

DEVOLUTION REVOLUTION

The case for radicalism

Jack Shaw

July 2026

Dr Simon Kaye

Foreword by Mayor Tracy Brabin and Chris Curtis MP

ABOUT RE:STATE

Re:State is established as the leading Westminster think tank for public service reform. We believe that the State has a fundamental role to play in enabling individuals, families, and communities to thrive. But our vision is one in which the State delivers only the services that it is best placed to deliver, within sound public finances, and where both decision-making and delivery is devolved to the most appropriate level. We are committed to driving systemic change that will deliver better outcomes for all.

We are determinedly independent and strictly non-party in our approach. This is reflected in our cross-party Advisory Board and our events programme which seeks to convene likeminded reformers from across the political spectrum.

Re:State is a registered charity, the Re:State Trust Ltd, charity no. 1103739.

ABOUT RE:IMAGINING THE STATE

After a decade of disruption, the country faces a moment of national reflection. For too long, Britain has been papering over the cracks in an outdated social and economic model, but while this may bring temporary respite, it doesn't fix the foundations. In 1942 Beveridge stated: "a revolutionary moment in the world's history is a time for revolutions, not for patching." 80 years on, and in the wake of a devastating national crisis, that statement once again rings true. Now is the time to fix Britain's foundations.

Re:State's programme, 'Re:Imagining the State', puts forward a bold new vision for the role and shape of the State. One that can create the conditions for strong, confident communities, dynamic, innovative markets, and transformative, sustainable public services.

'Re:Imagining the Local State' is one of the major work streams within this programme.

ABOUT RE:IMAGINING THE LOCAL STATE

This paper is part of the 'Re:Imagining the Local State' work stream. English local and regional government stands at a turning point. There are signal opportunities for local innovation, close community engagement, and ambitious devolution of powers and responsibilities from the centre. There are also unprecedented challenges, driven by years of fiscal retrenchment, rocketing service demand, and a growing democratic deficit. This programme will develop policy ideas for the future of devolution, the role of communities, and the structures, practices, and leadership of local government itself. This paper is the third in a series of reports exploring the future of regional governance in England. It offers a vision for much larger-scale governance in parts of the country that are not dominated by a big city.

AUTHORS

Jack Shaw is Director of Groundwork Research and a Policy Fellow at The Productivity Institute, University of Manchester. He was named one of the Local Government Information Unit's Top 25 Global Thinkers in Local Government in 2025.

Dr Simon Kaye is Director of Policy and Research at *Re:State*.

ACKNOWLEDGEMENTS

We would like to thank Mike Hawking and Luke Raikes for their thoughtful feedback on an earlier draft of this report. We also wish to thank Chris Curtis MP and Tracy Brabin for providing a foreword.

The arguments and any errors that remain are the authors' and the authors' alone.

Table of contents

FOREWORD	5
1. INTRODUCTION	8
2. CREATING THE CONDITIONS	11
3. GROWTH YOU CAN FEEL: BETTER EMPLOYMENT, HIGH LIVING STANDARDS....	13
3.1 Unqualified autonomy: Fiscal Devolution	13
3.2 Financing infrastructure: Access to Capital	15
3.3 Building the tools: Development Corporations	17
3.4 The new diplomats: The international footprint of cities and regions	18
3.5 Public service reform: Strategic leadership and system stewardship	19
4. OPPORTUNITY	22
4.1 Infrastructure and markets.....	22
4.2 The role of institutions.....	23
5. CONCLUSION.....	25

Foreword: the time is now

England stands at a pivotal moment. For more than two decades, power has gradually shifted away from Whitehall and towards our nations, cities and regions. That journey has transformed the way we think about government, demonstrating that decisions made closer to the people they affect are often better decisions. Yet the work remains unfinished.

The case for deepening devolution has never been stronger. Across England, strategic authorities have shown what can be achieved when local leaders are trusted with responsibility. They have worked with councils to bring together businesses, universities, the NHS and communities to improve transport, attract investment, regenerate town and city centres, and begin tackling some of the most persistent challenges facing our places. They have demonstrated that collaboration at the scale of real economic geographies delivers results that individual organisations cannot achieve alone.

But these successes have been delivered despite significant constraints rather than because of the current system. Too often, mayors and strategic authorities are expected to solve problems without the powers, funding or institutional certainty needed to do so. Funding remains fragmented, accountability arrangements are overly centralised, and too much time is still spent negotiating with Whitehall instead of delivering for local people.

At a time when we need to raise productivity, rebuild public services and restore confidence in politics, this matters enormously. The Government, under Andy Burnham's leadership, can chart a new course.

With a decade as a Mayor under his belt, the Prime Minister knows that the UK's future prosperity will depend on whether every part of the country has the ability to shape its own future, build on its own strengths and respond to the needs of its own communities.

This report offers a thoughtful and ambitious contribution to that debate. It recognises that devolution is about far more than economic growth. Growth matters because it creates opportunity, raises living standards and provides the resources to sustain excellent public services. But devolution must also strengthen democracy, improve public services and give communities a greater sense of ownership over the places they call home.

Importantly, it sets out practical reforms that would allow strategic authorities to become stronger partners to government: driving economic renewal, improving public services and ensuring that opportunity is no longer determined by postcode.

The next chapter of English devolution should create stronger institutions that endure beyond political cycles and command public confidence. If we get that right, devolution can become one of the defining reforms of Burnham's administration. We look forward to supporting the Prime Minister on that journey.

Tracy Brabin, Mayor of West Yorkshire
Chris Curtis, MP for Milton Keynes North

Priorities

Delivering a more ambitious programme of English devolution requires three enabling conditions:

Priority 1: Invest in the capacity of strategic authorities. The Government can do this in the short-term by doubling the Mayoral Capacity Fund to enable strategic authorities to recruit the expertise they need. It should also design a large-scale secondment programme from Whitehall to strategic authorities, where every Civil Service Fast Stream entrant can complete a placement in a strategic authority as part of their rotation and where specialist capabilities across Whitehall are deployed across strategic authorities.

Priority 2: Establish a new accountability framework. To reset the relationship between Whitehall and strategic authorities, Accounting Officer responsibilities should be transferred from departmental Permanent Secretaries to the Chief Executives of strategic authorities.

Priority 3: Pursue devolution England-wide. While there is a strong case for sequencing reform by prioritising areas with the greatest readiness and growth potential, the Government should agree the full map of strategic authorities before the end of this Parliament. Priorities for the next wave should include high-growth areas such as Oxfordshire and the South Midlands. The Government should also investigate the prospect of coherent pan-regional working where current plans are resulting in footprints that are too small for genuinely strategic working.

With these enabling conditions in place, the Government should introduce a comprehensive devolution growth package to equip strategic authorities with the powers and resources needed to drive regional growth. It should:

Priority 4: Embark on a transformational programme of fiscal devolution. In doing so, the Government must ensure that it devolves a balanced basket of taxes, such as Income Tax, and introduces a system of equalisation. This must be available England-wide, so that no postcode is left behind, moving English devolution from an ‘earned autonomy’ model to one based on ‘embedded autonomy’.

Priority 5: Giving strategic authorities greater decision-making autonomy over investment. That includes a stronger role in directing the National Wealth Fund — which should be re-named to the National Development Bank — as well as the British Business Bank, Homes England and its National Housing Bank. The most effective way to achieve this is through the creation of regional growth companies, drawing on the established models in the West Midlands, Greater Manchester and London.

Priority 6: Giving mayors stronger tools to drive regeneration. Empower mayors to design and tailor development vehicles to local economic needs, including new models such as Coastal Investment Zones and High Street Investment Zones, while giving them greater flexibility to reform existing development vehicles. Where proposals have implications for national fiscal policy, HM Treasury would retain its usual oversight.

