ENGLISH DEVOLUTION

SUMMARY

English devolution is a complex and evolving policy process with national, regional and local strata, and a number of cross-cutting narratives.

At national level, the Cities and Local Government Devolution Bill provides the legislative framework for the current round of devolution deals. It provides context for the two principal national policy narratives which are, firstly, to rebalance the economy and, secondly, to secure public service efficiencies. The local level adds complexity with deals sitting across a patchwork of existing and intended infrastructure, including the domains of local growth via Local Enterprise Partnerships (LEPs), city deals, growth deals, combined authorities, enterprise zones, university enterprise zones, and science and innovation audits; local transport and connectivity projects; and, finally, health and social care services. At regional and meta-regional level, political attention is focused on initiatives such as the Northern Powerhouse and the Midlands Engine.

Higher education is not very visible in public discussions and official announcements of devolution. However, universities, as providers of education and skills, significant economic actors, large employers, and often as leaders in local growth initiatives, should have central roles to play and will have a keen interest in any devolution of public funding. It is important to understand that this is a wider agenda than local growth, with devolved public sector budgets for integrated health and social care providing substantial – but arguably unaligned – incentives for local authorities to engage.

This briefing examines the bill, the devolution deal process, and implications for higher education across the various domains of university activity that may be affected including innovation, skills, knowledge infrastructure, health sciences and health professional education. It also touches on the impact this evolving policy process may have on the important relationship between universities and place.
THE CITIES AND LOCAL GOVERNMENT DEVOLUTION BILL

The Cities and Local Government Devolution Bill aims to make it simpler to devolve more powers to more places. It is an enabling legislation that frames rather than designates, and is largely technical in nature. It is intended to allow for the implementation of devolution agreements with combined authority areas and with other areas. It will enable secondary legislation including the provision for an elected mayor for a combined authority, the conferring of any local government function or public authority function on a combined authority, and enabling any public authority function relating to an area to be conferred on a county council or district council.

Elected mayors have been a particular issue in discussions both within parliament and in local areas (and this issue is often picked up in local newspapers). Greg Clark, Secretary of State for Communities and Local Government, has responded that, ‘the Bill does not include the ability to impose any particular form, whether it be a combined authority, a different combination of authorities or a mayor. It provides for the ability to give expression to an agreement made between authorities, which I think is the right approach… under the Bill, it is open to different authorities to put arrangements together’. However, the five devolution deals announced since September 2015, and the Manchester devolution agreement from September 2014, all agree to ‘metro mayors’ and elections for these will take place in 2017.

Where combined authorities choose to have elected mayors, universities as major employers and staff and students as a major constituency should attract the interest of mayoral hopefuls. This provides an opportunity to raise the profile of the university by attending and raising questions at election events, or perhaps hosting them.

An explanatory note and House of Commons briefing paper on the bill are available online.

THE 38 DEVOLUTION BIDS TO GOVERNMENT

Local areas were invited to submit proposals for devolution to government for the Comprehensive Spending Review (CSR) submission deadline on 4 September 2015. Thirty-eight devolution bids were received by government, including three from Scotland and one from Wales. The full list of devolution proposals received on 4 September is available on the government website. The Local Government Association (LGA) has collected the publically available submissions on its website.

Universities UK analysed 32 bids in the public domain. See the annexe for an analysis of all keyword searches.

Innovate UK was referenced in five bids. Gloucestershire and Sheffield City Region both propose alignment of regional initiatives or efforts with national services, while Hampshire and the Isle of Wight, Leeds City Region, and York, North Yorkshire and East Riding suggest greater regional influence, or direct responsibility for elements of Innovate UK’s budget.

HEFCE was referenced in four bids (Cumbria, Greater Lincolnshire, Leeds City Region and London). The emphasis of the bids is long-term commitment to investment, and greater influence over national investment in higher education so that it is better linked to the priority areas of the region.
Science and innovation audits were referenced in four bids (Hampshire and the Isle of Wight, Sheffield City Region, Surrey, West Sussex and East Sussex). Audits were recognised as a way to identify priority sectors to focus resource or seek additional investment. The government confirmed support for a science and innovation audit as part of the Sheffield City Region devolution deal in October.

All bids identified, to some extent, areas of local strength or advantage. However, only one bid made specific reference to smart specialisation, a process of setting priorities on the basis of evidence about a region’s competitive advantages. Surrey, West Sussex and East Sussex aimed to ‘give full effect to smart specialisation by actively linking our universities and research institutions to innovating firms and supply chains’.

