Grant Thornton

CCN
COUNTY COUNCILS NETWORK

Fiscal devolution: exploring the options in England's counties

2025

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Summary

The Government has brought renewed focus to the devolution agenda, placing it at the forefront of national priorities. This commitment, backed by the English Devolution and Community Empowerment Bill (the 'English Devolution Bill'), aims to extend devolution to all regions, ensuring that areas currently without devolutionary arrangements secure additional powers and funding to better meet local priorities.

While devolution to date has faced challenges, Labour has demonstrated a clear intent to accelerate the transfer of powers from central government to local leaders.

The English Devolution Bill, introduced into Parliament in July 2025, has made the Government's direction of travel explicit: devolution is to become the default. This approach signals a significant shift towards empowering local leadership and addressing regional disparities through an accelerated transfer of powers to authorities.

Despite their economic significance, authorities within the County Councils Network (CCN) have seen limited benefits from devolution to date and the majority of its members don't currently have devolution deals in place.

In 2022/23, the CCN authorities, covering 45% of the population, contributed £387 billion – 43% of England's total tax revenue – while receiving only 39% of identifiable government expenditure. Further devolution, particularly with the provision of fiscal powers, could be transformative for CCN authorities.

The UK remains one of the most centralised countries in the world with less than 5% of tax revenue retained locally[1], which is far less than other G7 countries. This centralised nature of the UK tax system presents an opportunity for fiscal innovation to empower local government with greater financial autonomy, enabling them to better manage and drive local economic growth and better support the Government's missions, for example economic growth and housing. This report is not about new taxes on local businesses and residents. It's about exploring the potential to decentralise a small proportion of locally-raised revenue to give local leaders the financial firepower to invest in growth, jobs and new homes. Allowing local authorities to retain a larger proportion of the income generated within their areas would serve as:

1 An incentive for growth: Encouraging councils to foster local economic development, which in turn contributes to national growth and job creation.

2 Enhanced decision-making and financial responsibility: Equipping councils with the necessary fiscal tools and decision-making authority to address local needs more effectively.

Central Government will still be required to play a redistributive role to ensure equity across regions. However, by providing councils with greater fiscal flexibility there's potential to reduce some of the dependency on central funding. This balance would be achieved by equipping local areas with tools to generate and retain income, fostering self-sufficiency while maintaining a fair system of resource allocation.

Recognising the need to balance local government autonomy with central government priorities, this report explores scenarios for devolving specific taxes, and allowing fiscal innovation, including:

- Tourism tax
- Stamp Duty Land Tax
- Income tax
- National Insurance Contributions (NICs)
- Apprenticeship Levy (soon to be the Growth and Skills Levy).

While others have looked at the range of taxes that could be devolved[2], the specific focus of this report and the different scenarios analysed is to be experimental in nature and is intended to illustrate the potential opportunity for greater fiscal devolution. They are not recommendations or fully analysed options. The purpose is to stimulate discussion and debate around potential.

What this analysis does demonstrate is that any single measure has the potential to create significant regional disparities, but that combining multiple fiscal tools reduces these imbalances and allows more areas to benefit. The modelling also highlights the transformative potential of fiscal devolution, demonstrating the scale of funds that it could deliver, and the opportunities it provides for empowering local authorities to make decisions tailored to their unique needs.

1 See OECD Fiscal Decentralisation Database | OECD
2 See for example Reforming local government funding in England: the issues and options | Institute for Fiscal Studies

Fiscal devolution also holds the potential to really energise places, giving them real incentives to engage with devolution. For regions that have yet to sign agreements, concerns over insufficient funding have often been a barrier. Retaining significant locally generated funds addresses this challenge, making devolution deals more attractive to previously hesitant areas. This is particularly true given that local government would most likely be able to administer these taxes and their regulation with limited, or no new funding of, back-office functions.

Critics who argue that centralised control of funding is necessary to align with national priorities overlook the potential of well-structured fiscal devolution.By carefully selecting the measures to devolve, central government can incentivise local action that supports national missions. In this way, fiscal devolution can simultaneously empower local decision making and advance broader government objectives, fostering a partnership between local and national priorities.

The English Devolution Bill proposes that Established Mayoral Strategic Authorities will be able to propose, individually or with others, additional functions to be added to the statutory devolution framework, or piloted locally, in order to deliver their areas of competence. This offer should be acted on and proposals for fiscal devolution should be discussed at the Mayoral Council and then Established Mayoral Strategic Authorities should be invited to submit a written proposal.

Introduction

The government has brought renewed focus and momentum to the devolution agenda, which now sits at the heart of the Government's priorities. The recent English Devolution and Community Empowerment Bill creates a clear commitment to delivering devolution to all corners of the country.

With devolution set to be the 'default' now is the time for areas not yet covered by a deal to secure additional powers and funding to better support local people and priorities. Whilst for those that already have devolution in place this is a good opportunity to seek to secure additional powers.

Recent progress in the devolution agenda has led to various initiatives and agreements that transfer fiscal powers to city-regions and combined authorities. Notably, the introduction of metro mayors and combined authority deals in regions such as Greater Manchester, West Midlands, and Liverpool City Region has marked significant progress, providing greater control over business rates, housing, transport, and skills funding to drive regional economic growth. Previous Governments have also introduced a range of different fiscal freedoms including business rate retention, business improvement districts and freeports.

However, despite some success stories, devolution remains a work in progress. At the time of writing around 60% of the English population lives in an area with a devolution deal[3]. If, as the Government asserts, devolution is a necessary but not sufficient factor in driving growth, then the current limited coverage of devolution is failing to maximise its potential to foster economic growth.

England, like the rest of the United Kingdom, is brimming with ambition and potential, with high-skilled workers, leading universities, and world-class businesses providing the foundation for growth. However, while talent and potential exist in every town, city and county, opportunity remains unevenly developed and distributed and existing fiscal freedoms have seen limited take up and delivered unequal impact. To unlock this potential and drive growth across all regions, and in line with Government's overall drive to increase growth and reduce regulation, a transfer of governance and regulation from Whitehall is essential.

Previous reports by the County Councils Network[4] have identified the range of barriers preventing authorities from taking up the offers presented by the previous administration. Much of the local reluctance to adopt devolution is driven by a perception that the offer of more power was not matched by adequate funding. Put simply, the financial incentives to deliver significant changes locally were not there. The state of public finances likely limits the ability of the Government to offer fresh finance. But could fiscal devolution both enable places to keep more of the value they generate while incentivising activity that aligns to central government priorities?

Fiscal devolution in England has become a prominent feature of the broader agenda aimed at decentralising power and decision making from central government to local and regional authorities. The policy objective is to grant local government greater autonomy over taxation, spending, and economic development in their areas, enabling them to tailor fiscal policies to local needs and priorities, as well as support key national objectives such as economic growth, creating jobs and new housing.

As the Government looks at how it can complete the devolution map, building on the progress made by the previous administration, momentum behind fiscal devolution has increased. These developments highlight the growing recognition that local authorities need the flexibility and financial autonomy to address diverse economic challenges, from improving infrastructure to managing public services more efficiently.

Within the context of England's county authority areas, this report will explore potential fiscal levers that could be devolved and the impact these could have on incentivising devolution, driving growth, and incentivising place-based change across county areas. In doing so it seeks to extend the conversation beyond city economies and outside of the trailblazer city-regions.

3 https://www.gov.uk/government/news/60-per-cent-of-england-now-covered-by-historic-devolution-deals

4 See for example: County Councils Network, *Evidence on Devolution in England: the case for local government*, Submission to the Communities and Local Government Select Committee, 2014; County Councils Network, *Response to IPPR North's Devolution Report*, 2017; County Councils Network, *Evaluating the Importance of Scale in Proposals for Local Government Reorganisation*, PwC, 2020; County Councils Network, *Devolution and Reform*, 2020; County Councils Network, *A Fairer Future for Counties*, 2020; Henham Strategy, *Making Counties Count*, County Councils Network, August 2020.

Context

The Government's agenda

The Labour Party was elected on a manifesto that pledged change, with a core commitment being the adoption of a mission-led approach to policy. This strategy aims to tackle complex societal challenges by establishing clear, ambitious goals that can drive innovation and coordinated action across the Government.

Mission-led

Mission-led government is designed to function by setting clear, overarching goals – the 'destination' – while enabling key stakeholders to determine their own approaches to achieving these objectives. The Labour manifesto set out five key missions:

1. Kickstart economic growth – to achieve the highest sustained growth in the G7, creating good jobs and productivity growth across the country, ensuring prosperity for all
2. Make Britain a clean energy superpower – to lower costs, generate employment, and provide security with cheaper, zero-carbon electricity by 2030, accelerating towards net zero
3. Take back our streets – by reducing serious violent crime by half and increasing public confidence in the police and criminal justice system
4. Break down barriers to opportunity – by reforming childcare and education systems to eliminate barriers to the aspirations of young people, regardless of their background
5. Build an NHS fit for the future – ensuring the NHS is accessible when needed, reducing fatalities from major diseases, and promoting longer, healthier lives for everyone

In theory, the mission-led model combined with a desire for greater devolution should allow places to experiment with methods that best suit their unique circumstances, fostering innovation and tailoring solutions to local needs. It aligns with the principle of fiscal devolution, offering local authorities the freedom and flexibility to act within a framework of national priorities. While central government provides guidance and incentives to ensure alignment with broader strategic goals, local areas retain the autonomy to develop and execute strategies that reflect their specific challenges and opportunities. This approach is intended to create a balance between empowering local governance and advancing the country's shared mission.

Key milestones

Whitehall is setting the focus for these missions, announcing in December 2024[5] the key milestones that they intend to track progress against. While these are set centrally, there's a significant opportunity for local government to drive each of them forward. Local councils are well-positioned to address the national challenges, such as building affordable homes, giving children the best start in life and fostering inclusive growth, as they hold the local levers. This role has been acknowledged by central government, as demonstrated by their emphasis on partnership working and bottom-up action.

5 https://assets.publishing.service.gov.uk/media/6751af4719e0c816d18d1df3/Plan_for_Change.pdf
6 Strategic Authorities will now incorporate Combined Authorities and Combined County Authorities.

The English Devolution White Paper

Since taking office in July 2024, there has been increased activity by the government to transfer powers from Whitehall to local leaders. On their fifth day in office, the Prime Minister, Sir Keir Starmer, and Angela Rayner, Deputy Prime Minister and Secretary of State for Housing, Communities, and Local Government, engaged with regional mayors to discuss the devolution programme.

The Government's first King's Speech set out the intention for a 'Devolution Bill,' promising to expedite the process of transferring powers to local authorities. This was introduced in July 2025. Ahead of this Bill, in December 2024, the Government released its much-anticipated White Paper on English devolution. It marked a transformative step in the governance of England.

At the heart of the White Paper and the Bill is an ambition to establish Mayoral 'Strategic Authorities'[6] across all remaining areas in England, alongside an enhanced set of powers and responsibilities contained within a new Devolution Framework. Devolution will be the default position, with the Government prepared to mandate reforms where progress is slow. Local authorities will be expected to align with criteria for defining geographies, ensuring that new governance structures reflect local identities, functional economies, and contiguous boundaries. The government launched a Devolution Priority Programme (DPP), with six areas chosen to fast-track new mayoral arrangements by May 2026[7].

At the same time, the government have set out an ambitious programme of local government reorganisation (LGR) in all remaining two-tier areas, including small or failing neighbouring unitaries. The Government's reorganisation agenda aims to address inefficiencies in two-tier systems and underperforming unitary councils, with an emphasis on creating larger, more resilient authorities. These changes aim to establish governance models that aren't only efficient and economically viable but also responsive to the needs of local communities.

This dual focus on reorganisation and geographic coherence underpins the Government's ambition to reduce regional disparities, empower local leadership, and drive economic growth by devolving powers, funding, and responsibilities to local areas.

These actions collectively demonstrate the Government's recognition of the urgent need to restore agency from the ground up.

7 https://www.gov.uk/government/news/devolution-revolution-six-areas-to-elect-mayors-for-first-time

Devolution to date

The push for further devolution isn't without its challenges. The current barriers are multi-faceted, affecting both the structure of local governance and the attitude of central government.

Previous CCN reports and recent analysis from across the sector have highlighted these, including:

1 Over-centralisation

England remains highly centralised, with Whitehall retaining significant control over local affairs. There's a persistent culture within central government of reluctance to devolve meaningful powers[8]. While many regions are being invited to create combined authorities, there's scepticism about whether these authorities are empowered enough to address local needs effectively.[9]

2 Complex governance structures

The fragmented and complex nature of English local governance, with its mix of county, district, and unitary councils, makes devolution challenging. In many areas, there's a lack of cohesive regional governance structures, creating a 'capacity gap.'[10] Although, it should be noted that the current ambitions around local government reorganisation have the potential to significantly reduce this complexity.

3 Leadership and governance challenges

Historically, there has been a tension between central government's preference for directly elected leaders, such as mayors, and the resistance of local authorities to adopt this governance model. Many county leaders have previously argued that existing governance models, such as the leader and cabinet system, are sufficient. The pressure to adopt new leadership models did delay or limit devolution progress[11]. However, an enhanced devolution framework including a multi-billion, multi-year strategic investment fund allied to the Government's stated goal of applying a 'ministerial directive' if local agreement on a sensible economic geography for a devolution settlement is not forthcoming, has tended to shift opinion towards mayoral governance.

4 Complex political dynamics

In areas with two-tier governance structures (county and district councils), negotiations can be complicated by differing political priorities and interests. Achieving consensus across multiple authorities within the same region can be a significant barrier. The current focus on local government reorganisation will lead to simpler local government structures and improved local accountability, and will hopefully, over time, reduce the impact of this barrier.

5 Resource constraints

Across the sector, from central to local there's a lack of financial resources and institutional capacity to take on new devolved powers. This creates a 'capability gap,' where even if devolution occurs, there's concerns about whether local government can manage these powers effectively.[12] Equally, MHCLG's ability to concurrently negotiate and deliver multiple deals, and work with other Government departments on this agenda, creates a bottleneck.

6 Central control over funding

Competitive funding processes, where local authorities must bid for limited pots of money, further restrict local autonomy and place a further drain on already limited capacity. While central government has committed to fewer funding competitions, this centralised control over resources limits local innovation and adaptability.[13]

7 Scepticism towards fiscal flexibility

The previous Government's reluctance to devolve significant fiscal powers hampers meaningful progress. Although central government grants support local investments, they often come with strict conditions. Counties seeking greater autonomy face hurdles due to the limited flexibility and control over long-term funding.[14] This is further hindered by governance structures that see permanent secretaries acting as accountable officers for their departments and as such required to retain a degree of control of devolved funds.

8 Political and policy inconsistencies

Despite a commitment to expand devolution, central government continues to introduce top-down reforms, such as in housing and planning. This, coupled with a lack of coordination across different departments often means these policies conflict with the goals of devolution by keeping decision-making power within Whitehall.[15]

These challenges have, in part, been the reason behind a lack of devolution deals across the CCN area.

However, the Government's strengthened resolve to 'complete the map' will bring change, and the opportunity to unlock the significant potential of the CCN areas.

8 Devolving English government | Institute for Government
9 Devolve by default: decentralisation and a redefined Whitehall - REFORM
10 How-the-next-government-should-complete-english-devolution.pdf
11 CCN. IFG & GT - How to make a success of county devolution deals
12 Devolve by default: decentralisation and a redefined Whitehall - REFORM
13 Is the 'devolution revolution' really coming? - Politics.co.uk
14 Quantifying levelling up CCN annual conference 2021 – Grant Thornton roundtable
15 https://constitution-unit.com/2024/06/25/devolution-in-the-2024-party-manifestos/

Current performance of CCN authorities

The County Council Network spans from Cornwall to Essex and Cumbria to Kent.

With 20 shire counties and 17 unitaries (see appendix A), it's home to approximately 45% of the population of England, making it an essential contributor to the UK economy.

To understand the importance of this community to the UK economy and the potential scale of the devolution opportunity, we've examined the estimated 2022/23 net fiscal position (the latest data available at the time) of the CCN authorities.

In 2022/23, the CCN authorities were estimated to have generated £387 billion in revenue for the national exchequer, accounting for 43% of England's total tax revenue and 57% of the revenue raised outside London, highlighting the critical role the CCN authorities plays in the fiscal landscape of England. Understanding the scale of its fiscal contribution is important to appreciate the potential benefits of greater fiscal devolution. International evidence demonstrates that fiscal decentralisation –where local authorities gain more control over revenues and expenditures – can foster economic growth, incentivise job creation, and promote house building.

