



# Secretary of State's Annual Report on Devolution 2021-22

**Presented to Parliament pursuant to Section 1 of the Cities  
and Local Government Devolution Act 2016**





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Any enquiries regarding this publication should be sent to us at

Department for Levelling Up, Housing and Communities  
Fry Building, 2 Marsham Street  
London SW1P 4DF  
Tel: 030 3444 0000

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# 1. Introduction

- 1.1 This Annual Report on Devolution has been laid before both Houses of Parliament by the Secretary of State for Levelling Up, Housing and Communities pursuant to Section 1 (Devolution: annual report) of the Cities and Local Government Devolution Act 2016 ('the 2016 Act').
- 1.2 This Annual Report brings together updated information about devolution agreements reached or implemented between Government and areas between 1 April 2021 and 31 March 2022.
- 1.3 These devolution agreements, in response to proposals from areas, are agreements in which the Government undertakes to devolve powers and budgets to an area in return for changes in local governance and local political accountability.
- 1.4 Devolution within England aims to provide local areas the levers they need to boost productivity in local economics and improve and integrate public services.
- 1.5 These devolution arrangements form part of the Government's plans to level up across the country, and we will continue to engage with local areas looking to agree new devolution deals in the year ahead.

## 2. Areas with agreements

***Legislative requirement: Section 1 (2)(a) of the 2016 Act requires the Report to provide information on the areas of the country where agreements have been reached.***

2.1 Between 1 April 2021 and 31 March 2022, the Government confirmed no agreements with new areas.

### 3. Areas that have submitted proposals

***Legislative requirement: Section 1 (2)(b) of the 2016 Act requires the Report to provide information on the areas of the country where proposals have been received by the Secretary of State and negotiations have taken place but agreement has not yet been reached.***

- 3.1 On 15 July 2021, the then Secretary of State wrote to all councils inviting them to submit expressions of interest in an early county devolution deal. The letter set out the four key principles on which the Government would prioritise deals: coherent geography; strong local leadership; governance; and reform proposals. Three further factors were also communicated: the deliverability of a deal; the need for areas to submit substantive proposals on powers and flexibilities and not just a list of funding asks; and the guiding desire to reflect the variety of places across England.
- 3.2 The Government received 18 expressions of interest and out of those, nine were invited to start formal negotiations for a County Deal. The nine were listed in the Levelling Up White Paper as: Cornwall; Derby and Derbyshire; Devon, Torbay and Plymouth; Durham; Leicestershire; Hull and East Yorkshire; Norfolk; Nottingham and Nottinghamshire; and Suffolk. The North East and York and North Yorkshire were also invited to negotiate devolution deals for expanded and new mayoral combined authorities (MCAs) respectively. It was also confirmed that other areas, particularly those with broadly similar circumstances to York and North Yorkshire, would have the opportunity to consider their interest in an MCA devolution deal.
- 3.3 The Government received devolution proposals in response to their invitation in the Levelling Up White Paper<sup>1</sup> from the following areas: Cornwall; Derbyshire and Derby, Nottinghamshire and Nottingham<sup>2</sup>; Devon, Plymouth, and Torbay; Hull and East Yorkshire; Leicestershire, Leicester, and Rutland<sup>3</sup>; Norfolk; Suffolk; the North East<sup>4</sup>; and York and North Yorkshire. The submission window for proposals continued into the early part of financial year 2022-23. As such, an additional proposal was also received in the same window from Durham.
- 3.4 As set out in the Levelling Up White Paper, the Government is committed to ensuring that by 2030, every part of England will have a devolution deal that wants one.
- 3.5 The Government also opened negotiations with the West Midlands and Greater Manchester MCAs on the publication of the Levelling Up White Paper, with the aim of agreeing trailblazer devolution deals. As of 31 March 2022, negotiations were ongoing.

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<sup>1</sup> [Levelling Up the United Kingdom](#), published 2 February 2022.