Priority 7: Equipping strategic authorities to compete internationally. Invest in ‘devolved diplomacy’ by supporting strategic authorities with the capacity to attract foreign direct investment, and support domestic businesses to export and expand their international footprint.

While improving economic outcomes is a core feature of strategic authorities, they should also play a much stronger role in improving public services and redistributing opportunity. The Government can support this by:

Priority 8: Publishing a Public Service Reform Strategy that puts communities in the driving seat. Define the respective roles of Whitehall, strategic authorities and local government in public service reform, and empower strategic authorities to act as system stewards through coordinated commissioning, shared digital and data infrastructure, and market-shaping interventions to tackle dysfunctional public service markets such as children’s social care and temporary accommodation. The Government can support this through extending Place-Based Budget Pilots across all strategic authorities and, drawing on Wales’ experience, creating Public Service Reform Boards in each strategic authority area.

Priority 9: Devolving employment and skills functions by bringing together careers services, employment support and post-16 technical education into a coherent local system. Fragmentation, as the Milburn Review identified, is contributing to the crisis in youth unemployment.

Priority 10: Establish a ‘presumption for coterminosity’ as a guiding principle of public service reform. The Government can do this by first aligning the Home Office’s policing reforms with strategic authorities, providing the Prime Minister an immediate opportunity to demonstrate that Whitehall is committed to embedding devolution across government, rather than undermining it. Bringing NHS boundaries in line with strategic authorities, as initiated under the 10-Year Health Plan for England, would also be a necessary prelude for realising the benefits of deeper health devolution.

1. Introduction

Though there remain voices of dissent, particularly in Whitehall, few now seriously argue that the devolution journey should be paused or reversed. Yet the political consensus behind devolution is more fragile than is often assumed.

For many, the case for devolution remains poorly understood, leaving it vulnerable to criticism. According to pollster YouGov, 58 per cent of Conservative voters in the Scottish elections were supportive of abolishing devolution. In Wales, the figure was higher, with 66 per cent of Conservative voters and 61 per cent of Reform voters. The United Kingdom has spent the past quarter-century transferring power away from Whitehall — first to Scotland, Wales and London, and more recently to England’s city-regions. Yet the process has been cautious and incremental, with each successive wave of reform stopping short of a durable settlement.¹ Reform UK had to rule out abolishing the Welsh Senedd in its 2026 Manifesto after its first ever Senedd politician, Laura Anne Jones, mooted the possibility.² Reform UK is the second-largest party with 34 out of 96 seats.

Conservative-led governments advanced the Northern Powerhouse, created metro mayors and laid much of the foundation for England’s current devolution framework, while Labour is now pursuing a further devolution revolution. But neither party’s commitment has been constant. Labour abandoned its plans for elected regional assemblies after the North East referendum defeat in 2004, while the Conservatives have historically included powerful centralising currents and opposed Scottish and Welsh devolution in the 1990s.³

The criticism advanced by devolution’s opponents is that the experiment has failed: that it has created more politicians and bureaucracy, with little to show for it. That is the wrong conclusion. Devolution is already beginning to deliver tangible benefits. Its principal constraint is not that it has gone too far, but that it has not gone far enough. The next administration offers a new opportunity to change that.

The shortcomings are particularly evident in England, where devolution and place-based policymaking have never been fully embedded within the machinery of the State. Instead, they have been characterised by repeated cycles of creation, reform, and abolition, undermining long-term institutional capacity, policy continuity, and investor confidence. England’s recent history is marked by persistent institutional churn: Regional Development Agencies, established to tackle regional inequalities, were abolished and replaced by Local Enterprise Partnerships, which themselves were subsequently wound up. Earlier, the Greater London Council and the metropolitan county councils met a similar fate. Westminster has too often treated place-based institutions as temporary administrative arrangements rather than permanent features of the State.

While the English Devolution and Community Empowerment Act put strategic authorities on a clearer statutory footing, there remains a compelling case for embedding devolution more firmly within the machinery of the British State to avoid the institutional churn that has

¹ YouGov, [Where do Scotland and Wales stand on devolution](#), 2024.

² Deans, D. [Reform not ruling out scrapping Senedd, MS says](#), BBC, 5 September 2025.

³ Conservative Manifesto, 1992. Conservative Manifesto, 1997.

characterised previous iterations of devolution and place-based policy. That case rests on three foundations.

The democratic case

The UK remains one of the most centralised countries in the OECD, with England an international outlier. From Macclesfield to Morley, Wigan to Wakefield, too many people feel that decisions about their communities are made elsewhere and that they have too little agency over their own future. This has been exacerbated by the systemic weakening of local government, which, despite the introduction of a multi-year settlement and a Fair Funding Formula that provides greater certainty and a fairer distribution of resources, continues to suffer from sustained underinvestment. Mayors have begun to redress that democratic deficit by providing visible local leadership and a stronger voice for their cities and regions. But meaningful local autonomy can only be achieved through a deeper and more substantive programme of devolution that gives communities genuine control over the decisions that shape their lives.

That logic has not yet been fully embraced across Whitehall. The Home Office's decision to draw arbitrary police force boundaries that do not align with the boundaries of strategic authorities led by elected mayors — many of whom also serve as Police and Crime Commissioners — illustrates the problem. Misaligned institutional boundaries make it harder to integrate policing with transport, housing, public health, and economic development, limiting strategic authorities' ability to shape genuinely joined-up public services. As a result, public services are not as democratic as they should be.

The economic case

Strategic authorities operate at the scale of functional economic geographies — Greater Manchester, South Yorkshire, the West Midlands — allowing them to coordinate investment, transport, skills, housing and business support across labour markets that extend beyond individual local authority boundaries. In doing so, they are better placed to drive productivity, attract private investment and deliver regeneration than fragmented local governance or highly centralised decision-making.

The evidence points clearly in this direction. The Greater London Authority played a central role in securing the 2012 Olympics only five years after its creation, which generated £14 billion for the UK economy,⁴ while the Commonwealth Games came to the West Midlands because there was a capable devolved governance able to convene partners and make it happen. Today, the Great North partnership has the potential to position the North of England as a credible partner for the 2040 Olympics. Their economic development vehicles, where they exist, have “demonstrated capacity to attract and channel foreign capital into productive use”.⁵ London & Partners, the capital's inward growth agency, estimates that in 2024-25 alone it generated £677 million for London's economy, which will support or create over 8,000 jobs.⁶

⁴ HM Government, [Turning the Games into gold: economic boost from London 2012 has passed £14 billion](#), 2014.

⁵ Coyle, D. et al. [The Manchester Model: what foreign investment reveals about the UK's most productive city outside London](#), The Productivity Institute, 2026.

⁶ London & Partners, [Impact Report](#), 2025.

Meanwhile, transport infrastructure is supporting local economies and their labour markets. London has among the best integrated transport networks in the world, created by the Greater London Authority. Public satisfaction with Greater Manchester's Bee Network is higher now than before it was taken under public control and the West Yorkshire Tram has the potential to be significant for the economic prospects of one of England's strongest performing cities.⁷

These are opportunities that require scale, coordination and confidence — and they are precisely the opportunities devolution makes possible.

The public services case

Despite its value as a growth engine, devolution is more than a vehicle for economic growth: it has the potential to improve people's everyday lives. Mayors are uniquely placed to act as convenors, collaborators, and market-shapers, bringing together public services, businesses, and civil society to tackle challenges that no single organisation can solve alone.

There are already encouraging examples. Greater Manchester's A Bed Every Night programme helped reduce rough sleeping, which fell in the first four consecutive years after its introduction.⁸ Meanwhile the Department for Work and Pensions' Health-led Employment Trials, led by the West Midlands and West Yorkshire, demonstrate how strategic authorities can convene the NHS, Jobcentre Plus, local authorities, and employers to deliver integrated employment and health support. The evaluation found that this approach improved participants' confidence, wellbeing and sustained employment in two of the three trial groups, illustrating the value of strong local partnerships and employer engagement.⁹

Yet there is scope for strategic authorities to do much more to improve public services, if empowered. If devolution is to meet the 'Makerfield Test', it must ensure that the benefits of devolution are felt and experienced as well as measured.

