroughs. This will be aimed at sharing best practice, learning lessons for other mayoral authorities and considering how current scrutiny arrangements may need to evolve over time.”<sup>151</sup>*

The Committee's recommendations, set out at the start of this document, reflect evidence from its current investigation into devolution which predates the Government's most recent commitments. The Committee notes that significant further work on the question of appropriate scrutiny models is planned. The Assembly will engage with this work in the months ahead.

The Levelling-up and Regeneration Bill focuses on increasing scrutiny functions within combined authorities. It is important, however, that improvements to scrutiny of the Mayor of London, through expanded powers to the London Assembly, are not overlooked. The Levelling-up and Regeneration Bill intends to improve scrutiny of combined authorities through changes to the provision of remuneration to support attendance at overview scrutiny and audit committees.<sup>152</sup>

The Bill also currently gives the Overview and Scrutiny committees at combined authorities the power to direct that a decision that has not yet been implemented must be paused whilst the Committee reviews it.<sup>153</sup> The GLA Oversight Committee would like to see these powers extended to include the London Assembly.

### Recommendation 14

The Committee reiterates its position that the Government should ensure that the enhanced scrutiny powers and accompanying remuneration contained within the Levelling-up and Regeneration Bill are extended to the GLA (the Mayor and the London Assembly).

The Committee wrote to the Government to recommend provision in the Levelling-up and Regeneration Bill that directs the Mayor to share a forward plan with the London Assembly.<sup>154</sup> The Committee believes this would further strengthen this Committee's effectiveness in identifying decisions that it may wish to pause and review. It does not appear that this recommendation has been taken forward through the Bill; however, the publication of the English Devolution Accountability Framework offers further opportunity to implement this. The Government 'intends to review how current scrutiny and accountability arrangements in London

<sup>151</sup> DLUHC, [English Devolution Accountability Framework](#), 16 March 2023

<sup>152</sup> UK Parliament, [Levelling-up and Regeneration Bill](#), May 2022

<sup>153</sup> UK Parliament, [Levelling-up and Regeneration Bill](#), May 2022

<sup>154</sup> London Assembly, [Letter on London's devolution demands](#), 17 October 2022

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are operating in practice, exploring the strengths and challenges of the capital’s devolution settlement’.<sup>155</sup>

Whilst not directly within the scope of the investigation, the Committee did hear evidence that pointed towards consideration of the GLA’s current governance arrangements; how the London Assembly currently operates; and how this could evolve, 20 years on from its establishment.

Alongside consideration of additional powers, the Committee also heard evidence that whilst the London Assembly is set up to operate politically, panellists felt that its scrutiny was most effective when it worked in a more non-partisan way. Recognising the constraints on resource, panellists agreed that identifying tight priorities, rather than attempting to cover large areas with limited capacity, was likely to generate most effective scrutiny outcomes.<sup>156</sup> The London Assembly will consider these issues in more detail in the coming Assembly year.

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<sup>155</sup> DLUHC, [English Devolution Accountability Framework](#), 16 March 2023

<sup>156</sup> London Assembly, [GLA Oversight Committee: Transcript of Agenda Item 5 – Devolution for London – Q&A](#), 13 July 2022, pp.33-35

## Chapter five: Levelling up – London left behind?

### A clear strategy for London

The Government describes levelling up as ‘creating opportunities for everyone across the UK’ and spreading ‘opportunity more equally across the UK’.<sup>157</sup> The Levelling Up White Paper describes how, despite the UK economy growing over the past century, geographical disparities have increased, with London and the South East seeing much benefit economically and socially.<sup>158</sup>

This narrative has raised concerns with some that London may not continue to benefit from much-needed investment through the levelling-up agenda. The Mayor of London has expressed concerns about the Levelling Up White Paper, stating that the Government ‘must recognise that levelling up the UK must not be about levelling down London and withholding the funding and investment our capital city desperately needs’.<sup>159</sup>

The Committee heard evidence supporting worries that the levelling-up agenda might mean that London receives less investment. Moreover, some panellists at the 16 June 2022 meeting were concerned that the levelling-up agenda, as it is currently positioned in the White Paper, does not provide a clear strategy for London. The levelling-up agenda focuses on building devolution deals across the UK, rather than considering how London could benefit from further powers. This is evidenced through the focus on the creation of county combined authorities, through the Levelling-up and Regeneration Bill, and through the negotiation of trailblazer devolution deals, which focus on deeper devolution and powers for GMCA and WMCA.