<sup>2</sup> Though named separately in the Levelling Up White Paper, Derbyshire & Derby and Nottinghamshire & Nottingham held negotiations as one, and later agreed a deal for the East Midlands.

<sup>3</sup> Leicestershire was named individually in the Levelling Up White Paper, but the proposal received was from Leicestershire County Council, Leicester City Council and Rutland County Council as one.

<sup>4</sup> The North East area constitutes Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside, and Sunderland.



## **4. Functions exercisable by a Minister of the Crown that have been devolved.**

***Legislative requirement: Section 1 (2)(c) of the 2016 Act requires the Report to provide information on functions exercisable by a Minister of the Crown that have been devolved as a result of agreements so as to become exercisable by a mayor for the area of a combined authority (including information as to any such functions that remain exercisable by a Minister of the Crown as a result of an agreement providing for functions to be exercisable jointly or concurrently).***

4.1 Between 1 April 2021 and 31 March 2022, one statutory instrument (SI) was made to implement devolution agreements between the Government and areas. This SI conferred additional borrowing powers on three mayoral combined authorities (North of Tyne, South Yorkshire, and West Yorkshire Combined Authorities) that have each agreed a debt agreement also known as a “debt cap” with HM Treasury to allow them to borrow in respect of all their existing functions.

4.2 The following SI was made on 22 March 2022:

The Combined Authorities (Borrowing) Regulations 2022 (SI 2022/358)<sup>5</sup>

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<sup>5</sup>[The Combined Authorities \(Borrowing\) Regulations 2022](#)

## 5. Additional financial resources and public functions that have been devolved

*Legislative requirement: Section 1 (2)(d) of the Act requires the Report to provide information on additional financial resources and public functions (so far as not falling within paragraph (c)) which have been devolved as a result of agreements.*

### 5.1 Financial resources devolved to devolution deal areas between 1 April 2021 and 31 March 2022

Funding Stream	Description	Accountable Government Department	Place(s) affected and amounts received in 2021-22	Total amount paid in 2021-22	Payment Schedule	Comment
<b>Investment Funds</b>	Capital & revenue funding agreed through devolution deals for local investment. Forms part of the Single Pot arrangement.	Department for Levelling Up, Housing & Communities	Cambridgeshire & Peterborough: £20m Greater Manchester: £30m Liverpool City Region: £30m North of Tyne: £20m South Yorkshire: £30m Tees Valley: £15m West Midlands: £36.5m West of England: £30m West Yorkshire: £38m	£249.5m	£7,485m over 30 years <sup>6</sup>	Payments made by Section 31 grant. The National Local Growth Assurance Framework provides guidance for how MCAs should appraise, monitor, and evaluate schemes to achieve value for money <sup>7</sup> .
<b>Multi-Year Transport Grants</b>	For 2021/22 this is made up of the Integrated Transport Block (ITB), the Pothole Fund and the Highways Maintenance	Department for Transport	Cambridgeshire & Peterborough: £28m Greater Manchester: £51m Liverpool City Region: £31m	£274m	£274m for 2021/22	Payments made by Section 31 grant, apart from Greater Manchester and West of England, as their HMB and ITB transport grants are rolled into separate 100% Business Rates Retention arrangements.

<sup>6</sup> 30 years commences from the signing of each agreement. Payments subject to 5 yearly 'Gateway Review' assessments whereby an independent panel of experts will assess investments' impact on economic growth.