Where next?

The new administration has an opportunity to take forward what is an unfinished project. In his first speech at Manchester's People's History Museum, the new Prime Minister set out a more confident vision for English devolution, shifting the Overton window towards a deeper and more ambitious settlement. This paper seeks to build on that momentum.

It argues that the Government should pursue a three-track programme of reform: first, by creating the enabling conditions for strategic authorities to succeed, through greater capacity- and institution-building and England-wide devolution. Second, by equipping strategic authorities to become stronger engines of economic growth through a comprehensive devolution growth package; and third, by empowering them to play a more interventionist role in improving public services, supporting local authorities to tackle challenges such as temporary accommodation, social care and unemployment, particularly among young people.

Together, the proposals in this paper set out how the next administration can move beyond incrementalism and embed devolution as a permanent feature of the British State.

⁷ Transport for Greater Manchester, [Huge boost in Bee Network passenger satisfaction in first full year under local control](#), 2026.

⁸ BBC, [City-region sees fall in number of rough sleepers](#), 11 December 2024.

⁹ Department for Work and Pensions and Department for Health and Social Care, [Health-led employment trial evaluation: 12 month outcomes report](#), 2022.

2. Creating the conditions

To pursue more ambitious devolution, the Government must first create the conditions for success. Three binding constraints have undermined devolution to date.

First, strategic authorities often lack the institutional capacity required to exercise more extensive powers. With few tax-raising powers of their own, they remain heavily dependent on the Mayoral Capacity Fund. While the fund has played an important role in institution-building, it is simply too small. The West Midlands Combined Authority, for example, serves 2.9 million people, oversees an economy worth £195 billion and includes England's largest city outside London, yet receives just £3.8 million a year.¹⁰

If the Government is serious about devolving power, it must also devolve capacity. In the short-term it can do so by doubling the Mayoral Capacity Fund, at a cost of around £45 million a year — a modest sum that could be met from day-to-day departmental spending.¹¹ Andy Haldane, the former Chief Economist of the Bank of England, goes further, recommending an additional £10 million per strategic authority each year for the next decade to build the institutional capability needed.¹²

Capacity, however, is about more than funding. The Government should establish a large-scale secondment programme between Whitehall and strategic authorities. Civil Service Fast Stream entrants with relevant policy interests should be able to complete a placement within a strategic authority as part of their rotation, rather than this being an exceptional case.¹³ But the programme should extend well beyond the Fast Stream. The programme should also enable experienced civil servants and specialists from government agencies to spend time in strategic authorities, particularly in technical appraisal, commercial negotiation, financial management, programme delivery, and analytical capability. Those skills are in short supply and embedding them locally would strengthen institutional capacity while giving Whitehall a better understanding of place.

The Government should also review Whitehall's own capacity as responsibilities are devolved. At present, powers are transferred without any corresponding assessment of whether departments continue to require the same level of resource. Building on the principle of the Capability Review introduced under Sir Gus O'Donnell in 2005, HM Treasury should undertake a Departmental Capacity Review whenever significant powers are devolved.¹⁴ These reviews should assess whether resources can be redeployed to strategic authorities where sufficient capacity cannot be effectively generated through other avenues, such as partnership working, secondments, and efficiencies.

Second, while building capacity and capability is essential, it does not, on its own, resolve the fundamental tension between deeper devolution and Whitehall's model of top-down accountability. Under the current settlement, Ministers remain accountable to Parliament for

¹⁰ Ministry of Housing, Communities and Local Government, [Mayoral Capacity Fund: grant determination, 2026-27](#), 2026.

¹¹ MHCLG, [Mayoral Capacity Fund](#), 2026.

¹² Haldane, A. [Rewiring the nation, Burnham-style](#), Financial Times, 11 July 2026.

¹³ Cabinet Office, [Civil Service Fast Stream recruitment data: 2025](#), 2025.

¹⁴ Panchamia, N. and Thomas, P. [Capability reviews](#), Institute for Government, 2012.

public expenditure, with each Permanent Secretary acting as Accounting Officer for their departmental budget. Departments frequently cite this as a reason for resisting strategic authorities' Right to Request submissions.

Resolving this tension requires a new accountability framework. Rather than departmental Permanent Secretaries retaining responsibility for funding once it has been devolved, the Chief Executive of each established mayoral strategic authority should become the Local Accounting Officer (LAO), directly accountable to the Public Accounts Committee for the stewardship of those resources. Yet alongside stronger bottom-up accountability through the Local Scrutiny Committees required by the English Devolution and Community Empowerment Act, Parliament should, in practice, be able to take assurance that the LAO is already subject to rigorous local scrutiny, mirroring the arrangements that apply to Accounting Officers in the devolved administrations.¹⁵ In short, the Public Accounts Committee's ability to hold LAOs to account should be a backstop when local scrutiny is not working as it should.

The third constraint is geography. There is a limit to how far devolution can be deepened if it benefits only part of England. Early devolution rightly prioritised the city-regions best placed to capture agglomeration benefits and drive national growth. But that rationale becomes difficult to sustain if large parts of England continue to wait for powers and investment.

The time has therefore come to address that clear inequity. While the Government should not take its foot off the accelerator — indeed, devolution has been stuck in the slow lane for too long — it will become increasingly difficult to justify granting further powers to mature strategic authorities, and the communities they serve, without a clear plan for extending devolution to those parts of England that have yet to benefit from it or the investment it attracts.

As it stands, the Government's promise to deliver England-wide devolution by the end of this Parliament is fragile. Local government reorganisation has been cited as a cause of delay to the Devolution Priority Programme, while the appetite for creating further strategic authorities appears to have waned. In part, this reflects concern about the cost of the Investment Fund attached to each new strategic authority. But it also reflects the ambivalence of both Members of Parliament and councillors who remain concerned that devolution is politically inconvenient. The Government must grasp the nettle by building on the Devolution Framework established by the previous administration so that new strategic authorities are endowed with enough investment to make the disruption of their creation worthwhile, while also re-establishing the 'backstop' mechanism outlined in the English Devolution White Paper to resolve disputes so that no authority has a veto on devolution.¹⁶

By the end of this Parliament, then, the Government should seek to establish strategic authorities, at least in a pre-establishment 'shadow' form, to cover every part of England, prioritising areas with the greatest economic potential, including Oxfordshire and the South Midlands. Doing so would not only prevent a two-tier system of devolution from taking hold, at the same time as the Government is abandoning the two-tier system that exists among local authorities; it would also give the Government the political legitimacy to devolve more significant powers to England's most mature strategic authorities.

¹⁵ Johns, M. [Accountability gap: how robust accountability can unlock devolution's promise](#), 2026.

¹⁶ There was an expectation that this mechanism would be included in the English Devolution and Community Empowerment Act, but it was removed. Written Ministerial Statement, [English devolution](#), UIN HLWS313, 16 December 2024.

3. Growth you can feel: Better employment, higher living standards

Rebuilding institutional capacity, moving accountability from Whitehall to strategic authorities and ensuring devolution extends across the whole of England will give every local economy the best opportunity to achieve sustainable economic growth. But economic growth is not an end in itself. It matters because it creates better employment prospects, raises living standards and generates the tax revenues necessary to sustain high-quality public services. Growth enables the Government to make sure that the proceeds are equitably shared.

Delivering on this ambition requires a more radical approach to devolution than the UK Government has pursued to date: equipping places with the tools to shape their own economic fortunes, rather than interventions designed by civil servants in Westminster who have little understanding of Milton Keynes or Leeds.

