

PERFORMANCE & CORPORATE SERVICES OVERVIEW & SCRUTINY COMMITTEE

18 SEPTEMBER 2026

DEVOLUTION UPDATE

Report by Kim Sawyer

RECOMMENDATION

1. **The Committee is RECOMMENDED to:**
 - a) note the changed national policy context for devolution, including the Government's stated preference for mayoral strategic authorities and its ambition for every area in England to be covered by a strategic authority by the end of 2028;
 - b) note that Leaders across Oxfordshire and the Thames Valley remain supportive of devolution in principle but have not yet reached consensus on the Government's current offer, with continuing concerns relating to geography, powers, funding, deliverability and alignment with strategic service boundaries
 - c) note the interdependencies between Devolution, Local Government Reorganisation and the future organisation of strategic services across the Thames Valley;
 - d) support continued officer engagement with Government departments and Thames Valley partners to develop a robust, evidence-based proposition for future devolution arrangements in England.

Executive Summary

2. This report provides an update on the current national and local position on Devolution across Oxfordshire and the Thames Valley. The national context has changed significantly following the appointment of the new Prime Minister. Notably the preference for Mayoral Strategic Authorities with an ambition to give every area in England a strategic authority by the end of 2028.
3. The report also summarises the Government's letter to Leaders of 06 August 2026, which requested a clear local position on whether areas wished to pursue mayoral or non-mayoral strategic authority.
4. Across the Thames Valley, Leaders remain supportive of mayoral devolution in principle but have not yet reached consensus on the Government's current

offer. Key issues include the proposed geography, the relationship with Local Government Reorganisation, the need to protect strategic service coherence, and the level of certainty available on powers, funding and implementation.

National Policy Context

5. The Government's approach to English devolution has entered a period of transition. The emerging policy direction set out in the Rewiring the State - Cabinet Statement, released on 31 July 2026, outlines a major shift of power, resources, and fiscal control from Whitehall to local leaders and mayors across England. It builds upon the foundational [English Devolution White Paper](#), initially introduced to expand and standardise the mayoral combined authority model. Core principals for this are set out below: -
 - 1) **Fiscal Control** - Mayors will retain a share of local business rates starting in April 2027, move toward retained income tax from April 2028, and secure the power to introduce an Overnight Visitor Levy.
 - 2) **Universal Coverage** - Aims to establish a comprehensive map of Strategic Authorities (renamed from Combined Authorities) covering all of England.
 - 3) **New Mayors** - New mayoral strategic authorities and elections are scheduled for Cumbria, Cheshire, and Warrington, with a subsequent wave in spring 2028.
 - 4) **Integrated Settlements** - Expanding single, flexible funding pots (previously limited to trailblazers like Greater Manchester and the West Midlands) to more metro regions to cut down on micromanagement from central government.
6. A dedicated fiscal devolution roadmap and comprehensive white paper detailing full legislative timetables and statutory frameworks are slated for publication in Autumn 2026.

Letter to Leaders, 06 August 2026

7. Following the Cabinet Statement, the Government issued a letter dated 06 August 2026 to Leaders of local authorities that do not currently form part of a strategic authority. The letter reaffirmed the Government's commitment to move power out of Westminster to local and strategic authorities. It linked devolution to wider reform of local government, including the establishment of strong unitary authorities through Local Government Reorganisation, reform to support the financial sustainability of councils, potential changes to the local retention of business rates, and reform of high-cost services including adult and children's social care, homelessness, and special educational needs and disabilities.
8. The letter confirmed that the Government wants every area in England to have a strategic authority and its strong preference for a mayoral model. For areas

where discussions were already underway, the Government sought a clear statement of the local position, including whether the preferred model was mayoral or non-mayoral, by the end of August, with announcements on the next wave of strategic authorities expected from September.

9. Oxfordshire County Council have provided a joint response to this letter confirming their support for a mayoral strategic authority across the Thames Valley and asked for a meeting with the relevant Minister to discuss the concerns outlined in this report.