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*“Part of the challenge here is London already enjoys a high level of devolution compared to the rest of England, if not the rest of Britain, and the focus is elsewhere.”*

**John Dickie, Chief Executive, London First<sup>160</sup>**

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Nevertheless, the Committee was encouraged by the publication of the English Devolution Accountability Framework in March 2023, which does recognise the GLA and within that, the

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<sup>157</sup> UK Government, [Levelling Up Campaign](#)

<sup>158</sup> HM Government, [Levelling Up White Paper](#), 2 February 2022

<sup>159</sup> Mayor of London, [Press Release: Statement on Levelling Up White Paper](#), 2 February 2022

<sup>160</sup> London Assembly, [GLA Oversight Committee: Transcript of Agenda Item 6 – Levelling Up and Devolution for London – Q&A](#), 16 June 2022, p.4

London Assembly model and indicates that work will be undertaken to review and learn lessons from this model.<sup>161</sup>

Panellists who gave evidence at the 16 June 2022 meeting agreed that, because many areas in the UK are so much further behind in terms of devolution than London, and because of the huge inequalities seen across the UK, this has necessitated the focus on devolution and investment beyond London.<sup>162</sup>

The evidence that the Committee heard raises genuine concerns about this approach, or lack of approach, for London. The Committee is extremely concerned that London will receive neither the investment it requires to support growth and levelling up, nor the fiscal powers to raise funding for investment in the capital. This would be disadvantageous to not only London but also the rest of the UK. In 2019-20, prior to the pandemic, London's net positive contribution to the Treasury was around £36 billion annually. Only two other regions made a net positive contribution, with the South East contributing £20 billion and the East of England contributing £4 billion.<sup>163</sup>

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*“...if the Government wants to create a strategic fund for hanging baskets and London does not get to bid for any, it is not terribly fair but does not terribly matter provided the Government does continue to do things, like funding TfL, which really matters to London. If it goes much beyond that, then we will be in a world where we have neither the powers to raise the money ourselves, nor the ability to provide the vital investment London needs, and that will mean London over time sees its competitive position eroded against other world cities. That will be bad for London but it will also be bad for the Exchequer.”*

**Ed Hammond, Interim Chief Executive, Centre for Governance and Scrutiny (CfGS)<sup>164</sup>**

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Concerns raised in the Committee's investigation are also shared by some not-for-profit organisations and think-tanks. Future for London, a London-based network for cross-sector organisations in the built environment, argues:

*“London is used as a yardstick throughout the White Paper. Whether or not the Government genuinely thinks that London requires less attention, the White Paper*

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<sup>161</sup> DLUHC, [English Devolution Accountability Framework](#), 16 March 2023

<sup>162</sup> London Assembly, [GLA Oversight Committee: Transcript of Agenda Item 6 – Levelling Up and Devolution for London – Q&A](#), 16 June 2022, pp.1-2

<sup>163</sup> ONS, [Country and regional public sector finance: financial year ending 2020](#), 21 May 2021

<sup>164</sup> London Assembly, [GLA Oversight Committee: Transcript of Agenda Item 6 – Levelling Up and Devolution for London – Q&A](#), 16 June 2022, pp.16-17



*presents the situation in these terms: it's the rest of the country, not London, which needs levelling up.*<sup>165</sup>

Whilst the Levelling Up White Paper goes some way to acknowledging and assessing the specific challenges faced by London, it does not provide a clear strategy to tackle these. Neither the White Paper nor the Bill offer a clear position on what the Government expects in terms of the trajectory of growth for its capital city. In seeking to enhance devolution to other parts of the country, it is essential that the London picture doesn't simply become a static bar against which others are compared. London has a vital role to play in contributing to the whole of the UK's growth and the Committee strongly believes that the levelling-up agenda must fairly consider the benefits of investment in London.

### Recommendation 15

The Government and the Mayor must commit to working together, and with stakeholders, to develop a clear, long-term investment strategy for London.

## Levelling up London

Whilst the Levelling Up White Paper does go some way to recognise that disparities are seen not only between but also within regions, the Committee does not feel that the Levelling Up White Paper goes far enough to paint the true picture in London.

