In May 2017, another revolution in the way that England is governed at sub-national level will begin. Local government in the UK is in constant flux, with recent changes implemented in Northern Ireland\(^1\) and reform being mooted in Wales.\(^2\) In England, there have been changes introduced by central government that have fallen into two types of reform.

The first is structural and top-down, such as the creation of unitary authorities in a series of rounds,\(^3\) a new governance model for London, and the abolition of the quasi-formal but not directly democratic structures at regional levels in 2009.\(^4\)

The second set of reforms are framed within central government policy but allow for the creation of new local governance structures within supposedly locally determined and bottom-up approaches. These include the insertion of an active parish and neighbourhood scale\(^5\) from 1999 onwards, so that they now have the same powers as local authorities, and the creation of Local Enterprise Partnerships (LEPs) in 2010,\(^6\) which include local authorities but are not led by them in general. There are also other initiatives that are contractual in style, such as City Deals\(^7\) – part bespoke but primarily menu-driven approaches for vertical integration of central and local government, pursuing a common agenda.

Another variation on this theme is the encouragement by the former Communities and Local Government Secretary Eric Pickles for local authorities to merge in some way. A number are now committed to this approach – such as Wandsworth and Richmond-upon-Thames, where there will be one chief executive and a common set of officers for the two London boroughs, although the democratic management will remain separate. Suffolk Coastal and Waveney, both district councils, are taking this further through requesting their dissolution and the creation of a new authority from 2019. Other approaches include county bids to create unitary authorities for their areas or counter-bids by district councils.

What are Combined Authorities?

Such bottom-up initiatives are framed within an assumption, both by central and local government, that they will gradually be adopted everywhere. Competitions for access to funds, the filling-in of legal powers and peer-to-peer recommendations between local authorities will all support these shifts. Where there are two or three authorities working together as in mergers or City Deals, then agreements are easier to map out, and benefits can be more readily identified and ascribed to participating parties. The introduction of the concept of Combined Authorities (CAs) in the Local Democracy, Economic Development and Construction Act 2009, and later extended in the Cities and Local Government Devolution Act 2016,\(^8\) are a more challenging proposition.

CAs are an attempt to change democratic representation areas from existing administrative boundaries to those based on economic geographies.\(^9\) This means, first, that ancient boundaries are no longer sacrosanct, and non-contiguous areas may have strong cases to work together based on evidence of journey-to-work or housing market areas. Secondly, these emergent changes serve to destabilise the remaining system of county councils, already undermined by the loss of education and transport powers. Thirdly, these new CAs are likely to be long-standing; and choosing new working partners may mean moving away from existing relationships to work with bodies whose people, policies and culture are less familiar.
On the other hand, the potential for devolution of decision-making and funding for transport, housing, skills, business support, culture, energy and public health are all attractive to local politicians. While more power brings more accountability, the austerity squeeze in local government from 2010 onwards has meant that local authorities are desperate to find new ways of working, and Combined Authorities may be adopted faute de mieux.

Why have Combined Authorities and directly elected mayors?

Each of the newly formed CAs is established by its own Parliamentary Order and has a directly elected mayor with their own set of powers. These powers are likely to increase over time, as they have for the Mayor of London. First, though, a bit of backstory. Where have these ideas for aligning economic boundaries with democratic leadership come from? There are five main sources to consider.

The first is through research based on Krugman’s new theories of economic geography. These found that state mercantile models of international trade were now not the sole proponents of economic growth, with trade between major economic areas within countries being equally important. This view was contested by Peck, Theodore and Brenner, who argued that these new state spaces were political constructions introduced to undermine existing administrative and political unities, particularly based on regions. However, this view has been countered by the second driver: research to find more policy evidence. Much of this research has been undertaken by the OECD, which has shown that where there is alignment between economic geography and democratically accountable governance with a strong and identifiable leader, then there is a clear and additional contribution to national GDP.

This evidence has then led to the third major stimulus to these reforms, which has been through policy adoption. This policy-based research has a reinforcing role in and of itself, but to this has been added alignment with policy and legislation through individual states such as Australia, Canada and the US, but also through the EU. The OECD and the EU together developed a new ‘city’ definition, and the EU then applied this through its sub-state programmes for cohesion. The legal framework for the operation of sub-state programmes for social, economic and territorial ‘cohesion’ is the fourth driver. Although better known in its former guise of providing Structural Funds for lagging areas, the new cohesion approach is edge to edge and the programme is being used to reinforce the operation of these new economic areas in practice, through a programme of Integrated Territorial Investment (ITI) strategies.