**DEVOLUTION DEALS ANNOUNCED TO DATE**

Three devolution agreements were in place before the 4 September deadline for submissions to the CSR, which was also the deadline for devolution proposals: West Yorkshire Combined Authority, Greater Manchester Combined Authority, and Cornwall.

Following the September deadline, a further six deals have been announced. It is expected that more will follow. A deal for Sheffield City Region was announced on 2 October, deals for the North East and Tees Valley on 23 October, Liverpool City Region and West Midlands Combined Authority in mid-November and London health and social care on 15 December.

The Spending Review and Autumn Statement on 25 November described a ‘devolution revolution’ and, although no further deals were announced, the government said it will work towards devolution deals with other regions and that the Department for Communities and Local Government (DCLG) will continue to oversee delivery of these.

Eight of the nine deals announced to date facilitate a transfer of powers for employment and skills, transport, planning and investment from central government to local areas. Five of the post-September deals offer support for science and innovation audits, with some adding that the audit may provide government with part of the evidence base on which to make decisions on Catapult centres. The government offers Liverpool, Tees Valley and Sheffield dedicated workshops with the Smart Specialisation Advisory Hub. The majority of deals allow for devolution of adult skills budgets, with investment funds subject to a jointly agreed five-yearly gateway assessment process to confirm the investment has contributed to economic growth.

**UNIVERSITIES AND ECONOMIC GROWTH**

It is clear that devolution deals will have an impact on universities and that it is very important for universities to engage with local stakeholders to understand and influence the devolution agenda in their localities. Universities have a strong track record of effective engagement with LEPs, with a university represented on most LEP boards and many subcommittees. This engagement needs to be replicated with combined authorities. In some areas combined authorities are aligned with LEPs, whereas in others they cut across or bypass them.

With government devolving powers and funding in infrastructure, transport, and skills budgets, universities will want to keep an eye out for discussions over devolution of other funding streams. A set of leaked ‘asks’ from the West Yorkshire Combined Authority in July 2015 included a demand for joint

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1 The exception is the London health devolution.
2 [http://smartspecialisationhub.ktn-uk.org/](http://smartspecialisationhub.ktn-uk.org/)
responsibility over Higher Education Innovation Funding (HEIF), Catalyst and Innovate UK funding. This demand does not appear to have surfaced in final devolution deal submissions.

Often a university (or universities) is the largest employer in an area, and plays a central role in the economy and engaging with local communities. There are huge opportunities for universities to deliver skills training and innovation and business support to solve local problems. Universities have the people and knowledge to help drive local growth, and have much to offer in strengthening and delivering devolution settlements.

The government has repeatedly stressed that all devolution deals should be tailor-made and locally-led: a Manchester model won’t fit other cities, for example. Universities have a long history of helping local areas identify needs and provide evidence on local strengths, for example leading on the development of LEP Strategic Economic Plans. Coupled with science and innovation audits (which may be university-led) being proposed in devolution bids and supported in several devolution deals, universities can play a role in the provision of evidence and analysis.

Universities should also be aware of the potential for so-called ‘double devolution’. The government has called for decisions to be taken, where possible, at the lowest level of government at which they can effectively be taken. Double devolution is a second phase of devolution to smaller councils and neighbourhoods occurring in the wake of devolution deals being agreed by combined authorities. In effect this is a form of ‘micro-localism’ and may have implications for universities where they fall within an area of double devolution.

It should be remembered that the UK is starting from a far lower devolution base, and a more centralised system, than many other countries; even London is relatively weak when compared to other city governments across the world. However, local authorities will be keen to engage now to avoid missing further devolution opportunities further down the line, and universities should also be a part of these conversations, and should proactively engage with local authorities.

**DEVOLUTION OF HEALTH AND SOCIAL CARE**

While a number of the devolved powers impact upon universities as organisations within a combined authority’s geography, such as planning and transport, the devolution of health funding directly affects an area of significant importance to universities. The health-higher education interface is not only high value – with significant public budgets deployed within the two broad domains of health professional education and health research and innovation – but also complex in its interrelation of national policies and local contexts, multiple professions and high public expectation.