The new administration can make a serious, deliberate start by providing strategic authorities with the fiscal autonomy to transform their economies and communities. Mayors have repeatedly demonstrated a willingness to make difficult political choices — such as by introducing Mayoral Development Corporations or exercising ‘call in’ powers over regeneration decisions, such as over Wimbledon’s expansion programme — where they judge them to be in the interests of their residents. Labour has already signalled its ambition, both through the Overnight Visitor Levy and, as Rachel Reeves cited in her *Mais Lecture*, the assignment of Income Tax.¹⁷ Research by the APPG for Local Government estimates that the Government can devolve up to £79 billion in funding from Whitehall.¹⁸ With genuine fiscal autonomy — and, eventually, revenue-raising powers of their own — strategic authorities will be incentivised and resourced to adopt more muscular productivity-enhancing approaches in their regions.¹⁹

3.1 Unqualified autonomy: Fiscal Devolution

It is no coincidence that Greater Manchester has outperformed much of England on economic growth in recent years. Indeed, a number of northern cities and towns — Barnsley, Blackburn, Warrington, Wakefield — are now growing faster than many had expected.²⁰ In Greater Manchester’s case, that success reflects decades of institutional collaboration, as well as a highly successful pattern of close partnership with external partners and businesses. That tradition stretches back to the Association of Greater Manchester Authorities, and it became the first English city-region outside London to secure a Mayoral Strategic Authority. Yet even

¹⁷ HM Treasury, [Mais Lecture](#), 2026.

¹⁸ All Party Parliamentary Group for Local Government, [No government can deliver long-term growth without ambitious fiscal devolution](#), 2026.

¹⁹ Walker, A., Ganesharatnam, L. and Kaye, S., [Taxing for take-off: a new plan for fiscal devolution](#), Re:State, 2026

²⁰ Centre for Cities, [Cities Outlook 2026](#), 2026. Not all of the cities and towns that the Centre for Cities identified sit within strategic authorities, but many of the outliers with faster economic growth do sit within strategic authorities that have been established the longest.

Greater Manchester's experience demonstrates that devolution without fiscal autonomy has clear limitations.

Successive attempts to provide a more durable financial settlement have fallen short. The proposed £3 billion Greater Manchester Congestion Charge was decisively rejected by voters in the 2008 referendum. The Coalition Government's Earn Back model, intended to allow Greater Manchester to retain a share of the additional tax revenues generated through economic growth, never operated as originally envisaged and offers a cautionary tale.²¹ While more recently the Integrated Settlement has been presented as a significant step forward, it remains, at root, a sophisticated grant that can ultimately be amended or withdrawn by Whitehall unilaterally.²² Though some strategic authorities, notably London and Greater Manchester, have made use of their Mayoral Precept, the precept alone is an insufficient source of revenue.

The next phase of English devolution therefore requires an ambitious plan that is embedded in the UK's governance architecture. Rachel Reeves' *Mais Lecture* rightly reopened the debate by proposing the assignment of a share of Income Tax to strategic authorities, and mayors welcomed that direction of travel. Yet England needs a durable fiscal settlement built on three principles, which a single tax alone cannot provide: greater fiscal autonomy, stronger incentives for growth and a transparent system of redistribution.²³

First, strategic authorities require greater fiscal autonomy. The Government should devolve a broader basket of taxes, beginning with those where there is already a clear precedent elsewhere in the United Kingdom.

In doing so, fiscal devolution will create stronger incentives for economic growth. Strategic authorities should retain a meaningful share of the additional revenues generated by expanding their tax base, giving local leaders a direct fiscal interest in increasing productivity, attracting investment and supporting employment. The Earn Back model developed for Greater Manchester rightly sought to embody this principle, but its implementation ultimately fell short of its original ambition owing to the complexity of its design. Future reform should therefore establish a simpler approach through which strategic authorities automatically benefit from the proceeds of growth.

Greater fiscal autonomy, however, cannot come at the expense of spatial equity. The final pillar of fiscal devolution should therefore be a transparent, rules-based equalisation system for England's strategic authorities. In the near term, tariffs and top-ups should ensure that authorities begin with broadly equivalent levels of revenue per head — notably an area of focus as the current Government explicitly targets improved living standards nationwide. These adjustments should then remain fixed in real terms for a defined period, allowing

²¹ Raikes, L. [Equality and empowerment: A progressive proposal for fiscal devolution and economic development in England](#), 2023.

²² National Audit Office, [Devolution in England: funding and accountability](#), 2026. Shaw, J. [Integrated settlements part one: the journey so far](#), Local Government Information Unit, 2026. Shaw, J. [Integrated settlements part two: evolution, not revolution?](#), Local Government Information Unit, 2026. Shaw, J. [Integrated settlements part three: change is afoot?](#), Local Government Information Unit, 2026.

²³ Walker, A., Ganesharatnam, L. and Kaye, S., [Taxing for take-off: a new plan for fiscal devolution](#), Re:State, 2026

authorities to retain the proceeds of subsequent growth before the system is periodically reset.²⁴

As strategic authorities take on more substantial responsibilities, this should evolve into a system of partial equalisation, reflecting differences in fiscal capacity and structural indicators of need and cost, while preserving a meaningful reward for stronger economic performance. Like the Barnett Formula, such a system should provide predictable and stable funding settlements. Unlike Barnett, however, it should not depend upon changes in comparable Whitehall spending. Transfers between regions, alongside fair arrangements for distributing resources within them, would protect spatial equity and ensure that every part of the country has the capacity to invest.²⁵

In moving to this system, English devolution would go beyond the ‘earned autonomy’ framework whereby strategic authorities are expected to negotiate with Whitehall, and toward ‘embedded autonomy’ where fiscal autonomy becomes a predictable entitlement available to every strategic authority, just as the Local Government Finance Settlement distributed £78 billion to every local authority rather than requiring them to bid or negotiate for core funding.²⁶ In return for this embedded autonomy, the Government should expect stronger accountability arrangements than those currently established.

3.2 Financing infrastructure: Access to Capital

While fiscal devolution will give strategic authorities much-needed autonomy to borrow against anticipated receipts to finance transport and other infrastructure, as the Greater London Authority did in part-financing the Northern Line Extension, strategic authorities have an important role in catalysing private and institutional investment alongside this.²⁷

The UK does not suffer from a shortage of capital, but capital markets consider investment outside of London and the South East much higher risk. According to Professor Philip McCann, the ‘risk premium’ attached to investment elsewhere in England is comparable to the gap between investing in the UK and investing in countries such as Romania or Chile.²⁸ As a result, investors demand substantially higher returns to compensate for this perceived risk, rendering many otherwise viable projects commercially uninvestable. This has economic consequences for the productivity potential of those places as well as political consequences.²⁹ There is, therefore, a spatial dimension to capital investment.

The National Wealth Fund (NWF) and its predecessor, the UK Infrastructure Bank (UKIB), were at least in part designed to address this challenge. The NWF is an ‘impact investor’

²⁴ Walker, A., Ganesharatnam, L. and Kaye, S., [Taxing for take-off: a new plan for fiscal devolution](#), Re:State, 2026

²⁵ Similar arguments can be found in Raikes, L. [Equality and empowerment](#), 2023; Raikes, L. [A good life in all regions: uniting our country to end poverty](#), 2023.

²⁶ House of Commons Library, [Local Government Finance Settlement 2026-27 and 2028-29](#), 2026. Sandford, M. and Muldoon-Smith, K. [Embedded autonomy: a new framework for local government finance](#), 2025.

²⁷ Transport for London, [Northern Line Extension: Factsheet and finance](#), 2013.

²⁸ The Productivity Institute, [Access to capital and finance: strategic context, challenges and policy recommendations](#), 2024.

²⁹ Rodriguez-Pose, A. [The revenge of the places that don't matter \(and what to do about it\)](#), Cambridge Journal of Regions, Economy and Society, Volume 11, Issue 1, 2018.

making place-based investments that are supporting local economies. However, the NWF cannot support investment at the scale of its competitors, such as in France, nor compared against the investment made by local institutions in Victorian England.

