

**DEVOLUTION – IMPACT ON KIRKLEES AND ENGAGEMENT AT REGIONAL LEVEL**

<b>Meeting</b>	<b>Overview and Scrutiny Management Committee</b>
<b>Date</b>	<b>12<sup>th</sup> September 2025</b>
<b>Cabinet Member</b> (if applicable)	<b>Councillor Carole Pattison</b>
<b>Key Decision Eligible for Call In</b>	<b>No</b> <b>No</b>
<p><b>Purpose of Report</b>          The English Devolution and Community Empowerment Bill was introduced into the House of Commons on 10th July 2025, following the publication of the English Devolution White Paper on 16th December 2024.</p> <p>This paper provides Overview and Scrutiny Management Committee (OSMC) with a summary of the Bill’s contents, to support OSMC in considering the potential impact on Kirklees and engagement at regional level.</p>	
<p><b>Recommendations</b>          That Overview and Scrutiny Committee consider and note the contents of this paper.</p> <p><b>Reasons for Recommendations</b>          Overview and Scrutiny Management Committee has requested an update on the government’s devolution programme, to enable the Committee to monitor the impact on Kirklees and engagement at regional level.</p>	
<p><b>Resource Implication:</b> There are no resource implications associated with implementing the recommendations set out in this report.</p> <p>Some future duties, roles and responsibilities for local authorities will have resource and financial implications, and may present potential risks, including proposals for Neighbourhood Governance and Community Right to Buy. In addition, further powers for the Strategic Authorities (currently ‘Combined Authorities’) might have resource implications for local authorities, including the requirement for increased officer time engaging with Strategic Authority programmes to ensure they support local ambitions. These are considered in the report.</p>	
<p><b>Date signed off by <u>Executive Director</u> &amp; name</b></p> <p><b>Is it also signed off by the Service Director for Finance?</b></p>	<p>Rachel Spencer-Henshall – Deputy Chief Executive and Executive Director for Public Health and Corporate Resources, 27<sup>th</sup> August 2025</p> <p>Kevin Mulvaney, 01 September 2025</p>

**Is it also signed off by the Service Director for Legal Governance and Commissioning (Monitoring Officer)?**

Leigh Webb (sub. for Samantha Lawton), 27<sup>th</sup> August 2025

**Electoral wards affected:** All

**Ward councillors consulted:** Not applicable

**Public or private:** Public

**Has GDPR been considered?** No personal data is included in this report

## **1. EXECUTIVE SUMMARY**

- 1.1 The English Devolution and Community Empowerment Bill was introduced into the House of Commons on 10th July 2025, following the publication of the English Devolution White Paper on 16th December 2024.
- 1.2 The Bill sets out a package of measures that will establish a more consistent and simpler model of devolution; establish a standardised framework of devolved powers, duties and functions; reform the local government sector; and empower communities.
- 1.3 This paper presents to Overview and Scrutiny Management Committee an overview of the Bill's contents, considering the potential impact on Kirklees and engagement at regional level.

## **2. INFORMATION REQUIRED TO TAKE A DECISION**

### **Background**

- 2.1 The proposed legislation presents a wide range of new provisions covering strategic authorities and their functions, reforms to local government, police and crime commissioners and fire and rescue authorities, local audit, neighbourhood governance and terms in business tenancies about rent.
- 2.2 The Bill includes measures under the following sections:
  - Part 1 of the Bill introduces the new devolution architecture for England, centred around the new category of "strategic authorities" (SAs), which is a new status for Combined Authorities
  - Part 2 outlines the powers and duties which existing and future SAs will have, and the process by which new powers and duties can be conferred on SAs by Government in the future, along with the specific functions, and voting and governance arrangements that SAs will receive at each level of the enhanced devolution framework.
  - Part 3 is focused on measures designed to strengthen local government and communities.
  - Part 4 strengthens the accountability of the local government sector by reforming the local audit system.
  - Part 5 concerns the banning of upwards only rent review clauses for commercial leases to prevent vacant shops and regenerate high streets in communities across England.

- 2.3 The Bill has now started its legislative journey through Parliament, and it is intended that it will become law by the end of March 2026, so the relevant measures can be put in place by April 2026, including new 'integrated settlements' (see section 2.11) and new unitary councils and mayoralities in other regions.