Revenue analysis

The table below (figure 1) shows the composition of receipts in the CCN authority areas compared to England as a whole. Across both the whole of England and the CCN areas the largest revenue source is income tax making up a quarter of total estimated revenue. This is followed by value-added-tax (VAT) and social contributions (NICs). Proportions of revenue from different tax sources across the CCN areas follow a similar order to England, but relative percentages do vary. For instance, estimated business-related taxes such as business and corporation tax account for a lower share of total CCN tax revenue when compared to England as a whole.

Business rates, a tax on non-domestic properties like shops and offices, are calculated based on the property's rateable value and collected by local councils to fund services. Reliefs, such as small business rate relief, reduce the burden for certain properties. Corporation tax, levied on company profits by HMRC, is similarly underrepresented in the CCN areas' tax composition. This disparity highlights less reliance on large corporate headquarters and high-value commercial properties compared to areas like London.

Figure 1: Composition of tax receipts, CCN and England 2022/23

Tax source	England (£bn)	% of total	England excl. LDN (£bn)	% of total	CCN (£bn)	% of total	Difference in % (all England)
Income tax	223.4	25.1%	157.2	23.3%	98.5	25.5%	0.4
Value-added tax	158.4	17.8%	129.4	19.2%	72.0	18.6%	0.8
Social contributions	155.4	17.4%	117.9	17.5%	69.2	17.9%	0.5
Corp. tax (excl. North Sea)	68.6	7.7%	43.2	6.4%	22.6	5.8%	-1.9
Council tax	37.2	4.2%	31.8	4.7%	19.1	4.9%	0.8
Interest and dividends	25.1	2.8%	21.7	3.2%	9.5	2.5%	-0.3
Business rates	21.7	2.4%	14.8	2.2%	3.9	1.0%	-1.4
Fuel duties	20.8	2.3%	19.2	2.8%	13.3	3.4%	1.1
Capital gains tax	15.9	1.8%	10.9	1.6%	6.9	1.8%	0.0
Stamp Duty Land Tax	15.3	1.7%	9.7	1.4%	6.5	1.7%	0.0
Other	149.7	16.8%	117.9	17.5%	65.1	16.8%	0.0
Total (£bn)*	**891.3**		**673.6**		**386.6**		

*2022/23 prices, analysis includes Gross Operating Surplus and total includes North Sea Oil and Gas revenues by population share.

The CCN areas account for 43% of the estimated total tax revenue raised in England and 45% of the population. London boroughs are the only class of authority which generate a higher revenue share, at 24.4% than their population (16%). Excluding London boroughs, the CCN areas generate 57% of the total revenue and contain 53% of the population.

Estimated total revenue was largest in counties in the South East of England and tended to be lowest in non-CCN unitaries in the North (see appendix B). As one might expect there's a relationship between population size and revenue generated, with the top six ranking counties in terms of revenue including the five areas with the greatest population (see figure 2 below). However, some London boroughs are exceptions to the trend, for example Westminster with a population of only 211,000 and an estimated revenue of £20 billion.

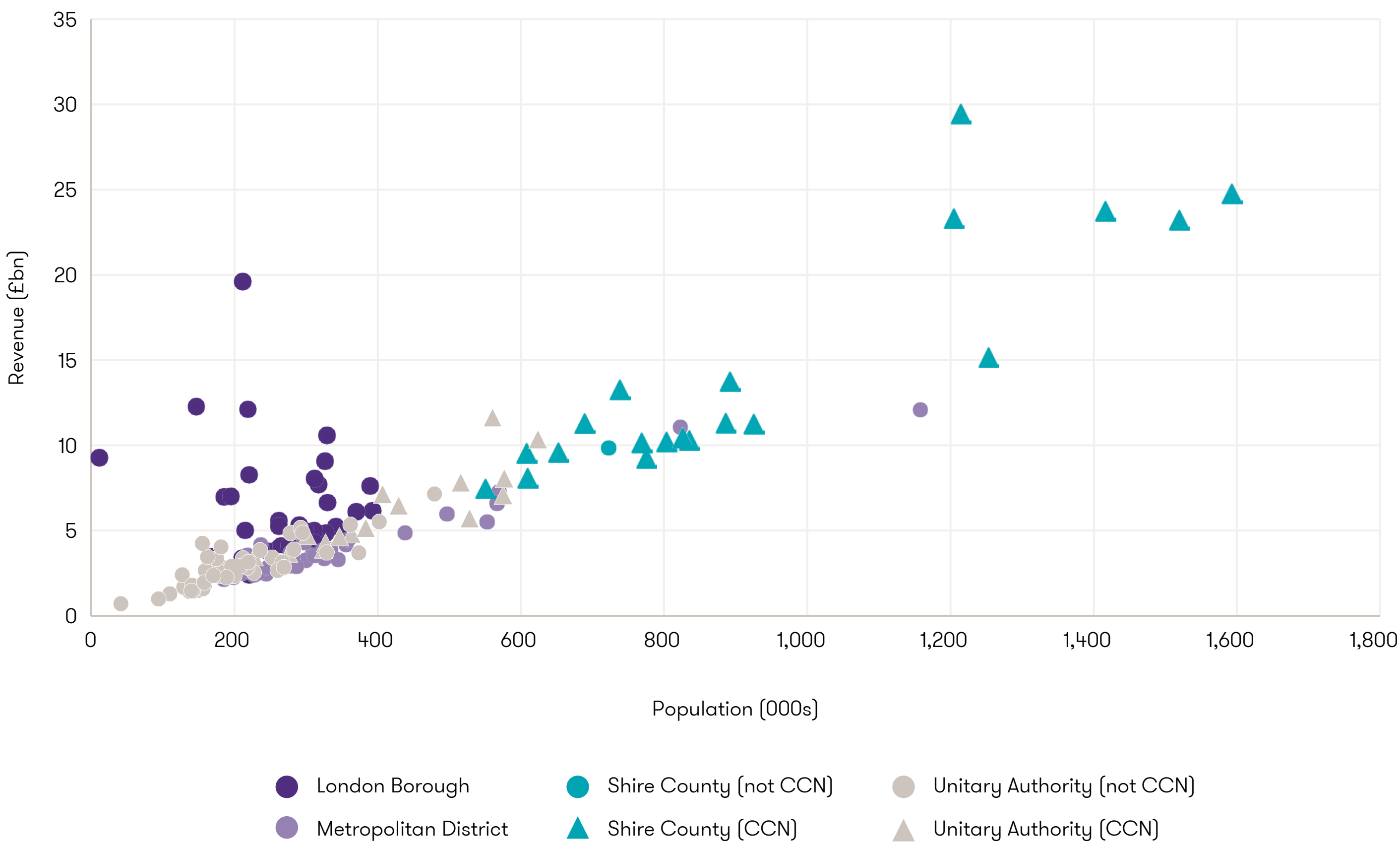
Looking at revenue generated per person allows comparisons of individual local authorities relative to each other and England as whole.

The CCN areas generated £15,034 in tax revenue per person in 2022/23, which was 4% lower than the average for England of £15,608. However, this England figure is largely driven by the London boroughs which generate 24% of the all-England revenue with 16% of the population, which equates to £24,553 per person. The CCN areas tax revenue per person is 8% higher than the England average excluding the London boroughs which is £13,964 per person.

Revenue per person was highest in some of the London boroughs and lowest in some of the metropolitan districts and non-CCN unitaries (see appendix C). Nine out of the 37 individual areas in the CCN had higher revenue per person than the England average, with the largest being Surrey at £24,695, and the lowest Durham at £10,808. However, 17 out of the 37 individual CCN areas generate higher revenue per person than the England average, excluding London boroughs.

Revenue deep dives on income tax, NICs, corporation tax, business rates, Stamp Duty Land Tax (SDLT), and Apprenticeship Levy can be found in appendix D.

Figure 2: Local authority total current receipts against population



Expenditure analysis

In 2022/23 total identifiable expenditure in the CCN areas is estimated to account for 39% of the total in England at £273 billion and 48% if London is excluded. England as a whole was estimated at £698 billion, £144 billion was from local government spending, accounting for just over a fifth of the total identifiable expenditure, and £548 billion was from central government.

The table below (figure 3) shows the composition of spend in the CCN areas compared to England as a whole. Across both the whole of England and the CCN areas the largest proportion of identifiable spend is social protection[16], making up over a third (36% and 40% respectively). When ranking categories by magnitude the CCN areas generally follow the order of that for England as a whole, though relative weights vary. For instance, health and social protection related expenditure account for a greater share of total CCN authorities' expenditure when compared to England as a whole.

The CCN areas account for 39% of the estimated identifiable expenditure in England with 45% of the population. Excluding London this changes to 48% of the estimated identifiable expenditure with 53% of the population. Shire counties are the only class of authority which account for a lower spend proportion than their population share. This discrepancy is likely influenced by several factors, including demographics, deprivation levels, and government funding. The degree of impact will differ across individual areas.

Total estimated identifiable expenditure tended to be largest in counties in the South East of England and lowest in non-CCN unitaries (see appendix E). As one might expect, there's a relationship between population size and identifiable spending, with the top seven ranking areas in terms of expenditure also being the seven areas with the greatest population. However, Birmingham and some of the London boroughs stand slightly apart, for example Camden with a population of just over 218,000 and an estimated identifiable expenditure of £4.2 billion.

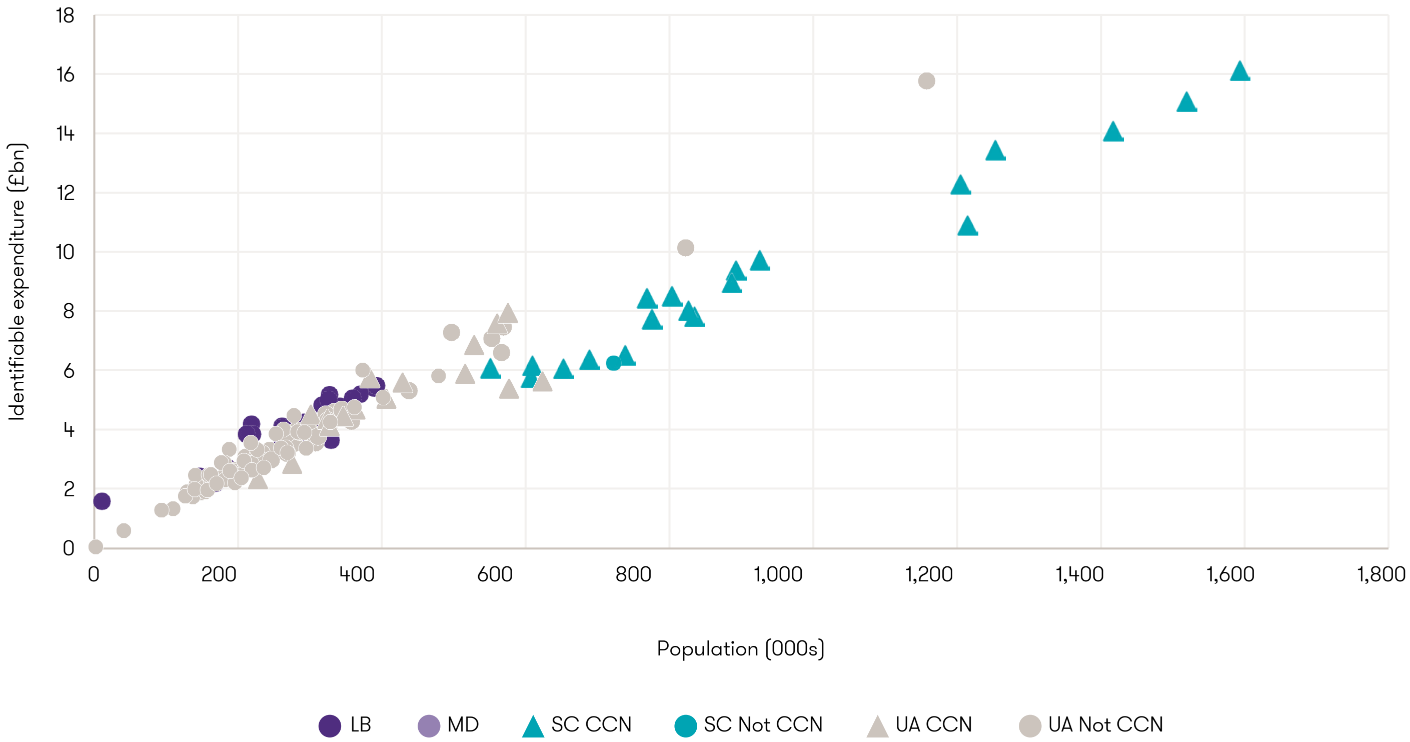
Figure 3: Composition of identifiable spend by function, CCN and England 2022/23

Tax source	England (£bn)	% of total	England excl. LDN (£bn)	% of total	CCN (£bn)	% of total	Difference in % (all England)
1. General public services	7.1	1.0%	5.2	0.9%	2.3	0.8%	-0.3%
2. Defence	0.1	0.0%	0.1	0.0%	0.0	0.0%	0.0%
3. Public order and safety	32.5	5.5%	25.2	4.4%	9.2	3.4%	-2.1%
4. Economic affairs	103.1	14.7%	86.3	15.2%	40.8	14.9%	0.3%
5. Environment protection	10.9	1.7%	8.3	1.5%	3.6	1.3%	-0.4%
6. Housing and community amenities	12.3	2.2%	10.	1.8%	2.9	1.1%	-1.1%
7. Health	175.0	23.9%	146.9	25.9%	73.3	26.9%	3.0%
8. Recreation, culture and religion	7.0	1.1%	5.5	1.0%	2.2	0.8%	-0.3%
9. Education (includes training)	88.1	13.8%	67.3	11.8%	29.3	10.7%	-3.1%
10. Social protection	262.2	35.9%	212.9	37.5%	109.4	40.1%	4.1%
EU transactions	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0%
Total (£bn)*	**698.2**		**567.6**		**273.0**		

*2022/23 prices

16 Following the Classification of the Functions of Government (COFOG) framework this category encompasses a range of government activities aimed at providing support to individuals and households, including expenditures on social security benefits, pensions, unemployment benefits, and other welfare-related services designed to safeguard citizens against economic and social distress.

Figure 4: Local authority identifiable expenditure against population



Looking at expenditure per person allows comparisons of individual local authorities relative to each other and England as whole. As a whole the CCN areas spent £10,618 per person in 2022/23, which was 13% lower than the England average of £12,227, and 10% lower than the England average excluding London of £11,811.

Identifiable expenditure per person was highest in some of the London boroughs and lowest in some of the Shire Counties (see appendix F). Twelve out of the 37 individual areas in the CCN had higher spend per person than the England average (when both including and excluding London), with the largest being Dorset at £15,004. The lowest expenditure per head CCN Authority was Oxfordshire at £8,828.

Fiscal balance

Analysis of both revenue and public expenditure estimates that, as a whole, the CCN areas run a fiscal deficit, with £3.5 billion less raised in tax revenue in 2022/23 than total managed expenditure.

ONS country and regional public sector finances show in the financial year ending 2023, both England and the UK as a whole recorded a net fiscal deficit, meaning that expenditure was higher than revenue. At a regional level only London and the South East achieved a net fiscal surplus while all other UK countries and regions had a net fiscal deficit.

Looking at the net contribution on a per-person basis allows comparisons of individual local authorities relative to each other and England as whole and shows that the CCN areas contributed £137 less in tax revenue per head than was allocated in public expenditure. However, this is still £1,034 more per person than the average contribution for England as a whole, where £1,171 more in public expenditure was allocated to the area than revenue raised. If London is excluded this difference is even starker, with £2,180 more per person than the average contribution, where £2,317 more in public expenditure was allocated to the area than revenue raised.

Net fiscal contributions per person tended to be largest in London and lowest in non-CCN unitaries (appendix G). However, contributions did also vary widely within the CCN areas (see figure 4). Out of the CCN areas Surrey has the highest net contribution per person with a surplus of £10,581 while County Durham has the lowest, with £6,368 more in public expenditure allocated to the area than revenue raised per person. Surrey also has the highest net contribution at £12.9 billion while Lancashire has the lowest at -£4.2 billion.

This variation underscores the diverse economic profiles within the CCN areas and the potential for targeted fiscal policies to encourage growth, enabling local authorities – particularly those outside of the greater South-East – to address their unique challenges and opportunities effectively. Such reforms could play an important role in helping to reduce regional disparities while also enhancing the UK's overall economic resilience and prosperity. Devolution is an opportunity to better align local government incentives with economic growth, which has huge potential within the CCN areas – given their scale and more rural nature – to enable them to be an even more dynamic driver of the UK economy.