<sup>7</sup> [National Local Growth Assurance Framework](#)

	Block (HMB) <sup>8</sup> . For this report only these are to be treated as part of a flexible Single Pot. See reference for composition.		North of Tyne/North East <sup>9</sup> : £14m <sup>10</sup> South Yorkshire: £24.2m Tees Valley: £16.6m West Midlands: £38.1m West of England: £21.1m West Yorkshire: £49.7m			For MCAs eligible for CRSTS, funding equivalent to annual HMB, ITB and Potholes for 2021/22 will be consolidated into their multi-year funding allocations from April 2022.
<b>Transforming Cities Fund</b>	Capital grant funding to support and promote sustainable and public transport; and is part of the single pot.	Department for Transport	Cambridgeshire & Peterborough: £30m Greater Manchester: £99m Liverpool City Region: £54m North East/North of Tyne: £77.3m (see right) South Yorkshire: £64.75m Tees Valley: £24m West Midlands: £101m West of England: £32m West Yorkshire: £123.75m	£528.5m	£1.6bn over 5 years from 2018/19 to 2022/23.	The final year of the Transforming Cities Fund allocation, in 2022/23, has been consolidated within CRSTS for eligible places. North East and North of Tyne's TCF grant is paid collectively to Transport North East on behalf of the North East Joint Transport Committee.
<b>Adult Education Budget</b>	Devolved budget which funds qualifications and programmes for learners aged 19+.	Department for Education	Cambridgeshire & Peterborough: £12m Greater Manchester: £98m Liverpool City Region: £54m North of Tyne: £24m South Yorkshire: £25m <sup>11</sup> Tees Valley: £31m West Midlands: £133m West of England: £16m	£434m	Annual payment	Payments made by Section 31 grant.

<sup>8</sup> Breakdown available here: [Highways maintenance funding formula allocations, 2021 to 2022](#)

<sup>9</sup> In the North East, transport delivery is led on behalf of the North East Joint Transport Committee (NEJTC) by Transport North East. The Committee brings together North of Tyne and North East Combined Authority (NECA). As part of this arrangement, grant payments are made to NECA, not North of Tyne.

<sup>10</sup> Funding from the HMB and Potholes fund is given to the constituent Local Authorities in NECA, whereas NECA retains ITB as agreed in the Devolution Deal.

<sup>11</sup> Payments to South Yorkshire & West Yorkshire cover the period 1 August 2021 (the date these elements of their devolution deals came into effect) to March 2022.

			West Yorkshire: £41m <sup>12</sup>			
<b>Free Courses for Jobs</b>	Ring-fenced funding transferred in the financial year 2021-22 for the delivery of the Free Courses for Jobs Level 3 offer in devolved areas.	Department for Education	Cambridgeshire & Peterborough: £0.83m Greater Manchester: £6.7m Liverpool City Region: £3.7m North of Tyne: £1.6m South Yorkshire <sup>13</sup> : £2.1m Tees Valley: £2.1m West Midlands: £9.1m West Yorkshire <sup>14</sup> : £3.4m West of England: £1.1m	£30.8m	Annual payment <sup>15</sup>	Section 31 grant determination (ring-fenced).
<b>Work &amp; Health Programme</b>	Funding for locally commissioned programmes aimed at long term jobseekers and claimants with disabilities	Department for Work & Pensions	Greater Manchester: £3.2m	£3.2m	Maximum indicative amount over 8 years £30m. <sup>16</sup>	Payments are made by Section 31 grant. Funding determined by DWP on receipt of the contractual performance profiles and unit prices agreed between Greater Manchester and their suppliers.
<b>Work and Health Programme Job Entry Targeted</b>	JETS was introduced as part of the DWP “Plan for Jobs” in response to the impact of the Covid-19 Pandemic, it aims to provide relatively light touch support to those	Department for Work & Pensions	Greater Manchester: £10.9m	£10.9m	Maximum indicative amount was increased to £19.7m <sup>17</sup> .	Payments are made by Section 31 grant. Funding for 2021/22 determined by DWP on receipt of the contractual performance profiles and unit

<sup>12</sup> Payments to South Yorkshire & West Yorkshire cover the period 1 August 2021 (the date these elements of their devolution deals came into effect) to March 2022.

<sup>13</sup> Payments to South Yorkshire & West Yorkshire cover the period 1 August 2021 (the date these elements of their devolution deals came into effect) to March 2022.