The last driver for these reforms has come through the United Nations’ new urban agenda, which is promoting the role of stronger mayoral governance for cities to address action on climate change and create more resilient places. This has also been reinforced through the EU’s Covenant of Mayors.

How are Combined Authorities progressing?

The roll-out of policy for CAs has been a slow and bumpy ride. In part this has been because there has been no clarity from central government on policy objectives, even though the proposal has been espoused in much the same form by three governments in a row – Labour from 2007 onwards,
the Coalition from 2010, and now Conservative from 2015. The voluntary approaches established by the Labour Government were speeded up by the creation of new approximate economic geographies through Local Enterprise Partnerships (LEPs) in 2010. Some of these new LEPs replicated old county boundaries, but there were enough new formations to provide a platform for further reform.

Each government has used mechanisms of incentivisation, outwardly based on local self-determination but managed centrally and, at times, competitively between different government departments concerned about powers and funding slipping away through devolution. The processes of negotiation have been opaque and have sometimes appeared to be without leadership in Whitehall. The recent proposals and funds should have been passed to local authorities as the managing body, when in fact these powers and funds delivered through the ITI be maintained following a challenge to its methods of consulting. The Cornwall ITI22 is a territorial strategy and investment programme set within EU and UK objectives. It includes a SWOT (strengths-weaknesses-opportunities-threats) analysis for Cornwall and a delivery programme that allocates funds. Although it is set out as a local programme, it is operated within the framework of a UK Government managing body that has primary responsibility to the European Commission. Following the UK referendum on membership of the EU, in which Cornwall voted for Brexit, the Leader of Cornwall Council wrote immediately to the European Commission requesting that the funds delivered through the ITI be maintained following the UK's departure. The Government has guaranteed funding to Cornwall and others using these funds in LEPs until Brexit – i.e. 2019.

While these new CAs start to create a new economic geography map of England, there are some places that cannot agree on their arrangements. The best example is Yorkshire, where an agreed proposal for Sheffield has been delayed for a year following a challenge to its methods of consulting members.

There are several other discussions under way, and it is possible that these will gather pace.
now that the issue of district councils wishing to break from county councils has been clarified in the Sheffield case. Here, Chesterfield (in Derbyshire) and Bassetlaw (in Nottinghamshire) District Councils wished to continue their relationship with Greater Sheffield and join the Combined Authority. This was contested by Derbyshire County Council: while the County could find no argument based in legislation, it successfully contested the consultation processes. However, now that there has been a judgement on appropriate consultation, there would be nothing to stop these new arrangements in the future if there is a positive approval for the local authorities in membership of the Combined Authorities. While delaying the Sheffield CA, the dispute has clarified the mechanisms for other potential CAs for the future.

This delay has seen proposals brought forward again for either a single CA for the whole of Yorkshire or three CAs with a single elected mayor. Neither of these seems likely to progress – the former because the area is too large and contains different economic geographies within it, and the latter because there are no legal provisions for one mayor for multiple CAs.

Despite all this, there will be six CAs with newly elected mayors from May 2017 – in Greater Manchester, Liverpool, Tees Valley, West Midlands, West of England, and Cambridgeshire and Peterborough, with the assumption that Sheffield will follow in 2018.

**What powers will the new mayors have?**

The defining feature of these six Combined Authorities is that they will have a directly elected mayor with executive powers, although the specific powers vary in each authority. While there are provisions for individual local authorities to have a directly elected mayor in the 2000 Local Government Act, only a few have taken this route, including Watford, North Tyneside and Mansfield. The new CA mayors will have equivalent powers to those of the Mayor of London, a directly elected role first filled in 2000 after a devolution referendum in 1998.

The Mayor of London has full executive powers over a range of bodies and functions including transport (through Transport for London); arts and culture; business and economy; environment; fire; health; housing, land and planning; policing and crime; regeneration; sport; and young people. The Mayor is held to account by the Greater London Authority (GLA), but the body has no powers of action apart from approving the Mayor’s budget annually.