Figure 5: Fiscal balance, CCN authorities 2022/23

CCN authority	£ billions*						
	Revenue**	Identifiable expenditure[17]	Outside the UK expenditure[18]	Non-identifiable expenditure[19]	Accounting adjustments[20]	Total managed expenditure	Fiscal balance
Surrey	29.5	10.9	0.5	3.6	1.7	16.6	**12.9**
Hertfordshire	23.3	12.3	0.4	3.5	1.2	17.4	**5.9**
Oxfordshire	13.3	6.5	0.3	2.2	1.1	10.1	**3.2**
Hampshire	23.7	14.1	0.5	4.2	1.9	20.7	**3.1**
Cambridgeshire	11.3	6.4	0.3	2.0	0.7	9.3	**2.0**
Essex	23.2	15.1	0.6	4.4	1.4	21.5	**1.8**
Buckinghamshire Council	11.6	7.6	0.2	1.6	0.6	10.0	**1.6**
North Yorkshire	10.3	5.6	0.2	1.9	1.2	8.9	**1.4**
Kent	24.8	16.1	0.6	4.7	2.1	23.5	**1.3**
Warwickshire	9.5	5.8	0.2	1.8	0.9	8.7	**0.8**
Cheshire East	7.1	5.0	0.2	1.2	0.3	6.8	**0.3**
Gloucestershire	9.6	6.1	0.2	1.9	1.1	9.3	**0.3**
West Sussex	13.8	9.4	0.3	2.6	1.2	13.5	**0.3**
Westmorland and Furness	3.4	2.3	0.1	0.7	0.4	3.5	**0.0**
Somerset	8.0	5.4	0.2	1.7	0.9	8.2	**-0.2**
Wiltshire	7.8	5.9	0.2	1.5	0.7	8.3	**-0.5**
Cumberland	3.6	2.8	0.1	0.8	0.4	4.2	**-0.6**
West Northamptonshire	6.5	5.6	0.2	1.3	0.1	7.1	**-0.7**
Worcestershire	8.1	6.2	0.2	1.8	0.8	9.1	**-1.0**
Central Bedfordshire	4.7	4.5	0.1	0.9	0.2	5.7	**-1.0**
Herefordshire	2.4	2.7	0.1	0.6	0.2	3.5	**-1.1**
Nottinghamshire	10.3	7.8	0.3	2.5	0.9	11.5	**-1.2**
East Sussex	7.5	6.1	0.2	1.6	0.8	8.7	**-1.2**
Shropshire	4.3	4.1	0.1	1.0	0.3	5.6	**-1.3**
East Riding of Yorkshire	4.6	4.4	0.1	1.0	0.3	6.0	**-1.3**
North Northamptonshire	4.8	4.7	0.1	1.1	0.3	6.2	**-1.4**
Suffolk	10.1	8.4	0.3	2.2	0.8	11.7	**-1.6**
Staffordshire	11.3	9.0	0.3	2.7	1.1	13.1	**-1.8**
Devon	10.5	8.0	0.3	2.4	1.5	12.3	**-1.8**
Derbyshire	10.2	8.5	0.3	2.4	0.9	12.0	**-1.8**
Northumberland	3.9	4.4	0.1	1.0	0.3	5.8	**-1.9**
Lincolnshire	9.2	7.7	0.3	2.3	1.0	11.3	**-2.0**
Norfolk	11.3	9.7	0.3	2.7	0.8	13.6	**-2.3**
Dorset UA	5.2	5.8	0.1	1.1	0.5	7.6	**-2.4**
Durham	5.7	6.9	0.2	1.6	0.4	9.1	**-3.4**
Cornwall	7.1	7.9	0.2	1.7	0.8	10.6	**-3.5**
Lancashire	15.2	13.4	0.5	3.8	1.6	19.4	**-4.2**
CCN total	**386.6**	**273.0**	**9.7**	**76.3**	**31.2**	**390.1**	**-3.5**
England	**891.3**	**698.2**	**21.2**	**171.2**	**67.5**	**958.2**	**-66.9**

*2022/23 prices. Figures may not add due to rounding.
** Total receipts including oil and gas revenues

17 The Treasury defines "identifiable expenditure" as being for the benefit of the specific area and consists of both central and local government expenditure. The primary expense that is excluded is defence which is seen as being for the benefit of the UK as a whole.
18 The ONS defines outside the UK expenditure as that which has occurred/benefitted outside of the UK, such as overseas aid. However, for the purposes of regional fiscal analysis, the ONS allocates a share of this expenditure to UK regions using proxy indicators to allow for a consistent assessment of net fiscal balances. The figures above are distributed in-line with ONS methodology.
19 The Treasury classifies non-identifiable expenditure as spending that benefits the UK as a whole, rather than any specific region. However, the ONS allocates this expenditure in its Country and Regional Analysis (CRA) to enable an assessment of the net fiscal balance for each area. The figures above are distributed in line with the ONS methodology.
20 Accounting adjustments are used to move from 'Total Expenditure on Services' (TES) to 'Total Managed Expenditure' (TME).

Fiscal devolution

The UK as an international outlier

The tax system in the UK is heavily centralised.

Analysis of the OECD Fiscal Decentralisation Database[21] shows that in the UK in 2022 (the latest available data) just 4.8% of total tax revenue was raised locally. This is around ten percentage points lower than places like Belgium (14.8%) and France (14.2); notably lower than Sweden (35.2%), Germany (33.7%), and the United States (32.5%); and around 10 times lower than Canada (48.5%) and Switzerland (41.3%). In part some of this disparity can be explained by alternative sub-national structures with states, regions or provinces having notable tax raising powers.

Therefore, as the Government seeks to streamline government through the creation of strategic (combined and combined county authorities) and Unitary authorities there's an opportunity to reconsider the fiscal levers available to these new tiers of government.

21 See OECD Fiscal Decentralisation Database | OECD

The case for further powers

To date, only limited powers have been devolved in England, with greater powers being part of the natural progression of devolution arrangements in Scotland and Wales.

Importantly, this isn't only about devolution of existing funding and powers but the facilitation of fiscal innovation. Creating fiscal freedoms to allow local places to find solutions right for their distinct contexts and needs.

In this way, fiscal devolution – in its broadest sense – has the potential to play a crucial role in delivering effective devolution by empowering local governments with the financial autonomy they need to manage local economies, invest in growth, and deliver public services without being overly reliant on often volatile central government funding pots. This is particularly true given that local government would most likely be able to administer these taxes and their regulation with limited, or no new funding of back-office functions.

Fiscal devolution has the potential to deliver a number of key benefits which include:

Boosting economic growth

By granting local governments the ability to manage financial resources, fiscal devolution encourages tailored investment in local economies. Councils can use their knowledge of regional needs to fund projects that promote economic growth, support businesses, and create jobs.

Increased local autonomy

Fiscal devolution provides local authorities with additional levers to drive and control revenue, giving them greater freedom to invest in local priorities. This can include raising funds through local taxes (such as tourism taxes) and deciding how these funds are allocated.

Better incentives for local growth

When councils are responsible for raising a portion of their own funds, they're more incentivised to stimulate local economic development. By increasing their tax base through business growth or housing development, local authorities can directly benefit from the prosperity they help generate.

Reducing central reliance

Fiscal devolution reduces the dependency on central government grants, which are often subject to political change and can fluctuate year by year. Having more predictable, locally controlled revenue streams enables councils to plan long-term investments, improving infrastructure and services.

It isn't, however, without its challenges, which include:

- **A reduction in central government resource:** In response to greater local fiscal flexibility, and given the significant funding pressures facing the Government, HM Treasury may seek to reduce the grants it currently provides to local government by an amount equivalent to their new locally-raised revenues, therefore ensuring fiscal neutrality. This practice would undermine the intended benefits of fiscal devolution and is the reason why the scenarios modelled later in this report focus on additional revenues. However, it should be noted that even if this situation were to occur, and if the Government were able to offer some level of income protection, there may be benefits for having greater control locally over a broader range of fiscal levers. Experience of devolution has shown that responsibilities and powers have grown when places have been able to demonstrate success.
- **Expanding regional disparities:** One of the most significant risks is that areas with a weaker tax base may require some level of redistribution from central government to ensure that less affluent regions aren't disadvantaged. Given the place-based disparities that already exist within England there's a risk that fiscal devolution could widen rather than narrow this gap.

In summary, fiscal devolution has the potential to not only empower local governments to create better and more sustainable places, but also incentivise activity that simultaneously supports central government priorities.

In this regard, it could support the Government by securing greater local support for devolution, helping 'complete the map' and driving local delivery of initiatives that align to key central government missions.

Potential levers

Various tax powers could be devolved from central to local authorities, historically this has focused on council tax and business rates retention. However, as noted, the shift of more powers away from Westminster would better enable councils to raise revenue locally, tailoring taxation to meet specific community needs while reducing dependency on national funding.

For example, if the indicative devolution of SDLT, income tax, and the Apprenticeship Levy (outlined in the following section) were implemented, this would result in £4.166 billion from CCN areas and £8.388 billion nationally being foregone by HM Treasury and instead allocated to local authorities.

However, in any analysis of this type it is vital – at the outset – to recognise the need to balance giving local government flexibility and autonomy while still delivering central government priorities. Therefore as part of this analysis we explicitly explored a range of illustrative scenarios for specific taxes that could be devolved where fiscal devolution could be additive (ie, sharing the proceeds of growth) rather than a zero sum where fiscal devolution means a reduction in central government funds, or devolution means a reduction in other local government grants.

This approach has seen us model five different scenarios, these scenarios were selected based on a combination of methodological feasibility and complementarity enabling us to create a coherent 'package' of options.

Tourism tax

A tourism tax is a small fee imposed on tourists and could be used to help fund infrastructure, preserve natural resources or manage the impact of tourism on local communities. While not currently widely adopted across the UK, devolution could allow authorities to introduce a tourism tax on short-term accommodations (eg, hotels, Airbnb) at a rate set by each council.

Illustrative scenario: Flat rate tourism tax on all vacation overnight stays.

Stamp Duty Land Tax (SDLT)

SDLT is payable on the purchase or transfer of property over a certain price in England. Potential devolution options could allow councils to set and collect SDLT, with possible adjustments to rates to support local housing needs.

The Government has set ambitious housebuilding targets. With this in mind, there's an opportunity to drive local behaviour in a way that aligns to central government priorities by tying fiscal powers to new homes. It is a scenario that could offer more of an incentive than the New Homes Bonus, which the Government acknowledges is not an 'effective incentive'[22] and therefore intends to discontinue in its current form after 2025/6.

Illustrative scenario: Authorities can retain 50% of SDLT on completed new homes.

Income tax

The primary source of revenue for the UK Government, funding public services like healthcare, education and infrastructure. A precedent has been set with Income Tax being devolved to Scotland in 2016 and Wales in 2019.

Given the Government's core mission is to grow the economy, income tax could again be a helpful lever in encouraging local entrepreneurship.

Illustrative scenario: Each local authority can retain any income tax growth above three-year trend-based expectations.

National Insurance Contributions

NICs are a type of income tax in the UK that are paid by employees, the self-employed, and employers.

Given the Government's core mission is to grow the economy, NICs could again be a helpful lever in encouraging local entrepreneurship.

Illustrative scenario: Each local authority can retain any NICs growth (both employees' and employers') above three-year-trend-based expectations.

22 Fair Funding Review 2.0, June 2025

Apprenticeship Levy

The Apprenticeship Levy is a UK tax on large employers to fund training programmes. Employers can access these funds to train apprentices, and any unspent funds after two years are used to support other businesses' apprenticeships. It's worth noting that the Apprenticeship Levy, introduced to encourage investment in apprenticeships, has faced significant challenges, notably the substantial amounts of unspent funds being returned to the Treasury. DfE data shows that for 2022/23, £96 million of unused levy funds have been reclaimed by the Treasury due to the 'use it or lose it' policy, which mandates that unspent funds after two years are forfeited.

This situation has led to criticisms that the levy isn't effectively supporting the intended expansion of apprenticeship opportunities. In response to these concerns, the Government has announced plans to replace the Apprenticeship Levy with a new Growth and Skills Levy. This reform aims to provide employers with greater flexibility in utilising their levy contributions, allowing them to fund a broader range of training options beyond traditional apprenticeships. The intention is to better align training investments with the evolving needs of businesses and address existing skills shortages. Further details on the implementation and scope of the Growth and Skills Levy are anticipated to be released by the Department for Education in due course.

Devolving this levy could allow funds to be managed locally, ensuring they address specific regional workforce needs and economic priorities. It could lead to more tailored training programmes, better utilisation of funds, and stronger support for local businesses, ultimately driving regional economic growth and reducing skills gaps.

Illustrative scenario: Local authority retains 10% of the locally-generated Apprenticeship Levy funding.

By analysing each tax individually and in combination, this impact assessment aims to highlight potential 'winners and losers' across CCN local authorities, providing a foundation for strategic, evidence-based fiscal planning.

Modelling

This section examines the potential revenue impacts, redistribution effects, and the broader economic and social consequences of the proposed fiscal levers.

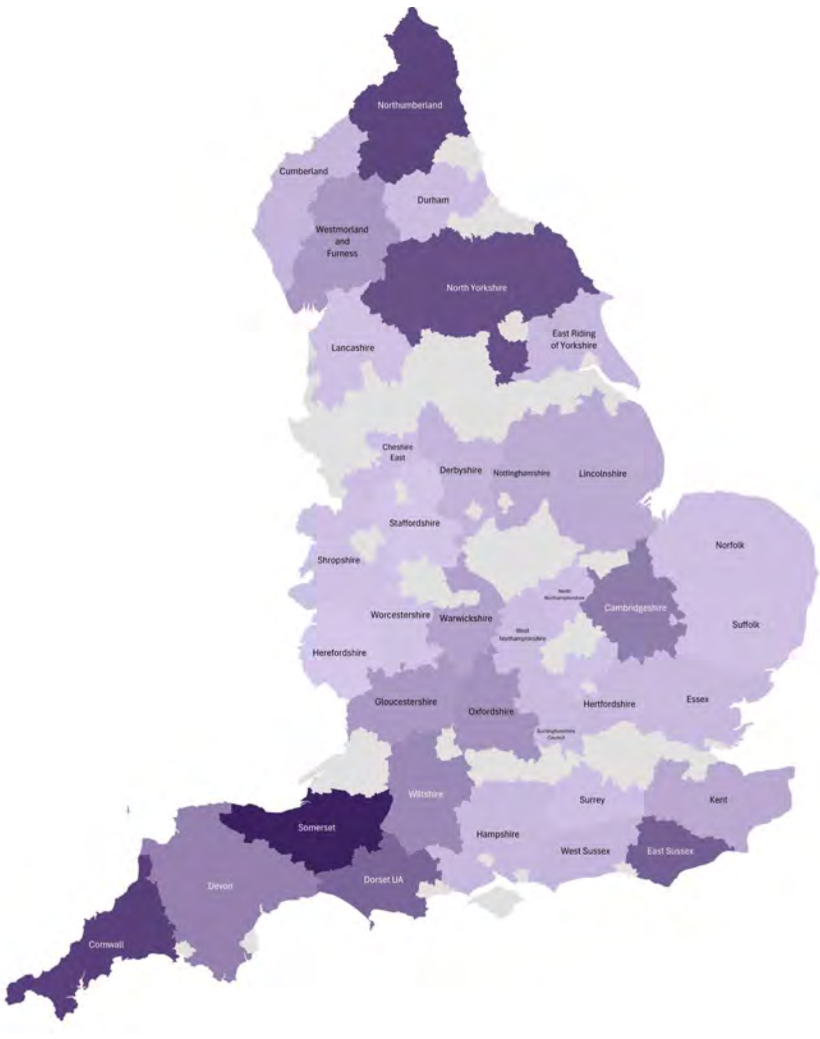
Evaluating these taxes in combination reveals nuanced revenue flows and highlight potential fiscal ‘winners’ and ‘losers’.

Tourism tax

Flat rate tourism tax on all vacation overnight stays[23].

Results

Scenario modelling: tourism tax retained per head, CCN areas



TT 35.03 0

Impact

This scenario would have seen the CCN areas generating and retaining an estimated additional £209 million revenue in 2022/23.

The map illustrates projected income per capita across English counties from the implementation of a tourism tax, with shades of purple representing varying revenue levels. Darker shades indicate areas expected to generate higher income, while lighter shades represent regions with lower projected revenue.

The data suggests a strong correlation between tourism-heavy, scenic, and coastal areas and higher revenue potential. Counties known for natural attractions or historic landmarks—such as Cornwall, Devon, North Yorkshire and parts of East Anglia—stand to benefit most from the tax. In contrast, inland counties and urbanised regions show lower per capita revenue potential, likely due to fewer tourist attractions or a larger resident population that dilutes per-head figures.