In the late nineteenth century England, Manchester Corporation financed the building of the Manchester Ship Canal — then the largest river navigation canal in the world at 36 miles in length — through municipal borrowing. It paid for it by increasing property rates by 26 per cent.³⁰ At the turn of that century, 61 local authorities owned tram networks; while today the West Yorkshire Tram, which first conducted feasibility studies in 1991, remains unbuilt. Meanwhile until Margaret Thatcher's Airports Act in 1986, local authorities built and financed airports to improve the UK's international trade prospects. These investments were only possible because of access to capital and business support.

Before the NWF or its predecessor were established, the European Investment Bank played an important role in plugging this gap, investing £7.5 billion into the UK in 2016 alone. This both dwarfs the £4.7 billion invested between 2021 and 2024 by the UKIB and is higher than the maximum the NWF is entitled to allocate annually.³¹ The NWF has a total capitalisation of £27.8 billion: £22 billion inherited from the UKIB and an additional £5.8 billion throughout this Parliament.

BPI France, France's equivalent to the NWF, operates at a larger scale. Nearly half of France's most promising start-ups (51 out of 120) received direct BPI investment, and almost all benefitted from indirect support.³²

But scale is not the only challenge facing the NWF. It should also be more place-sensitive, given the importance of understanding the spatial context employers operate in. BPI can do this because it operates through a decentralised network of 50 regional offices, designed to put decision-making power directly in the hands of local partners, with 90 per cent of financing decisions made locally.³³ The Government should follow in BPI's footsteps, re-naming the National Wealth Fund to the National Development Bank — a more accurate reflection of its core rationale — and operate through dedicated economic development vehicles backed by strategic authorities (such as London & Partners, the Greater Manchester Growth Company and the West Midlands Growth Company, for example), giving them the power to shape investment decisions.³⁴ It should also consider the role of other public financial institutions (PuFins) such as Homes England's National Housing Bank and the British Business Bank, as well as the Public Works Loans Board — all part of a wider architecture of municipal lending which could be helpfully streamlined and brought closer to places.³⁵ In doing so, strategic authorities would be well placed to support the Government's renewed emphasis on re-industrialisation and align investment with their Local Growth Plans.

³⁰ Institute for Civil Engineers, [Did a long canal inland by hand turn the city of Manchester into a port?](#).

³¹ National Wealth Fund, [UK Infrastructure Bank early learning assessment](#), 2024.

³² Bhattacharya, A. [Equity across the regions: the case for a British Regional Investment Bank](#), Social Market Foundation, 2023.

³³ Network of European Financial Institutions for Small and Medium Enterprises, [BPI France](#).

³⁴ The devolved administrations, which have comparable economies as many English strategic authorities, each oversees financial institutions such as the Scottish National Investment Bank, Development Bank of Wales and Invest Northern Ireland.

³⁵ Eke, S., Berman, C., Kaye, S., [New house rules: the case for devolving Homes England](#), Re:State, 2025

3.3 Building the tools: Development Corporations

Growth companies with oversight over funding allocated to the National Wealth Fund should be supported by the dozens of development vehicles that have emerged over this decade. Most strategic authorities now oversee development vehicles such as Investment Zones (IZs), Freeports, AI Growth Zones (AIGZs), Mayoral Development Corporations (MDCs) and Mayoral Development Zones (MDZs). York and North Yorkshire created three MDZs only this month: in Scarborough, Selby Growth Corridor and York Central.³⁶

Though the design of each is different, at root they give arms-length institutions the ability to attract and leverage private sector investment through incentives, such as a simplified planning regime or faster access to grid connectivity in collaboration with the Office for Investment. The English Development and Community Empowerment Act gave strategic authorities the ability to create MDCs unilaterally and, through participation in their governance structures, strategic authorities have some oversight to shape the sectoral and spatial priorities of other vehicles.³⁷ This is a welcome development. Yet their autonomy is qualified, with AIGZs, for example, set up by the Government, and the tools these vehicles possess are both insufficient and inconsistent.

The Government should be more ambitious. It can build on the progress already made by allowing mayors, where there is local appetite, to design and establish other development vehicles tailored to local economic priorities. In particular, there are no development vehicles for the specific rural or coastal character of some local economies, which has led to calls for a new Coastal Investment Zone (CIZ) programme.³⁸ A CIZ could provide place-specific tax reliefs for key local industries, such as coastal hospitality businesses facing seasonal trading pressures, alongside locally tailored licensing rules for short-term holiday lets, trading hours and outdoor dining.

The idea of a High Street Investment Zone (HSIZ) also warrants consideration, with high streets over-saturated with poor-quality retail options. Repopulating high streets with higher density housing and experiential and service-based options is vital to improving their quality, footfall and appeal, but it is difficult to finance this regeneration, with the primary model relying on a significant uplift in housing density. While there is merit to that model, current viability challenges make high street regeneration difficult, and strategic authorities do not have the tools to drive it. A High Street Investment Zone could include more muscular Compulsory Purchase Order powers, provide additional support for high streets and stronger enforcement powers, including against proposals for low-quality or high-risk retail such as gambling operators. This could have been an alternative model to the MDC for Oxford Street introduced by Mayor Sadiq Khan, and it would be consistent with findings from the independent Portas Review and Grimsey Review into high streets.³⁹

These vehicles are familiar to international investors and can therefore help strategic authorities attract long-term private and institutional capital into local economies. They can

³⁶ York and North Yorkshire Combined Authority, [Mayor to create three Mayoral Development Zones to drive regeneration in York and North Yorkshire](#), 2026.

³⁷ Schedule 18, English Devolution and Community Empowerment Act, 2026.

³⁸ Billington, P. [Place-based economic development](#), Renewal Journal, 2026.

³⁹ The Portas Review, [An independent review into the future of our high streets](#), 2011. The Grimsey Review, [An alternative future of the high street](#), 2013.

also, where appropriately structured, operate outside the public sector balance sheet. If strategic authorities are able to borrow against predictable future revenue streams, they have a much stronger incentive to integrate transport, housing, and regeneration into coherent, investable programmes and introduce greater market discipline into project selection and delivery.⁴⁰ While HM Treasury should, of course, retain oversight of any powers that could affect national tax receipts, greater attention should be given to enabling these vehicles to become genuinely self-financing.

3.4 The new diplomats: The international footprint of cities and regions

With new tools to drive economic growth, the Government should not be squeamish about exploring the international role of strategic authorities. Mayors are now serious actors in international engagement and are beginning to build strategic partnerships internationally that are attracting investment, creating employment and supporting small- and medium-enterprises export and expand into new commercial markets. As the Commission on Devolution and Diplomacy has set out, a key success of Manchesterism has been its ability to attract international investment.⁴¹

In federalised systems such as the United States or Australia, each state competes for investment internationally. The State of Victoria in Australia has approximately 100 staff in markets globally. England's strategic authorities, by contrast, employ one or two members of staff for the same reason. These staff are based in those authorities, rather than in the countries those authorities are seeking to lure investment from. Despite the capacity and capability constraints, Andy Burnham, as Mayor of Greater Manchester, and Steve Rotherham, Mayor of Liverpool City Region, played a leading role in the UK's first ever joint mayoral visit to Ireland. The city-regions share a close commercial relationship with Ireland and exported nearly £2 billion worth of goods to the country in 2019.⁴²

Meanwhile following investment delegations led by the Mayor of West Yorkshire, Tracy Brabin, the strategic authority and Nashville, Tennessee, have launched a Healthtech Bridge, establishing a formal transatlantic partnership to strengthen collaboration on trade, investment and innovation within the health technology sector. The partnership will facilitate closer links between businesses, universities, healthcare providers, and investors, including Nashville's world-leading Vanderbilt University Medical Center, creating new opportunities for health-tech firms to collaborate, export and scale internationally.⁴³ It builds on West Yorkshire's established strengths in health innovation, where firms have developed technologies to reduce chemotherapy-induced hair loss, software to improve ambulance response times, and AI-enabled blood tests capable of estimating an individual's probability of having cancer. Later

⁴⁰ Aubrey, T. [Briefing Burnham: public corporations and infrastructure investment](#), Centre for Cities, 2026. Shaw, J. et al. [London Unchained](#), Labour Together and YIMBY Alliance, 2025.