Outside London, there is frequently a popular misconception that the GLA has the powers and roles of other local authority councils, like those of the former Greater London Council. It is difficult to appreciate that the Mayor has full power over decision-making. In London, the Mayor operates these powers through directly appointed Deputy Mayors, who are increasingly former London borough council leaders, i.e. former politicians now acting as the Mayor’s employees. They exercise
power over actions through powers delegated by the Mayor.

The newly directly elected mayors that take up their roles in 2017 will have a range of similar powers, although there are some variations, as shown in Table 1.

All mayors will have responsibilities for transport, housing, regeneration, and skills and business advice. All except the Mayor of the West Midlands will have powers in strategic planning, which will see a new generation of strategic plans emerge in England. All have responsibilities for culture and the arts, except the Mayors for Cambridgeshire and Peterborough and the West of England. Three have responsibility for energy – in Liverpool, Tees Valley, and the West of England. The Greater Manchester Mayor will have specific powers in health, which have been the subject of a side arrangement through a memorandum of understanding. In Cambridgeshire and Peterborough there has been an agreement that a new degree-awarding university will be located in Peterborough.

The powers that have been given to directly elected mayors are accompanied by devolution deal funding provided by central government. This will be added to funds already available to the local authorities in the area for transport and to the funds for LEPs. Bringing together all these funds and strategic planning should provide an opportunity for a more integrated approach to infrastructure, housing and investment. Each area will have its own smart specialisation priorities and will use its business and skills powers to promote them. The role of the CA will be to approve the mayor’s budget and hold the mayor to account through scrutiny processes like those operated by select committees in Parliament. Within each CA, local authorities will continue to operate those policies and services that are not part of the mayor’s function.

In addition to the powers of the mayors contained in each Combined Authority Parliamentary Order, the Government is proposing that additional powers will be devolved. The Local Government Finance Bill 2016-17 will give directly elected mayors, including the Mayor of London, powers to levy an infrastructure supplement on non-domestic ratepayers in their area. This means that an addition to business rates can be levied to provide funding for “a project that the authority is satisfied will promote economic development in its area”. The decision must be made by the mayor, although relevant authorities with more than one directly elected mayor can exercise this power jointly, and this could be important for larger transport projects.

Mayors will also have powers to raise business rate supplements for initiatives such as business improvement districts and, in these cases, the mayor’s powers replace the similar powers open to the constituent authorities of the Combined Authority.

What are the challenges for Combined Authority mayors?

The Government has started to make annual reports of its progress on achieving devolution as set out in the Cities and Local Government Devolution Act 2016, and it will be interesting to see what progress is made in future. It is expected that all the directly elected mayors will meet on a regular basis, and their combined powers and budgets will be significant in influencing central government decision-making.

As yet, there is no indication of how this new group of mayors will relate to Parliament. Some existing and former MPs are standing as mayoral candidates, and this choice of running a significant part of England in preference to being an MP could be an issue in ongoing relationships. The new mayors from this background would expect to have a better understanding of the way that central government works, and can draw on existing networks in Whitehall and Westminster.

Within the Combined Authorities there might be challenges for local authorities working together, particularly in those fields that are already challenging, such as housing, where the duty to co-operate has previously been problematic. What is yet unclear is how far the mayors exercising powers over planning, housing and transport will be able to overcome their boundary issues through strategic planning and programming powers.

There may also be issues to consider concerning the external boundaries of CAs. This has been a continuing factor in London, where there are no equivalent organisations at its edge and all dialogue must be conducted through groups of local authorities on a voluntary basis. In the North West, the relationship between the Liverpool City Region and Greater Manchester Combined Authorities will be significant on wider issues such as Transport for the North and the ‘Northern Powerhouse’. Working together, the mayors of these two CAs could have a significant impact on outcomes in the development and application of the Government’s industrial strategy, and they are increasingly creating a power base that all political parties need to heed in their policy-making.