## **Overview of the bill**

### Strategic Authorities

- 2.4 The Bill defines a new tier of authority in England, "strategic authority" (SA). There will be three levels of SA which will determine the powers conferred by Government:
- Foundation Strategic Authorities – includes all non-mayoral CAs and CCAs
  - Mayoral Strategic Authorities – includes all mayoral CAs and CCAs, and
  - Established Mayoral Strategic Authorities
- 2.5 Strategic Authorities will operate across seven areas of competence: transport and local infrastructure; skills and employment support; housing and strategic planning; economic development and regeneration; environment and net zero; health, wellbeing and public service reform; and public safety.
- 2.6 The revised Devolution Framework - a standardised set of legal powers, funding commitments, and partnership/collaboration arrangements with government - sets out what Strategic Authorities are entitled to at each level of devolution. The Bill will give the legal powers in the Framework automatically to each level of Strategic Authority. This replaces the current model in which individual arrangements are negotiated with each region and require separate legislation. New powers will be able to be conferred on multiple Strategic Authorities at once without individual negotiation.
- 2.7 The West Yorkshire Combined Authority is an Established Mayoral Strategic Authority (EMSA), with the functions and funding associated with that tier, and will be designated by secondary legislation once the bill reaches royal assent.
- 2.8 A full explanation of the new Devolution Framework, including the statutory functions of EMSAs related to the seven areas of competence, can be found here: [Devolution Framework Explainer - Established Mayoral Strategic Authorities](#)
- 2.9 As an Established Mayoral Strategic Authority covering an area with five unitary local authorities, West Yorkshire will be less affected by the legislation than other areas. However, the new powers are still significant and include the duty to produce a Spatial Development Strategy, enabling the Authority to strategically plan for development across the whole area, and a bespoke statutory health improvement and health inequalities duty. The Bill will also enable WYCA to become the Fire and Rescue Authority for the area, subject to secondary legislation.
- 2.10 WYCA will retain powers in relation to education; bus operator grants; roadworks; traffic regulation; and traffic signs and crossings. WYCA also holds the powers of the former Passenger Transport Executive.
- 2.11 The Bill formalises the right to an Integrated Settlement for Established Mayoral Strategic Authorities, including West Yorkshire, from 2026 where the criterion is met in terms of readiness conditions. An integrated settlement provides Strategic Authorities with more flexibility over government funding pots. In place of numerous individual pots related to

specific government programmes, projects, and services, the SA will have to report on a set of outcomes and outputs and will have an amount of flexibility on redistributing funding across these pots in order to deliver on the required outcomes. It should be noted that the flexibility is not unlimited. Final details on which funding pots will be included in the integrated settlement for West Yorkshire have not been announced, though Greater Manchester's and West Midlands's integrated settlements are available online here: [Integrated Settlements Outcomes Frameworks for 2025 to 2026 - GOV.UK](#)

### General Mayoral Powers

- 2.12 The Bill will give Mayors of Strategic Authorities new powers known as 'the Mayoral Powers of Competence'. The Mayoral Powers of Competence are made up of:
- **The General Power of Competence** – a broad general power enabling Mayoral Strategic Authorities, and their mayors, to do anything an individual can legally do.
  - **A Power to Convene and a Duty to Respond** - enabling Mayors to convene local partners to address local challenges. It will also place a duty on local partners to respond to a Mayor's request when they make use of the power to convene. The specific local partners covered will be set out in subsequent secondary legislation.
  - **A Duty to Collaborate** - ensuring that Mayors have a formal process by which they can collaborate with neighbouring Mayors to deliver projects and strategies together.
- 2.13 A 'right to request' will enable Established Mayoral Strategic Authorities to request an extension to their powers and duties. The right to request is the right for SAs individually or collectively to request further powers from government departments, and the onus will be on the government department to explain why that power should not be devolved. The government have indicated that there will be a timeline to respond to any right to request and that any powers that are devolved will be so at fiscal events.
- 2.14 Specific Strategic Authorities will also have the ability to pilot devolved powers before the government decides whether to add them to the Devolution Framework and make them available to all Strategic Authorities.

### How Strategic Authorities operate

- 2.15 Strategic Authorities will be provided with the ability to pay allowances to elected members who have special responsibilities, and the Bill will enable Mayors to appoint and remunerate commissioners to lead on one of the seven 'areas of competence'.
- 2.16 In Mayoral Strategic Authorities, a majority vote which includes the mayor will be required to approve decisions on the use of most functions.
- 2.17 Changes will be made to the scope of the precept so it can be spent across all Strategic Authority functions.
- 2.18 The Bill will revert all mayoral and PCC elections back from First Past the Post to the supplementary vote system.

### Local Government

- 2.19 The Bill will abolish the “committee system”, standardising to the leader and cabinet model of executive governance, and it will prevent the establishment of any new council-level mayoralities but will not abolish the existing 13 council mayoralities.