Health cuts across both narratives of devolution policy. Firstly, health research and innovation – supporting inward investment or wealth generation through technology transfer – has been highlighted in many bids in support of the local and regional growth agenda. In Greater Manchester, for example, Health Innovation Manchester (HIM), launched in September 2015, brings together key partners from across the regional health and wealth system including Manchester Academic Health Science Centre, Greater Manchester Academic Health Science Network, the Clinical Research Network, Manchester Science Partnerships and Manchester Growth Company. Professor Dame Nancy Rothwell, President and Vice-Chancellor of the University of Manchester, described this system-wide approach to health innovation as follows: ‘We already work closely with our NHS and industry partners, but HIM means that ideas can move much more quickly from the lab to having an impact on people in Greater Manchester, and ultimately around the world.’
In the public mind, the devolution of academic health science in Greater Manchester is adjunct to the devolution of £6 billion health and social care budgets to local control. Constituting 5% of the national NHS budget, ‘DevoManc’ aims to provide a joined up and accountable universal care service to its citizens.

Along with the other major devolutions of health budgets in Cornwall and across London, questions remain about what will actually devolve to local control, counter to the mandates of national bodies including Health Education England, the National Institute for Health Research and NHS England itself.

UNIVERSITIES UK PROGRAMME ON ENGLISH DEVOLUTION

Universities UK will be seeking to influence the development of devolution in England to ensure that the anchor role of universities, both economically and socially, is recognised and enhanced.

We will share intelligence with members on the development of the devolution agenda, both in terms of local initiatives and the impact on national policy and funding streams including those for health education and health research.

We will also work closely with the LGA, HEFCE and the Cities and Local Growth Unit (a cross-departmental unit that sits within DCLG), and will run joint seminars and roundtables. The first of these, on ‘Understanding Devolution: What implications for universities?’ was held on 20 October 2015. The presentations are available on the UUK website.
## ANNEXE: ANALYSIS OF DEVOLUTION BIDS IN PUBLIC DOMAIN

<table>
<thead>
<tr>
<th>Search term</th>
<th>Analysis</th>
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<tbody>
<tr>
<td>Innovate UK</td>
<td>Innovate UK was referenced in five bids (Gloucestershire, Hampshire and the Isle of Wight, Leeds City Region, Sheffield City Region and York, North Yorkshire and East Riding). The content varies substantially: Gloucestershire and Sheffield City Region propose alignment of regional initiatives or efforts with national services, while the remaining three bids suggest greater regional influence, or direct responsibility for the elements of Innovate UK’s budget.</td>
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<td>HEFCE</td>
<td>HEFCE was referenced in four bids (Cumbria, Greater Lincolnshire, Leeds City Region and London). The emphasis of the bids is long-term commitment to investment, and greater influence over national investment in higher education so that it is better linked to priority areas (of the region).</td>
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<td>Degree apprenticeships</td>
<td>The search for ‘degree apprenticeships’ yielded no results.</td>
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<td>Science and innovation audits</td>
<td>Science and innovation audits were referenced in four bids (Hampshire and the Isle of Wight, Sheffield City Region, Surrey, West Sussex and East Sussex). Audits were recognised as a way to identify priority sectors to focus resource or seek additional investment. For example, Hampshire and the Isle of Wight suggested that they would ‘develop a full business case for a locally focussed but nationally significant Catapult’ in an area to be identified by the Audit.</td>
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<td>Research councils</td>
<td>One area, Leeds City Region, referenced the Research Council. The bid proposes that a Research Council be relocated to the area.</td>
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<td>HEIF &amp; Higher Education Innovation Fund</td>
<td>The search for ‘HEIF’ and ‘Higher Education Innovation Fund’ yielded no results.</td>
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<td>Smart cities</td>
<td>The search for ‘Smart cities’ yielded no results.</td>
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| Smart specialisation | All 35 identified, to varying extent, areas of local strength or advantage. However, only one bid made specific reference to ‘smart specialisation’ (Surrey, West Sussex & East Sussex).

Universities played a prominent role in smart specialisation: Surrey, West Sussex and East Sussex aimed to ‘give full effect to smart specialisation by actively linking our universities and research institutions to innovating firms and supply chains.’ |
| Health | There was a range of responses: Cornwall plans to move to a single model of joint commission and procurement, ultimately uniting budgets from a wide range of existing bodies – including NHS England, the DWP, and Cornwall Council.

Hampshire and the Isle of Wight considers opportunities around using the health and social care workforce more flexibly to drive sustainability.

A few (Gloucestershire, Lincolnshire, Suffolk) call for a devolved place-based health and care budget for the area. Others (such as West Sussex, East Sussex and Surrey) are relatively cautious, aiming to investigate the freedoms and flexibilities that devolution can offer and building on the current local delivery and commissioning that is already developed or in place. |