INSTITUTE OF ECONOMIC DEVELOPMENT

INSPIRING PEOPLE - IMPROVING PLACES

REWIRING THE STATE, **REWIRING DELIVERY**

SIX ASKS FOR THE DEVOLUTION WHITE PAPER FROM THE iED



AUGUST 2026

INTRODUCTION

The Cabinet's Rewiring the State statement is the most significant restatement of the relationship between the centre and place in a generation. It commits the Government to good growth in every part of the United Kingdom, to devolution by default, and to a White Paper this autumn setting out the full programme of reform.

The iED welcomes it. Much of what we called for in our 2024 manifesto **Grow Local, Grow National** – a stable multi-year funding landscape, an end to micro-competition for capital, devolved skills funding, and decisions taken by those who understand their own economies – is now government policy in principle. The task ahead is delivery.

That is where our concern lies. The statement is confident about where power should sit and comparatively quiet about who will exercise it. Powers over 16-19 provision, employment support, innovation funding, housing, transport, local energy and culture are to transfer to mayors and local authorities within this Parliament, alongside retained business rates from 2027 and a share of income tax from 2028. The Government rightly recognises that "success will rest on local institutions having the firepower and backing to use their powers effectively" and commits to a blueprint for the capacity and capabilities strategic authorities need.

Economic development is that capability. It is the function that turns a devolved budget into a pipeline of investable propositions, that engages the business base, that assembles land, that translates a national industrial strategy into local delivery. It is also the only such function that remains discretionary – the first to be cut when a council balances its budget, and therefore the least stable foundation on which to build a devolution settlement of this scale.

We set out **six asks for the White Paper**. They are offered in support of the Government's direction, not against it, and they draw on the practical experience of nearly 1,600 members working in local authorities, strategic authorities, universities, government and the private sector.

01 MAKE ECONOMIC DEVELOPMENT A STATUTORY FUNCTION

Devolution, by default, transfers responsibility to a local function with no statutory basis. Without one, there is the risk that capacity will continue to be eroded by in-year savings decisions precisely as the powers arriving demand more of it, and the quality of local delivery will vary according to local financial pressure rather than local ambition.

We ask for:

- The White Paper to place a statutory duty on upper-tier and strategic authorities to maintain an economic development function and publish a five-year economic strategy for their area.
- The duty to be resourced through the transfer of funding and resource from central government that the Cabinet statement already commits to where functions are devolved.
- The duty to extend to non-mayoral foundation strategic authorities and their constituent councils, so that the baseline is universal even where the powers are not.

Outcome:

A clear accountability structure that makes places simpler and more attractive to invest in, and a stable base on which devolved powers can actually be exercised.

02 BUILD THE CAPABILITY BLUEPRINT AROUND THE PROFESSION

The commitment to work with the sector on a blueprint for capacity and capability is welcome and urgent. Under-investment over the last decade has thinned the profession; secondments from Whitehall alone will not rebuild it, and central government does not hold the skills that local delivery requires.

We ask for:

- The capacity and capability blueprint to be co-designed with the professional bodies, with the iED represented, and to cover constituent local authorities as well as strategic authorities.
- Co-investment in a national CPD standard for economic development, with accredited pathways and succession planning, so capability is retained rather than repeatedly rebuilt.
- Interchange to run in both directions: alongside the offer of secondments into local government, a structured route for local practitioners into the departments designing the reforms.

Outcome:

Greater workforce stability, faster mobilisation of new powers, and lessons from local intervention learned, shared and refined across the country.

03 MAKE FISCAL DEVOLUTION WORK FOR EVERY TYPE OF PLACE

Retained business rates and assigned income tax reward growth in the tax base. That is a powerful incentive, but it rewards places that are already growing fastest, and the areas with the weakest base are frequently those where the case for intervention is strongest. The statement acknowledges the need to balance incentive with fairness; the White Paper must show how.

We ask for:

- A transparent equalisation mechanism published alongside the fiscal devolution roadmap, with a floor that protects places with a weak or narrow tax base.
- Multi-year settlements as the norm, aligned to the five-year local economic strategy horizon, and a definitive end to micro-competition for capital funding.
- Good Growth Funds to be designed with an explicit remit for post-industrial towns, coastal and rural economies – not only for city-centre propositions where returns are easiest to evidence.