<sup>14</sup> Payments to South Yorkshire & West Yorkshire cover the period 1 August 2021 (the date these elements of their devolution deals came into effect) to March 2022.

<sup>15</sup> Details here: [MCA ring fenced s31 level 3 adult offer funding for 2021 to 2022](#). Payments are recovered if not spent as detailed in the Section 31 ringfenced grant letter. This is achieved by reducing the FY grant in line with under-delivery in the previous AY, so FY 22-23 payment has been reduced by the amount of under delivery in AY 20/21.

<sup>16</sup> Subject to future Spending Review.

<sup>17</sup> JETS was extended in September 2021 for a one-year period in England and Wales, including in Manchester. The maximum indicative amount was increased compared to previous indications.

<b>Support (JETS)</b>	unemployed for 13 weeks or more, many of this client group have become unemployed as a direct result of the pandemic.					prices agreed between Greater Manchester and their suppliers.
<b>Fire &amp; Rescue Service</b>	Fire National Resilience	Home Office	Greater Manchester: £342k <sup>18</sup>	£342k	Annual payment	Payments are made by Section 31 grant.
<b>Policing Grants</b>	Provided where Mayor has Police & Crime Commissioner powers as part of devolution agreement.	Home Office	Greater Manchester: £495m West Yorkshire: £362.7m	£858m	In 12 monthly instalments	Payments made under Section 46 of the Police Act 1996. Grants breakdown provided in footnote <sup>19</sup>

This section provides information on significant financial resources that are delivered by combined authorities but have not been devolved as a result of their devolution deals.

<b>Funding Stream</b>	<b>Description</b>	<b>Accountable Government Department</b>	<b>Place(s) affected and amounts received in 2021-22</b>	<b>Total amount paid in 2021-22</b>	<b>Payment Schedule</b>	<b>Comment</b>
<b>Brownfield Fund</b>	The Brownfield Housing Fund aims to create more homes by bringing more brownfield land into development. The Fund is allocated to 7 mayoral combined authorities (MCAs) in	Department for Levelling Up, Housing and Communities	Greater Manchester: £49.3m Liverpool City Region: £23.0m North of Tyne: £8.1m South Yorkshire: 14.0m Tees Valley: £8.0m West Midlands: £65.1m West Yorkshire: £20.0m	£187.5m Capital	£550m Capital over 5 years from 2020/21 to 2024/25.  £8.0m Revenue in 2020/21 only.	Payments made by Section 31 grant. The fund has been increased to £550m (from the £400m included in last year's report).

<sup>18</sup> Broken down as follows: New Dimensions Grant - £87k, Firelink Grant - £200k, Risks Grant - £55k

<sup>19</sup> [Police Grant report: 2021 to 2022](#)

	the Midlands and North.					
<b>Getting Building Fund</b>	The Getting Building Fund aimed to target the areas facing the biggest economic challenges as a result of the pandemic. <sup>20</sup>	Department for Levelling Up, Housing & Communities	Cambridgeshire & Peterborough: £7.3m Greater Manchester: £27.1m Liverpool City Region: £13m North of Tyne: £0m <sup>21</sup> Sheffield City Region (South Yorkshire): £16.8m Tees Valley: £8.7m West Midlands: £33m West of England: £6.85m West Yorkshire: £26.3m	£139.1m	Second and final payment, made in May 2021. Values given represent half the total amount.	Payments made by Section 31 grant. The National Local Growth Assurance Framework provides guidance for how MCAs should appraise, monitor, and evaluate schemes to achieve value for money <sup>22</sup> .