### Audit

- 2.20 In December 2024, the government published a [strategy and consultation](#) on measures to overhaul the local audit system. The strategy set out a clear purpose for local audit and its users, proposals for simplified and proportionate financial reporting, improvements to the system’s capacity and capability, and ways to build strong relationships between local bodies and auditors.
- 2.21 The Bill introduces provisions to enable the establishment of a new public body, the Local Audit Office, to oversee local audit and simplify and streamline the current system. Its remit will include:
- coordination of the local audit system
  - standard-setting
  - contracting auditors
  - appointing auditors to local bodies
  - quality oversight and reporting
- 2.22 It will also support and enable wider measures to address challenges, including reforms to financial reporting; strengthening audit capacity and capability; and establishing public provision of audit to support the private market.
- 2.23 The Bill introduces a provision to make it compulsory for local authorities to have an audit committee and for that committee to have at least one independent member. In Kirklees, an Independent Member was already appointed to the Council’s Corporate Governance and Audit Committee in March 2023.
- 2.24 MHCLG published a [response to consultation feedback](#) on Local Audit Reform back in April which included 16 further commitments, including measures that will be taken forward separately to this Bill.

### Neighbourhood governance

- 2.25 The Bill will introduce a requirement on all local authorities to establish effective neighbourhood governance. The intention is to empower ward councillors to drive forward the priorities of their communities, moving decision-making closer to residents, and providing opportunities to organise public services to meet local needs better.
- 2.26 The Bill provides the Secretary of State with the power, by way of regulations, to define a neighbourhood area and to specify the parameters of what arrangements will be appropriate to meet this duty.
- 2.27 The details of the obligations on local authorities will be set out in regulations that will be made after the Bill is in force. Before those regulations are made, government will be undertaking a review as to the best way to achieve the aims, including speaking to the sector to ensure they can contribute and share existing good practice.

### Community Right to Buy

- 2.28 The Bill will introduce a ‘Community Right to Buy’ which will replace the current community right to bid policy introduced in the Localism Act 2011.

- 2.29 Under 'Community Right to Buy', when an Asset of Community Value (ACV) is put up for sale by its owner, community groups will be given the first opportunity to purchase this asset. The community group and asset owner will either negotiate a price for the asset, or an independent valuer will set a price based on the market value. Under Community Right to Buy, the moratorium on the sale of the asset will be extended to 12 months, giving community groups more time to raise funding to meet the agreed purchase price. Asset owners will be able to ask the local authority to check that community groups are making sufficient progress on the sale 6 months into the moratorium. This measure applies to assets which have been listed by the local authority as of community value.
- 2.30 The definition of an ACV will also be expanded to help protect a wider range of assets, including those that support the economy of a community and those that were historically of importance to the community. Asset owners and community groups will be able to appeal the local authority's decision on whether an asset is of community value.
- 2.31 The introduction of a new type of asset of community value, the Sporting Asset of Community Value (SACV) will automatically designate all eligible sports grounds as such. Other facilities – such as car parks – that the ground depends on to function effectively will also be eligible for SACV listing.
- 2.32 Once the legislation comes into effect, local authorities will implement Community Right to Buy at a local government level, supported by a New Burdens payment and statutory guidance provided by Government. Local authorities will be responsible for:
- Listing assets in accordance with the new definition
  - Triggering the 12-month moratorium period
    - Conducting a review at 6 months if requested by asset owners
  - Overseeing price negotiations between asset owners and community groups
  - Paying compensation to asset owners if there is a legal case
- 2.33 The Government will also provide guidance for community groups and asset owners to ensure the process is clear and easy-to-follow. Community Right to Buy will include a compensation scheme to compensate asset owners for costs or expenses incurred due to the delay to sale caused by the moratorium period, as well as for legal costs of a successful appeal to the first-tier tribunal. Community groups will also be entitled to claim compensation to cover the legal costs of a successful appeal to the first-tier tribunal. The aim is to help to absorb the costs of successful appeals to the first-tier tribunal but also act as a 'deterrent for illegitimate or frivolous appeals'.

#### Upwards Only Rent Reviews (UORR)

- 2.34 Upwards only rent review (UORR) clauses are common clauses in commercial leases. At pre-agreed points within a lease, the rent will be reviewed, and UORR clauses ensure the new rent can only increase or stay the same, even if the market has declined.
- 2.35 Stakeholders, including small businesses and academics, report that UORR clauses are artificially inflating commercial rents and pricing out small businesses from town centres.
- 2.36 The Bill will ban UORR clauses in new commercial leases in England. Instead, landlords will have to choose between offering fixed rents for the duration of the agreement or signing up to a review clause which allows rents to fall as well as rise. The provisions aim to make commercial leases fairer for tenants.

## Initial scoping of workstreams to implement the Bill (WYCA)

2.37 A [report to the West Yorkshire Combined Authority](#) on 24th July confirmed that initial scoping of the workstreams to implement the English Devolution and Community Empowerment Bill, including the integrated settlement, has led to the identification of the following workstreams:

- Implementation of the required Governance and Accountability changes
- Development of partnership activity to ensure key stakeholders are involved and engaged in relevant workstreams
- Implementation of the Devolution Framework
- Integrated Settlement Implementation/Readiness
- Development of a Financial Strategy and the underpinning systems for delivery
- Implementation of the organisational change required for the success of the programme

2.38 The report confirms that the programme and detailed timelines for implementation of the Bill will be developed in more detail now that the draft Bill has been placed before Parliament and also details preparations that are already underway in relation to Integrated Settlement Implementation/Readiness. Kirklees officers are regularly engaged on the work WYCA is doing to prepare for the additional powers and a sample of local authority officers have been interviewed as part of the integrated settlement readiness checks.