London has the UK's highest percentage of individuals in low-income households. London consistently has higher unemployment rates than the rest of the UK, and saw the steepest increases in unemployment during the pandemic. London has greater wealth inequality than the rest of the UK, with the poorest half of households in London owning 4 per cent of the capital's wealth. In comparison, the poorest half in the rest of the UK own 9 per cent of wealth in London.<sup>166</sup>

Trust for London has raised concerns about the impact of levelling up on poverty in London arguing that 'it is hard not to conclude that low-income Londoners will be levelling up's collateral damage'.<sup>167</sup> London Councils has similarly stated that the White Paper 'provides little assurance that deprived communities in the capital will benefit'.<sup>168</sup>

The methodology and prioritisation in the Levelling Up fund also raises questions of how London is viewed within the levelling-up agenda. Local authorities are placed in tiers one to three, with one being the most in need and receiving priority for funding, as well as funding to

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<sup>165</sup> Future for London, [Spotlight: London's role in the Levelling Up Agenda](#), 16 February 2022

<sup>166</sup> Mayor of London, [Levelling Up](#)

<sup>167</sup> Trust for London, [Levelling Up: Making the case for London](#), 11 October 2021

<sup>168</sup> London Councils, [Levelling up risks letting down Londoners](#), 2 February 2022

support the creation of a funding bid. This has seen the majority of London boroughs placed in tiers two or three, with only one placed in tier one in the most recent round of funding.<sup>169</sup>

Researchers at the University of Sheffield have looked into how regeneration funding was being spent. In round one of the Levelling Up Fund, London was allocated just under £65 million out of a total of £1.7 billion. This amounted to £7.37 funding per head population, the lowest of all regions.<sup>170</sup> Since this research was published, round two of the Levelling Up Fund was announced. Eight schemes in London secured funding, totalling just over £151 million out of £2.1 billion available.<sup>171</sup>

In March 2023, the Government announced the rolling out of ‘Levelling Up Partnerships’ which will ‘provide bespoke place-based regeneration in an initial twenty of England’s areas most in need of levelling up over 2023-24 and 2024-25’. The Government states that partnership locations were considered against four key metrics to show greatest need: the percentage of adults with Level 3+ qualifications; gross value added per hour worked; median gross weekly pay; and healthy life expectancy. No London boroughs have been selected.<sup>172</sup>

The Committee is concerned that the metrics used for the Levelling Up policy programme do not accurately consider the specific challenges that London faces. For example, poverty rates in London increase from 16 per cent to 28 per cent after taking housing costs into consideration. This increase is much smaller for the rest of England, where poverty rates increase from 17 per cent to 21 per cent after housing costs are accounted for.<sup>173</sup> London Councils has raised similar concerns that in many of the Levelling Up missions proposed, London performs more poorly than other regions; and that, ‘depending on the matrix used, the missions may overlook the large variations within the capital in areas such as pay, employment and productivity’.<sup>174</sup>

The levelling-up agenda must fairly present the challenges that London faces, particularly with regard to inequality and poverty, and ensure that investment is equitably distributed throughout the UK.

## Recommendation 16

The Government must ensure that any measures as part of the levelling-up agenda include interventions to tackle inequality within London.

The Levelling-up and Regeneration Bill will create a legal duty for the Government to set and report on its 12 Levelling Up missions. Through the Bill, the Government will need to set metrics and target dates for each mission and report annually on its progress.<sup>175</sup>

<sup>169</sup> DLUHC, [Levelling Up Fund Round 2: updates to the Index of Priority Places](#), 23 March 2022

<sup>170</sup> University of Sheffield, [Fair Funding for Devolution?](#), September 2022, p.22

<sup>171</sup> [Levelling Up Fund Round 2: updates to the Index of Priority Places](#)

<sup>172</sup> DLUHC, [Press release: Levelling Up at heart of Budget](#), 15 March 2023

<sup>173</sup> Trust for London, [Poverty before and after housing costs](#)

<sup>174</sup> London Councils, [Levelling-up and Regeneration Bill briefing](#), January 2023

<sup>175</sup> HM Government, [Levelling-up and Regeneration Bill](#)

The Committee welcomes the Government's move to reporting on progress made in this area to ensure that the Government can be held to account. The Committee understands that the GLA is engaging with the DLUHC to ensure that the metrics adequately cover London's challenges. The Committee supports this engagement and hopes to see progress in this area.

