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[Department for  
Levelling Up,  
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Policy paper

# Technical paper on Level 4 devolution framework

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## **Applies to England**

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# Chapter 1: Policy and conditions

## Introduction

This document sets out the devolution framework Level 4 policies that are on offer to existing Level 3 institutions by application to the government. This is subject to access procedures, see chapter 2. This document describes the offer of powers from the government and any requirements that institutions will need to satisfy. The Level 4 offer, and its constituent parts, are optional; institutions do not need to implement the package as a whole, unless otherwise specified. Any powers available at Level 1-3 of the framework may also be granted at Level 4.

The framework continues to be designed to be dynamic so that it can evolve and be informed by devolution deal discussions and future policy development over the coming years. The updated version, alongside Level 4 powers and functions can be found at Annex 1.

Institutions refers to eligible institutions, which are mayoral combined authorities, mayoral combined county authorities and single local authorities.

We will keep the devolution framework, including Level 4, under review; including considering any further powers as part of further deepening of devolution.

## Finance

### Funding simplification

As set out at Spring Budget 2023, the government's ambition is to roll the single department style settlement model out to all areas in England with a devolution deal and a directly elected leader over time. We are working with Greater Manchester Combined Authority (GMCA) and West Midlands Combined Authority (WMCA) to develop further detail on the single settlements. To ensure these settlements stand the test of time, we are focusing on working with the trailblazers to design the first of these settlements before rolling out further.

As a precursor, we will offer Level 4 MCAs a DLUHC-only 'consolidated pot' at the next multi-year SR, covering two investment themes – local growth and place; and housing and regeneration – which will act as a steppingstone to the full trailblazer-style single settlement. The DLUHC consolidated pot will allow for

better planning over the longer term, provide MCAs with greater freedom and reduce administrative burden.

Following successful delivery of the consolidated pot, and learning from the trailblazers, Level 4 institutions will then become eligible to receive a single department style settlement covering all devolved spending areas from the subsequent multi-year Spending Review.

### **Gainshare Gateway Reviews**

In due course, we will remove gateway reviews for eligible institutions which have passed Gateway One and meet the criteria relating to local evaluation frameworks, local transparency, and accountability. Further details on this will be shared shortly.

### **General Power of Competence**

Eligible institutions, concurrently with the mayor, will be given the local authority general power of competence where they currently possess a functional power of competence. The government expects the institutions and their mayors to be leaders for their communities in reacting to crises and promoting social, economic and institutional innovation and to be close partners for the government in a wide range of future initiatives. To that end, the government offers a General Power of Competence to any area that feels this would help them in delivering that role.

## **Skills and employment**

This offer sets out further commitments towards a more devolved adult skills system. The offer provides increased flexibility on adult skills programmes and establishes devolved institutions as the central convenors of careers provision in their respective regions. The offer is subject to these conditions:

- a. An eligible institution must have demonstrated effective management of its devolved adult education budget for a minimum of 2 years in addition to the specific conditions relating to the Free Courses for Jobs and Skills Bootcamps offers.
- b. An eligible institution must implement the Level 4 skills offer in its entirety. Eligible institutions cannot pick which skills elements to request; they must request all of them or none of them.

### **Adult education**

The government will devolve non-apprenticeship adult skills functions and grant funding to eligible institutions. This is subject to the implementation of the

trailblazer deals in GMCA and WMCA and the institution satisfying readiness criteria.

There may be specific instances when the government needs to direct the design of adult skills provision or allocation of adult skills funding. However, this will be the exception rather than the rule, in circumstances where the scale or urgency are such that a national response is judged to be required to deliver the required outcomes or where there are national skills priorities that the government believes are not being met sufficiently by the skills system.

### **Free courses for jobs**

The government will fully devolve and remove all ringfences for Free Courses for Jobs (FCFJ) funding. To access this part of the framework, the following condition must be satisfied:

The eligible institution demonstrates spending 80% of its available funding for the FCFJs offer on delivering high value Level 3 qualifications across an academic year and has a track record of delivering the current 'core offer' criteria or using the agreed 50% flexibility to address needs in the local labour market to eligible learners, addressing any barriers to Level 3 learning where necessary.

### **Skills Bootcamps**

The Department for Education (DfE) will provide eligible institutions with sector flexibility over 100% of its allocation of Skills Bootcamps funding from financial year 2025/26, subject to eligible institutions satisfying agreed performance indicators. The DfE will share with the institution relevant commissioning activity, performance information and other data on Skills Bootcamps provision that will, or is likely to, include delivery to local residents or employers. In turn, the institution commits to share relevant commissioning activity, performance information and data about local delivery.

An eligible institution must satisfy the following conditions to access this part of the framework:

- The eligible institutions must retain the core purpose, policy intent and branding of Skills Bootcamps, consistent with the national model and maintaining this model integrity including while using sector flex.
- The eligible institutions must meet performance thresholds and achieve 80% starts and 60% outcomes, to be agreed in a side agreement with local areas.
- The eligible institutions must have delivered Skills Bootcamps for at least a full year, and the DfE will need to have confidence in their assurance process.
- The eligible institutions must maintain regular engagement with DfE and fellow eligible institutions.