However, these benefits are likely to be unevenly distributed. High-traffic areas, particularly popular coastal towns and city centres are expected to collect more from the tax, while less-frequented regions may see only limited gains. This disparity could impact regional economic balance, with certain areas benefitting far more than others. This can certainly be seen as a positive for coastal towns, many of which are wrestling with generational decline.

Another consideration is the potential impact of the tax on visitor numbers. However, a sensitively priced tourism tax is unlikely to deter tourists, even in price-sensitive areas. If implemented thoughtfully, it can maintain visitor appeal while still generating revenue, supporting sectors like hospitality, retail, and local services that depend on consistent tourist activity.

Nevertheless, the additional revenue from the tax could drive a local focus on tourism, enhance local amenities and services, creating a positive feedback loop for both residents and visitors. Better facilities and infrastructure could make destinations more appealing, supporting long-term tourism growth and fostering local community wellbeing.

23 Illustrative figures from this scenario are based on the following assumptions:

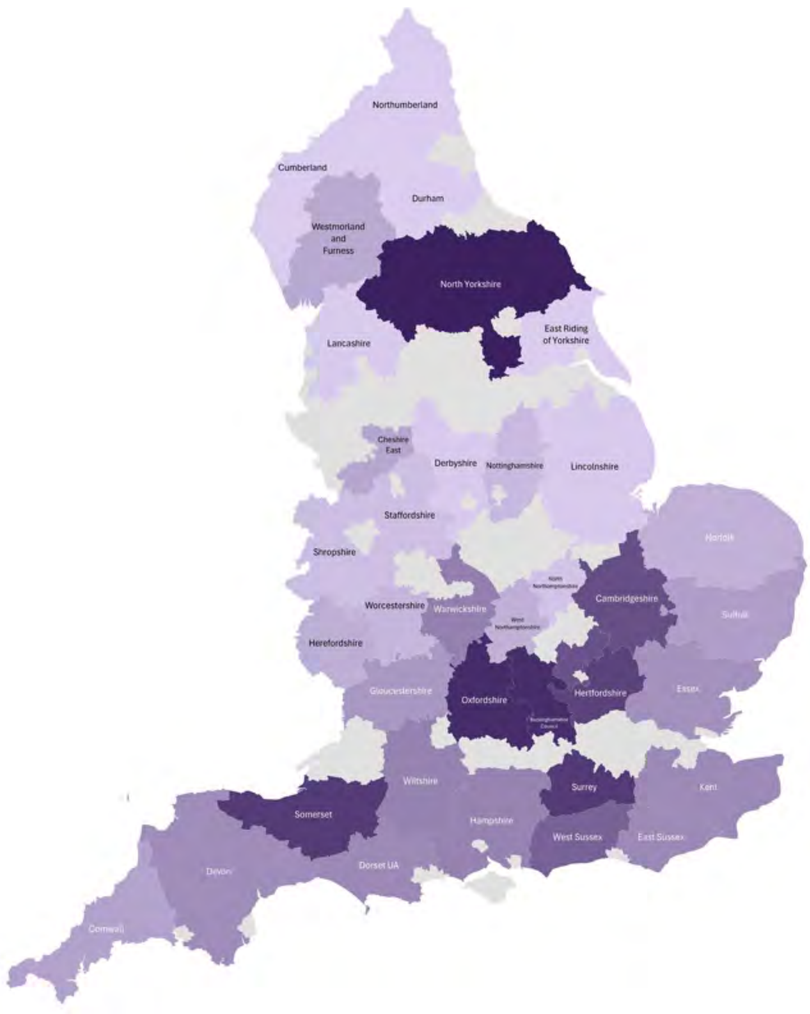
- £2 per night
- Average overnight stay for international tourists of 7.7 nights based on the latest International Passenger Survey (IPS)
- 3-year average for number of international overnight stays 2018, 2019, 2022 (based on the IPS and excluding impact of Covid)
- Domestic tourism estimated based on Great Britain Tourism Survey (average of latest 2 years data 2022, 2023). Data only available at a regional level so authority allocation assumed as the same proportion as international overnight stays.

Stamp Duty Land Tax

Authorities can retain 50% of SDLT on completed new homes[24].

Results

Scenario modelling: SDLT retained per head, CCN areas



SDLT 24.38 0

Impact

This scenario would have seen the CCN areas retaining an estimated £237 million in 2022/23.

The map highlights a significant disparity in SDLT revenue potential, with southern and southeastern counties benefiting the most due to higher property values and real estate demand.

Property-rich areas such as Hertfordshire and Surrey currently benefit more, while northern counties with low property values such as Cumberland may see minimal SDLT revenue.

This concentration of revenue in certain areas may exacerbate rural v urban dynamics, as wealthier regions gain more resources for local development.

In locations where properties regularly exceed the SDLT thresholds, there's likely to be a significant incentive for councils to invest in housebuilding.

One option would be to adjusting SDLT at the local level which could enable more councils to benefit, driving further building with a broader focus on supporting affordable housing and new developments.

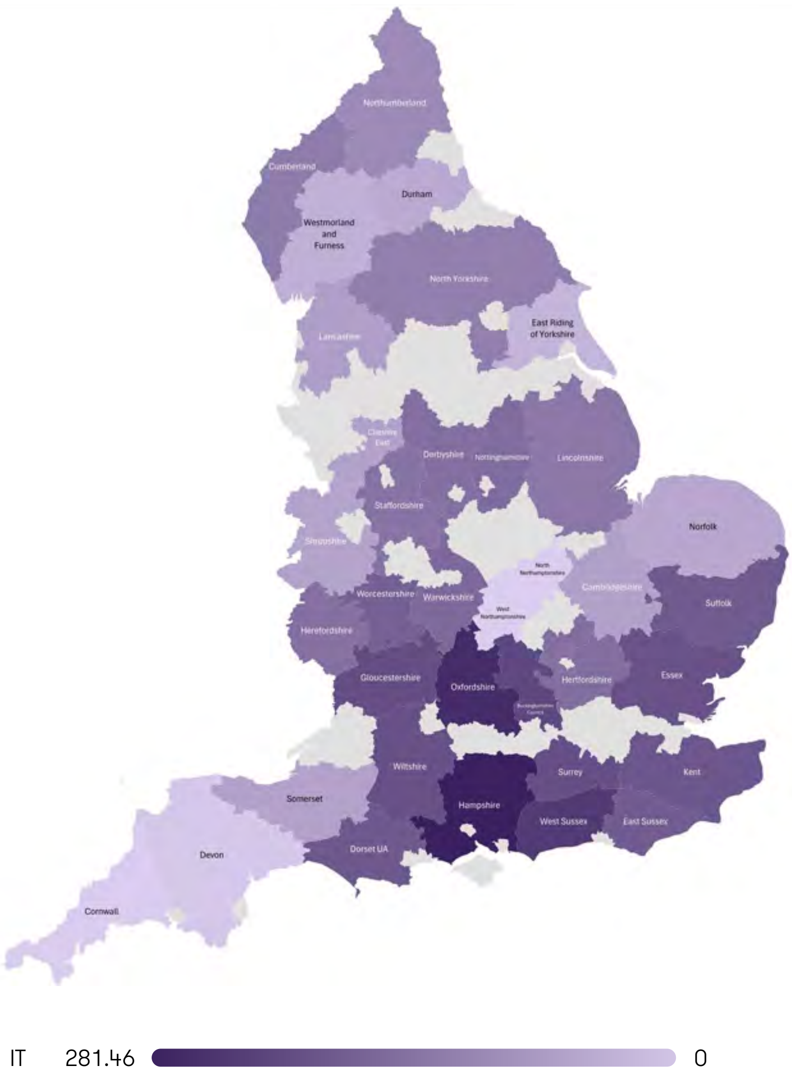
24 Illustrative figures from this scenario are based on the following assumptions:
- Local Authority completed new home figures 2022/23
- SDLT generated per new home calculated based on mean price per Local Authority
- Assumes percentage of first-time buyers based on urban-rural classification (19% predominantly rural, 28.5% urban with significant rural and 38% predominantly urban, note 38% is 2022/23 national average)

Income tax

Each Local authority can retain any income tax growth above what would be expected based on the average trend over the past three years[25].

Results

Scenario modelling: income tax retained per head, CCN areas



Impact

This scenario would have seen the CCN areas retaining an estimated £3.8 billion in 2022/23.

This tax policy could generate substantial revenue for local authorities, particularly in areas with higher average incomes.

Hampshire and Kent are expected to benefit the most from these changes, with London's surrounding counties, including Oxfordshire and West Sussex, also showing relatively high income per capita. These counties are part of the economically prosperous South East, where higher average incomes and economic growth are likely to lead to more significant increases in income tax revenue.

In contrast, northern and rural counties – such as Westmorland and Furness, North Northamptonshire, West Northamptonshire, Devon and Cornwall – are the lightest-shaded areas on the map, suggesting the lowest per capita revenue from income tax growth. Lower income levels, smaller population bases, and potentially slower economic growth in these regions result in minimal gains from the tax policy.

Given the potential revenue increase, this policy could provide transformational funding boosts for local services, enhancing the quality of public services like education, transportation, and healthcare. This additional funding could help address infrastructure needs and improve residents' quality of life, especially in high-revenue areas.

Moreover, retaining a portion of tax growth provides a strong incentive for local economic development. By allowing local authorities to benefit directly from income growth, this policy aligns with the Government's priority to drive growth across the country. It encourages all areas to invest in initiatives that promote local entrepreneurship and economic expansion, fostering a sense of shared responsibility and opportunity to achieve mutually beneficial goals.

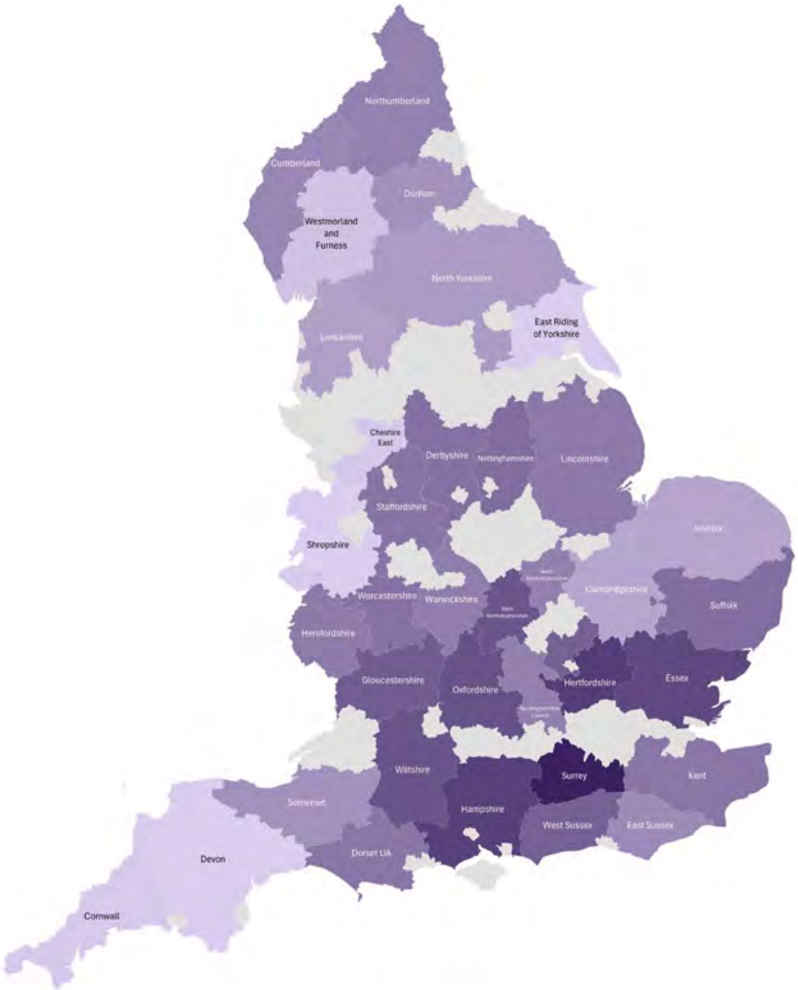
25 Illustrative figures from this scenario are based on the following assumptions:
- Using the example of 2019/20 to 2022/23
- Use income and tax by borough and district or unitary authority data. This dataset contains income tax data split by self-employment, employment and pension income (total income and total tax) on the number of individuals, mean and median and total tax amount.
- Multiply the number of individuals, by mean income for each of the three categories (self-employment, employment and pension income) and use relevant tax rate. Constrain to ONS regional totals.
- Convert 2019/20, 2020/21 and 2021/22 figures into 2022/23 real terms (account for inflation) using GDP deflator. Calculate expected 2022/23 figure using trend-based projection, if trend-based projection is declining take 2022/23 as base, any additional growth on top of positive trend-based projection is retained.
- 2022/23 rates across all years when calculating trend-based projection (this is an illustrative scenario and no assumptions have been made around raising of income tax).

National Insurance Contributions

Each Local authority can retain any National Insurance Contributions (NICs) growth above what would be expected based on the average trend over the past three years[26].

Results

Scenario modelling: NICs retained per head, CCN areas



NIC 206.81 0

Impact

This scenario would have seen the CCN areas retaining an estimated £2.7 billion in 2022/23.

This tax policy could generate substantial revenue for local authorities, particularly in areas with higher average incomes.

Surrey and Essex are expected to benefit the most from these changes, with London's surrounding counties, including Hertfordshire and Hampshire, also showing relatively high income per capita. These counties are part of the economically prosperous South East, where higher average incomes and economic growth are likely to lead to more significant increases in NICs.

In contrast, northern and rural counties – such as Westmorland and East Riding of Yorkshire – are the lightest-shaded areas on the map, suggesting the lowest per capita revenue from NICs growth. Lower income levels, smaller population bases, and potentially slower economic growth in these regions result in minimal gains from the tax policy.

Much like the income tax example, this policy could deliver transformational funding boosts for local services, improving public services like education, transportation, and healthcare while addressing infrastructure needs and enhancing residents' quality of life. By allowing local authorities to retain a portion of tax growth, it incentivises economic development, aligns with the Government's growth agenda, and encourages investment in local entrepreneurship, fostering shared responsibility, and mutual benefits.

26 Illustrative figures from this scenario are based on the following assumptions:

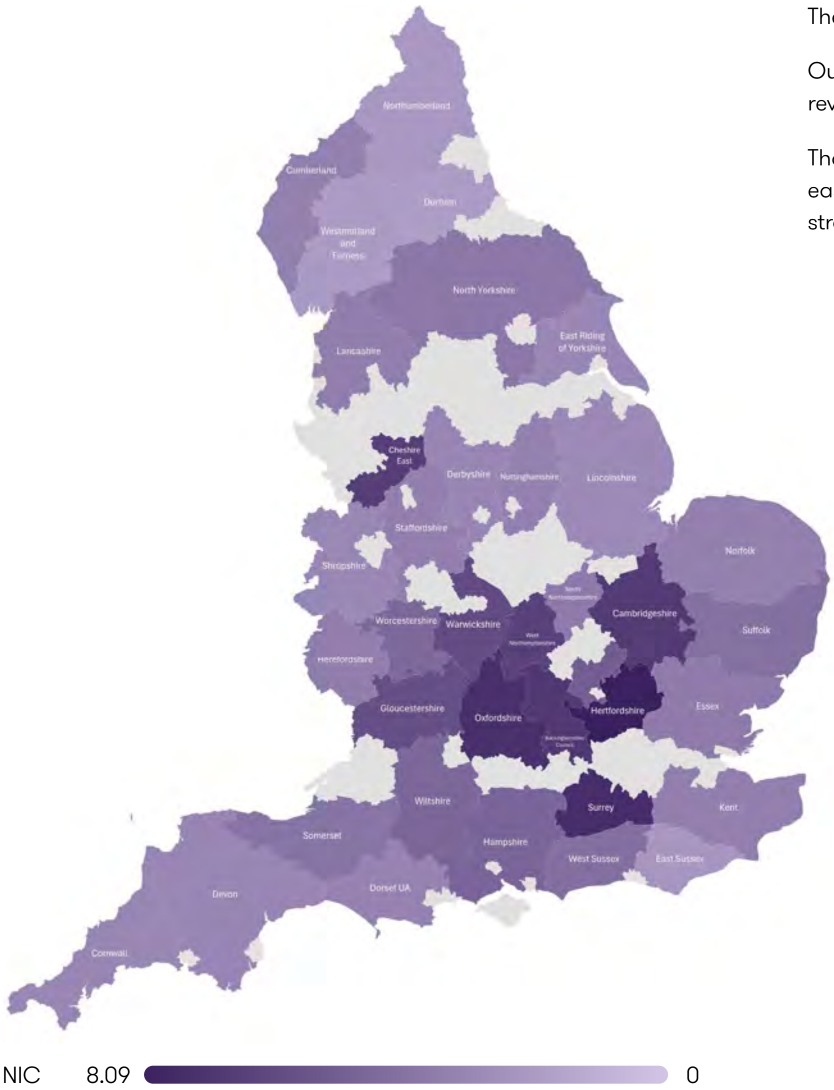
- Using the example of 2019/20 to 2022/23
- Use income and tax by borough and district or unitary authority data. This dataset contains income tax data split by self-employment, employment and pension income (total income and total tax) on the number of individuals, mean and median and total tax amount.
- Multiply the number of individuals, by mean income for each of the three categories (self-employment, employment and pension income) and use relevant NICs rate. Constrain to ONS regional totals.
- Convert 2019/20, 2020/21 and 2021/22 figures into 2022/23 real terms (account for inflation) using GDP deflator. Calculate expected 2022/23 figure using trend-based projection, if trend-based projection is declining take 2022/23 as base, any additional growth on top of positive trend-based projection is retained.
- 2022/23 rates across all years when calculating trend-based projection (this is an illustrative scenario and no assumptions have been made around raising of NICs).