Outcome:

Confidence and certainty to plan for growth locally, without widening the regional disparities that devolution is intended to close.

04 DEFINE GOOD GROWTH, AND MEASURE IT

The Cabinet statement uses "good growth" as its organising idea and commits to a streamlined outcomes framework holding mayors to account for good growth and for addressing inequalities in their area. The term is not yet defined in policy. If it is left undefined, it will default to GDP and jobs numbers – the measures it was coined to move beyond.

We ask for:

- Set out a working definition of good growth covering equality of opportunity, quality of employment, environmental outcomes, and the distribution of benefit within a place.
- The outcomes framework to report on distribution as well as aggregate: who gained, in which neighbourhoods, and in what quality of work.
- Place-based data commitments from the ONS to be granular enough to make rural and small-town performance visible, rather than masked within regional aggregates.

Outcome:

A shared national language for good growth, and an accountability regime that rewards the outcomes the reform programme is intended to deliver.

05 DO NOT LEAVE PLACES OUTSIDE THE MAYORAL MAP BEHIND

The suite of powers available to mayoral areas will be greater, and that is a reasonable consequence of stronger accountability. But the ambition of strategic authorities everywhere by 2028 will still leave towns, rural and coastal communities whose economic geography sits awkwardly within a strategic authority footprint, and whose needs are readily overlooked in a settlement negotiated at regional scale.

We ask for:

- A defined role for constituent councils in strategic authority decision-making, with an economic development voice, so that town and rural priorities reach the regional table.
- A rural and coastal test applied to devolved funding formulae, recognising sparsity, transport cost, off-grid energy costs and the affordability of key-worker housing.
- Neighbourhood-level delivery – building on Pride in Place, community asset transfer and community wealth building – to be recognised in the White Paper as part of the devolution settlement, not a separate programme.

Outcome:

A settlement that reaches the places where sunk public investment is greatest and the case for renewal strongest, rather than concentrating gains in the largest urban centres.

06 PUT BUSINESS ENGAGEMENT AT THE HEART OF DEVOLVED DELIVERY

Devolved control of 16-19 budgets, employment support and later-stage innovation funding will only raise productivity if it is shaped by the businesses that will employ, train and invest. Evaluation of past programmes is consistent on this point: support works when it is sector-specific, expert and sustained, and fails when it is untargeted and displaces one local firm in favour of another.

We ask for:

- A duty on strategic authorities to maintain structured business engagement informing both skills provision and the supply-side interventions their local economy requires.
- Local Skills Improvement Plans to be integrated with devolved 16-19 and adult budgets under a single local accountability, rather than run as a parallel system.
- Devolved business support to be designed against the local economic strategy, with displacement assessed at appraisal and evaluation published on a common basis.

Outcome:

Devolved investment that lands where it changes business behaviour, building the productive capacity of the local economy rather than redistributing existing activity within it.

CONCLUSION

The Government has made the argument for devolution more forcefully than any administration in decades, and has set a demanding timetable against it. The risk now is not one of ambition but of capacity: powers transferred faster than the ability to use them, into a function that no authority is required to maintain.

The White Paper is the moment to close that gap. A statutory duty, a capability blueprint built with the profession, a funding settlement that works for every type of place, and a definition of good growth that can actually be measured would together give this reform programme the delivery foundation it currently lacks.

> **We welcome a dialogue with Government on the role of the economic development profession in delivering the devolution settlement, and offer the iED's membership as a resource in shaping the White Paper.**



ABOUT THE iED

The Institute of Economic Development is the UK's leading independent professional body for economic development and regeneration practitioners working for local and regional communities. We represent nearly 1,600 professionals drawn from local authorities, strategic authorities, universities, government departments and the private sector.

Our members deliver the activity on which this reform programme depends: regeneration and placemaking, land and property development, infrastructure delivery, inward investment, business support, employability and skills, and innovation. Our mission is to support, develop and connect our members, champion the profession, and influence and inform policy.