## **Careers**

With a mandate from the Secretary of State for Education, the DfE will work with eligible institutions to take forward the recommendations of the Holman review of careers education by offering a more place-based approach to careers education. This will enable the institution to act as the central convenor of careers provision in the region, creating strategic partnerships with local stakeholders to ensure that services for adults and young people align and respond to the skills needs of the local economy and with local skills planning. For adults this will include shaping and agreeing local KPIs with prime contractors of the National Careers Service and for young people this will include building on the current role of Careers Hubs and the support they provide for schools and colleges. The convening role will need to continue to align with, and respond to, the national funding and delivery of careers services.

Eligible institutions will strengthen delivery of the National Careers Service by reviewing and, where necessary, strengthening, collaborative activities and agreement of local KPIs, using existing national contractual mechanisms.

Eligible institutions will play a greater role in shaping the future national specification of an all-age careers system with the opportunity to feed into policy development for how the nationally funded careers offer evolves in the future, alongside continued engagement with the National Careers Service through locally agreed key performance indicators with regional prime contractors. This collaborative approach, including dialogue with DfE officials, will help to shape future service provision and contract specifications.

This is contingent on eligible institutions continuing to work with Careers Hubs and engaging with them at the local level.

## **Local skills improvement plans (LSIPs)**

The DfE will consider the future role of eligible institutions in the delivery of LSIPs and the Local Skills Improvement Fund, drawing on the lessons learned from the trailblazer deals. In particular, the government will consider aligning the boundaries for LSIPs with those of eligible authorities where they exist.

## **Labour market governance**

The Department for Work and Pensions (DWP) Secretary of State will ask eligible institutions to convene a new Regional Labour Market Partnership Board, which builds on the current collaborative structure that is already in place. The new board will be made up of senior officers from the eligible institution and from DWP (such as the area's Strategic Partnership Manager, Service Leader, or other appropriate HMG officials) with the authority to consider evidence, make advisory recommendations and engage in discussions proactively, to ensure that DWP, Jobcentre Plus (JCP) activity and eligible institution activity works together to improve client outcomes.

Outside this Board, discussions between the eligible institutions and JCP will take place between a single point of contact either through the area's Strategic Partnership Manager or Service Leader. Through these discussions, the new Regional Labour Market Partnership Board, and continued engagement with regional Jobcentre Plus teams, the DWP and the eligible institution will work closely to generate and/or identify, and test where feasible, approaches and initiatives that promote, and address priority needs in the area.

By taking this approach, the eligible institutions and DWP will work together to ensure value for money, better use of public funding and to achieve the best possible outcomes for clients locally and nationally.

### **Employment programmes**

DWP will consider development of new contracted employment programmes, when necessary, in response to labour market conditions. Local stakeholders have a role to play to maximise outcomes in each area. As and when the specifics of any new contracted employment programme are determined, DWP will consider the appropriate role that eligible institutions would have in the design and delivery of the programme.

### **Data sharing**

Alongside these new levers, which will ensure a stronger link between skills and jobs in the local labour market, the government and eligible institutions will work together to develop an appropriate data sharing framework that promotes information and lawful data sharing between national government and eligible institutions to aid the effectiveness of skills planning and delivery.

DWP and eligible institutions will work together to explore feasibility and potential for proportionate data sharing arrangements for programmes and services operating in the region to reduce duplication and facilitate better targeting and efficiency of an integrated employment and skills offer. This will be dependent on the work set out in the trailblazer devolution deals with the Greater Manchester Combined Authority and the West Midlands Combined Authority to establish principles for the legal, safe and secure sharing of data between the government and combined authorities.

## **Housing and land**

### **Affordable Homes Programme**

Eligible institutions, in partnership with Homes England, will be able to set the overall strategic direction, objectives and local leadership for the deployment of the Affordable Homes Programme in their respective regions from 2026. Operational management and administration will remain with Homes England

and hence a strong partnership, such as through a Strategic Place Partnership, will be essential from the outset.

Decisions on how this will function will be taken as part of the development of the new programme over the coming year, with final decisions taken as part of the Business Case. This is subject to any relevant successor programme being agreed in the next Spending Review.

The following conditions must be satisfied for eligible institutions to access this part of the framework:

- The institution has developed a pipeline of affordable housing schemes that are deliverable within the programme's timeframes, represent good value for money and are aligned with the government's objectives for the new Programme.
- The institution has a strong track record of working effectively with both Homes England and Housing Associations
- The institution is able to provide assurance that it is able to operate effectively in the local market.
- The institution is able to demonstrate strong internal political cohesiveness and common housing aims across its geography and various planning authorities.

### **Housing quality**

DLUHC and the eligible institutions are committed to tackling poor quality housing in their area. As part of this, DLUHC will collaborate with eligible institutions to understand specific local housing quality issues in their areas and the potential solutions across the private and social rented sector. Specifically, DLUHC will facilitate the sharing of best practice and information from across the country, including from enforcement pathfinder and pilot programmes already underway.

As part of DLUHC's commitment to tackling poor quality housing, the local housing authorities within the area will be given support and powers to help manage areas of private rented accommodation in line with previous devolution deals.

### **Mayoral development orders**

Eligible institutions will be granted the power to make Mayoral Development Orders so that they can proactively grant permission for strategic development opportunities, with the local planning authority's consent.

### **Compulsory purchase powers**

The eligible institution will be given land assembly and compulsory purchase powers for housing, regeneration and economic development purposes subject

to the agreement of the local authority constituent member where the relevant land is located, and to the consent of the Secretary of State for Levelling Up, Housing and Communities.