Apprenticeship Levy

Local authority retains 10% of the locally generated Apprenticeship Levy funding[27].

Results

Scenario modelling: Apprenticeship Levy retained per head, CCN areas



Impact

This scenario would have seen the CCN area retaining an estimated £118 million in 2022/23.

The map highlights the narrower spread of impact.

Outside the outliers of Hertfordshire and Surrey, the revenue is fairly evenly distributed.

Those areas with larger employers, such as those within easy reach of major economic hubs, perform more strongly.

27 Illustrative figures from this scenario assume that Local Authority retains 10% of estimated Apprenticeship Levy 2022/23

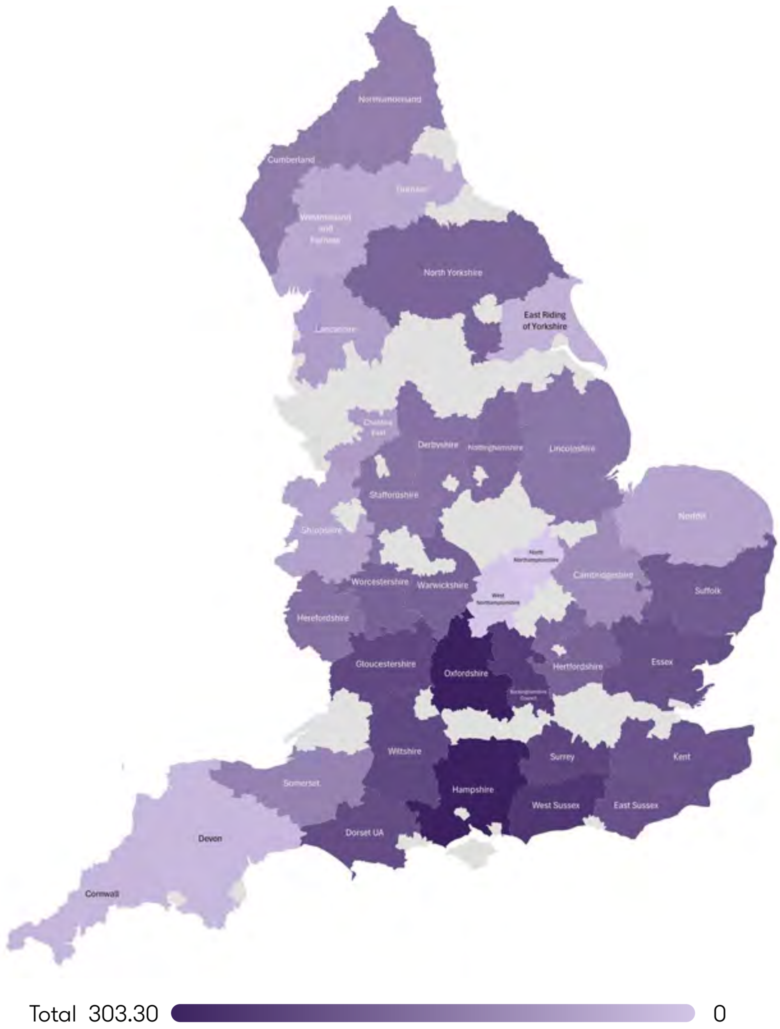
The cumulative effect

A balanced portfolio of fiscal devolution measures can help smooth out peaks and troughs in revenue generation across regions.

By diversifying the sources of devolved revenue, such as income tax, business rates, and specific levies like a tourism tax, local authorities can ensure a more stable and equitable distribution of funds. This approach not only mitigates regional disparities but also equips councils with the tools to respond to their unique economic contexts. Modelling the impacts of various fiscal levers reveals the art of the possible when these measures are combined.

Evaluating these taxes in combination reveals nuanced revenue flows and highlight potential fiscal ‘winners’ and ‘losers’.

Scenario modelling: combined scenarios revenue retained per head, CCN areas (Income tax scenario included, NOT NICs)



The combined map highlights the broad variation in impact across the nation (see also figure 6 and appendix H). Throughout this analysis NIC and IT have not both been aggregated because these taxes reflect similar economic aspects and therefore in effect double count the opportunity for particular areas.

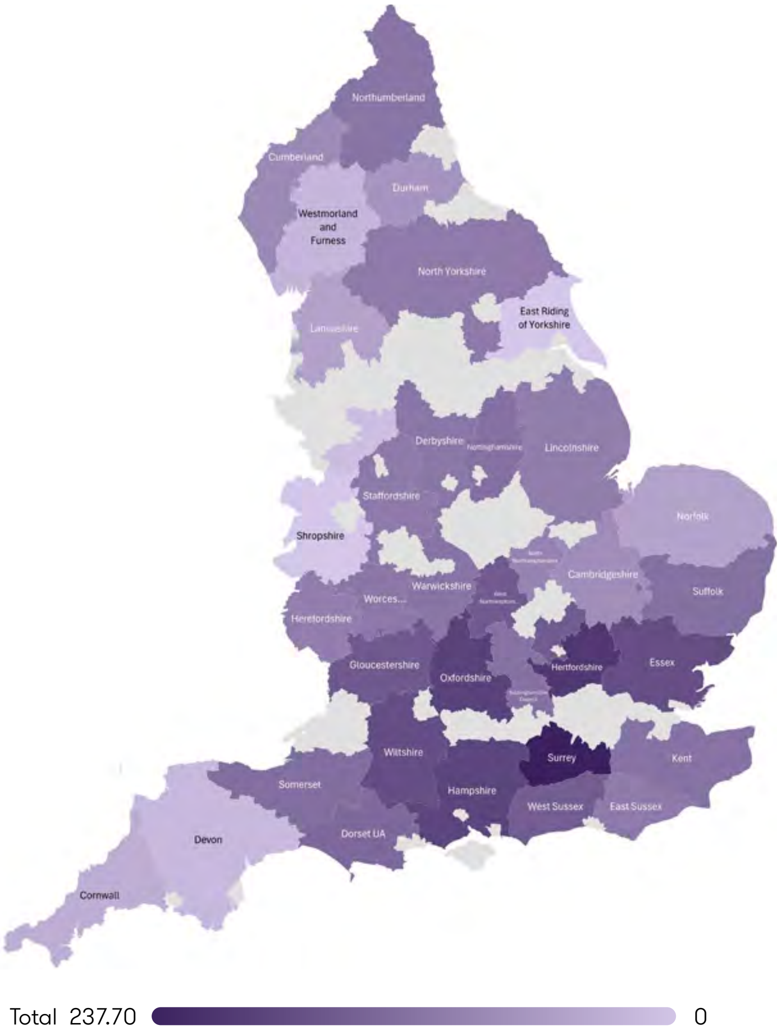
Hampshire is the largest beneficiary in absolute terms from the proposed measures while per head it is Oxfordshire, though every area would see an increase in funding of at least £3 million, or £8 per person. While the South East performs strongest, the South West and East of England are all represented in the best performing areas, with locations seeing an additional £200+ per person in funding.

Devolving a number of different measures helps to balance the benefit across a larger geography. For example, high-tourism and property-rich councils might gain more through the tourism tax and SDLT, while regions with a high-income workforce might benefit from a local income tax.

However, areas with limited tourism, lower property values, or smaller business bases may struggle to generate and retain significant revenue. Modelling these impacts at the local authority level is essential to understanding potential economic disparities, providing local authorities with data-driven insights to make strategic, contextually-aligned fiscal decisions.

It’s also a scenario that could be used to varying effect to help smooth out regional disparities, for example by offering variable levels of retention; or alternatively based on the performance of stronger areas (ie, those that retain more) there may be an opportunity to redistribute some of the central government grant to those areas facing greater fiscal pressures.

Scenario modelling: combined scenarios revenue retained per head, CCN areas (NICs scenario included, NOT income tax)



The combined map highlights the broad variation in impact across the nation (see also figure 6, figure 7, and appendix H).

If the NICs scenario is included instead of Income Tax, Surrey is the largest beneficiary from the proposed measures, though every area would see an increase in funding of at least £2 million, or £7 per person. While the South East performs strongest, the East of England, South West and East Midlands are all represented in the best performing areas, with locations seeing an additional £150+ per person in funding.

Devolving a number of different measures helps to balance the benefit across a larger geography. For example, high-tourism and property-rich councils might gain more through the tourism tax and SDLT, while regions with a high-income workforce might benefit from a local NICs tax.

However, areas with limited tourism, lower property values, or smaller business bases may struggle to generate and retain significant revenue. Modelling these impacts at the local authority level is essential to understanding potential economic disparities, providing local authorities with data-driven insights to make strategic, contextually-aligned fiscal decisions.

Figure 6: Scenario impact assessment with either income tax or NICs scenario 2022/23, CCN authorities

With income tax

Estimated revenue retained (£m)								
CCN area	**Class**	**Region**	**SDLT**	**AL**	**IT**	**TT**	**Total**	**£/head**
Oxfordshire	SC	South East	17	5	193	9	224	303
Hampshire	SC	South East	15	7	399	6	426	301
West Sussex	SC	South East	13	4	214	4	235	263
Buckinghamshire Council	UA	South East	13	4	122	2	141	251
Surrey	SC	South East	25	9	250	4	287	237
Wiltshire	UA	South West	5	2	105	7	120	232
Gloucestershire	SC	South West	5	4	135	7	151	232
Dorset UA	UA	South West	4	1	73	8	86	224
East Sussex	SC	South East	5	1	101	12	120	218
Essex	SC	East of England	13	6	305	6	330	217
Kent	SC	South East	15	6	306	12	339	213
Suffolk	SC	East of England	5	3	143	2	153	200
Warwickshire	SC	West Midlands	7	4	99	5	115	189
Worcestershire	SC	West Midlands	2	3	108	1	114	187
Hertfordshire	SC	East of England	23	10	186	5	224	186
North Yorkshire	UA	Yorkshire and The Humber	15	3	79	16	112	180
Central Bedfordshire	UA	East of England	5	2	46	1	53	177
Nottinghamshire	SC	East Midlands	2	3	133	6	143	172
Derbyshire	SC	East Midlands	0	3	122	4	129	161
Herefordshire	UA	West Midlands	1	1	28	0	30	160
Staffordshire	SC	West Midlands	2	3	130	1	137	154
Lincolnshire	SC	East Midlands	0	2	108	5	116	150
Cumberland	UA	North West	0	1	36	1	39	141
Northumberland	UA	North East	0	1	35	9	45	138
Somerset	UA	South West	12	2	41	20	75	130
Cambridgeshire	SC	East of England	12	5	50	11	78	113
Cheshire East	UA	North West	2	3	29	1	35	86
Lancashire	SC	North West	0	5	94	3	103	82
Shropshire	UA	West Midlands	1	1	22	1	24	75
Norfolk	SC	East of England	4	3	56	3	66	71
Westmorland and Furness	UA	North West	1	1	11	2	15	66
Durham	UA	North East	0	1	30	2	33	62
East Riding of Yorkshire	UA	Yorkshire and The Humber	0	1	14	1	17	49
Cornwall	UA	South West	3	2	0	16	22	38
Devon	SC	South West	7	3	7	13	30	36
West Northamptonshire	UA	East Midlands	2	3	0	1	6	14
North Northamptonshire	UA	East Midlands	1	1	0	1	3	8
TOTAL			**237**	**118**	**3,811**	**209**	**4,376**	**170**

With NICs

Estimated revenue retained (£m)								
CCN area	**Class**	**Region**	**SDLT**	**AL**	**NICs**	**TT**	**Total**	**£/head**
Oxfordshire	SC	South East	17	5	109	9	140	190
Hampshire	SC	South East	15	7	237	6	265	187
West Sussex	SC	South East	13	4	115	4	137	153
Buckinghamshire Council	UA	South East	13	4	52	2	70	126
Surrey	SC	South East	25	9	251	4	289	238
Wiltshire	UA	South West	5	2	75	7	90	175
Gloucestershire	SC	South West	5	4	88	7	104	159
Dorset UA	UA	South West	4	1	40	8	53	138
East Sussex	SC	South East	5	1	44	12	63	114
Essex	SC	East of England	13	6	239	6	264	173
Kent	SC	South East	15	6	166	12	198	124
Suffolk	SC	East of England	5	3	87	2	97	127
Warwickshire	SC	West Midlands	7	4	58	5	73	121
Worcestershire	SC	West Midlands	2	3	66	1	72	119
Hertfordshire	SC	East of England	23	10	207	5	245	204
North Yorkshire	UA	Yorkshire and The Humber	15	3	37	16	71	114
Central Bedfordshire	UA	East of England	5	2	39	1	47	155
Nottinghamshire	SC	East Midlands	2	3	96	6	107	128
Derbyshire	SC	East Midlands	0	3	89	4	96	119
Herefordshire	UA	West Midlands	1	1	19	0	20	108
Staffordshire	SC	West Midlands	2	3	94	1	100	113
Lincolnshire	SC	East Midlands	0	2	78	5	86	110
Cumberland	UA	North West	0	1	23	1	25	92
Northumberland	UA	North East	0	1	29	9	39	121
Somerset	UA	South West	12	2	41	20	75	131
Cambridgeshire	SC	East of England	12	5	32	11	61	88
Cheshire East	UA	North West	2	3	3	1	9	21
Lancashire	SC	North West	0	5	67	3	75	60
Shropshire	UA	West Midlands	1	1	0	1	3	8
Norfolk	SC	East of England	4	3	44	3	54	58
Westmorland and Furness	UA	North West	1	1	3	2	7	32
Durham	UA	North East	0	1	38	2	41	77
East Riding of Yorkshire	UA	Yorkshire and The Humber	0	1	0	1	3	7
Cornwall	UA	South West	3	2	2	16	24	42
Devon	SC	South West	7	3	0	13	23	28
West Northamptonshire	UA	East Midlands	2	3	61	1	67	157
North Northamptonshire	UA	East Midlands	1	1	33	1	36	99
TOTAL			**237**	**118**	**2,663**	**209**	**3,228**	**126**

Figure 7: Scenario impact assessment with either income tax or NICs scenario 2022/23, devolution priority programme areas

Devolution priority programme	Estimated revenue retained					With IT scenario		With NICs scenario	
	SDLT	AL	IT	NICs	TT	Total	£/head	Total	£/head
Essex, Southend & Thurrock	14	7	363	288	6	389	550	315	458
Suffolk & Norfolk	9	7	199	131	5	219	271	151	185
West Sussex, East Sussex & Brighton	19	7	382	202	16	424	730	244	428
Hampshire, Southampton & Portsmouth	15	9	441	260	6	470	483	289	287
Cheshire & Warrington	3	6	105	48	3	117	383	60	205
Cumbria	1	2	47	26	4	54	206	33	124

Case studies

In order to provide an additional layer of insight we have looked in more detail at three hypothetical case studies, deliberately focusing on three areas that would see different outcomes were the measures above to be implemented.

Staffordshire

Including income tax growth scenario

Staffordshire is one of the relative 'winners' from the proposed fiscal measures – with the potential to increase local income by £137 million a year, or £154 per person.

Located in the West Midlands, its strong local economy is supported by its proximity to Birmingham. a prevalence of major businesses and higher earners mean devolution of AL and IT would provide significant new revenue. A potential Tourism Tax offers the least benefit but still delivers over £1 million.

Staffordshire					**Estimated revenue retained**
	SDLT	**AL**	**IT**	**TT**	**Total**
Total estimated value £ millions	2	3	130	1	137
£ per head	2	4	147	2	154

Including NICs growth scenario

When including the NICs growth scenario instead of income tax Staffordshire is a relative 'winner' from the proposed fiscal measures – with the potential to increase local income by £100 million a year, or £113 per person.