### **3. IMPLICATIONS FOR THE COUNCIL**

#### **3.1 Council Plan**

A key area of focus for the Council within the 2025/26 Council Plan is ensuring Kirklees responds to and maximises the benefits from national changes in devolution, particularly the opportunities that are likely to emerge through the West Yorkshire Mayoral Combined Authority. The English Devolution Bill will support a range priorities and areas of focus set out in the Council Plan, including work to foster thriving communities, enabling place-based responses to challenges and opportunities, and work to enable local economic growth, working with regional and national partners.

#### **3.2 Financial Implications**

There are no financial implications directly arising from this report.

The introduction of a duty on local authorities to make appropriate arrangements for effective governance of any neighbourhood area will have resource requirements. It is the LGA's view that if the government moves ahead with its intention to standardise the neighbourhood area committee model, then councils should receive new burdens funding to reflect that delivering this model effectively will require additional resources.

Community Right to Buy will impact asset owners by delaying sales due to the extended moratorium period and restrictions on selling on the open market once a community group activates the Right of First Refusal. Local authorities will also bear recurring costs for the administration and functioning of the process as well as compensations payments to asset owners where relevant. The Government's [final stage impact assessment](#) confirms that each local authority will receive a new burdens payment, a portion of which will be to compensate for the new administrative burden of Community Right to Buy.

In addition, further powers for the Strategic Authorities (currently 'Combined Authorities') might have resource implications for local authorities, including the requirement for increased officer time engaging with Strategic Authority programmes to ensure they support local ambitions.

Potential financial and resource implications will continue to be monitored as new roles, responsibilities and duties become clearer.

### **3.3 Legal Implications**

There are no specific legal implications arising from this report. Statutory processes will need to be followed as appropriate to progress with implementation of the English Devolution Bill. Potential legal implications will continue to be monitored as new roles, responsibilities and duties become clearer.

### **3.4 Climate Change and Air Quality**

There are no climate emergency implications directly arising from this report.

### **3.5 Other (e.g. Risk, Integrated Impact Assessment or Human Resources)**

There are no significant risk or human resource implications directly arising from this report.

Community right to buy may impact the Council's proposed Capital Receipts Schedule, should it highlight certain sites for listing as an ACV or SACV. There is a potential risk to the Council, therefore, in terms of its delivery of a targeted level of capital receipts, in alignment with the Council's budget and Capital Strategy. A requirement to hold the asset at our cost, for an extended period, may also create further revenue pressures for the Council.

Potential risks and impact will continue to be monitored as new roles, responsibilities and duties become clearer.

## **4. CONSULTATION**

The government has signalled a commitment to consulting the sector in relation to its plans for effective neighbourhood governance. Government also consulted on proposed changes to the Audit System in December 2024.

## **5. ENGAGEMENT**

Overview and Scrutiny Management Committee are provided with regular updates from the Head of Policy, Partnerships, and Corporate Planning, around potential national legislative and policy changes that may impact local government including devolution. Regular reporting linked to the Devolution Bill will be provided through this reporting in the current municipal year as well as at designated OSMC meetings as required.

## **6. OPTIONS**

### **6.1 Options Considered**

That Overview and Scrutiny Committee consider and note the contents of this paper.

### **6.2 Reasons for recommended Option**

Overview and Scrutiny Management Committee has requested regular updates on the Government's devolution programme, to enable the Committee monitor impact on Kirklees, and engagement at regional level.

## **7. NEXT STEPS AND TIMELINES**

- 7.1 The Bill has now started its legislative journey through Parliament, and it is intended that this will become law by the end of March 2026, so integrated settlements and other measures in the Bill can be implemented for the 2026/27 financial year and ahead of the May 2026 local elections. The Second Reading of Bill is taking place on Tuesday 2 September, and the Committee Stage is expected to occur after the party conference recess (around mid-October).
- 7.2 Overview and Scrutiny Management Committee has requested further updates on devolution on the following dates:
- 12 December 2025
  - 27 February 2026

## **8. Contact officer**

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## **9. Background Papers and History of Decisions**

Documents related to the English Devolution and Community Empowerment Bill can be found on the [Parliament website](#) including:

- English Devolution and Community Empowerment Bill
- Explanatory Notes
- Delegated Powers Memorandum

## **10. Appendices**

None

## **11. Service Director responsible**

Andy Simcox, Service Director Strategy and Innovation