⁴¹ Shaw, J. et al. [From local to global: a new framework for devolution and diplomacy](#), City-REDI, Commission on Devolution and Diplomacy, 2026.

⁴² Greater Manchester Combined Authority, [North west England mayors arrive in Dublin to kick off joint mission to boost trade and cultural links](#), 2022.

⁴³ University of Leeds, [Strengthening partnerships across the Atlantic](#), 2026. West Yorkshire Combined Authority, [Boost for UK's health technology sector as West Yorkshire signs historic trade and investment pact with Nashville](#), 2024.

this year the Great North will be bringing strategic authorities in northern England together for the first time, leading its first joint trade mission to India with government support.⁴⁴

The UK Government has not expressed a strong interest in the area of mayoral diplomacy, but that hasn't always been the case. When the Labour administration under Tony Blair created Regional Development Agencies in 1998, they had a statutory responsibility to improve regional competitiveness and engaged with global partners accordingly. In many cases, they employed staff that were based across the world.

Whitehall rightly recognises the value of building stronger relationships between UK government and sub-national governments internationally, such as with states directly in the United States, including Indiana, North Carolina, Oklahoma, California, Texas, and Florida. Yet it is a mistake not to capitalise on England's own regional economies when the Midlands, for example, has an economy comparable to Denmark and a population similar to Portugal.⁴⁵ The Government should, therefore, invest in the international capabilities of strategic authorities, enabling them to attract inward investment and support domestic businesses to compete in global markets. Andy Burnham's commitment to devolve business support in his speech last month is a welcome start.⁴⁶

This model of 'devolved diplomacy' is not only a driver of economic growth; it also strengthens the UK's wider soft power and therefore warrants coordinated cross-government support. Strategic authorities can play an increasingly important role in advancing UK interests internationally. In an increasingly fractured geopolitical environment, mayors offer continuity and stability. They often remain in office longer than their counterparts in Westminster and can cultivate long-term international partnerships without being constrained by the diplomatic sensitivities that shape the UK Government's formal foreign relations.

3.5 Public service reform: Strategic leadership and system stewardship

In practice, this means acting as system stewards: setting a shared strategic direction, aligning incentives across organisations, overcoming barriers to collaboration, and ensuring that investment and policy are coordinated around long-term outcomes rather than organisational silos. Unlike constituent councils, whose focus is necessarily on delivering statutory services, strategic authorities can concentrate on improving how those services interact across a place.⁴⁷ This role is also increasingly recognised in national policy. The English Devolution and Community Empowerment Act provides strategic authorities with a competence relating to health, wellbeing and public service reform alongside a General Power of Competence, while the Integrated Settlement Outcomes Framework increasingly measures their success

⁴⁴ Growth Platform, [North of England unites for the first-ever joint trade mission to India](#), 2026.

⁴⁵ Midlands Engine, [Understanding inward investment support in the Midlands](#).

⁴⁶ Andy Burnham speech, 26 June 2026.

⁴⁷ MHCLG, [Place based budgets: programme](#), 2026. The Government set out three principles for public service reform in Spending Review 2025 — integration, prevention and devolution — but as the Institute for Government has concluded, there is a mismatch between the Government's stated aims and how departments are pursuing public service reform. Hoddinott, [Devolution, integration, prevention: do the Government's public service reform plans add up?](#), Institute for Government, 2026.

through cross-cutting outcomes rather than the delivery of individual programmes.⁴⁸ Together, these developments signal a shift towards strategic authorities acting as place-wide convenors and integrators of public services.

In practice, strategic authorities are already demonstrating how they can improve public services. The Greater London Authority, for example, is convening partners across the capital to strengthen homelessness prevention and is part-funding the London Prevention Accelerator with the support of London Councils and the Centre for Homelessness Impact to identify new approaches to reducing homelessness and reduce the £5.5 million spent every day in London on managing it.⁴⁹ Yet while the Mayor of London has committed to ending rough sleeping, the National Plan to End Homelessness provides only a limited role for strategic authorities.

Another example is the Healthy Working Life programme between West Yorkshire and the NHS West Yorkshire Integrated Care Board that has been supporting people with health conditions to return to the labour market, and is being delivered with the support of the Place-based Budget Pilots that are operating across five strategic authorities. There are 101,000 people in West Yorkshire currently economically inactive because of ill health and by aligning employment and health support, the programme has reduced health inequalities, improved health outcomes and increased economic participation.⁵⁰ The Government should build on the existing progress of the Place-Based Budget Pilots by rolling them out to all of England's strategic authorities.

Yet despite these welcome initiatives, there is no overarching framework setting out how strategic authorities should contribute to public service reform, how responsibilities should be shared between Whitehall, strategic authorities and local government, or how departments should work together to support place-based reform. The UK's theory of change for achieving sustained public service reform remains underdeveloped. The Starmer administration's announcement in June of a Task and Finish Group on public service reform has brought renewed attention to the role that strategic authorities should play within England's public service landscape.⁵¹ That appetite has been reinforced by the prospect of public ownership and strategic oversight of services beyond traditional devolved functions. Prime Minister Andy Burnham has, for example, made the case for greater public control over sectors such as water and energy, raising wider questions about whether strategic authorities should play a more significant role in shaping, commissioning or governing those services.

The Government can go further, and add clarity to this uncertainty, by publishing a cross-Whitehall Public Service Reform Strategy, driven by teams brought together in No 10 North,⁵² that sets out how its ambitions for devolution, prevention, integration, digital transformation, and productivity fit together across departments.⁵³ The strategy should articulate the respective roles of Whitehall, strategic authorities and local government, establish a clear

⁴⁸ MHCLG, [Greater London Authority Integrated Settlement Outcomes Framework: 2026-27 to 2028-29](#), 2026.

⁴⁹ Greater London Authority, [Mayor and London Councils to make homelessness support quicker and easier to access backed with £3.5 million investment](#), 2025. London Councils, [Borough homelessness costs soar to £5.5 million a day](#), 2025.

⁵⁰ West Yorkshire Combined Authority, [Healthy Working Life Plan — Get West Yorkshire working](#), 2025. West Yorkshire Health and Care Partnership, [Healthy Working Life](#).

⁵¹ Written Ministerial Statement, [Neighbourhoods and public services](#), UIN HCWS117, 16 June 2026.

⁵² Kaye, S. [Building Number 10 North](#), Re:State, 2026

⁵³ Shaw, J. and Peck, J. [Local productivity, national impact: the role of local authorities](#), The Productivity Institute, 2026.

theory of change for place-based public service reform, and provide the framework through which departments align funding, accountability and policy around shared outcomes that are co-produced by strategic authorities themselves. The strategy should also be supported by institutional architecture, such as Public Service Reform Boards within each strategic authority, similar to those that exist across in each local authority area in Wales.⁵⁴

⁵⁴ Welsh Government, [Public Service Boards](#).

4. Access to opportunity

If public service reform is to succeed, it must translate strategic leadership into better outcomes for residents. One of the clearest tests is whether strategic authorities can expand access to opportunity.