Staffordshire					**Estimated revenue retained**
	SDLT	**AL**	**IT**	**TT**	**Total**
Total estimated value £ millions	2	3	94	1	100
£ per head	2	4	106	2	113

Cornwall

CORNWALL COUNCIL

Including income tax growth scenario

Fiscal devolution has the potential to provide Cornwall with an additional £22 million per year or £38 per person.

Located in the South West and known for its stunning coastline and beautiful beaches, the tourism tax offers its relatively strongest card – generating £16 million per annum, second behind nearby Somerset.

Cornwall					Estimated revenue retained
	SDLT	AL	IT	TT	Total
Total estimated value £ millions	3	2	0	16	22
£ per head	6	3	0	28	38

Including NICs growth scenario

Fiscal devolution has the potential to provide Cornwall with an additional £23 million per year or £40 per person.

Cornwall					Estimated revenue retained
	SDLT	AL	IT	TT	Total
Total estimated value £ millions	3	2	2	16	24
£ per head	6	3	4	28	42

East Riding of Yorkshire

Including income tax growth scenario

East Riding of Yorkshire would see only a modest uplift from the proposed measures – with an additional income of just £17 million per year or £49 per head.

The relatively low-cost of housing in the Yorkshire and The Humber means SDLT powers would deliver no material value. Growth in income tax has the potential to deliver the most benefit while tourism and Apprenticeship Levy powers may generate modest sums.

Cumberland			**Estimated revenue retained**		
	SDLT	**AL**	**IT**	**TT**	**Total**
Total estimated value £ millions	0	1	14	1	17
£ per head	0	3	41	4	49

Including NICs growth scenario

East Riding of Yorkshire would see only a modest uplift from the proposed measures – with an additional income of just £3 million per year or £7 per person. It's interesting to note the difference between the NICs and income tax model for East Riding, underling the sensitivity for some places to particular fiscal measures.

Cumberland			**Estimated revenue retained**		
	SDLT	**AL**	**IT**	**TT**	**Total**
Total estimated value £ millions	0	1	0	1	3
£ per head	0	3	0	4	7

Conclusion and recommendations

The Government accepts that devolution is a necessary but not sufficient prerequisite for economic growth. There's also evidence that fiscal devolution would encourage greater economic growth.

Through the long-established business rates retention scheme, the Government has accepted the logic behind this. Putting a wider range of tools to promote fiscal devolution and innovation into the hands of local politicians simply extends this logic.

This report has shown that while there's no silver bullet:

Multiple measures could spread opportunity and reduce disparities between and within regions

Our modelling has shown that any one measure, taken alone, has the potential to create significant regional disparities. Combining them does appear to reduce the imbalance and create more opportunities for places to benefit. An alternative would be to apply different rates to different places with the explicit intent of reducing disparities. However, there will still be those areas that benefit more than others and central Government will still be required to play a redistributive role to ensure equity across regions. That said, the results do demonstrate the potential that could be delivered to local places to make local decisions.

Fiscal devolution has the potential to incentivise mayoral governance

While devolution is being driven forward by the Government, the opportunity for greater fiscal powers could significantly increase the appeal of a mayor locally. It could provide them with both the resources to deliver against some of their policy ambitions while also offering an easy means of communicating the benefits of a mayor to the public.

Local empowerment can support, not block, mission-led government priorities and in particular economic growth

The argument that Westminster must control funding to ensure it aligns to central government priorities is incorrect. It's clear, that by carefully selecting the measures that are devolved, central government can help incentivise local delivery of national missions, particularly growth. In this regard, fiscal devolution offers the ability to simultaneously achieve two key elements, completing the devolutionary map and delivery of the missions.

Fiscal devolution does not place administrative burdens on local government

Local government would most likely be able to administer the range of devolved taxes and their regulation with limited or no new funding of back-office functions. This would have an additional benefit to the exchequer delivering cost savings in relation to the resource needed by central government to administer these payments.

What next?

There's a fiscal-shaped hole in the Government's devolution framework. This report has shown the potential to support the ambitions of local government to drive local economic growth for the benefits of residents and businesses, particularly within county authority areas and outside the city-region economies.

The English Devolution Bill is clear that Established Mayoral Strategic Authorities will be able to propose, individually or with others, additional functions to be added to the statutory devolution framework, or piloted locally, in order to deliver their areas of competence.

CCN members, such as Cambridgeshire, a constituent authority in the Cambridgeshire and Peterborough Mayoral Combined Authority, will be an integral element of the Established Mayoral Strategic Authorities (EMSA), with Nottinghamshire and Derbyshire, constituent members of the East Midlands Combined County Authority, also becoming an EMSA once the Bill gives such bodies legal status and the Mayor has been in post for 18 months (as will be the case in November 2025).

Therefore, this has the potential to be the starting gun for proposals for fiscal devolution to be considered. The English Devolution Bill is clear that such proposals can be discussed at the Mayoral Council and then Established Mayoral Strategic Authorities will be invited to submit a written proposal formally, to which the Government will have a duty to respond.

Appendices

Appendix A

CCN area geographies

Shire counties

- Cambridgeshire
- Derbyshire
- Devon
- East Sussex
- Essex
- Gloucestershire
- Hampshire
- Hertfordshire
- Kent
- Lancashire
- Lincolnshire
- Norfolk
- Nottinghamshire
- Oxfordshire
- Staffordshire
- Suffolk
- Surrey
- Warwickshire
- West Sussex
- Worcestershire

Unitary authorities

- Buckinghamshire Council
- Central Bedfordshire
- Cheshire East
- Cornwall
- Cumberland
- Dorset UA
- Durham
- East Riding of Yorkshire
- Herefordshire
- North Northamptonshire
- North Yorkshire
- Northumberland
- Shropshire
- Somerset
- West Northamptonshire
- Westmorland and Furness
- Wiltshire

Appendix B

Total revenue, England and CCN ranked areas 2022/23

All England

No.	Name	£bn	Region	Authority class
Highest	Surrey	29.5	South East	SC
	Kent	24.8	South East	SC
	Hampshire	23.7	South East	SC
	Hertfordshire	23.3	East of England	SC
	Essex	23.2	East of England	SC
Lowest	Blackpool	1.42	North West	UA
	Redcar & Cleveland	1.41	North East	UA
	Darlington	1.29	North East	UA
	Hartlepool	0.98	North East	UA
	Rutland	0.69	East Midlands	UA
	England	**891.3**		

CCN area

No.	Name	£bn	Region	Authority class
Highest	Surrey	29.5	South East	SC
	Kent	24.8	South East	SC
	Hampshire	23.7	South East	SC
	Hertfordshire	23.3	East of England	SC
	Essex	23.2	East of England	SC
Lowest	Shropshire	4.25	West Midlands	UA
	Northumberland	3.90	North East	UA
	Cumberland	3.64	North West	UA
	Westmorland and Furness	3.45	North West	UA
	Herefordshire	2.42	West Midlands	UA
	CCN	**386.6**		

Appendix C

Total revenue per head, England and CCN ranked areas 2022/23

All England

No.	Name	£pp	Region	Authority class
Highest	City of London[28]	856,428	London	LB
	Westminster	92,749	London	LB
	Kensington & Chelsea	84,066	London	LB
	Camden	55,575	London	LB
	Hammersmith & Fulham	37,608	London	LB
Lowest	Blackpool	10,048	North West	UA
	Bradford	9,970	Yorkshire and The Humber	MD
	Middlesbrough	9,926	North East	UA
	Leicester	9,855	East Midlands	UA
	Sandwell	9,581	West Midlands	MD
	London Boroughs	24,553		
	CCN areas	15,034		
	Non CCN Unitary authorities	14,031		
	Metropolitan Districts	11,679		
	England	**15,608**		

CCN area

No.	Name	£pp	Region	Authority class
Highest	Surrey	24,252	South East	SC
	Buckinghamshire Council	20,709	South East	UA
	Hertfordshire	19,355	East of England	SC
	Oxfordshire	17,983	South East	SC
	Cheshire East	17,509	North West	UA
Lowest	Norfolk	12,163	East of England	SC
	Lancashire	12,098	North West	SC
	Northumberland	12,028	North East	UA
	Lincolnshire	11,922	East Midlands	SC
	Durham	10,803	North East	UA
	CCN	**15,034**		

Appendix D
Revenue deep dives

1 Income tax

In 2022/23 the CCN area is estimated to have collectively generated £99 billion in income tax revenue, this accounts for 44% of the total tax revenue raised in England and 45% of the total population. Excluding London the CCN area accounts for 63% of the income tax revenue and 54% of the population.

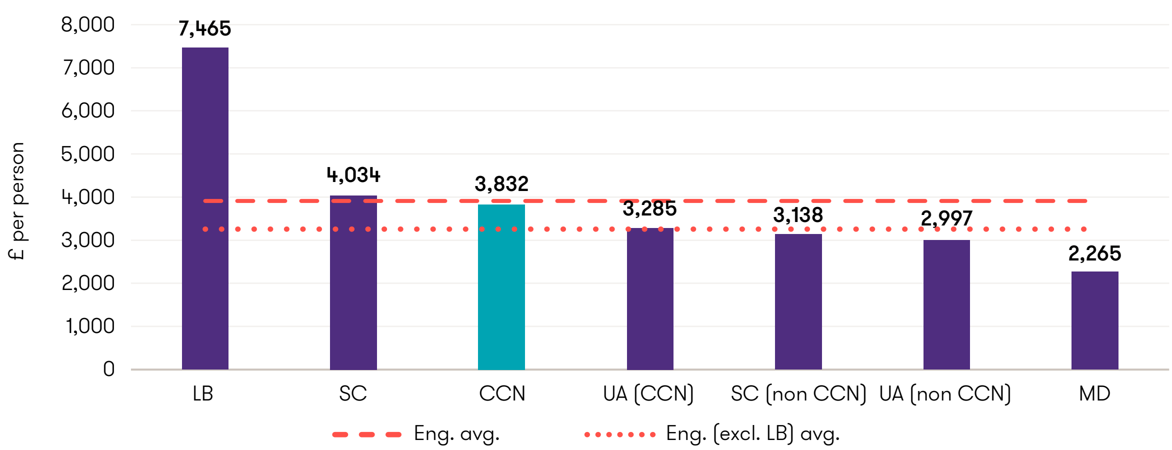
Income revenue was largest in counties in the south of England and London boroughs, with Surrey estimated to have generated £10.6 billion in 2022/23, followed by Hertfordshire with £7.4 billion, Kensington and Chelsea with £6.9 billion, Kent with £6.8 billion and Essex with £6.6 billion.

Figure 1: Income tax summary by authority type

CCN	Geography	Income tax (£m)	% of total	% population	Income tax £pp
Not CCN	London boroughs	66,184	30%	16%	7,465
	Metropolitan districts	27,683	12%	21%	2,265
	Shire counties	2,266	1%	1%	3,138
	Unitary authorities	28,717	13%	17%	2,997
	Total	**124,850**	**56%**	**55%**	**3,978**
CCN	Shire counties	75,690	34%	33%	4,034
	Unitary authorities	22,843	10%	12%	3,285
	Total	**98,533**	**44%**	**45%**	**3,832**
	England	**223,383**			**3,912**

Looking at revenue generated per person allows comparisons of individual local authorities relative to each other and England as whole. As a whole the CCN area generated £3,832 in income tax revenue per person in 2022/23, which was 2% lower than the average for England of £3,912. The CCN area income tax revenue per person is 18% higher than the England average excluding the London boroughs which is £3,259 per person.

Figure 2: Income tax per person by authority type



However, this is largely driven by the London boroughs which are the only class of authority which generate a higher revenue share (30%) than their population (16%) with an average of £7,465 per person. Eleven out of the 37 individual areas in the CCN had higher revenue per person than the England average, with the largest being Surrey at £8,702. The lowest revenue per head generated in the CCN area was Durham at £2,079. However, 16 out of the 37 individual CCN areas generate higher revenue per person than the England average excluding London boroughs.

2 Social contributions

In 2022/23, with an estimated £69 billion, the CCN area accounts for 45% of the estimated NICs revenue raised in England and 45% of the total population. Excluding London, the CCN area accounts for 59% of social contributions and 54% of the population.

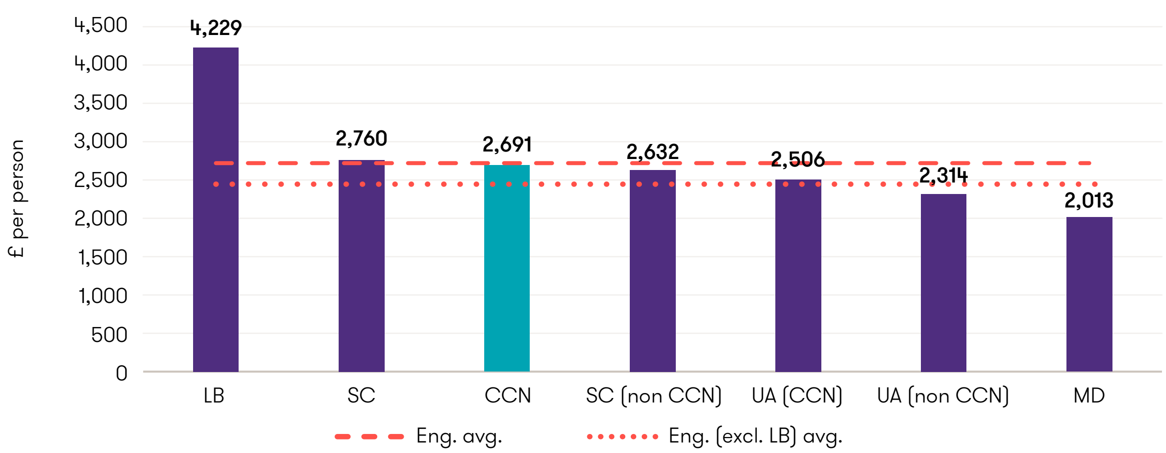
NICs revenue was largest in counties in the south of England, with Surrey estimated to have generated £5.7 billion in 2022/23, followed by Hertfordshire with £4.7 billion, Essex with £4.5 billion, Kent with £4.3 billion and Hampshire with £4.2 billion.

Figure 3: NICs summary by authority type

CCN	Geography	NICs (£m)	% of total	% population	NICs £pp
Not CCN	London boroughs	37,491	24%	16%	4,229
	Metropolitan districts	24,601	16%	21%	2,013
	Shire counties	1,901	1%	1%	2,632
	Unitary authorities	22,170	14%	17%	2,314
	Total	**86,164**	**55%**	**55%**	**2,745**
CCN	Shire counties	51,781	33%	33%	2,760
	Unitary authorities	17,429	11%	12%	2,506
	Total	**69,209**	**45%**	**45%**	**2,691**
	England	**155,373**			**2,721**

Looking at revenue generated per person allows comparisons of individual local authorities relative to each other and England as whole. As a whole the CCN area generated £2,691 in NICs revenue per person in 2022/23, which was 1% lower than the average for England of £2,721. The CCN area social contributions per person is 10% higher than the England average excluding the London boroughs which is £2,444 per person.

Figure 4: NICs per person by authority type



However, this is largely driven by the London boroughs which are the only class of authority which generate a higher revenue share (24%) than their population (16%) with an average of £4,229 per person. 13 out of the 37 individual areas in the CCN had higher revenue per person than the England average, with the largest being Surrey at £4,657. The lowest revenue per head CCN LA was Cornwall at £1,593. However, 18 out of the 37 individual CCN areas generate higher social contributions person than the England average excluding London boroughs.

3 Corporation tax

At £23 billion the CCN area accounts for 33% of the estimated total corporation tax revenue raised in England and 45% of the total population. Excluding London, the CCN area accounts for 53% of the corporation tax revenue and 54% of the population.