The Levelling Up White Paper mentions the disparities and challenges facing London and states that the Levelling Up Advisory Council will consider how to ensure that London's 'complex economic geography and socio-economic spectrum' can benefit from Levelling Up.<sup>176</sup> As of February 2023, the Advisory Council had met seven times since the start of 2022 and the Council continues to establish sub-groups and workstreams in particular areas. The Council is considering four key issues currently, including 'how to ensure London's complex economic geography and socio-economic spectrum can further benefit from levelling up, in the context of broader thinking about levelling up implementation in different places in the UK'.<sup>177</sup> The Committee is pleased to see that consideration of London's role in Levelling Up continues to be an area of discussion and looks forward hearing the outcome of this workstream.

According to the Government, the purpose of the Levelling Up Advisory Council is to provide 'candid, expert advice to inform, support and challenge ministers'.<sup>178</sup> The Committee believes that the work of the Levelling Up Advisory Council must be reflected in the metrics and must inform the annual reporting of progress. The metrics used for the Levelling Up missions are key to ensuring that London continues to grow alongside regions across the UK.

### Recommendation 17

Annual reporting on the Levelling Up missions must include metrics that will support London to 'level up'; and must reflect the work that will be undertaken by the Levelling Up Advisory Council.

The Levelling Up White Paper sets out a high-level Devolution Framework that authorities, including the GLA, can use to bid for further powers. It describes the framework as designed to 'create a clear and consistent set of devolution pathways for places, enabling them to widen and deepen their devolved powers'.<sup>179</sup> In addition to the Devolution Framework, the White Paper states that 'before new devolution deals are agreed, a new accountability framework will be finalised'. As described earlier in this report, the English Devolution Accountability Framework was published in March 2023 and is separate to the Devolution Framework, setting out the scrutiny mechanisms for devolved institutions.<sup>180</sup>

<sup>176</sup> HM Government, [Levelling Up White Paper](#), 2 February 2022, p.156

<sup>177</sup> DLUHC, [Letter to LUHC Select Committee from Minister for Levelling Up](#), 14 February 2023

<sup>178</sup> DLUHC, [Letter to LUHC Select Committee from Minister for Levelling Up](#), 14 February 2023

<sup>179</sup> HM Government, [Levelling Up White Paper](#), 2 February 2022, p.136

<sup>180</sup> HM Government, [Levelling Up White Paper](#), 2 February 2022, p.139

The Mayor and the GLA already have many of the powers contained in the Devolution Framework set out in the Levelling Up White Paper. There are several areas where London could potentially benefit from further powers and funding. The Committee believes that the establishment of a Devolution Framework is a positive move, allowing for transparency and consistency in how devolution deals are agreed.

The Committee heard concerns that if not done properly, there is a risk that the framework could in fact constrain London's devolution ambitions. The Committee is concerned that the White Paper and Government's approach to devolution and levelling up sets London as the 'ceiling' or 'benchmark' for other authorities to aspire towards.

One particular example of this in the White Paper is the Levelling Up mission that states: "By 2030, local public transport connectivity across the country will be significantly closer to the standards of London."<sup>181</sup> The Committee recognises that London benefits from a world-class public transport system and that other regions must have the opportunity to develop their own. Nevertheless, the Committee is concerned that framing this mission around London being the benchmark or the ceiling does not take into consideration that London's public transport system must be maintained and continue to see growth and improvement if it is to keep pace with, and further aid, economic recovery in the capital. Not all parts of the capital have the same access to quality transport services either and require investment and improvement.

Transport is one example of where the Committee feels that the White Paper seeks to place London as a yardstick for devolution and growth. The Committee believes it will be essential to avoid seeing the current London position as a static model for the future, which limits the scope to review and reform the London picture, where appropriate and necessary to do so.

The White Paper does state that 'there will be scope to negotiate further powers on a case-by-case basis' and 'an opportunity to adopt innovative local proposals to address specific challenges and opportunities'.<sup>182</sup> The Committee welcomes this opportunity, and wrote to the Minister for London in October 2022 to seek reassurance on this point. The Minister for London, in his reply to the Committee, stated that whilst the focus remains on negotiating trailblazer deals and extending devolution in the County Combined Authority areas, the Government remains 'open to receiving further bids for powers'.<sup>183</sup>

Though the Committee welcomes progress made with the publication of the English Devolution Accountability Framework, it eagerly awaits more information and detail on the Devolution Framework set out in the Levelling Up White Paper. The Committee heard evidence from experts who felt that the Devolution Framework, in its current form in the White Paper, was vague and that the extent to which London might benefit from the framework is dependent on its implementation.