### **Public sector land**

DLUHC will support the eligible institution to establish its own public sector land commission. This support could provide relevant contacts, establish initial engagement with relevant partners, departments and stakeholders across government and support on initial launch of any land commission. This approach could give the institution the opportunity to engage with the UK government on specific barriers, opportunities and sites within their area. A direct contact in government could also be sought from the Cabinet Office to support in the long-term but the main functionality would be maintained and operated by the institution.

Access to this offer is conditional on the eligible institution having an existing connection to One Public Estate at a local level.

### **Resilience and contingency planning**

The UK government will work to significantly strengthen Local Resilience Forums by 2030, as described in the UK government Resilience Framework. This will include a clear role for eligible institutions and their directly elected leaders in local resilience and civil contingency planning, preparation and delivery.

This is subject to the conclusion and full consideration of the Stronger Local Resilience Forums pilot programme in 2025/26, and eligible institutions having a strong working relationship with the relevant LRF.

## **Transport**

The transport offer is made available as a package of measures that eligible institutions, wishing to deepen their transport devolution settlement will be expected to draw down in its entirety.

### **Single transport funding settlement**

Subject to demonstrating an appropriate level of fiscal sustainability and broader institutional capacity/capability within the eligible institution, the directly elected leader will be responsible for a devolved and consolidated integrated local transport settlement for the eligible institution which the Government will provide the eligible institution from the next multi-year Spending Review for the length of the Spending Review period. The ambition is for the consolidated local transport budget to include all funding allocation to the eligible institution for

Local Transport. The assurance framework will build on the existing City Region Sustainable Transport Settlement (CRSTS) assurance framework and will include outputs, outcomes and circumstances where a project becomes a retained scheme and as such is subject to approval from the Government. The eligible institution should note that this may mean that they could be ineligible for some local transport funding competitions run by the central Government.

### **Bus Service Operators Grant**

In line with the commitment in the National Bus Strategy, the government is working on the reform of the Bus Service Operators Grant (BSOG). This reform activity will include public consultation that all Local Transport Authorities (LTAs) will be able to respond to. The government will devolve powers for the payment of BSOG to eligible institutions. Eligible institutions will provide support to identify the funding for bus services entirely within their boundary that is paid to commercial operators and would be suitable to be devolved both currently and following future national reform.

### **Zero Emission Buses**

Eligible institutions may wish to consider a range of mechanisms to drive increased Zero Emission Bus (ZEB) uptake. This can include procurement and the adoption of local ZEB strategies. The Department for Transport (DfT) is committed to working with the eligible institution in considering these mechanisms to help them decarbonise their bus fleets.

DfT expects that eligible institutions will publish and implement strategies to decarbonise their local bus fleet, in line with the relevant government strategies and guidance. This would include setting dates for when they expect to no longer purchase non-zero emission buses and to achieve an all zero-emission bus fleet.

### **Rail**

The government is committed to supporting eligible institutions in seeking a new rail partnership with Great British Railways (GBR), once established. Partnerships will support further integration with other transport modes. They will also ensure the priorities of the eligible institution, where these are coordinated and compatible with surrounding areas and the needs of the national network, can be taken into consideration in future.

Building on this partnership, the government:

- a. Encourages eligible institutions to join the Rail Data Marketplace, providing greater access to local rail data and improving local scrutiny of performance. By adopting an 'open by default' approach, the Rail Data Marketplace will remove barriers and make it easier for partners to work with the railway industry.

b. Commits to ongoing engagement with eligible institutions on the Long-Term Strategy for Rail. Once established, Regional teams in GBR will work with local partners to consider local priorities and strategies as part of long-term, strategic, planning.

c. Supports identification of worthwhile opportunities for regeneration, commercial and housing development in and around rail stations. The establishment of GBR creates an opportunity to increase commercial income and the local responsibilities of the eligible institutions will help to realise this. The Government will support discussions between the eligible institution and other relevant organisations, including Network Rail, Great British Railways Transition Team and London & Continental Railways, to explore land use option.

## **National Highways**

National Highways will review the working relationship between eligible institutions and National Highways to identify opportunities for improved engagement and closer working on issues of common interest to support the delivery of eligible institutions' local transport plans.

## **Integrated ticketing**

The government is committed to delivering on the Levelling Up Transport Mission, that by 2030, local public transport connectivity across the country will be significantly closer to the standards of London, with improved services, simpler fares and integrated ticketing.

The government recognises the wider benefits of integrated ticketing and fares capping, especially for passengers. The government acknowledges the desire of eligible institutions to make progress in this area and give passengers the confidence of paying the best value fare regardless of which transport mode they use, and without having to decide in advance which type of ticket to buy.

The ownership, operation and funding arrangements in place for different modes of transport around the country mean that delivering fully integrated ticketing is a complex and resource-intensive endeavour, with significant funding and commercial challenges. Previous experience suggests an incremental approach is likely to be the most effective in delivering benefit to passengers in the near term, while driving progress against longer-term goals.

**On rail**, the government's current priority is to agree rail 'Pay As You Go' (PAYG) pilots in Greater Manchester and West Midlands by the end of 2023, with a view to implementing these pilots by 2025.

- These pilots will enable the government to test key aspects of PAYG, including fares principles (such as the approach to capping), the customer proposition, technical solutions and other considerations in the delivery of a PAYG scheme.

- The proposed pilot in the West Midlands will use well understood, and deliverable, ITSO (Integrated Transport Smartcard Organisation) smartcard technology and require passengers to obtain a card and create an account.
- The proposed pilot in Greater Manchester will use contactless EMV (Europay Mastercard Visa - a payment method based on a technical standard for smart payment cards) technology, which will enable passengers to use their own phone or credit/debit card for 'tap in tap out' payments as in London, but is less developed and will be more complex to overlay on existing rail systems.
- Testing 2 different technical approaches in 2 different areas will allow the government to better understand which approach is more successful and brings the best value for money enabling easier and quicker wider roll-out to other areas.