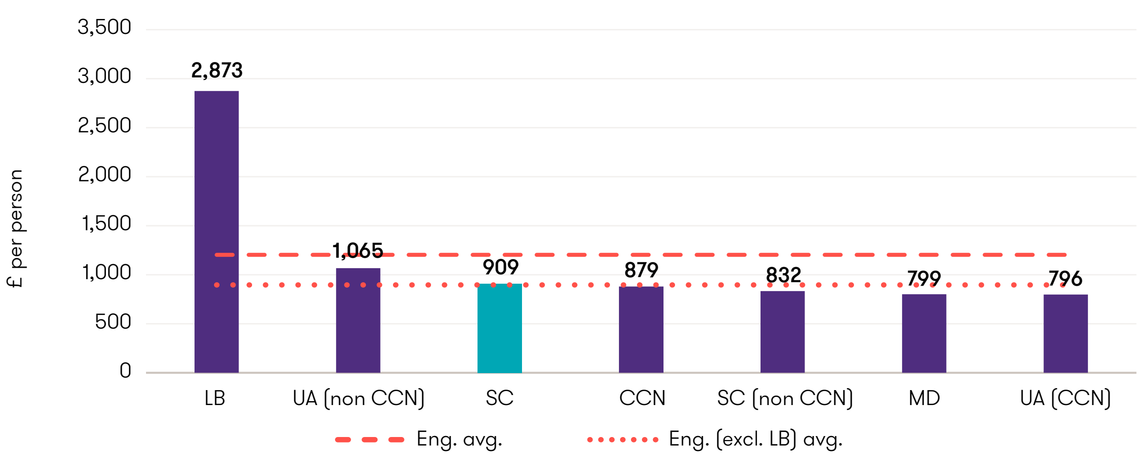
Corporation tax revenue was largest in counties in the London boroughs and counties in the south of England, with City of London estimated to have generated just under £4.8 billion in 2022/23, followed by Westminster with £4.4 billion, Tower Hamlets with £1.8 billion and then Camden and Surrey with £1.6 billion each.

Figure 5: Corporation Tax summary by authority type

CCN	Geography	Corp. tax (£m)	% of total	% population	Corp. tax £pp
Not CCN	London boroughs	25,474	37%	16%	2,873
	Metropolitan districts	9,765	14%	21%	799
	Shire counties	601	1%	1%	832
	Unitary authorities	10,207	15%	17%	1,065
	Total	**46,048**	**67%**	**55%**	**1,467**
CCN	Shire counties	17,058	25%	33%	909
	Unitary authorities	5,536	8%	12%	796
	Total	**22,594**	**33%**	**45%**	**879**
	England	**68,641**			**1,202**

Looking at revenue generated per person allows comparisons of individual local authorities relative to each other and England as whole. As a whole the CCN area generated £879 in corporation tax revenue per person in 2022/23, which was 27% lower than the average for England of £1,202. The CCN area corporation tax revenue per person is 2% lower than the England excluding the London boroughs which is £895 per person.

Figure 6: Corporation tax per person by authority type



However, this is largely driven by the London boroughs which are the only class of authority which generate a higher revenue share (37%) than their population (16%) with an average of £2,873 per person. Only two out of the 37 individual areas in the CCN had higher revenue per person than the England average, with the largest being Surrey at £1,335. The lowest revenue per head CCN LA was Northumberland at £468. However, 12 out of the 37 individual CCN areas generate higher revenue per person than the England average excluding London boroughs.

4 Business rates

At £3,878 billion the CCN area accounts for 18% of the estimated total business rates revenue raised in England and 45% of the total population. Excluding London, the CCN area accounts for 26% of the business rates revenue and 54% of the population.

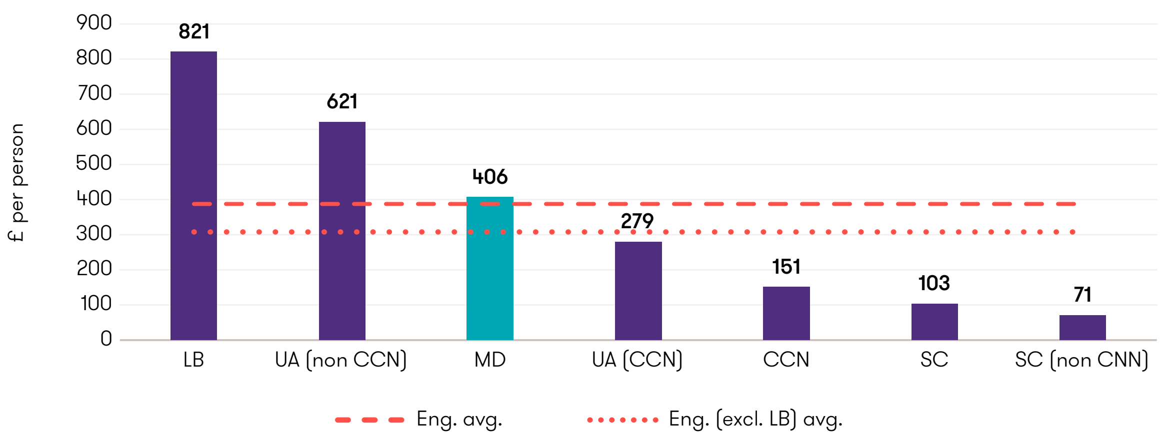
Business rates revenue was highest for non-CCN areas, with Birmingham estimated to have generated £0.67 billion in 2022/23, followed by Southwark with £0.38 billion, and then Lambeth, Tower Hamlets, Newham and Hackney with £0.37 billion each.

Figure 7: Business rates summary by authority type

CCN	Geography	Business rates (£m)	% of total	% population	Business rates £pp
Not CCN	London boroughs	7,278	33%	16%	821
	Metropolitan districts	4,966	22%	21%	406
	Shire counties	51	0%	1%	71
	Unitary authorities	5,950	27%	17%	621
	Total	**18,245**		**55%**	**581**
CCN	Shire counties	1,936	9%	33%	103
	Unitary authorities	1,941	9%	12%	279
	Total	**3,878**	**18%**	**45%**	**151**
	England	**22,122**			**387**

Looking at revenue generated per person allows comparisons of individual local authorities relative to each other and England as whole. As a whole the CCN area generated £151 in business rates revenue per person in 2022/23, which was 61% lower than the average for England of £387. The CCN area business rates revenue per person is 51% lower than the England average, excluding the London boroughs which is £308 per person.

Figure 8: Business rates per person by authority type



However, this is largely driven by the London boroughs which generate a higher revenue share (33%) than their population (16%) with an average of £821 per person. Only four out of the 37 individual areas in the CCN had higher revenue per person than the England average, with the largest being Cornwall at £619. The lowest revenue per head CCN LA was Worcestershire at £32. However, five out of the 37 individual CCN areas generate higher revenue per person than the England average excluding London boroughs.

5 Stamp Duty Land Tax

At £7 billion the CCN area accounts for 43% of the estimated total SDLT revenue raised in England and 45% of the total population. Excluding London, the CCN area accounts for 68% of the SDLT revenue and 54% of the population.

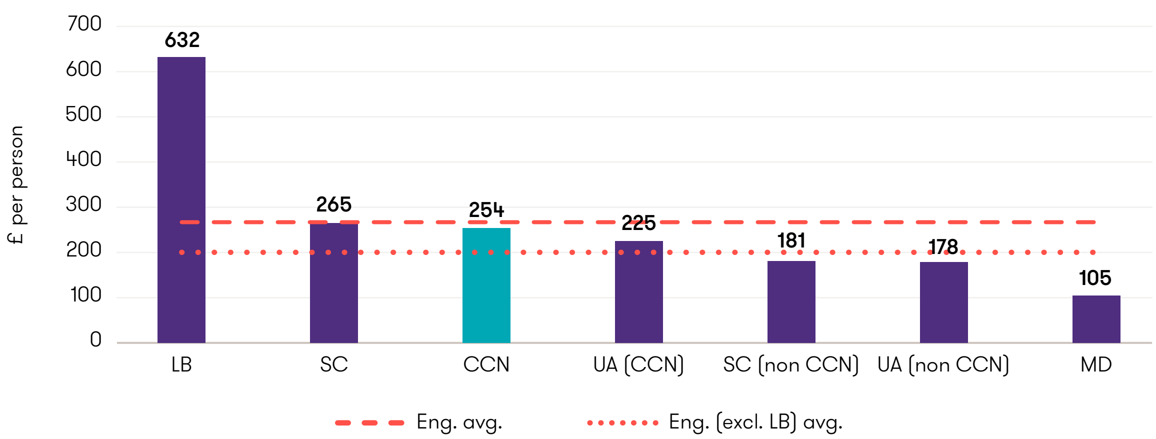
SDLT revenue was largest in London boroughs and counties in the south of England, with Westminster estimated to have generated £1.0 billion in 2022/23, followed by Kensington and Chelsea and Surrey with £0.7 billion each, then Hertfordshire (£0.5 billion) and Kent with £0.4 billion.

Figure 9: SDLT summary by authority type

CCN	Geography	SDLT (£m)	% of total	% population	SDLT £pp
Not CCN	London boroughs	5,600	37%	16%	632
	Metropolitan districts	1,279	8%	21%	105
	Shire counties	131	1%	1%	181
	Unitary authorities	1,709	11%	17%	178
	Total	**8,719**	57%	**55%**	**278**
CCN	Shire counties	4,969	33%	33%	265
	Unitary authorities	1,562	10%	12%	225
	Total	**6,531**	**43%**	**45%**	**254**
	England	**15,250**			**267**

Looking at revenue generated per person allows comparisons of individual local authorities relative to each other and England as whole. As a whole the CCN area generated £254 in SDLT revenue per person in 2022/23, which was 5% lower than the average for England of £267. The CCN area SDLT revenue per person is 27% higher than the England average excluding the London boroughs, which is £200 per person.

Figure 10: SDLT per person by authority type



However, this is largely driven by the London boroughs which are the only authority class to generate a higher revenue share (37%) than their population (16%) with an average of £632 per person. Fourteen out of the 37 individual areas in the CCN had higher revenue per person than the England average, with the largest being Surrey at £591. The lowest revenue per head CCN LA was Durham at £74. However, 24 out of the 37 individual CCN areas generate higher revenue per person than the England average, excluding London boroughs.

6 Apprenticeships Levy

At £2 billion the CCN area accounts for 37% of the estimated total Apprenticeship Levy revenue raised in England and 45% of the total population. Excluding London the CCN area accounts for 50% of the total levy and 54% of the population.

It's worth noting that the Apprenticeship Levy, introduced to encourage investment in apprenticeships, has faced significant challenges, notably the substantial amounts of unspent funds being returned to the Treasury. DfE data shows that for 2022/23, £96m of unused levy funds have been reclaimed by the Treasury due to the 'use it or lose it' policy, which mandates that unspent funds after two years are forfeited.

This situation has led to criticisms that the levy isn't effectively supporting the intended expansion of apprenticeship opportunities. In response to these concerns, The Government has announced plans to replace the Apprenticeship Levy with a new Growth and Skills Levy. This reform aims to provide employers with greater flexibility in utilising their levy contributions, allowing them to fund a broader range of training options beyond traditional apprenticeships. The intention is to better align training investments with the evolving needs of businesses and address existing skills shortages. Further details on the implementation and scope of the Growth and Skills Levy are anticipated to be released by the Department for Education in due course.

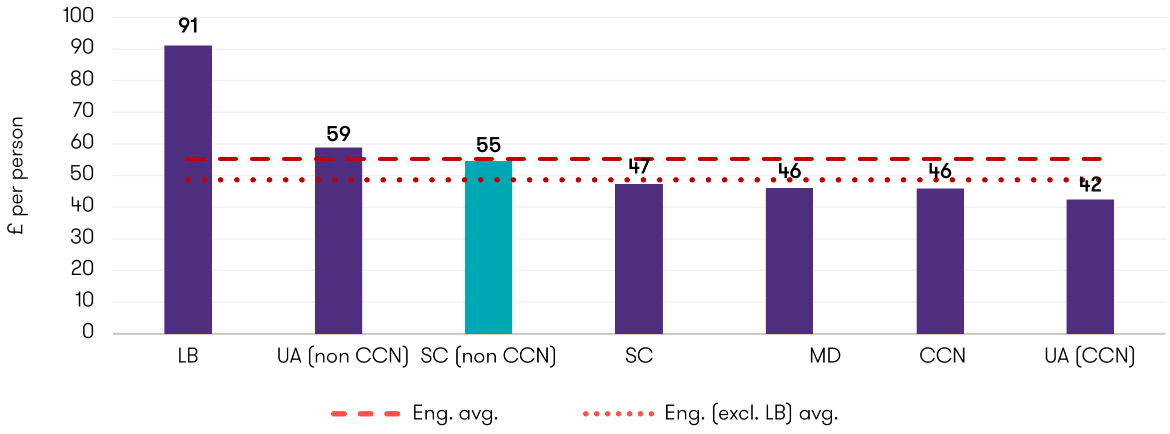
Apprenticeship Levy revenue was largest in London boroughs and counties in the south of England, with City of London estimated to have generated £0.22 billion in 2022/23, followed by Westminster with £0.17 billion and Hertfordshire with £0.10 billion.

Figure 11: Apprenticeship Levy summary by authority type

CCN	Geography	Apprenticeship Levy (£m)	% of total	% population	Apprenticeship Levy £pp
Not CCN	London boroughs	808	26%	16%	91
	Metropolitan districts	563	18%	21%	46
	Shire counties	39	1%	1%	55
	Unitary authorities	564	18%	17%	59
	Total	**1,974**	63%	**55%**	**63**
CCN	Shire counties	887	28%	33%	47
	Unitary authorities	295	9%	12%	42
	Total	**1,182**	**37%**	**45%**	**46**
	England	**3,156**			**55**

Looking at revenue generated per person allows comparisons of individual local authorities relative to each other and England as whole. As a whole the CCN area generated £46 in Apprenticeship Levy revenue per person in 2022/23, which was 17% lower than the average for England of £55. The CCN area Apprenticeship Levy revenue per person is 6% lower than the England average excluding the London boroughs, which is £49 per person.

Figure 12: Apprenticeship Levy per person by authority type



However, this is largely driven by the London boroughs, which are the only authority class to generate a higher revenue share (26%) than their population (16%) with an average of £91 per person. Nine out of the 37 individual areas in the CCN had higher revenue per person than the England average, with the largest being Hertfordshire at £81. The lowest revenue per head CCN LA was Durham at £23. However, 10 out of the 37 individual CCN areas generate higher revenue per person than the England average, excluding London boroughs.

Appendix E

Total identifiable expenditure, England and CCN ranked areas 2022/23

All England

No.	Name	£bn	Region	Authority class
Highest	Kent	16.13	South East	SC
	Birmingham	15.77	West Midlands	MD
	Essex	15.08	East of England	SC
	Hampshire	14.08	South East	SC
	Lancashire	13.44	North West	SC
Lowest	Redcar and Cleveland	1.7	North East	UA
	City of London[29]	1.6	London	LB
	Darlington	1.3	North East	UA
	Hartlepool	1.3	North East	UA
	Rutland	0.6	East Midlands	UA
	England	**698.2**		

CCN area

No.	Name	£bn	Region	Authority class
Highest	Kent	16.1	South East	SC
	Essex	15.1	East of England	SC
	Hampshire	14.1	South East	SC
	Lancashire	13.4	North West	SC
	Hertfordshire	12.3	East of England	SC
Lowest	Northumberland	4.4	North East	UA
	Shropshire	4.1	West Midlands	UA
	Cumberland	2.8	North West	UA
	Herefordshire	2.7	West Midlands	UA
	Westmorland and Furness	2.3	North West	UA
	CCN	**273.0**		

29 It should be noted due to the unique nature of City of London it should be considered an outlier in this analysis.

Appendix F

Identifiable expenditure per head, England and CCN ranked areas 2022/23

All England

No.	Name	£pp	Region	Authority class
Highest	City of London[30]	145,622	London	LB
	Camden	19,255	London	LB
	Westminster	18,166	London	LB
	Bedford	17,772	East of England	UA
	Islington	17,479	London	LB
Lowest	Gloucestershire	9,304	South West	SC
	Cambridgeshire	9,233	East of England	SC
	North Yorkshire	9,034	Yorkshire and The Humber	UA
	Surrey	8,973	South East	SC
	Oxfordshire	8,828	South East	SC
	England	**12,227**		

CCN area

No.	Name	£pp	Region	Authority class
Highest	Dorset UA	15,004	South West	UA
	Central Bedfordshire	14,946	East of England	UA
	Herefordshire	14,118	West Midlands	UA
	Cornwall	13,792	South West	UA
	Buckinghamshire Council	13,539	South East	UA
Lowest	Gloucestershire	9,304	South West	SC
	Cambridgeshire	9,233	East of England	SC
	North Yorkshire	9,034	Yorkshire and The Humber	UA
	Surrey	8,973	South East	SC
	Oxfordshire	8,828	South East	SC
	CCN	**10,618**		

30 It should be noted due to the unique nature of City of London it should be considered an outlier in this analysis.

Appendix G

Net contributions per head, England and CCN ranked areas 2022/23

All England

No.	Name	£pp	Region	Authority class
Highest	City of London[31]	577,618	London	LB
	Westminster	66,194	London	LB
	Kensington & Chelsea	61,406	London	LB
	Camden	30,474	London	LB
	Richmond upon Thames	17,781	London	LB
Lowest	Torbay	-8,585	South West	UA
	South Tyneside	-8,628	North East	MD
	Isle of Wight	-9,529	South East	UA
	Blackpool	-9,637	North West	UA
	Leicester	-10,195	East Midlands	UA
	England	**-1,171**		