<sup>20</sup> Specific projects within each area can be found here – [Getting Building Fund Guidance](#)

<sup>21</sup> The North of Tyne was the only MCA not to receive money through the scheme. However, £23.5m was distributed to the North East LEP, the area of which includes the North of Tyne MCA. Source: [North East LEP Getting Building Fund](#)

<sup>22</sup> [National Local Growth Assurance Framework](#)

## 5.2 Capacity funding paid to devolution deal areas between 1 April 2021 and 31 March 2022

Funding Stream	Description	Accountable Government Department	Place(s) affected and amounts received in 2021-22	Total amount paid in 2021-22	Payment Schedule	Comment
<b>Mayoral Capacity Fund</b>	Available to MCAs with elected mayors. This fund supports mayors by boosting their capacity and resources to deliver for their local area.	Department for Levelling Up, Housing & Communities	Cambridgeshire & Peterborough, Greater Manchester, Liverpool City Region, North of Tyne, South Yorkshire, Tees Valley, West Midlands, West of England, West Yorkshire  All received £1m	£9m	£9m in 2021/22	Payments made by Section 31 grant.
<b>Skills Advisory Panel</b>	To analyse their local needs and priorities, which could include employing a labour market analyst.	Department for Education	Cambridgeshire & Peterborough, Greater Manchester, Liverpool City Region, North of Tyne, South Yorkshire, Tees Valley, West Midlands, West of England, West Yorkshire  All received £75k	£675,000	Annual payment	Payments made by Section 31 grant.
<b>Adult Education Implementation Funding</b>	Funding to assist preparations for the devolution of the Adult Education Budget.	Department for Education	South Yorkshire: £220,880 West Yorkshire: £40,405	£261,285	Payments for 1 April - 31 July 2021, prior to the areas having responsibility for devolved AEB with	Payments made by Section 31 grant.

					effect from 1 August 2021.	
<b>City Region Sustainable Transport Settlement (CRSTS) Capacity Funding</b>	£50m resource funding was available to the 8 CRSTS MCAs to build capacity and support the preparation of their delivery proposals. Funding for the North East was not allocated, as appropriate governance arrangements with the city region remain outstanding.	Department for Transport	Greater Manchester: £8.6m Liverpool City Region: £5.6m South Yorkshire: £5.2m Tees Valley: £3.5m West Midlands: £8.9m West of England: £4.1m West Yorkshire: £7.4m	£43.3m	£43.3m	Payments made by Section 31 grant



### 5.3 Financial resources paid to devolution deal areas for pilot agreements between 1 April 2021 and 31 March 2022

<b>Funding Stream</b>	<b>Description</b>	<b>Accountable Government Department</b>	<b>Place(s) affected and amounts received in 2021-22</b>	<b>Total amount paid in 2021-22</b>	<b>Payment Schedule</b>	<b>Comment</b>
<b>Housing First Pilot</b>	Housing First is an intensive housing led intervention developed for individuals with the most complex support needs. The pilots are testing whether this specific approach works within an English context and at scale.	Department for Levelling Up, Housing & Communities	Greater Manchester: £2.8m Liverpool City Region: £2.4m West Midlands: £1.0m	£6.2m	Made over two tranches in April and September/October.	Payments made by Section 31 grant.
<b>Wave 2 Skills Bootcamps</b>	To meet the Ministerial and No10 ambition of an expansion of skills bootcamps across England.	Department for Education	Cambridgeshire & Peterborough: £0.2m Greater Manchester: £1.0m Liverpool City Region: £1.0m North of Tyne: £0.2m Tees Valley: £0.2m West Midlands: £1.0m	£3.5m	Regular grant & contract payments over the FY.	

## 6. Consideration of devolving powers to local government

***Legislative requirement: Section 1 (2)(e) of the Act requires the Report to provide information on the extent to which consideration has been given by a Minister of the Crown to the principle that powers should be devolved to combined authorities or the most appropriate local level except where those powers can more effectively be exercised by central government.***

6.1 The Levelling Up White Paper, published 2 February 2021, outlined this Government's intention to extend, deepen and simplify devolution across England so that by 2030, every part of England that wants one will have a devolution deal.

6.2 Over the reporting period, the Government undertook discussions with areas in line with the above, including negotiations on deeper devolution with West Midlands and Greater Manchester MCAs.