The government will build on these pilots to inform and support further regional ambitions in this space. The government will discuss the early findings and any lessons learned from the pilots in Greater Manchester and the West Midlands with other places. This could enable other places to explore a rail ticketing solution from 2026 onwards, alongside the bus/light rail solution referenced below.

**On bus**, the government's 2021 guidance on Bus Service Improvement Plans sets out that Local Transport Authorities (LTAs) and bus operators should assume that a technical back-office solution for full bus multi-operator contactless ticketing will be made available and therefore should not seek to develop this independently. The government has asked Project Coral (a consortium of bus operators), West Midlands Combined Authority and Midlands Connect to develop a multi-operator contactless ticketing solution for bus and light rail, to be made available to all LTAs across England.

- Building on the £2 bus fare the government has funded across England through to December 2024, this will enable multi-operator fares capping on bus and light rail outside of London, using cEMV contactless payment methods.
- It is expected that the ticketing solution will be procured by summer 2024, and following successful development and testing will then be made available to all LTAs in England (outside of London).
- Once the solution is made available, eligible institutions will (subject to funding) be able to take it up in line with local needs.
- Our initial focus is on developing and implementing a multi-modal solution across bus and light rail. In the longer-term we expect the solution to include rail and (where relevant) other transport modes and we have ensured this will be factored into the development of the solution.

Ahead of providing any further place-specific support, the government would expect eligible institutions to have used their existing powers and functions to full effect to drive integration in their areas based on their local needs, including:

- The Advanced Ticketing Scheme powers under the Transport Act 2000 to establish multi-operator and multi-modal (including rail or light rail services by agreement) ticketing schemes, which require bus operators to sell and accept any ticket on a particular technology e.g. smartcard.
- LTAs with Enhanced Partnership (EP) schemes in place or pursuing franchising can also require bus operators to provide a suite of tickets based on a standard set of 'zones'; and to apply consistent rules to tickets e.g., eligibility for concessions; and set a price for a multi-operator ticket. Franchising gives LTAs full control over fares and ticketing.
- LTAs with responsibility for setting fares on light rail networks or other modes in their area can use the bus powers above to integrate some aspects of bus and light rail ticketing.

In October 2023, the government committed £100 million across the North and Midlands to support the development and rollout of contactless and smart ticketing. Further details will be provided in due course.

## **Key Route Network**

Where the eligible institution and its directly elected leader does not have a Key Route Network (KRN), the directly elected leader and institution will set up and coordinate a KRN on behalf of the directly elected leader. This will allow the most important local roads to be managed in a strategic way across the area to improve traffic flow and reduce congestion. This will also allow for the introduction of traffic management measures to, for example, improve public transport, cycling and walking infrastructure, improve bus journey times and to introduce lane rental schemes to minimise disruption and smooth traffic flow for all road users. The constituent councils will remain the highway authority for their area, responsible for the management and operation of the local highway network in line with their statutory duties and taking account of the needs of all road users, including drivers.

The directly elected leader will take on a power of direction allowing them to direct member highway and traffic authorities in the exercise of their powers with regard to the KRN. The power of direction will ensure the mayor has the full range of levers available to deliver their Local Transport Plan and the priorities of the institution and realise the full benefit of the government-funded local transport investment.

## **Taxis and Private Hire Vehicles**

In partnership with constituent councils, the eligible institutions will develop a single set of taxi and private hire vehicle licensing standards, incorporating the government's Statutory Taxi and Private Hire Vehicle Standards and Taxi and Private Hire Vehicle Licensing: Best Practice Guidance, which all constituent councils will then apply. The eligible institutions will lead work to create a single shared service for processing taxi and private hire vehicle licence applications in the area.

Eligible institutions will lead work to ensure enforcement and compliance action can be taken against any licence issued by a licensing authority in the area by either all licensing authorities in the area or the single shared service. These commitments will be implemented within 18 months of the Level 4 agreement, unless otherwise agreed with the Department for Transport.

The government is exploring transferring taxi and PHV licensing to both combined authorities and upper-tier authorities and will be engaging stakeholders on this in due course. Moving licensing would enable eligible institutions to benefit from the efficiency savings of bringing licensing under one authority. If following engagement this policy was taken forward, primary legislation would be needed. If the government decided not to move licensing on a national level, the government would still be prepared to consider seeking a legislative slot to enable the Secretary for State to transfer licensing in areas where there was agreement of all the lower-tier or unitary authorities.

### **Pavement parking**

In partnership with constituent councils, the eligible institution will work to identify pavement parking problems across the area and, in cooperation with constituent councils, will seek to develop a consistent approach to the restriction and enforcement of pavement parking, using available powers as appropriate. This will provide consistency to drivers, whilst also helping to provide a consistent level of service for people using the pavement and increasing accessibility for disabled users and those with children. The government is currently considering its response to the national pavement parking consultation.