Access to opportunity is one of the most important determinants of life outcomes. It is also fundamental to economic growth. Attracting investors requires giving them confidence that a pipeline of appropriately skilled labour will be available to support their operations over the long term, while tackling the persistent challenge of young people not in employment, education or training (NEET) requires coordinated support across education, employment and public services. Yet, as the Milburn Review identified, while the barriers facing young people are shaped by place, devolution has “created partial responsibility without full control”.⁵⁵

The Government should therefore pursue more ambitious skills devolution. Strategic authorities already have control over the Adult Skills Fund, enabling more locally responsive provision, and through their soft power can influence Local Skills Improvement Plans (LSIPs). However, ownership of the LSIPs should be equally shared between strategic authorities and employers and key elements of the system remain fragmented across national agencies, including the Careers & Enterprise Company, the National Careers Service, and elements of Jobcentre Plus. Post-16 technical education and employment support programmes, such as Pathways to Work and the Guarantee Trailblazer, also remain largely controlled from the centre.

This fragmentation limits the ability of strategic authorities to align skills provision with their economic strategies, and even where there is a clear strategic and political ambition — such as developing the workforce needed to support the transition toward renewable industries — local politicians lack the authority to influence colleges and training providers to align provision with future demand. Mayors should be able not only to respond to existing labour market needs, but to shape the future direction of their economies. The Government should devolve post-16 skills and employment provision to enable city-regions to integrate workforce development, inward investment and sectoral growth strategies more effectively, creating stronger pathways into good work and supporting long-term economic growth.

4.1 Infrastructure and markets

Mayors also have an important role in shaping the systems and markets that underpin modern public services. One example is digital infrastructure. Strategic authorities are well placed to work with local authorities and public service partners to procure — or, where appropriate, develop — shared digital infrastructure and integrated data platforms, replacing fragmented legacy systems that often lack interoperability and prevent organisations from sharing information effectively. Whitehall has already recognised the importance of this transition from analogue to digitally enabled public services through the creation of Government Digital

⁵⁵ Milburn Review, [Young people and work: interim report](#), 2026.

Service Local, reflecting the role that digital transformation will play in improving both resilience and productivity across the public sector.

Strategic authorities are laying the foundations for this approach. The Mayoral Data Council and initiatives such as the Office for Public Service Innovation (OPSI), hosted by Liverpool City Region, are helping to build local capability in data and digital innovation. For example, OPSI is piloting the use of school absenteeism data to identify vulnerable households earlier, enabling public services to intervene before problems escalate.⁵⁶

Strategic authorities also have an important role in shaping public service markets. By operating at a scale larger than individual local authorities, they can coordinate commissioning and aggregate purchasing power to tackle dysfunctional markets that undermine value for money. This is particularly relevant in children's social care and temporary accommodation, where fragmented commissioning has enabled some providers, landlords and managing agents to extract excessive profits at significant cost to taxpayers.⁵⁷

This approach is consistent with the principles set out in *The Productive State* and with Andy Burnham's call for greater local ownership over the services and infrastructure on which communities depend.⁵⁸ There is also cross-party interest in the agenda of market-shaping. Reforming children's social care markets has been a stated priority for the Starmer administration and was previously championed by the Conservatives, notably their commissioning of the Independent Review of Children's Social Care, as part of a 2019 Conservative Manifesto commitment.

One such example is Greater Manchester, which is developing strategic capability to shape the housing market across the city-region. It has established a Housing First Unit, including the capacity to develop digital infrastructure that provides a more comprehensive understanding of the supply, demand and use of temporary accommodation, enabling better-informed decision-making. Alongside this, its Empty Homes programme aims to bring 400 long-term vacant properties back into use.⁵⁹ Though it is notable that these initiatives do not attempt to disrupt the private rented market directly, they do seek to strengthen the resilience of the Greater Manchester housing system, expanding the supply of affordable accommodation and reducing local authorities' reliance on expensive private sector provision.

4.2 The role of institutions

Finally, the effectiveness of devolution — and of public services — depends not simply on the powers transferred but on whether public institutions operate across coherent geographical boundaries. Where police, health, transport, and local government footprints align, strategic authorities can coordinate investment, accountability and service delivery more effectively. Conversely, fragmented institutional geographies create duplication, weaken democratic accountability, and make integrated public services harder to deliver. Ensuring coterminous

⁵⁶ Liverpool City Region, [The Office for Public Service Innovation](#), 2023. Shaw, J. and Peck, J. [Local productivity, national impact](#), 2026.

⁵⁷ Kaye, S., Woodward, I., Vittorino, Go., and Eke, S. [Back from the brink: radical ideas for sustainable local finances](#), Re:State, 2024

⁵⁸ Andy Burnham speech, 29 June 2026. Lawrence, M. and Williams, A. [The productive state: a framework for Manchesterism](#), 2026.

⁵⁹ Greater Manchester Combined Authority, [Overview and Scrutiny Committee](#), 10 December 2025.

boundaries should therefore become a guiding principle of future public sector reform rather than an afterthought.

The Government has taken steps to improve this fragmentation with the English Devolution and Community Empowerment Act establishing a statutory framework for collaboration. But there are examples where the Government has failed to capitalise on the coterminosity dividend.

The Labour Party in opposition committed the Government to a strategic review of probation governance and cited the work of Greater Manchester and HM Prisons & Probation Service, which jointly commission services around rehabilitation, as part of the Greater Manchester Integrated Rehabilitative Services. In practice, Greater Manchester's services co-commission support for women to help reduce re-offending, supporting them with accommodation, education, training, employment, recovery, and wellbeing. This partnership is performing well and, according to the Ministry of Justice's own Probation Scorecard, Greater Manchester is the only place in England where probation is ranked as 'Good'.⁶⁰ It is also the only place outside of London where the probation geography is the same geography as a strategic authority and, as such, other strategic authorities cannot work with the Prisons & Probation Service in the same manner, preventing services from joining-up.

This issue applies to other public services too. There are currently 39 police forces in England, and the Home Office plans to radically reduce this number, built around "fewer, larger police forces".⁶¹ While the Independent Review of Police Force Structures is expected to make recommendations to the Home Secretary on the precise geographies and number of police forces, it is widely expected that the Home Office has a preference for 12 police forces and there has been widespread scepticism from strategic authorities that the Home Office will align police force boundaries with their geographies.⁶² This is a missed opportunity and poses serious questions about the Home Office's support for devolution.

While structural reform can be painstaking, as local government reorganisation has revealed, ensuring public service boundaries are coterminous is an important principle for building resilient and productive public services. The new administration should, therefore, introduce a presumption of coterminosity, requiring Whitehall departments to align the boundaries of major public bodies with strategic authorities over time unless there is a compelling operational reason not to do so. As part of this commitment, there should also be recognition that in some cases the proposed footprints of some strategic authorities may be too small to make such coterminosity possible, highlighting the importance of building functional pan-regional geographies and governance systems to support them.⁶³ How the incoming administration takes forward changes to police boundaries will provide an important signal on how serious it is in reforming public services.

⁶⁰ Ministry of Justice, [Community performance annual, update to March 2025](#), 2025.

⁶¹ Home Office, [From local to national: a new model of policing](#), 2026.

⁶² Home Office, [Independent review of police force structures: terms of reference](#), 2026. Police Foundation, [Ambition and coherence: but can reform on this scale land, and will it deliver for the public](#), 2026.

⁶³ Kaye, S. and Eke, S., [Go big or go home: governing England's polycentric regions](#), Re:State, 2025

5. Conclusion

English devolution has reached an inflection point. Over the past decade, strategic authorities have demonstrated that they can drive economic growth, attract investment, convene partners, and provide visible local leadership. Yet they continue to operate within a partially devolved system, characterised by fragmented powers, constrained fiscal autonomy, and a relationship with Whitehall that too often remains transactional rather than strategic.

The next phase of devolution should therefore be judged not only by the number of powers transferred, but by whether strategic authorities have the authority, capability and autonomy to improve the lives of the people they serve. That means giving them the fiscal freedom to invest for the long term, the institutional capacity to lead, the tools to deliver regeneration, and the strategic responsibilities needed to tackle complex public service challenges that no single organisation can solve alone.

