



STATEMENT FROM THE CABINET

31 JULY 2026

The government is committed to delivering good growth in every part of the United Kingdom, with places able to set their own ambitions and integrate services to meet people's needs. This is because economic progress goes hand in hand with social progress underpinned by democratic accountability. The government will support the devolved governments, strategic authorities and local authorities to deliver that commitment, working in partnership with businesses and the voluntary, community, academic and faith sectors.

This must be a strategy for the whole of the United Kingdom – one which will see growth and regeneration in all parts of our four nations. Recognising local government policy is a devolved matter, we will work with the devolved governments and local and regional stakeholders in Scotland, Wales and Northern Ireland to explore how the benefits of local empowerment can be spread to all parts of the country. This will include consideration of how best to engage and involve representatives in the Scottish Parliament, Senedd and Northern Ireland Assembly. Elected officials at all levels of government in all nations have a role to play, working together to serve people and places.

We are starting in this statement by outlining our vision for devolution in England. Good growth requires a fundamental rewiring of the way our country works, surrendering power that for too long has been held in Westminster and Whitehall, and returning it to people and the places where they live, work and invest. Local leaders know what it will take to drive growth in their areas, creating jobs and attracting investment that speak to the strengths of their region. They can do the problem solving and provide the stability needed to be able to integrate and coordinate policy and delivery at a local level to release that growth. They are also best placed to integrate public services to respond to the needs of their residents, improving people's experiences as well as their outcomes and preventing the rising costs of failure. The new No. 10 North will be the engine room making this happen, working in partnership with local leaders and driving forward a place-based approach to policy.

We have therefore agreed a new framework for governing and discussed how to implement it. This has been informed by close working with local leaders. We reached conclusions on:

- a. the **full shape of the new model of government that we will move to by the end of this Parliament to better serve people and place** – including the powers we will give local leaders to support growth and improve public service performance, the control they will have over local tax revenues, and the approach we will take to developing strong local institutions with the right accountability, capacity and capability across the United Kingdom;
- b. the **implications for central government, the Civil Service and arm's length bodies** – and the opportunities that are created; and
- c. the **steps we will now take to deliver change** – in order that people and places see the benefits as soon as possible.

I. THE NEW MODEL OF GOVERNMENT

The way the country is governed is not delivering for people and the places where they live: most decisions are too centralised; those advising on and taking them are too distant from the people they will affect; this impairs the ability to join up and integrate services at a local level; and, as a result, places have the wrong choices imposed on them, rather than being able to make the right choices for themselves. The public deserves better – better policies that support better outcomes and are better connected to the places people live. Putting place over political party demands collaboration and long-term decision-making within a stable governance structure – both of these are a pre-condition for growth.

Fixing this requires a radical shift in where powers and resources lie, so that decisions can be made locally, and people can shape their own areas and hold government – at all levels – to account. It will require genuine collaboration across these different levels, with elected mayors uniquely placed to align national, regional and local priorities and tailor growth, investment and public services to local needs in their area. Mayors also provide a single point of accountability to the residents who elect them, meaning better responsiveness to what local people need and stronger scrutiny and transparency of decision making.

We agreed that we will implement this shift within this Parliament, as a necessary underpinning of a new era of possibility. At its core will be a major transfer of powers, resources and functions from central government to elected mayors and local authorities in regions across England. We know that success will rest on local institutions having the firepower and backing to use their powers effectively, and there will be different levels of readiness for change of this scale across our regions. We will take this into account as we move through this transition, ensuring that local leaders are able to make the most of new funding flexibilities and powers, so they can maximise the impact for their place. We will work with authorities on a strategy to develop their capacity and capability, including through transferring resource from central government where functions will now sit at the regional or local level.

In headline terms, the plan we agreed involves action on three fronts.

- a. **Supporting local leaders to drive growth and improve public services.** We discussed how over-centralisation has hindered the performance of local economies and held back national productivity. Decisions on local growth need to be taken by local leaders who can set the right high ambitions for their areas, and who, with the right people and the right skills, are able to join up policies and delivery, and focus on the needs of places and people rather than being constrained by the remit of a department of state.

We have therefore agreed to progress a series of reforms that will put control of the most important powers to drive local growth in the hands of local leaders. This will include empowering mayors to offer a high-quality locally tailored technical or vocational route from

age 16, underpinned by control of the budget for 16- to 19-year-olds. It should build on the new regionally-shaped technical and vocational pathways from age 14 that mayors will develop, with an expectation that mayors source high-quality work experience. This emphasis on high-quality work pathways will be underpinned by support from government to drive inward investment into regions and support collaboration across businesses. We will give mayors the powers, flexibility and accountability to bring together education, employment, health and local support into a clear route for young people, so that no one falls through the cracks. By joining up services around the needs of the individual and the opportunities in local labour markets, local leaders will be empowered to drive down youth inactivity and open up more routes into learning and work. We will also devolve employment support to mayors to ensure provision reflects local need, including giving local areas the power to procure and provide tailored and specialised support for the long-term unemployed.