### **Active travel**

To ensure consistency in the quality and safety of schemes, Active Travel England (ATE) will provide support to ensure walking and cycling schemes are designed and delivered to high standards, including compliance with Local Transport Note 1/20 (LTN 1/20). The eligible institutions will work with ATE and all partner/constituent authorities to boost capability and improve the design quality of all active travel schemes funded by the government and those that are locally funded, including for cross-modal schemes that have active travel elements, such as a corridor or transport interchange scheme. All cycling and walking schemes funded by the government must be approved by ATE as complying with LTN 1/20. ATE will prioritise larger, more complex schemes for specific ATE design review. In many cases, eligible institutions with smaller, less complex schemes will receive standing guidance, which will avoid delaying schemes unduly. ATE capability ratings will continue to be considered when allocating consolidated funding that includes active travel infrastructure.

## **Net zero, climate change and natural capital**

## **Devolution of net zero funding pilot including buildings retrofit**

The government will consider devolving net zero funding, including for retrofitting buildings, to the eligible institution. This is subject to the outcome of the trailblazing pilots committed to in the deeper devolution deals with the GMCA and WMCA. After the pilots, the government, GMCA and WMCA will undertake a review of the effectiveness of this approach to consider and agree whether to continue it, if so in what form. The government will then consider whether to extend this arrangement to the eligible institution.

## **Clean heat**

The government has confirmed its intention to establish heat network zoning in England. Under the zoning proposals, zoning coordinators within local government will be able to designate areas as heat network zones where heat networks are going to be the most cost-effective way to decarbonise heating and hot water within the zone. This will enable the appropriate level of local government to assume the role of heat network zoning coordinator and play a key role in the delivery of heat decarbonisation infrastructure. This includes requiring certain buildings to connect to heat networks within the zones. Government is committed to have heat network zoning in place by 2025.

## **Strategic energy system planning**

The government recognises the strategic role institutions can play in planning our future energy system for net zero, with its ability to convene local authorities, the strategic transport authority, energy infrastructure providers and other key stakeholders, and is committed to ensuring that devolved regional institutions such as Combined Authorities have a meaningful role in planning our future energy system for net zero.

The government is considering the role of local area energy planning in delivering net zero and supporting efficient network planning, working closely with Ofgem and its review of local energy institutions and governance. As part of their ongoing work, the government and Ofgem will explore how local area energy plans can support local action, investment and delivery by energy system stakeholders.

As outlined in Ofgem's review - of local energy institutions and governance, there is a need to look further at roles and responsibilities at a sub-national level, particularly to address known issues around coordination and accountability. The eligible institutions are encouraged to engage both with this discussion and the future systems and network regulation workstream, which looks specifically at network investment.

## **Networks**

To overcome the energy crisis and meet our future needs, it is more important than ever that we rapidly develop a smarter, more integrated, low carbon

energy system. Investment by network operators is central to achieving this, as is having the right input from stakeholders to inform it.

As part of the current electricity distribution price control framework which started in April 2023, Ofgem required DNO Electricity Distribution to engage with the eligible institution and other local stakeholders to inform its business plans. Where additional allowances are granted during the period, Ofgem expects DNO electricity distribution to engage with the eligible institution and other local stakeholders to provide them with confidence that their proposed investment will meet local needs and enable the delivery of net zero and green growth objectives.

### **Climate change and natural capital**

The Department for Environment, Food and Rural Affairs (Defra) will work towards the appointment of the eligible institutions as the responsible authorities for the local nature recovery strategy (LNRS) for their area, where they are not already the responsible authority.

Defra will work closely with eligible institutions to ensure they are supported as the LNRS responsible authority in the future, including by making available Defra group expertise and data, and working together on delivery of the LNRS.

## **Innovation, trade and investment**

### **Trade and investment**

The Department for Business and Trade (DBT) will work with local partners including eligible institutions to gain a holistic view of the UK's business environment's competitiveness vis-à-vis its peers specific to our ability to attract regional investment. Eligible institutions will provide referrals for potential DBT Investment Champions from the local area. DBT will agree to make appointments based on intake capacity and selection criteria.

Eligible institutions will have support from the Office for Investment at the regional level. This will concentrate around two core elements – capital investment and traditional foreign direct investment (FDI). Both parties will work together with the aim of maximising large-scale inward investment (>£100 million) – utilising the eligible institution's knowledge of capital investment propositions and opportunities, priority sites, innovation, and sector/clustering opportunities. The eligible institution will provide/signpost to public support to help land inward investment; and the Office for Investment will engage with high-value projects and provide a cross-Whitehall convening role working together to increase the profile of the eligible institution's area internationally as an investment destination.

DBT will jointly support investor relationships with access to information, local support and facilitation as needed to retain and attract high-profile companies in the UK. This includes partnering on external investor propositions, content for events and digital marketing material.

DBT will support the development of a specific investment plan. This includes helping develop the 'investability' for key local assets such as Freeports, Investment Zones and economic clusters, and presenting these to the international business community. Alongside this, DBT will create a more formal network of local investment promotion agencies and will seek to improve access to its network of Investment Champions to help inform city region investment priorities and provide peer support to future investors.

### **Business support**

DBT will establish a Strategic Productivity Forum - a collective arrangement with several eligible institutions as a forum to discuss closer working and co-operation regarding the delivery of local and national business support interventions.

Eligible institutions will have the opportunity to raise local priorities for future business support and advisory services to inform and influence government's future development of business support. DBT will also work in partnership to help increase the take up in their areas of national business support interventions.

Where there is a British Business Bank Nations and Regions Investment Fund that includes their area, eligible institutions will have the opportunity to discuss this. The referral network between the institutions, commercial lenders and the British Business Bank UK funds will be strengthened to make it easier for more local businesses to access the finance they need.