Ultimately, the success of English devolution will also be measured by whether it passes the Makerfield Test. Do people feel they have greater control over the places they live? Can they access better jobs, better housing and better public services? Are economic growth and opportunity reaching communities that have too often been left behind?

That is the unfinished task of English devolution, and it is the opportunity now facing the Government. That requires a fundamental shift in how the UK Government operates, moving beyond incrementalism and embracing a model of devolution that trusts places to shape their own futures. Devolution cannot remain the responsibility of a small number of departments while other parts of Whitehall continue to avoid it. Every Secretary of State and Permanent Secretary should be expected to demonstrate how their department is advancing the Government's devolution agenda, embedding place-based policymaking across government. To drive that change, the Prime Minister will establish No.10 North. That represents an important recognition that devolution must be led from the centre of government. Whether it provides enough leverage to reshape Whitehall — or whether a more fundamental redesign of the machinery of government is required — will become clear over time.

Bibliography

All Party Parliamentary Group for Local Government. *No government can deliver long-term growth without ambitious fiscal devolution*. 2026.

Aubrey, Thomas. *Briefing Burnham: public corporations and infrastructure investment*. Centre for Cities, 2026.

BBC. 'City-region sees fall in number of rough sleepers'. *BBC*, 11 December 2024.

Bhattacharya, Aveek. *Equity across the regions: the case for a British Regional Investment Bank*. Social Market Foundation, 2023.

Billing, Chloe, Charlotte Hoole, Fumi Kitagawa, Abigail Stevens, Jack Shaw, and Patrick Diamond. *From local to global: a new framework for devolution and diplomacy*. City-REDI, Commission on Devolution and Diplomacy, 2026.

Billington, Polly. 'Place-based economic development'. *Renewal Journal*, 2026.

Burnham, Andy. Speech, 26 June 2026.

Burnham, Andy. Speech, 29 June 2026.

Cabinet Office. *Civil Service Fast Stream recruitment data: 2025*. 2025.

Centre for Cities. *Cities Outlook 2026*. 2026.

Conservative Manifesto. 1992.

Conservative Manifesto. 1997.

Deans, David. 'Reform not ruling out scrapping Senedd, MS says'. *BBC*, 5 September 2025.

Department for Work and Pensions and Department for Health and Social Care. *Health-led employment trial evaluation: 12 month outcomes report*. 2022.

Du, Jun, Xiaocan Yuan, and Diane Coyle. *The Manchester Model: what foreign investment reveals about the UK's most productive city outside London*. The Productivity Institute, 2026.

Greater London Authority. *Mayor and London Councils to make homelessness support quicker and easier to access backed with £3.5 million investment*. 2025.

Greater Manchester Combined Authority. *North west England mayors arrive in Dublin to kick off joint mission to boost trade and cultural links*. 2022.

Greater Manchester Combined Authority. *Overview and Scrutiny Committee*. 10 December 2025.

The Grimsey Review. *An alternative future of the high street*. 2013.

Growth Platform. *North of England unites for the first-ever joint trade mission to India*. 2026.

Haldane, Andy. 'Rewiring the nation, Burnham-style'. *Financial Times*, 11 July 2026.

HM Government. *English Devolution and Community Empowerment Act 2026*, Schedule 18.

HM Government. *Turning the Games into gold: economic boost from London 2012 has passed £14 billion*. 2014.

HM Treasury. *Mais Lecture*. 2026.

Hoddinott. *Devolution, integration, prevention: do the Government's public service reform plans add up?* Institute for Government, 2026.

Home Office. *From local to national: a new model of policing*. 2026.

Home Office. *Independent review of police force structures: terms of reference*. 2026.

House of Commons Library. *Local Government Finance Settlement 2026-27 and 2028-29*. 2026.

Howat, James, John Myers, Kane Emerson, and Jack Shaw. *London Unchained*. Labour Together and YIMBY Alliance, 2025.

Institute for Civil Engineers. *Did a long canal inland by hand turn the city of Manchester into a port?* No date.

Johns, Marcus. *Accountability gap: how robust accountability can unlock devolution's promise*. Fabian Society, 2026.

Lawrence, Mathew, and Alex Williams. *The productive state: a framework for Manchesterism*. 2026.

Liverpool City Region. *The Office for Public Service Innovation*. 2023.

London & Partners. *Impact Report*. 2025.

London Councils. *Borough homelessness costs soar to £5.5 million a day*. 2025.

MHCLG. *Greater London Authority Integrated Settlement Outcomes Framework: 2026-27 to 2028-29*. 2026.

MHCLG. *Mayoral Capacity Fund*. 2026.

MHCLG. *Place based budgets: programme*. 2026.

Midlands Engine. *Understanding inward investment support in the Midlands*. No date.

Milburn Review. *Young people and work: interim report*. 2026.

Ministry of Housing, Communities and Local Government. *Mayoral Capacity Fund: grant determination, 2026-27*. 2026.

Ministry of Justice. *Community performance annual: update to March 2025*. 2025.

National Audit Office. *Devolution in England: funding and accountability*. 2026.

National Wealth Fund. *UK Infrastructure Bank early learning assessment*. 2024.

Network of European Financial Institutions for Small and Medium Enterprises. *BPI France*. No date.

Panchamia, Nehal, and Peter Thomas. *Capability reviews*. Institute for Government, 2012.

Police Foundation. *Ambition and coherence: but can reform on this scale land, and will it deliver for the public*. 2026.

The Portas Review. *An independent review into the future of our high streets*. 2011.

The Productivity Institute. *Access to capital and finance: strategic context, challenges and policy recommendations*. 2024.

Raikes, Luke. *A good life in all regions: uniting our country to end poverty*. 2023.

Raikes, Luke. *Equality and empowerment: A progressive proposal for fiscal devolution and economic development in England*. 2023.

Rodríguez-Pose, Andrés. 'The revenge of the places that don't matter (and what to do about it)'. *Cambridge Journal of Regions, Economy and Society* 11, no. 1 (2018).

Sandford, Mark, and Kevin Muldoon-Smith. *Embedded autonomy: a new framework for local government finance*. 2025.

Shaw, Jack. *Integrated settlements part one: the journey so far*. Local Government Information Unit, 2026.

Shaw, Jack. *Integrated settlements part three: change is afoot?* Local Government Information Unit, 2026.

Shaw, Jack. *Integrated settlements part two: evolution, not revolution?* Local Government Information Unit, 2026.

Shaw, Jack, and Joe Peck. *Local productivity, national impact: the role of local authorities*. The Productivity Institute, 2026.

Transport for Greater Manchester. *Huge boost in Bee Network passenger satisfaction in first full year under local control*. 2026.

Transport for London. *Northern Line Extension: Factsheet and finance*. 2013.

University of Leeds. *Strengthening partnerships across the Atlantic*. 2026.

Welsh Government. *Public Service Boards*. No date.

West Yorkshire Combined Authority. *Boost for UK's health technology sector as West Yorkshire signs historic trade and investment pact with Nashville*. 2024.

West Yorkshire Combined Authority. *Healthy Working Life Plan — Get West Yorkshire working*. 2025.

West Yorkshire Health and Care Partnership. *Healthy Working Life*. No date.

Written Ministerial Statement. 'English devolution'. UIN HLWS313, 16 December 2024.

Written Ministerial Statement. 'Neighbourhoods and public services'. UIN HCWS117, 16 June 2026.

York and North Yorkshire Combined Authority. *Mayor to create three Mayoral Development Zones to drive regeneration in York and North Yorkshire*. 2026.

YouGov. *Where do Scotland and Wales stand on devolution*. 2024.

Re:State

ISBN 978-1-918941-06-7



@restate_thinks



@re-state.bsky.social



www.re-state.co.uk