Reforms to our skills and employment support systems will be complemented by giving local leaders greater power to shape their places through control over local transport, housing, innovation, local energy and cultural investment. In respect of transport, we will support mayors to take public control of buses more rapidly and implement fully integrated ticketing systems, alongside our work with local leaders to support active travel options. We will give local leaders more control over commuter rail services, with the most established mayors working in much deeper partnership with Great British Railways. As we introduce new accountability arrangements, we will also remove the need for government approval of locally funded transport schemes for places with integrated settlements, except those that interact with the national network. We will immediately raise the approval threshold to £500 million and work with mayors to replace the concept of “retained schemes” with Local Transport Infrastructure Partnerships. We will also reform our approach to working in partnership with the most strategically significant or complex local projects, drawing on the experience of delivering the Elizabeth Line.

Mayors will be equipped to support the building of council homes, including through greater devolution of the Social and Affordable Homes Programme and investment to upgrade to warmer homes, and we will strengthen the framework for public development corporations to drive local housing and infrastructure development. We will support mayors to foster local innovation ecosystems, devolving a substantially increased share of later-stage innovation funding to local leaders so they can back opportunities with the greatest potential for local growth. We will also empower mayors to ensure their regions are thriving places to live as well as work by giving local people – including young people – greater control of how cultural and sporting investment is decided in their regions. This could include funding currently controlled by Arts Council England and Sport England, whilst ensuring individual cultural funding decisions are taken outside of political interference. These reforms will be augmented by supporting mayors to establish Good Growth Funds across the country, backed by national Public Financial Institutions and supported by the Local Government Pension Scheme as a key local investor, to assist mayors in investing for the long term in their

local economies. We will also support local places to reindustrialise by building on frontier sector and cluster strengths.

We further recognise that strong and integrated public services are important to meeting people's needs, including children and families, and are critical to local economic growth. Through devolution, we will ensure services work together as a single coherent system built around the priorities of people and places. We will therefore give areas more local democratic control over their public services, from health to policing to education, including through the establishment of deputy mayor roles with responsibility for key public services. To enable this, we will align key public service boundaries. This will include new local police units aligning with local authorities, and regional police forces, fire and rescue services and Integrated Care Boards aligning with the boundaries of strategic authorities by the end of the Parliament. Where there are strong financial, strategic or operational reasons for larger organisations, this alignment may be to the boundaries of multiple, rather than just one, strategic authority. We will also enable greater alignment and pooling of funding for preventative services by devolving funding, where possible, allowing strategic authorities and constituent local authorities to invest in joint support, as long as national standards are being met. This will enable a place-based approach to budgeting that better meets local priorities.

- b. **Providing control over local tax revenue.** We discussed the fact that local areas in England keep less of their own taxes than in almost any other developed country in the world. This means local leaders lack the certainty and incentives to invest, and it creates a tendency for central government to micromanage.

We have therefore agreed to overhaul the way regional government is funded, starting by replacing grants from central government with a share of local income tax for every mayor beginning in 2028, such that where a region grows its tax base, it benefits from the increased receipts. This will sit alongside greater retention of the revenue from business rates for local councils and strategic authorities. The long-term certainty of funding via taxation will provide more flexibility and enable greater investment to fund interventions that will deliver a return. We will consider how these growth incentives can be balanced with the need for fairness between places, recognising that there will be different starting points across the country. We will also give all strategic authorities the ability to introduce an Overnight Visitor Levy, with local leaders able to set out plans for how revenues will be invested by March 2028.

We also discussed the large regional disparities between current levels of public investment per head in different parts of the country. Alongside our programme of fiscal devolution, we will therefore rebalance public investment, including considering the balance of subsidy and other finance mechanisms, to ensure we are backing growth opportunities in all parts of the country. This will be supported by considering how areas could benefit from increased land

values from housing and infrastructure development, strengthening their ability and incentives to invest.

- c. **Developing strong local institutions.** We recognise that this new model for government rests on strong, capable strategic and local authorities that are able to use their powers effectively to improve outcomes for their residents and are held to account for what they deliver.

We therefore agreed that the government's ambition is to ensure every area in England has, or is in the process of establishing, a strategic authority by the end of 2027, with strategic authorities in place everywhere by the end of 2028. The government will not impose mayors on areas that do not want one, but we do consider that directly accountable mayors represent the strongest form of governance available, and so the suite of powers available to areas with mayors will be commensurately greater. The government wants all areas that are ready to have a mayor as soon as possible, as long as there is strong local support. We will therefore invite all areas without strategic authorities to confirm their preference as to whether the strategic authority for their area should be mayoral or not.

Where areas are not ready to adopt a mayor, the government will work with them to set up non-mayoral foundation strategic authorities with an enhanced set of powers, including the option to introduce an Overnight Visitor Levy. In line with the existing designation criteria, we have also conferred established mayoral strategic authority status to four further areas: Cambridgeshire and Peterborough, East Midlands, West of England, and York and North Yorkshire.