Current Position Across Oxfordshire and the Thames Valley

10. Leaders across Oxfordshire and the Thames Valley remain supportive of the principle of devolution and recognise the potential benefits of greater local influence over strategic investment, infrastructure, transport, skills, housing and economic growth.
11. Geography remains the most significant issue. While recognising the importance of scale, Leaders have previously raised concerns that a geography that does not align with existing strategic institutions and key public service boundaries could weaken rather than strengthen strategic delivery.
12. Without this alignment, Leaders, Mayors and Chief Executives would need to work across multiple Police and Crime Commissioner boundaries, Fire and Rescue Authorities and Integrated Care Systems. This would create unnecessary pressure and bureaucracy for a newly established authority, limit its ability to deliver effective public service reform at scale, and introduce operational complexity that is unlikely to be manageable in practice.
13. Leaders are committed to continue to work with Government to secure an ambitious devolution settlement for the Thames Valley, one that reflects the scale of our contribution to the national economy and gives local people real power over the decisions that matter most.

Impact of Local Government Reorganisation (LGR)

14. LGR is a major dependency for devolution across Oxfordshire. The proposed creation of new unitary councils from April 2028 will change democratic mandates, local authority boundaries, service responsibilities and delivery capacity. Future devolution arrangements must therefore be designed to work with, rather than cut across, the emerging unitary structures.
15. There is a risk that devolution and LGR proceed on different geographies or timetables, leading to fragmentation of strategic services. Care will be needed to avoid the disaggregation of strategic services where scale, footprint and partnership alignment are critical to effective delivery.

16. On 07 September 2026 Angela Rayner MP Secretary of State for the Ministry of Housing, Communities and Local Government (MHCLG) made a [statement](#) to the House of Commons on LGR announcing that there would be a review of the LGR decision for Oxfordshire. Services will continue to work with the LGR programme to protect strategic capacity, where possible, across Oxfordshire.

Corporate Policies and Priorities

17. Devolution has the potential to support the Council's corporate priorities by strengthening strategic planning, enabling place-based investment and improving the alignment of services around residents, communities and businesses. A future Thames Valley proposition should support sustainable growth, inclusive economic opportunity, infrastructure delivery, climate resilience and improved outcomes across Oxfordshire.

Financial Implications

18. This report does not seek approval for new expenditure. Existing officer time continues to be used to support engagement with Government, local authority partners and programme planning. Further financial implications would arise if Government invited the area to submit a formal proposal or if local partners agreed to establish new programme arrangements. Any future decision would require detailed financial appraisal, including transition costs, programme resourcing, potential funding opportunities and long-term governance costs.

Legal Implications

19. There are no immediate legal implications arising from this update report. Devolution and Local Government Reorganisation are subject to national legislation, statutory guidance and formal decision-making processes. Any future proposal for a strategic authority, mayoral governance model or local consent process would require detailed legal advice on powers, statutory tests, governance, consultation, democratic accountability and implementation.

Staff Implications

20. There are no immediate staffing implications arising from this report. Continued engagement on devolution will require officer capacity across policy, governance, finance, legal, communications, service planning and programme management. If the programme moves into a formal proposal or implementation phase, further staffing and programme resourcing requirements will need to be identified and brought forward through the appropriate decision-making route.

Equality and Inclusion Implications

21. This report provides an update and does not make decisions that directly affect residents or service users. Equality and inclusion considerations will need to be embedded in any future devolution proposal, particularly in relation to access to services, rural and urban needs, economic inclusion, transport connectivity, skills, housing and democratic participation. An Equality Impact Assessment should be undertaken if a formal proposal is developed.

Local Government Reorganisation Implications

22. Local Government Reorganisation is central to the future devolution position. The proposed creation of new unitary councils from April 2028 will affect governance, service delivery, financial planning and democratic accountability. Any future strategic authority proposal will need to align with the emerging unitary landscape and avoid creating fragmented responsibilities or duplicated governance across strategic services.

Sustainability Implications

23. There are no direct sustainability implications arising from this update report. Devolution could, however, provide opportunities to strengthen strategic action on climate, transport, infrastructure, spatial planning, energy and nature recovery if future powers and funding are aligned with local priorities. Any future formal proposal should assess climate and ecological impacts and identify opportunities to support the Council's climate commitments.

Risk Management

24. The main risks are policy uncertainty, loss of momentum, misalignment between devolution and Local Government Reorganisation, insufficient consensus across the Thames Valley, and the potential fragmentation of strategic services if future geographies are not coherent. These risks are being managed through continued engagement with Government, joint working with partner authorities, evidence gathering on geography and functional alignment, and preparation of a clearer proposition should Government invite further local submissions.

Consultations

25. No public consultation has been undertaken specifically for this update report. Engagement has continued with Leaders and senior officers across the Thames Valley and with Government officials. Formal consultation requirements would need to be considered if Government invited a statutory proposal, mayoral governance arrangement or other formal devolution process.

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