CCN area

No.	Name	£pp	Region	Authority class
Highest	Surrey	10,581	South East	SC
	Hertfordshire	4,899	East of England	SC
	Oxfordshire	4,318	South East	SC
	Cambridgeshire	2,857	East of England	SC
	Buckinghamshire Council	2,791	South East	UA
Lowest	Northumberland	-5,748	North East	UA
	Herefordshire	-5,912	West Midlands	UA
	Cornwall	-6,158	South West	UA
	Dorset UA	-6,278	South West	UA
	Durham	-6,368	North East	UA
	CCN	**-137**		

31 It should be noted due to the unique nature of City of London it should be considered an outlier in this analysis.

Appendix H

Scenario impact assessment 2022/23 revenue retained per head (£): CCN authorities

Estimaged revenue retained (£ per head)								Total	
CCN area	**Class**	**Region**	**SDLT**	**AL**	**IT**	**NICs**	**TT**	**With IT**	**With NICs**
Oxfordshire	SC	South East	23	7	261	148	12	303	190
Hampshire	SC	South East	10	5	281	168	4	301	187
West Sussex	SC	South East	15	4	239	129	5	263	153
Buckinghamshire Council	UA	South East	22	7	218	93	4	251	126
Surrey	SC	South East	20	7	206	207	3	237	238
Wiltshire	UA	South West	11	5	203	146	14	232	175
Gloucestershire	SC	South West	8	6	208	135	11	232	159
Dorset UA	UA	South West	10	3	190	104	21	224	138
East Sussex	SC	South East	9	3	184	80	22	218	114
Essex	SC	East of England	8	4	201	157	4	217	173
Kent	SC	South East	9	4	192	104	7	213	124
Suffolk	SC	East of England	7	4	186	113	3	200	127
Warwickshire	SC	West Midlands	11	6	163	95	9	189	121
Worcestershire	SC	West Midlands	3	5	177	108	2	187	119
Hertfordshire	SC	East of England	19	8	154	172	4	186	204
North Yorkshire	UA	Yorkshire and The Humber	24	4	127	60	25	180	114
Central Bedfordshire	UA	East of England	17	5	152	130	2	177	155
Nottinghamshire	SC	East Midlands	3	4	159	115	7	172	128
Derbyshire	SC	East Midlands	0	3	152	110	5	161	119
Herefordshire	UA	West Midlands	4	4	151	99	1	160	108
Staffordshire	SC	West Midlands	2	4	147	106	2	154	113
Lincolnshire	SC	East Midlands	0	3	140	100	7	150	110
Cumberland	UA	North West	0	4	132	84	5	141	92
Northumberland	UA	North East	0	3	108	91	27	138	121
Somerset	UA	South West	20	4	71	71	35	130	131
Cambridgeshire	SC	East of England	18	7	72	47	16	113	88
Cheshire East	UA	North West	5	7	71	6	3	86	21
Lancashire	SC	North West	0	4	75	53	2	82	60
Shropshire	UA	West Midlands	2	3	67	0	2	75	8
Norfolk	SC	East of England	4	4	61	48	3	71	58
Westmorland and Furness	UA	North West	5	2	47	14	11	66	32
Durham	UA	North East	0	2	57	72	3	62	77
East Riding of Yorkshire	UA	Yorkshire and The Humber	0	3	41	0	4	49	7
Cornwall	UA	South West	6	3	0	4	28	38	42
Devon	SC	South West	9	3	8	0	16	36	28
West Northamptonshire	UA	East Midlands	4	7	0	142	3	14	157
North Northamptonshire	UA	East Midlands	1	4	0	91	3	8	99
All CCN areas[32]			**9**	**5**	**148**	**104**	**8**	**170**	**126**
All England			**8**	**6**	**133**	**121**	**8**	**155**	**143**

32 Per head figure calculated across all CCN areas by dividing total revenue retained by total population.

Scenario impact assessment with either income tax or NICs scenario 2022/23, non-CCN authorities

Estimated revenue retained (£m)								With IT scenario		With NICs scenario	
Non CCN area	**Class**	**Region**	**SDLT**	**AL**	**IT**	**NICs**	**TT**	**Total**	**£/head**	**Total**	**£/head**
City of London	LB	London	0	22	42	13	177	240	22,167	211	19,493
Camden	LB	London	2	6	7	111	0	15	69	119	547
Greenwich	LB	London	5	1	12	46	0	17	60	51	176
Hackney	LB	London	2	1	16	46	0	19	71	49	188
Hammersmith & Fulham	LB	London	13	2	74	92	0	89	478	107	578
Islington	LB	London	4	4	0	98	0	8	37	106	480
Kensington & Chelsea	LB	London	16	1	87	107	0	104	713	125	854
Lambeth	LB	London	1	1	32	100	0	34	108	102	323
Lewisham	LB	London	1	0	28	58	0	29	98	59	199
Southwark	LB	London	5	4	82	116	0	90	289	124	399
Tower Hamlets	LB	London	9	5	24	95	0	38	118	110	338
Wandsworth	LB	London	13	1	51	167	0	65	199	181	550
Westminster	LB	London	49	17	0	115	0	66	313	181	856
Barking & Dagenham	LB	London	1	0	2	18	0	3	12	19	85
Barnet	LB	London	11	1	51	103	0	63	162	115	295
Bexley	LB	London	2	0	43	53	0	45	181	55	222
Brent	LB	London	3	1	19	54	0	23	69	59	172
Bromley	LB	London	2	1	45	102	0	48	145	105	318
Croydon	LB	London	6	1	61	78	0	68	174	85	217
Ealing	LB	London	21	1	34	66	0	55	149	88	238
Enfield	LB	London	1	1	56	63	0	58	177	65	200
Haringey	LB	London	11	0	39	82	0	51	193	93	357
Harrow	LB	London	3	0	55	62	0	58	224	65	249
Havering	LB	London	3	1	51	58	0	54	205	61	232
Hillingdon	LB	London	2	2	57	67	0	61	197	71	228
Hounslow	LB	London	9	2	49	71	0	60	207	82	283
Kingston upon Thames	LB	London	1	1	28	54	0	30	176	56	331
Merton	LB	London	1	1	0	72	0	2	9	74	345
Newham	LB	London	5	1	47	61	0	53	147	67	187
Redbridge	LB	London	1	0	18	45	0	20	64	47	150
Richmond upon Thames	LB	London	8	1	2	97	0	10	53	106	543
Sutton	LB	London	2	1	35	50	0	38	179	52	249
Waltham Forest	LB	London	3	0	11	39	0	14	52	42	153
Hartlepool	UA	North East	0	0	1	4	0	1	11	5	49
Middlesbrough	UA	North East	0	1	1	0	0	2	12	1	8
Redcar & Cleveland	UA	North East	0	0	9	6	0	9	65	7	50
Stockton-on-Tees	UA	North East	0	1	7	12	0	8	40	12	61
Darlington	UA	North East	0	1	0	3	0	1	9	4	39
Durham	UA	North East	0	1	30	38	2	33	62	41	77
Northumberland	UA	North East	0	1	35	29	9	45	138	39	121
Gateshead	MD	North East	0	1	11	14	0	12	62	15	74
Newcastle upon Tyne	MD	North East	0	2	0	4	0	3	9	6	21
North Tyneside	MD	North East	0	1	30	21	0	30	145	22	105
South Tyneside	MD	North East	0	0	0	4	0	0	3	4	27
Sunderland	MD	North East	0	1	22	21	0	23	84	23	81
Halton	UA	North West	0	1	12	9	0	13	102	10	74
Warrington	UA	North West	0	2	34	20	0	36	168	21	102
Cheshire East	UA	North West	2	3	29	3	1	35	86	9	21
Cheshire West & Chester	UA	North West	1	2	43	26	1	46	128	30	82
Cumberland	UA	North West	0	1	36	23	1	39	141	25	92

Estimated revenue retained (£m)								With IT scenario		With NICs scenario	
Non CCN area	**Class**	**Region**	**SDLT**	**AL**	**IT**	**NICs**	**TT**	**Total**	**£/head**	**Total**	**£/head**
Westmorland and Furness	UA	North West	1	1	11	3	2	15	66	7	32
Blackburn with Darwen	UA	North West	0	1	0	0	0	1	5	1	5
Blackpool	UA	North West	0	1	9	5	0	10	68	6	40
Lancashire	SC	North West	0	5	94	67	3	103	82	75	60
Bolton	MD	North West	0	1	9	1	0	10	33	2	7
Bury	MD	North West	0	1	11	4	0	12	60	5	23
Manchester	MD	North West	0	5	49	40	23	77	136	68	119
Oldham	MD	North West	0	1	26	15	0	27	111	16	66
Rochdale	MD	North West	0	1	25	15	0	26	113	15	68
Salford	MD	North West	0	2	16	10	0	17	62	12	42
Stockport	MD	North West	0	1	42	31	0	43	146	33	111
Tameside	MD	North West	0	1	21	16	0	22	93	17	73
Trafford	MD	North West	1	2	30	15	0	33	141	17	74
Wigan	MD	North West	0	1	0	0	0	1	3	1	3
Knowsley	MD	North West	0	1	7	5	0	7	47	5	33
Liverpool	MD	North West	0	3	59	35	16	78	156	54	109
St Helens	MD	North West	0	1	26	15	0	26	141	15	84
Sefton	MD	North West	0	1	7	0	0	8	29	1	3
Wirral	MD	North West	0	1	49	27	0	50	155	28	86
Bracknell Forest	UA	South East	1	2	40	26	0	43	340	29	228
West Berkshire	UA	South East	2	1	56	29	1	60	369	33	203
Reading	UA	South East	1	2	46	30	1	50	284	34	194
Slough	UA	South East	0	2	27	19	0	30	186	21	134
Windsor & Maidenhead	UA	South East	2	2	0	45	0	3	21	48	310
Wokingham	UA	South East	4	2	69	44	0	74	411	50	276
Milton Keynes	UA	South East	3	3	60	41	0	66	224	47	162
Buckinghamshire Council	UA	South East	13	4	122	52	2	141	251	70	126
Brighton & Hove	UA	South East	0	1	68	43	0	69	249	45	161
East Sussex	SC	South East	5	1	101	44	12	120	218	63	114
Portsmouth	UA	South East	0	1	10	3	0	11	51	4	19
Southampton	UA	South East	0	1	32	20	0	33	132	20	81
Hampshire	SC	South East	15	7	399	237	6	426	301	265	187
Isle of Wight	UA	South East	0	0	12	7	1	14	97	8	57
Medway Towns	UA	South East	1	1	28	16	0	30	104	18	62
Kent	SC	South East	15	6	306	166	12	339	213	198	124
Oxfordshire	SC	South East	17	5	193	109	9	224	303	140	190
Surrey	SC	South East	25	9	250	251	4	287	237	289	238
West Sussex	SC	South East	13	4	214	115	4	235	263	137	153
Bath & North East Somerset	UA	South West	2	1	33	21	0	36	186	24	121
Bristol	UA	South West	1	4	78	64	12	95	198	81	168
South Gloucestershire	UA	South West	2	2	37	27	0	41	139	31	105
North Somerset	UA	South West	1	1	21	13	0	24	108	15	68
Cornwall	UA	South West	3	2	0	2	16	22	38	24	42
Plymouth	UA	South West	0	1	41	27	0	42	158	28	104
Torbay	UA	South West	0	1	13	1	0	13	96	2	11
Devon	SC	South West	7	3	7	0	13	30	36	23	28
Dorset UA	UA	South West	4	1	73	40	8	86	224	53	138
Bournemouth, Christchurch & Poole	UA	South West	1	2	77	46	0	80	199	50	123
Gloucestershire	SC	South West	5	4	135	88	7	151	232	104	159
Somerset	UA	South West	12	2	41	41	20	75	130	75	131
Swindon	UA	South West	0	2	41	30	0	43	182	33	138
Wiltshire	UA	South West	5	2	105	75	7	120	232	90	175
Luton	UA	East of England	0	1	28	19	3	31	138	23	100

Estimated revenue retained (£m)								With IT scenario		With NICs scenario	
Non CCN area	**Class**	**Region**	**SDLT**	**AL**	**IT**	**NICs**	**TT**	**Total**	**£/head**	**Total**	**£/head**
Bedford	UA	East of England	1	1	31	24	1	33	178	27	144
Central Bedfordshire	UA	East of England	5	2	46	39	1	53	177	47	155
Peterborough	UA	East of England	0	2	26	22	0	28	129	24	108
Cambridgeshire	SC	East of England	12	5	50	32	11	78	113	61	88
Southend-on-Sea	UA	East of England	0	1	32	26	0	33	183	27	148
Thurrock	UA	East of England	0	1	25	23	0	26	149	24	137
Essex	SC	East of England	13	6	305	239	6	330	217	264	173
Herefordshire	UA	West Midlands	1	1	28	19	0	30	160	20	108
Worcestershire	SC	West Midlands	2	3	108	66	1	114	187	72	119
Hertfordshire	SC	East of England	23	10	186	207	5	224	186	245	204
Norfolk	SC	East of England	4	3	56	44	3	66	71	54	58
Telford & Wrekin	UA	West Midlands	0	1	26	20	0	27	143	21	111
Shropshire	UA	West Midlands	1	1	22	0	1	24	75	3	8
Stoke-on-Trent	UA	West Midlands	0	1	25	20	0	26	99	21	82
Staffordshire	SC	West Midlands	2	3	130	94	1	137	154	100	113
Suffolk	SC	East of England	5	3	143	87	2	153	200	97	127
Warwickshire	SC	West Midlands	7	4	99	58	5	115	189	73	121
Birmingham	MD	West Midlands	0	5	129	98	7	141	122	111	96
Coventry	MD	West Midlands	0	2	43	34	1	47	131	37	104
Dudley	MD	West Midlands	0	1	40	31	0	41	127	32	98
Sandwell	MD	West Midlands	0	1	31	23	0	33	94	24	70
Solihull	MD	West Midlands	1	2	50	35	0	53	245	38	176
Walsall	MD	West Midlands	0	1	32	24	0	33	117	26	90
Wolverhampton	MD	West Midlands	0	1	29	25	0	30	112	26	97
Derby	UA	East Midlands	0	2	33	25	0	34	130	27	102
Derbyshire	SC	East Midlands	0	3	122	89	4	129	161	96	119
East Riding of Yorkshire	UA	Yorkshire and The Humber	0	1	14	0	1	17	49	3	7
Kingston upon Hull	UA	Yorkshire and The Humber	0	1	21	16	0	23	85	17	65
North East Lincolnshire	UA	Yorkshire and The Humber	0	0	17	11	0	17	108	11	72
North Lincolnshire	UA	Yorkshire and The Humber	0	1	24	14	0	25	146	15	86
Leicester	UA	East Midlands	0	1	31	25	0	33	87	27	72
Rutland	UA	East Midlands	0	0	9	6	0	9	223	6	146
Leicestershire	SC	East Midlands	3	4	129	92	5	141	195	104	145
Lincolnshire	SC	East Midlands	0	2	108	78	5	116	150	86	110
York	UA	Yorkshire and The Humber	0	1	37	20	0	39	189	21	104
North Yorkshire	UA	Yorkshire and The Humber	15	3	79	37	16	112	180	71	114
North Northamptonshire	UA	East Midlands	1	1	0	33	1	3	8	36	99
West Northamptonshire	UA	East Midlands	2	3	0	61	1	6	14	67	157
Nottingham	UA	East Midlands	0	3	30	23	0	32	99	26	79
Nottinghamshire	SC	East Midlands	2	3	133	96	6	143	172	107	128
Barnsley	MD	Yorkshire and The Humber	0	1	3	2	0	4	15	3	11
Doncaster	MD	Yorkshire and The Humber	0	1	33	18	1	34	111	20	64
Rotherham	MD	Yorkshire and The Humber	0	1	10	3	0	11	42	4	13
Sheffield	MD	Yorkshire and The Humber	0	2	45	21	2	50	88	26	46
Bradford	MD	Yorkshire and The Humber	0	2	59	33	1	61	111	36	65
Calderdale	MD	Yorkshire and The Humber	0	1	28	16	0	29	140	17	80
Kirklees	MD	Yorkshire and The Humber	0	2	48	18	0	49	112	20	46
Leeds	MD	Yorkshire and The Humber	0	6	133	76	6	144	176	87	106
Wakefield	MD	Yorkshire and The Humber	0	2	42	29	0	44	122	30	85
All non CCN areas			**247**	**197**	**3,777**	**4,260**	**260**	**4,481**	**143**	**4,965**	**158**
All England			**484**	**316**	**7,588**	**6,923**	**469**	**8,857**	**155**	**8,192**	**143**

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