We will make sure mayors and local institutions have the necessary capability to deliver on these additional powers, underpinned by transferring funding and resource from government where functions are devolved. This will be complemented by a programme of wider capacity and capability support from government. We will work with the sector to develop a blueprint for the capacity and capabilities strategic authorities need, and a strategy for delivering that blueprint. This will include ensuring strategic authorities have the right skills and expertise, a jointly designed leadership development offer, and an enhanced programme of secondments from central government.

We will also strengthen local accountability mechanisms to reflect the greater funding freedom for mayors: chief executives of mayoral strategic authorities will become Local Accounting Officers, accountable for the use of public money. There will be a stronger role for the Local Audit Office, and we will discuss with the National Audit Office how it can complement this. The outcomes framework for mayoral strategic authorities will also be streamlined to ensure that the government and the public can hold mayors accountable for good growth and addressing inequalities in their area. This will be supported by a strengthened focus on timely and accurate place-based data from the Office for National Statistics and other bodies that will support outcomes-based decision making in places. We

will also ensure that there is a clear role for Members of Parliament in local accountability, working with mayors and local councillors.

We recognise that strategic authorities are only as strong as the local authorities that constitute them. To that end, the government will take forward a programme of reform to support the financial sustainability of local authorities. This will include retention of more of the business rates raised locally instead of receiving grants from central government, and ongoing and future reforms to the highest cost services: adult and children's social care, homelessness, and special educational needs and disabilities.

II. IMPLICATIONS FOR CENTRAL GOVERNMENT, THE CIVIL SERVICE, AND ARM'S LENGTH BODIES

This major transfer of powers and functions will have implications for the role and shape of central government, the Civil Service, and arm's length bodies.

We agreed that this agenda will be about devolution, not delegation. Central government must become smaller and more strategic, releasing savings and enabling resources to be transferred to local areas alongside policy responsibilities. Where powers and functions are transferred, we will not duplicate them. We also agreed to adopt an operating principle of *devolving by default* – meaning that where policies or services are being designed or altered, Secretaries of State will need to justify holding them at the level of central government.

We agreed to replace the current model of consultation by default with new and modern forms of public participation. This includes considering where performative statutory duties to consult can be revoked and how we can more actively bring the public into the policy-making process instead. This recognises that local leaders are better equipped to link public opinion and civil society to policy making.

This will also mean a smaller and more strategic Civil Service, focussed on the challenges that can best be dealt with at a national level. We believe this represents an opportunity for the Civil Service to adapt and learn through greater interchange with regional and local government, becoming more porous and working together to deliver better outcomes for the citizens we serve. To do this, we will actively build new career paths between central government and the wider public sector. The National School for Government will play an important part.

We will adopt a similar approach to arm's length bodies, taking a serious look at whether individual arm's length body responsibilities and funding should be transferred to local leaders, or returned to ministerial departments, unless ministers proactively decide that it is necessary to retain them externally. We will also look to reduce the number of duplicative policy, communications, and strategy teams in arm's length bodies, which are not reporting into accountable local leaders or ministers.

The Prime Minister and the Cabinet Secretary share an ambition for the Future Civil Service to be a world-class, high-performing, technologically enabled institution that delivers for ministers and people across the country. They have therefore agreed that this statement will form a major part of the end goal for the Civil Service's future operating model, as part of the Cabinet Secretary's wider Review into the Organisation, Performance and Transformation of the Permanent Civil Service.

III. STEPS TO DELIVER CHANGE

We want to move quickly to deliver this agenda. We have therefore agreed a set of immediate steps that we are taking now. These include greater flexibility to deploy funding within existing integrated settlements, and writing today to those areas without a strategic authority to confirm whether they wish to proceed with a mayoral or non-mayoral approach. Over the coming weeks and months, we will confirm our plans for the design of the Overnight Visitor Levy, activate mayoral intervention powers in the planning system, devolve decisions on Transport and Works Act Orders, and streamline the number of targets that mayors have to report on in relation to their integrated settlements.

This autumn, alongside the Budget and fiscal devolution roadmap that will set out our overall approach to revenue assignment and rates retention, we will publish a white paper detailing our plans for the full set of reforms and a clear timetable for their implementation. This will include plans for legislation, the alignment of public service geographies, and the devolution of new powers and functions. The timetable for implementation will be informed by close work with mayors to consider how we can best build the necessary local delivery capacity and capability.

Next year, fiscal devolution will begin with mayors retaining a share of business rates from April 2027 and securing powers to introduce the Overnight Visitor Levy. We will also establish a new wave of strategic authorities, with new mayors elected in Cumbria, and in Cheshire and Warrington, next May. We will use the upcoming Spending Review to confirm the detailed arrangements for retained income tax, with receipts retained locally from April 2028. And, in spring 2028, a further wave of new mayors will be elected.

This programme of work needs to be a joint national effort, and is just the beginning of a rewiring of how our whole country works. The Prime Minister and his ministers will work with the First Ministers of Scotland and Wales, and the First Minister and deputy First Minister of Northern Ireland, their governments, and local leaders, to explore how the whole of the United Kingdom can benefit from local empowerment. And, in September, we will meet with all the mayors, as well as our permanent secretaries, the Cabinet Secretary and the mayors' chief executives, to discuss progress on rewiring the state.

THE CABINET

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