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<sup>181</sup> HM Government, [Levelling Up White Paper](#), 2 February 2022, p.120

<sup>182</sup> HM Government, [Levelling Up White Paper](#), 2 February 2022 p.139

<sup>183</sup> London Assembly, GLA Oversight Committee meeting 12 January 2023, agenda item 4, [appendix 1](#)

It is clear that the Devolution Framework, as currently set out in the White Paper, falls short of the recommendations made by the LFC, discussed earlier in this report. The Committee again urges the Government to ensure that London has the scope to go beyond. Whilst it is necessary that other regions have the opportunity to develop meaningful devolution deals, further devolution in London must not be forgotten.

### Recommendation 18

The Government should ensure that the Levelling Up missions do not consider London's current arrangements as the 'ceiling' or 'benchmark'; and that the missions and Devolution Framework do not limit London's potential for further growth and devolution.

## Empowering local leadership

As already discussed in this report, the Levelling-up and Regeneration Bill would place a duty on the Government to publish a 'statement of levelling-up missions', including target dates and metrics, and a duty to report progress annually. The Bill in its current form allows the Government to modify a mission statement and update metrics and target dates.<sup>184</sup>

One of the 12 missions is: "By 2030, every part of England that wants one will have a devolution deal with powers at or approaching the highest level of devolution and a simplified, long-term funding settlement."<sup>185</sup>

The Committee welcomes the Government's refocus on English devolution, which has been a consistent area of interest and of cross-party agreement for the London Assembly over the last decade. However, the Committee is concerned that this mission could be undermined by the Government's approach to Levelling Up detailed in the White Paper and proposed Bill.

Ed Hammond told the Committee he was concerned that the Government's proposal to record progress and delivery against missions could in fact place more power in the hands of the Government, who decides what is effective and what is not, and moreover, who gets funding as a result. Ed Hammond argued that this was a 'fundamental challenge' to a more expansive model of devolution, which focuses on partnership and long-term outcomes.<sup>186</sup>

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*"It is about the Government ... saying, 'We are the ones who are making the judgement about what works here. We are the ones who are deciding what is effective and what is not effective.' The implication is, 'We are then using it to*

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<sup>184</sup> HM Government, [Levelling-up and Regeneration Bill](#)

<sup>185</sup> HM Government, [Levelling Up White Paper](#), 2 February 2022, p.27

<sup>186</sup> London Assembly, [GLA Oversight Committee: Transcript of Agenda Item 6 – Levelling Up and Devolution for London – Q&A](#), 16 June 2022, p.11

*decide what we decide to fund and devolve and what we do not decide to fund and devolve.’ That is a fundamental challenge to a more open, expansive and pluralistic model of devolution, which is about partnership, working together at a local and national level, coming to collective decisions, bringing local people along with you.”*

### **Ed Hammond, Interim Chief Executive, CfGS<sup>187</sup>**

As stated in the Levelling Up White Paper, ‘levelling up will only be successful if local actors are empowered to develop solutions that work for their communities’.<sup>188</sup> The Committee is concerned about the impact of the statutory reporting of the Levelling Up missions, which could run the risk of local leaders altering their priorities to the detriment of their local areas, to fit with the Government’s priorities. This concern is further highlighted in the White Paper, which states:

*“Locally-led funds give local leaders the ability to deliver noticeable improvements to communities and foster pride in place, within a framework of strategic priorities determined by the UK government.”<sup>189</sup>*

As stated earlier in this chapter, the Committee welcomes the Government’s plans to measure the impact of its levelling up programme, however the Committee seeks assurance that this will not negatively impact the work of local leaders.

Whilst it is important that there is a consistent and strategic approach to growth across the whole of the UK, the Levelling Up Bill must ensure that local leaders are empowered to deliver local priorities. The missions should be responsive to emerging or changing local priorities, particularly where these are common across a number of regions. The Levelling Up missions must not negatively impact or change the priorities of local leaders, which would be at odds with the Government’s own priorities within the Bill to empower local leaders and support further devolution. London Councils has similarly raised concerns, stating that ‘London boroughs want to lead on local levelling up’ and arguing that ‘decisions should be made as closely as possible to the communities affected’.<sup>190</sup>

**Recommendation 19** Levelling Up missions must be responsive to emerging or changing local priorities; and the statutory reporting of missions must not impede the ability of local leaders to prioritise what is most important for their areas.