Partnership working and collaboration between eligible institutions and the British Business Bank's UK network representatives for the relevant area will be strengthened to stimulate informed demand for finance among businesses. This may involve joint events and initiatives, as well as knowledge sharing.

### **Export**

DBT will support the development and implementation of institution-specific export plans / international strategy and seek to develop institution-specific events and other activity based on local priorities.

### **Partnership working**

Further to any wider established principles for the legal, safe and secure sharing of data between the eligible institution and the government, we will work to share more of the intelligence and data owned by each party, to better inform

mutual planning and strategy, within the requirements of UK General Data Protection Regulation (GDPR) or other data protection obligations.

DBT will jointly seek to maximise the engagement of appropriate businesses and stakeholders in global trade opportunities and activity created and identified as a result of this deeper devolution agreement and maximise the opportunity for regional businesses and stakeholders to contribute to national policy consultations, including the development of new Free Trade Agreements, for example by responding to Calls for Input that inform the mandate for Free Trade Agreements.

## **Innovation**

This part of the offer is only accessible to MCAs.

Local government plays an important role in building regional innovation capabilities, working in partnership with local researchers and industry and the government is committed to strengthening their voice in the national research and innovation ecosystem. We need to support research and development clusters to attract private investment harnessing the innovation economy to deliver benefits to all.

To achieve this the Department for Science, Innovation and Technology (DSIT) will periodically invite the eligible MCAs to articulate their research and development priorities to UK Research and Innovation (UKRI). These eligible MCAs should demonstrate that their priorities are informed by inclusive and well governed engagement with stakeholders from their local research and innovation ecosystem.

DSIT and UKRI will consult elected mayoral authorities on the development of relevant future research and innovation strategies. UKRI will help eligible MCAs to identify regional comparative innovation advantages and relevant funding opportunities, including through co-developed regional action plans with Innovate UK. UKRI will publish regional data on its investments through its Gateway to Research portal to enable eligible MCAs to identify relevant opportunities.

## **Culture and tourism**

A subset of DCMS arms-length bodies (ALBs) will scope the potential for a collaborative partnership with eligible institutions, subject to factors such as institutions' ambitions across relevant DCMS ALB priorities (e.g. culture, heritage, communities, the visitor economy and sports); priority of the place for ALBs; and sufficiency of ALB resourcing.

If taken forwards, the partnership, supported by DCMS, would share expertise and insight across (some or all of) culture, heritage, sport, communities and the visitor economy (as applicable), in order to maximise the impact of funding and policy decisions taken within the eligible institution's area by members of the partnership.

A key area of focus for the partnership would be for eligible institutions and ALBs to share information on their priorities and plans across the relevant policy areas. This would facilitate a shared understanding among the partnership of potential opportunities for alignment, recognising that culture, heritage, sport and the visitor economy all play a strong role in supporting places and communities to thrive - and that this effect is maximised when individual decisions take into account the wider context of other plans and decisions being made for an area.

All partnership members would retain their autonomy for individual decision-making. The partnership would not prejudice ALB decisions around national grant funding processes or their national priorities. ALBs would also seek to use the partnership to deliver their national priorities, which will remain paramount. The scale of each ALB's involvement in the partnership would be dependent on the specific context and degree of alignment identified between individual priorities. DCMS would be involved in discussions as appropriate.

The partnership would be reviewed annually, and subject to future capacity and appetite could be renewed up to a five-year period.

## **Public health**

### **Health services**

The Department of Health and Social Care (DHSC) encourages eligible institutions to work in partnership with their local Integrated Care Systems (ICSs) as well as regional Directors of Public Health from the Office for Health Improvement and Disparities to improve population health outcomes.

Eligible institutions will be supported to take on a health improvement duty which will require them to take steps they consider appropriate to improve the health of their residents, concurrent with the existing duty of their constituent upper-tier councils. This duty will complement the health improvement role of local authorities and their Directors of Public Health, making it easier for eligible institutions to participate alongside local authorities in initiatives that can improve health and to consider health proactively as part of key strategies and investment decisions.

## Technical adjustments to historic statutes or guidance

The government invites eligible institutions to advise on, as they may identify them, changes to statutory guidance or legislation they would like to see to support them in meeting their objectives. This could consist of disapplying or removing local legislation which they consider restrictive to delivering their designated functions.

The motivation for this change is to widen the scope of policy action at the local level to include delivery of their defined functions in ways which are currently constrained by provisions which may have been introduced in the past, but have accumulated over the years without specific attention and without being essential to the government's policy, and the effect of which is to cumulatively restrict the ability of local areas to pursue their functions.

The scope of this invitation would be narrow, as it is a streamlined process for only a narrowly defined set of asks. Proposals that will be considered are limited to ones which:

- a. Help unblock a particular initiative within the broad scope of the functions set out in the areas' deal and the devolution framework.
- b. Are not on a contentious issue or contradict stated government policy.
- c. Would not have a net negative fiscal impact for central government.

Requests would not be considered as a route outside of the devolution framework to take on additional powers or reopen deal negotiations.

The government's commitment to such proposals is to invite them on a standing basis, for areas with 'Level 4' devolution; review any requests within the context of the government's priorities, available resources and Parliamentary time, and act as such constraints permit. No guarantees can be given on the prospect of any particular change.

The types of change the government might consider could include:

- a. Changes to secondary legislation, such as orders applying to specific geographic areas or local authorities; or lists of bodies to which specific legislation is applicable to.
- b. Legislative reform orders, if the change required is appropriate for that vehicle.
- c. Changes to statutory guidance, if it met the rest of the above limitations.