6.3 As part of the Levelling Up White Paper, the Government presented a devolution framework that indicates of the types of powers and functions that will be considered for each devolution level, bringing together policies from across Government. Detail is outlined on the following page in line with the following structure:

**Level 1.** Local Authorities working together across a Functional Economic Area (FEA) or whole county area e.g. through a joint committee.

**Level 2.** A single institution or County Council working with a directly elected mayor (DEM), across a FEA.

**Level 3.** A single institution or County Council working with a DEM, across a FEA or whole county area.

Future editions of this report will provide an update on any changes to the devolution framework.

<b>Devolution Framework</b>				
<b>Function</b>	<b>Detail</b>	<b>L1</b>	<b>L2</b>	<b>L3</b>
<b>Strategic role in delivery services</b>	Host for Government functions best delivered at strategic level involving more than one local authority e.g. Local Nature Recovery Strategies	✓	✓	✓
	Opportunity to pool services at a strategic level	✓	✓	✓
	Opportunity to adopt innovative local proposals to deliver action on climate change and UK's Net Zero targets	✓	✓	✓
<b>Supporting local businesses</b>	LEP functions including hosting strategic business voice		✓	✓
<b>Local control of sustainable transport</b>	Control of appropriate local transport functions e.g. local transport plans*		✓	✓
	Defined key route network*			✓
	Priority for new rail partnerships with Great British Railways – influencing local rail offer, e.g. services and stations.			✓
	Ability to introduce bus franchising		✓	✓
	Consolidation of existing core local transport funding for local road maintenance and smaller upgrades into a multi-year integrated settlement			
<b>Investment Spending</b>	UKSPF planning and delivery at a strategic level		✓	✓
	Long term investment fund, with an agreed annual allocation			✓
<b>Giving adults the skills for the labour market</b>	Devolution of Adult Education functions and the cored Adult Education Budget		✓	✓
	Providing input in Local Skills Improvement Plans		✓	✓
	Role in designing and delivering future contracted employment programmes			✓
<b>Local control of infrastructure decisions</b>	Ability to establish Mayoral Development Corporations (with consent to host local planning authority)			✓
	Devolution of locally-led brownfield funding			✓
	Strategic partnerships with Homes England across the Affordable Housing Programme and brownfield funding			✓
	Homes England compulsory purchase powers (held concurrently)		✓	✓
<b>Keeping the public safe and healthy</b>	Mayoral control of Police and Crime Commissioner (PCC) functions where boundaries align^			✓
	Clear defined role in local resilience*		✓	✓
	Where desired offer MCAs a duty for improving the public's health (concurrently with local authorities)			✓
<b>Financing local incentives for residents and business</b>	Ability to introduce mayoral precepting on council tax*			✓
	Ability to introduce supplement on business rates (increased subject to ballot)			✓
* refers to functions which are only applicable to combined authorities				
^ refers to functions which are currently only applicable to mayoral combined authorities				

## **Annex A: Underpinning Legislation**

The Cities and Local Government Devolution Act 2016 (the 2016 Act) received Royal Assent on 28 January 2016. It amends the Local Democracy, Economic Development and Construction Act 2009 to facilitate the implementation of far more ambitious and wide-ranging devolution agreements with combined authority areas and with other areas. It is enabling legislation which provides a legislative framework which can be applied flexibly to different areas by secondary legislation. In particular, secondary legislation may:

- confer any local government function on a combined authority;
- confer any public authority function on a combined authority;
- provide for an elected mayor for a combined authority's area who would exercise specified functions individually and chair the authority;
- provide for the mayor to undertake the functions of Police and Crime Commissioner (PCC) for the combined authority area (in place of the Police and Crime Commissioner); and
- confer any public authority function on a county council or district council.

In addition, the 2016 Act's amendments to the 2009 Act streamline the process for establishing and changing the area of a combined authority, remove geographical limitations as to the establishment of combined authorities, and provide for streamlined governance reforms where these are agreed by one or more of the councils involved.