<sup>187</sup> London Assembly, [GLA Oversight Committee: Transcript of Agenda Item 6 – Levelling Up and Devolution for London – Q&A](#), 16 June 2022, p.11

<sup>188</sup> HM Government, [Levelling Up White Paper](#), 2 February 2022 p.234

<sup>189</sup> HM Government, [Levelling Up White Paper](#), 2 February 2022, p.234

<sup>190</sup> London Councils, [Levelling up risks letting down Londoners](#)

## Net zero

The Devolution Framework offers the ‘opportunity to adopt innovative local proposals to deliver action on climate change and the UK’s Net Zero targets’.<sup>191</sup> The White Paper points to Green Finance as a potential area for employment and skills in London.<sup>192</sup>

The Mayor announced in December 2020 that he had commissioned the Green Finance Institute to explore opportunities to ‘maximise the flow of private capital into London’s environmental priorities’.<sup>193</sup> The Mayor’s budget for 2022-23 supports the development of a green finance facility that will help support ‘the capability for greater private sector investment’ in London.<sup>194</sup> In November 2021, the Mayor committed to £30 million in funding for the Mayor’s Energy Efficiency Fund which expects to leverage up to £150 million investment into London projects. In February 2022, the Mayor announced £90 million towards new green bonds which would help to unlock ‘over £500 million’ to finance low-carbon projects.<sup>195</sup>

At the November 2022 meeting, the GLA Oversight Committee was told that ‘interest rates have more than doubled since [the GLA] started [its] planning process for [the Green Bonds programme], therefore the money that [it] put[s] aside potentially will go less far’. The GLA Assistant Director for Group Treasury and Chief Investment Officer told the Committee, “If we were doing a like-for-like calculation of the type that we did at the time of the announcement, that £500 million is probably more like £320 million, something like that.”<sup>196</sup>

It is not clear yet whether London could benefit from the ‘opportunity to adopt innovative local proposals to deliver action on climate change’ within the Devolution Framework and whether devolution of funding would be available to support this.<sup>197</sup> As mentioned earlier in this chapter, experts told the Committee that the Devolution Framework was vague.

Jeremy Skinner, Assistant Director for City Intelligence at the GLA, stated that the Mayor and London boroughs do already have the powers to innovate in this area. However, Jeremy Skinner identified that the issue is scale and the challenge of scaling up projects for 32 boroughs across London.<sup>198</sup>

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<sup>191</sup> HM Government, [Levelling Up White Paper](#), 2 February 2022, p.140

<sup>192</sup> HM Government, [Levelling Up White Paper](#), 2 February 2022, p.54

<sup>193</sup> Mayor of London, [Press release: Mayor renews efforts to mobilise green investment for London](#), 11 December 2020

<sup>194</sup> GLA, [GLA Consolidated Budget and Component for Budgets for 2022-23](#), March 2022, p.16

<sup>195</sup> Mayor of London, [Press release: Mayor announces £90 million towards new green bonds](#), 15 February 2022

<sup>196</sup> London Assembly, [GLA Oversight Committee. Transcript of Agenda Item 6 – The GLA’s Green Bonds Programme](#), 9 November 2022, p.9

<sup>197</sup> HM Government, [Levelling Up White Paper](#), 2 February 2022, p.140

<sup>198</sup> London Assembly, [GLA Oversight Committee: Transcript of Agenda Item 6 – Levelling Up and Devolution for London – Q&A](#), 16 June 2022, p.13

### **Recommendation 20**

The Mayor should work with London Councils to explore further opportunities to scale up net-zero initiatives currently funded by the GLA.

### **Recommendation 21**

The Government must give more clarity on the powers contained within the Levelling Up Devolution Framework – particularly the net-zero local-proposals aspect – so that the Mayor can understand how the powers go beyond what he is already doing, and how these allow him to scale up climate action initiatives with key performance indicators.



## Committee Activity

The Committee held two formal meetings, on 16 June and 13 July 2022 respectively, and heard evidence from a range of experts in this area, including GLA officers. The first meeting looked at the history of devolution in London, examined the Levelling Up White Paper and Bill, and assessed what opportunities were available to London. The second meeting considered further opportunities for devolution in London, including the role of the London Assembly.