## **Access to powers previously devolved elsewhere**

The government will also welcome proposals from eligible institutions for devolution to them of any other power previously devolved to another MCA, MCCA, or Local Authority within England, including powers offered in Levels 1-3 of the devolution framework.

## **Chapter 2: Eligibility and access**

### **Eligibility criteria**

#### **Eligibility test**

Level 4 of the devolution framework will be available to combined authorities, combined county authorities and local authorities with an implemented Level 3 deal including a directly elected leader in post, unless specifically indicated otherwise.

Level 4 will be offered once areas can provide confidence in the capacity, governance and culture of the institution to manage its activities effectively and take on further powers. Ministerial decisions on this test will be taken in the round. The government will engage with individual areas before making decisions on this test.

Institutions accessing the Level 4 offer that are subject to investigation, notice or intervention by the Department of Levelling Up, Housing and Communities, with regards to concerns about the institution's finances, operation, and administration of local government services are also unlikely to meet this test.

Once new mayors and other directly elected leaders are elected, institutions with newly agreed 'Level 3' deals will be eligible to apply for access, so long as they can meet the tests set out. Completion of the transfer of powers is contingent on areas maintaining compliance with the criteria and requirements set out here.

#### **Accountability requirement**

Areas must confirm in their application that they will report on how they are implementing the Scrutiny Protocol, ([further detail on this here](https://www.gov.uk/government/publications/scrutiny-protocol-for-english-institutions-with-devolved-powers) (<https://www.gov.uk/government/publications/scrutiny-protocol-for-english-institutions-with-devolved-powers>)), as set out in the English Devolution Accountability

Framework (EDAF), within 1 year of confirmation from the Secretary of State that the Government is content to proceed with a Level 4 agreement.

Areas will be expected to write to the Secretary of State to confirm they are implementing the Scrutiny Protocol by this deadline. The government will expect to see how areas are implementing all of the key principles and additional scrutiny e.g., Mayor or directly elected leader Question Time in the Scrutiny Protocol.

In the future, the government will expect areas to adopt MP sessions to further enhance scrutiny, similar to those arrangements being established in GMCA and WMCA and any lessons learned from application there. This will be considered when institutions receive single departmental-style funding settlements.

### **Readiness conditions**

Final transfer of each policy area will be subject to areas demonstrating compliance with specific readiness conditions for each policy. These are set out alongside the corresponding policy area.

## **Access arrangements**

### **Operation of Level 4 of the devolution framework**

In line with the above eligibility test, where an area meets the eligibility criteria and accountability, it can apply at any time to access further powers from the devolution framework from that level.

The powers and functions in this framework have been collectively agreed by the government and are agreed policy. So long as an area can demonstrate that they meet the relevant eligibility criteria and readiness conditions, and subject to any required legislation, the government will transfer the function/power to that area in co-operation with them.

Any subset or combination of powers, unless otherwise specified, may be applied for – there is no obligation to take all the powers on offer.

Level 4 areas are also invited to discuss with the government, should they wish to take on any power previously devolved to another area in a Level 2 or 3 devolution deal but not currently available to them, the possibility of accessing that power.

No further powers will be offered via the deeper devolution route here other than those set out in this document. Any further deepening of devolution will take place via a separate process to review and deepen Level 4 as a whole.

## **Applying for Level 4 devolution – step-by-step guide**

The institution will decide which parts of the framework it would like to apply for (note that the readiness conditions for certain powers within the framework may include a requirement to take certain powers all at once in a 'basket' for policy alignment purposes). A final decision on this must be made by the mayor or directly elected leader with the agreement of all constituent members in the case of an eligible devolved institution or with the agreement of Cabinet in a single local authority (SLA).

The institution will then submit their application in a form of a letter to the Levelling Up Secretary. This letter will have to confirm:

- a. The institution meets the eligibility criteria
- b. A commitment to reporting on the implementation of the Scrutiny Protocol within 12 months of the Levelling Up Secretary confirming HMG's agreement to proceed.
- c. The elements of the framework for which the institution is applying. This must be set out verbatim from the framework and cannot include additional asks or amendments of the government.
- d. Where that element of the framework requires new powers and functions, the institution will follow the procedure as set out in legislation for conferring these to a combined authority/combined county authority or local authority. For combined and combined county authorities this includes the requirement for public consultation. For a local authority whilst this is not required by legislation, we do expect a consultation to be carried out.
- e. The institution understands that the speed at which commitments are implemented will depend on their ability to demonstrate it has met the readiness conditions HMG has specified for each policy.
- f. The mayor or directly elected leader has the agreement of all constituent members in the case of an MCA/MCCA and the agreement of their Cabinet in an SLA.

The Levelling Up Secretary will then consider the application and respond via correspondence.

If the Levelling Up Secretary is content to proceed, officials from the relevant government departments will work with the institution to implement the commitments.

The institution will undertake, where appropriate, the public consultation as committed.

The conferral of functions will be subject to the Levelling Up Secretary being satisfied that the relevant statutory tests have been met including having required consents, and parliamentary approval of the secondary legislation.

If the Levelling Up Secretary considered that the area does not meet the eligibility criteria, they would respond via correspondence setting out the reasons why.