In addition to all the expected challenges of working together in these new CAs, directly elected mayors will have other, more local issues to address. The Centre for Cities has suggested that the challenges for the incoming mayors will be related to the future for the UK outside the EU. In recent research, the Centre demonstrated that in the West of England Combined Authority Bristol is dependent on the EU for 66% of its exports, and that all cities except Hull would be affected by weaker EU market relationships. Furthermore, 90% of UK cities have productivity levels that are lower than EU averages.
There are also specific issues to be considered within cities. In Liverpool, the mayor will need to address public transport provision – particularly bus services, which are disproportionately important to job-seekers – to integrate the peripheral localities of the economic area into the labour market. Other challenges will be to improve the skill levels of the labour force and to improve education in the region. While it might be possible to address educational improvement under existing local government arrangements, the mayor will have a much greater opportunity to promote integrated transport measures, including ticketing and bus priority measures. Skills is another area in which executive responsibility will provide a greater opportunity to address key issues.

The mayors of Combined Authorities may face major challenges in the future (including from Brexit), and this may test the resilience of the new economic geography/strong leader model. Mayors will undoubtedly seek more powers over local funding. In London, the London Finance Commission (LFC), resting its case in part on OECD research and policies for fiscal federalism at the local level, has recommended that the Mayor of London should be given a modest proportion of income tax and VAT, together with a range of new property taxes. It has recommended that other taxes such as council tax, business rates and stamp duty on property sales, should also be devolved, and that there should be a positive attempt to institute a land value capture charge in conjunction with the London boroughs.
and Transport for London. Finally, it proposes a range of smaller-scale taxes, including a tourism tax (common in many other cities), a portion of vehicle excise duty, and a portion of the soft drinks levy when charged nationally.

While these proposals for devolved fiscal powers in London seem unlikely to bear fruit in such a centralised state as the UK, these are the areas where further action will need to be focused if there is to be progress in devolution. It is noticeable that much of this fiscal federalism is rooted in property taxes and charges and that the planning system will be underpinning the values associated with individual locations.

If these powers were to be rolled out in London there would be pressure for them to be given to other parts of the country; but would they be as effective in places where there is not such a high property value base? While many cities are experiencing growth, as the annual crane count demonstrates, there may still not be enough surplus value to create the kinds of funding needed to support growth in fundamental services such social care in areas where there is the greatest shortfall.

Conclusions
There is no doubt that the emerging Combined Authorities, with their strong directly elected mayors, will have a new influence on the way that England is governed. The experience of London since the mayoral position was created in is that, over time, more powers and budgets have been devolved. Mayors have responsibilities for local development through the creation of Mayoral Development Corporations, and through setting priorities for transport investment and the location and type of housing. The new mayors will not only make policy, but will have the direct power to raise resources to deliver it.

The mayoral powers on strategic planning will be particularly strong, even in the West Midlands, where the mayor will not have exclusive strategic planning powers. The power to impose levies on types of development to fund investment – as in London to support Crossrail – may provide a significant contribution to strategic investment. The scale of assets available to CAs will allow the mayors to raise funds for investment in infrastructure and housing on a more significant scale. Those mayors with powers over energy will be able to consider local provision in new ways, as well as considering how development can deal with existing and new energy use reduction measures. Mayors will be engaged in improving air quality through traffic reduction, and all will have some responsibility for public health outcomes, including reducing obesogenic environments and the provision of strategic open space to support health.

While many planners mourn the loss of former regional bodies, the new mayors will have far greater democratically accountable powers and will be able to deliver in ways that were not possible before. Their delivery approaches will depend on strategic plans and programmes which may take new forms. These may draw on the experience of the ITI model that is being used in Cornwall, which offers a more integrated approach than former regional strategies that were set or led by different government departments.

The extent to which this integration can occur will depend on the strength of the mayors and their willingness to exercise their powers in a strategic way. While decision-making in London may be more integrated than before, no mayor has yet used their powers to significantly integrate the different policy areas under their responsibility. Even within Transport for London, there remain significant silos between modes of provision.

Mayors can overcome these issues over time, as they grow in experience, powers and budgets – and most importantly in numbers across the country as they become more widely established over coming years. The pressures for devolution from Westminster and the resistance from Whitehall will continue, not least as Brexit will provide a means to reshape power relations within the state. Every threat is also an opportunity, and this new group of directly elected mayors can demonstrate the differences in outcome that derive from local rather than central control if they take on the challenge.

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Notes