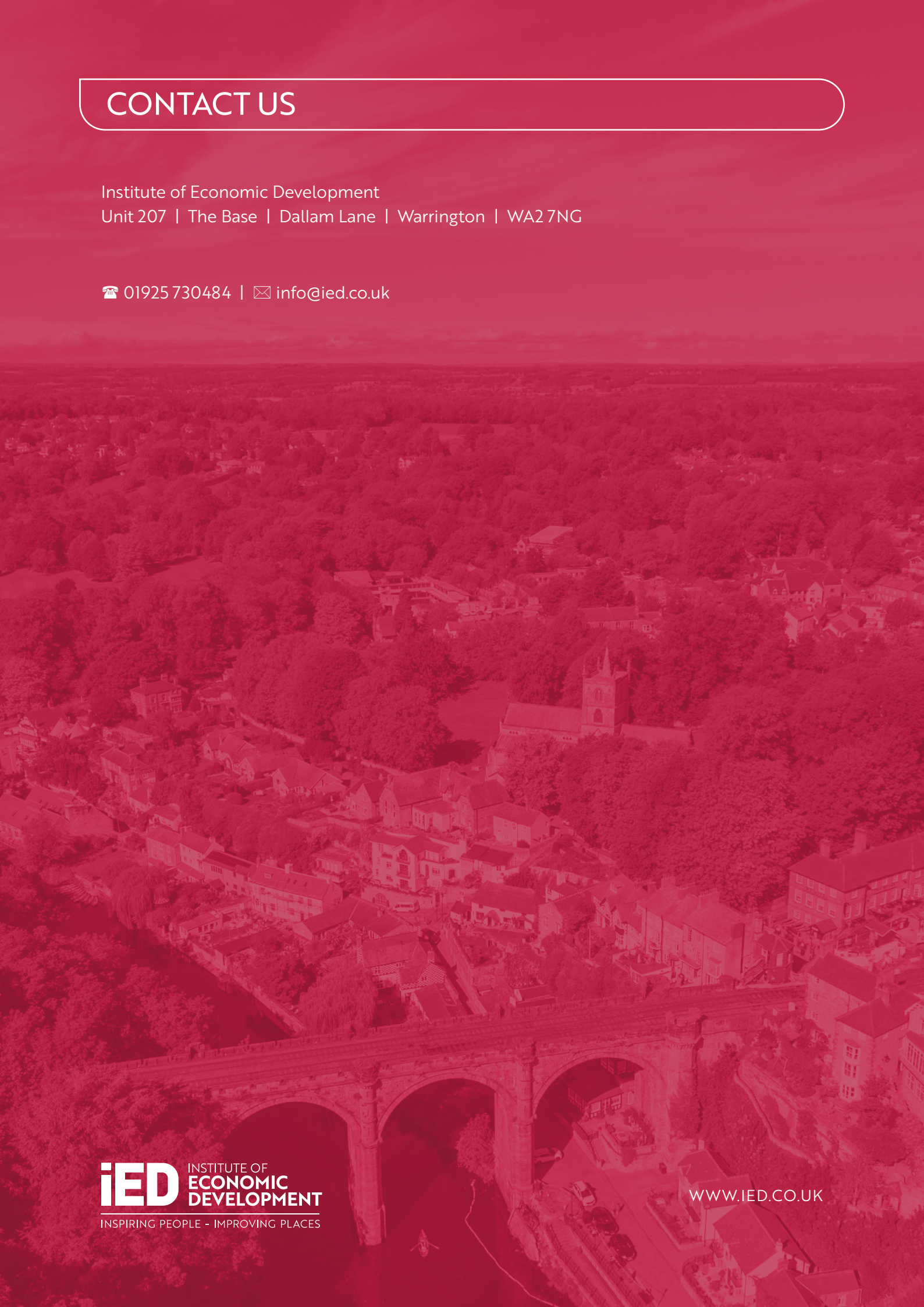
This paper follows **Grow Local, Grow National (2023)**, our manifesto for a statutory economic development function, and **Delivering Good Growth (2026)**, our discussion document on what good growth means in practice for cities, towns, rural economies and the communities hardest to reach.

Both are available at **ied.co.uk**.

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