# Devolution framework

As part of the publication of the Levelling Up White Paper (LUWP) the government released a 'devolution framework'. This detailed the types of powers and functions that would be considered as part of a devolution deal. Some powers may only be available to certain authorities or geographies. Alongside Level 4 powers, we have amended the devolution framework to reflect progress in devolving decisions and functions. The framework continues to be designed to be dynamic so that it can evolve and be informed by devolution deal discussions over the coming years. The updated version, alongside Level 4 powers and functions can be found below.

We will keep the devolution framework, including level 4, under review; including considering any further powers provided as part of the North-East trailblazer devolution deal.

**Level 4** – Deeper devolution for an established single institution or county council with a directly elected leader (DEL) in post who can meet specific eligibility and accountability criteria.

**Level 3** – A single institution or county council with a DEL, across a FEA or whole county area

**Level 2** – A single institution or county council without a DEL, across a FEA or whole county area

**Level 1** – Local authorities working together across a FEA or whole county area e.g., through a joint committee.

## Strategic role in delivering services

Detail	L1	L2	L3	L4
Host for government functions best delivered at a strategic level involving more than one local authority e.g. Local Nature Recovery Strategies	✓	✓	✓	✓
Opportunity to pool services at a strategic level	✓	✓	✓	✓
Opportunity to adopt innovative local proposals to deliver action on climate change	✓	✓	✓	✓
A strategic role on net zero in collaboration with government		✓	✓	✓
Opportunity for devolution of retrofit funding subject to the outcome of the existing pilots in Greater Manchester and				✓

## Strategic role in delivering services

Detail	L1	L2	L3	L4
the West Midlands				

## Supporting local businesses

Detail	L1	L2	L3	L4
LEP functions including hosting strategic business voice	✓	✓	✓	✓
Opportunity to access a Strategic Productivity Partnership to support local business growth				✓
Opportunity to articulate research and development priorities^				✓

(^) refers to functions which are only applicable to mayoral combined authorities

## Transport

Detail	L1	L2	L3	L4
Become the strategic transport body for the area and take on all associated Local Transport Authority and public transport functions. This includes responsibility for an area-wide local transport plan, bus Enhanced Partnerships, support for public transport services, and concessionary fares*		✓	✓	✓
Defined and coordinated, Key Route Network, with a mayoral power of direction over the exercise of local highway and traffic authority powers on the Key Route Network*			✓	✓
Priority for new rail partnerships with Great British Railways – influencing local rail offer, e.g. services and stations			✓	✓
Have automatic access to franchising powers to independently introduce bus franchising in line with current guidance*			✓	✓
Consolidation of local transport funding settlement in line with the principles set out in the Levelling Up White Paper			✓	

## Transport

Detail	L1	L2	L3	L4
and Funding Simplification Doctrine. The quantum of funding and the number/remit of individual funding lines will be agreed through the next Spending Review Process				
Single local transport funding settlement in line with the principles set out in the Levelling Up White Paper and Funding Simplification Doctrine. The quantum of funding and the number/remit of individual funding lines will be agreed through the next Spending Review Process				✓
Responsibility for administering payment of Bus Service Operators Grant			✓	✓
Leadership in improving consistency and efficiency in taxi and private hire vehicle licensing				✓
Government commitment, subject to delivery of the Pay As You Go rail ticketing pilots in Greater Manchester and West Midlands, to build on these pilots to inform and support regional ambitions for integrated multi-modal ticketing				✓
Leadership in developing a consistent approach to pavement parking in the area				✓

(\*) refers to functions which are only applicable to combined authorities as opposed to county councils

## Investment spending

Detail	L1	L2	L3	L4
UKSPF planning and delivery at a strategic level		✓	✓	✓
Long-term investment fund, with an agreed annual allocation			✓	✓
Consolidation and simplification of local growth & place and housing & regeneration funding, including a pathway to a single department-style financial settlement.				✓
Removal of gateway review, subject to meeting certain criteria				✓

## Giving adults the skills for the labour market

Detail	L1	L2	L3	L4
Devolution of Adult Education functions and the core Adult Education Budget		✓	✓	✓
Providing support and refinement for Local Skills Improvement Plans		✓	✓	✓
Role in designing and delivering future contracted employment programmes			✓	✓
Ringfenced funding for Free Courses for Jobs		✓	✓	✓
Ability to work with DfE to commission a local programme of Skills Bootcamps, to be informed by future spending agreements	✓	✓	✓	✓
Work with local stakeholders to align careers provision with devolved AEB activities		✓	✓	✓
Full devolution of Free Courses for Jobs funding				✓
Full flexibility over Skills Bootcamps funding				✓
Central convening of careers provision				✓
New regional Labour Market Partnership Board				✓

## Housing and infrastructure

Detail	L1	L2	L3	L4
Ability to establish Mayoral Development Corporations (with consent of host local planning authority)			✓	✓
Devolution of locally-led brownfield funding			✓	✓
Homes England compulsory purchase powers (held concurrently)		✓	✓	✓
Strategic control in any future Affordable Homes Programme (from 2026)				✓

## Keeping the public safe and healthy

Detail	L1	L2	L3	L4
Mayoral control of Police and Crime Commissioner (PCC) functions where boundaries align^			✓	✓
Mayoral control of Fire and Rescue Authority (FRA) functions where boundaries align^			✓	✓
Clear defined role in local resilience*		✓	✓	✓
Where desired, offer MCAs a duty for improving the public's health (concurrently with local authorities)		✓	✓	✓

(\*) refers to functions which are only applicable to combined authorities as opposed to county councils

(^) refers to functions which are only applicable to mayoral combined authorities

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