Panel for 16 June 2022 meeting:

- John Dickie – Chief Executive, Business LDN (formerly London First)
- Ed Hammond – Interim Chief Executive, Centre for Governance and Scrutiny
- Jeremy Skinner – Assistant Director City Intelligence, GLA
- Enver Enver – Assistant Director Group Finance and Performance, GLA

Panel for 13 July 2022 meeting:

- Professor Tony Travers, Director of LSE London
- Claire Harding, Research Director, Centre for London
- Akash Paun, Devolution Programme Director, IfG
- Jeremy Skinner, Assistant Director City Intelligence, GLA
- Enver Enver, Assistant Director Group Finance, GLA

As part of this investigation, the Committee submitted evidence to the Public Bill Committee on the Levelling-up and Regeneration Bill on 5 September 2022.<sup>199</sup>

The Committee also wrote to the Minister for London, Paul Scully, on 17 October 2022 and received a response on 13 December 2022.<sup>200</sup>

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<sup>199</sup> [LRB57](#)

<sup>200</sup> GLA Oversight Committee, [Letter on London's devolution demands](#), 17 October 2022, and GLA Oversight Committee meeting 12 January 2023, agenda item 4 [appendix 1](#)

## Other formats and languages

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### Vietnamese

Nếu ông (bà) muốn nội dung văn bản này được dịch sang tiếng Việt, xin vui lòng liên hệ với chúng tôi bằng điện thoại, thư hoặc thư điện tử theo địa chỉ ở trên.

### Greek

*Εάν επιθυμείτε περίληψη αυτού του κειμένου στην γλώσσα σας, παρακαλώ καλέστε τον αριθμό ή επικοινωνήστε μαζί μας στην ανωτέρω ταχυδρομική ή την ηλεκτρονική διεύθυνση.*

### Turkish

Bu belgenin kendi dilinize çevrilmiş bir özetini okumak isterseniz, lütfen yukarıdaki telefon numarasını arayın, veya posta ya da e-posta adresi aracılığıyla bizimle temasa geçin.

### Punjabi

ਜੇ ਤੁਸੀਂ ਇਸ ਦਸਤਾਵੇਜ਼ ਦਾ ਸੰਖੇਪ ਆਪਣੀ ਭਾਸ਼ਾ ਵਿਚ ਲੈਣਾ ਚਾਹੋ, ਤਾਂ ਕਿਰਪਾ ਕਰਕੇ ਇਸ ਨੰਬਰ 'ਤੇ ਫ਼ੋਨ ਕਰੋ ਜਾਂ ਉਪਰ ਦਿੱਤੇ ਡਾਕ ਜਾਂ ਈਮੇਲ ਪਤੇ 'ਤੇ ਸਾਨੂੰ ਸੰਪਰਕ ਕਰੋ।

### Hindi

यदि आपको इस दस्तावेज़ का सारांश अपनी भाषा में चाहिए तो उपर दिये हुए नंबर पर फोन करें या उपर दिये गये डाक पते या ई मेल पते पर हम से संपर्क करें।

### Bengali

আপনি যদি এই দলিলের একটা সারাংশ নিজের ভাষায় পেতে চান, তাহলে দয়া করে ফো করবেন অথবা উল্লেখিত ডাক ঠিকানায় বা ই-মেইল ঠিকানায় আমাদের সাথে যোগাযোগ করবেন।

### Urdu

اگر آپ کو اس دستاویز کا خلاصہ اپنی زبان میں درکار ہو تو، براہ کرم نمبر پر فون کریں یا منکورہ بالا ڈاک کے پتے یا ای میل پتے پر ہم سے رابطہ کریں۔

### Arabic

الحصول على ملخص لهذا المستند بلغتك،  
فارجاء الاتصال برقم الهاتف أو الاتصال على  
العنوان البريدي العادي أو عنوان البريدي  
الالكتروني أعلاه.

### Gujarati

જો તમારે આ દસ્તાવેજનો સાર તમારી ભાષામાં જોઈતો હોય તો ઉપર આપેલ નંબર પર ફોન કરો અથવા ઉપર આપેલ ટપાલ અથવા ઇ-મેઇલ સરનામા પર અમારો સંપર્ક કરો.

## Connect with us

### The London Assembly

City Hall  
Kamal Chunchie Way  
London E16 1ZE

Website: <https://www.london.gov.uk/who-we-are/what-london-assembly-does>

Phone: 020 7983 4000

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