BUSINESS LDN

Statement from the Cabinet on devolvement: what it means for London
BusinessLDN member briefing, 3 August 2026

On Friday, 31 July the Prime Minister set out far-reaching proposals for further devolution across England, including for London, in a collective statement from the Cabinet.

This member briefing summarises our reaction, the key points that were announced across different areas of public services and our analysis of what they mean for London. We also summarise the next steps and suggested actions for members.

BusinessLDN reacted positively to the announcements, which include many measures that we have campaigned for, including on further business rates retention locally to encourage growth-enhancing decisions. These are set out in our devolution report, developed in association with three Primera Business Improvement Districts: Central District Alliance, EC BID and London Heritage Quarter.

CEO John Dickie said, "The roll out of this new approach should move at the pace of the fastest, enabling those city-regions which have strong track records and administrative capacity – such as Manchester and London – to build on their established devolution settlements so they work better for local communities and businesses." Read John's full reaction here. And for broader insights, listen to our podcast discussion with Henri Murison, Chief Executive of the Northern Powerhouse Partnership.

Specific areas of further devolution and analysis of what it means for London

Proposed area of further devolution	***BusinessLDN view***
Skills and young people • Mayors will be empowered to offer a high-quality locally tailored technical or vocational route from age 16, underpinned by gaining control of the skills budget for 16 to 19 year-olds. • Mayors gain the powers, flexibility and accountability to bring together education, employment, health and local support into a clear route for young people.	Many of the recommendations tally with BusinessLDN's 2018 Skills Commission. It's helpful that the proposals specify a focus on the vocational parts of 16-19 education rather than A levels and schools. But this is still one to watch to ensure it is easy to navigate for students, colleges and businesses alike. Giving the Mayor a full strategic canvass to work on London's youth employment challenges is positive and will complement his control

	over adult education and training through the Adult Skills Fund and provide a practical mechanism for implementing some the recommendations of the Local Skills Improvement Plan (LSIP) which BusinessLDN leads in partnership with the Greater London Authority.
Transport • Mayors gain the power to shape their places through control over local transport, housing, innovation, local energy and cultural investment • Mayors will be supported to take public control of buses more rapidly and implement fully integrated ticketing systems. • Local leaders will be given more control over commuter rail services, with the most established mayors – such as in London – working in much deeper partnership with Great British Railways • Mayors in places with integrated settlements no longer need to seek government approval for locally funded transport schemes, except those that interact with the national network.	Closer partnership working between GB Railways and the Mayor would be a good thing. London already has integrated ticketing. Public control over buses will be one to watch. No longer needing central government approval for locally funded transport schemes is broadly positive, but there is still a £500 million threshold for this, and the West London Orbital - which is the cheapest of Transport for London's priority expansion projects - comfortably exceeds this.
Housing • Mayors will benefit from greater devolution of the Social and Affordable Homes Programme. • With the goal of creating thriving places to live, Mayors will be given much greater influence over funding currently controlled by Arts Council England and Sport England. To further this ambition, the Government will establish 'Good Growth Funds' which will be supported by the Local Government Pension Scheme as a key local investor.	In London, the Mayor and the Greater London Authority already lead the delivery of the Social and Affordable Homes Programme.

Public services • London and other areas will gain more local democratic control over their public services, from health to policing to education. • Deputy mayor roles will be established with responsibility for key public services.	The Mayor of London already has a direct mandate for policing in London since 2011. London also already has many deputy mayor roles, including for the likes of planning, housing, transport and policing.
Taxation • Grants from central government will be replaced with a share of local income tax for every mayor beginning in 2028. • Local councils and strategic authorities will also gain greater retention of the revenue from business rates. • The government will consider how these growth incentives can be balanced with the need for fairness between places. The government says it will “rebalance public investment, including considering the balance of subsidy and other finance mechanisms, to ensure we are backing growth opportunities in all parts of the country”. • The Overnight Visitor Levy is now confirmed, with local leaders able to set out plans for how revenues will be invested by March 2028. • The government will consider how areas could benefit from increased land values from housing and infrastructure development, strengthening their ability and incentives to invest.	Greater fiscal devolution, through greater retention of income tax and business rates is something we have advocated for. Retention of a larger share of business rates isn’t however a substitute for reform of business rates. The rebalancing of public investment to ensure fairness between places will need watching carefully to ensure London doesn’t lose out. BusinessLDN has previously cautioned about the timing and economic impact of the Overnight Visitor Levy. Exploring how areas could benefit from increased land values could open the door to more innovative financing mechanisms such as those used in the extension of the Northern Line and advocated in a BusinessLDN report in collaboration with WSP.

Next steps and timing

Immediate:

- Those areas, such as London, with so-called 'integrated settlements' have greater flexibility to deploy funding within existing integrated settlements.
- The Government has also asked those areas without a strategic authority to confirm whether they wish to proceed with a mayoral or non-mayoral approach.

Coming weeks and months:

- The Government will confirm its plans for the design of the Overnight Visitor Levy, activate mayoral intervention powers in the planning system, and devolve decisions on Transport and Works Act Orders – a legal order used to authorise new railways or tramway systems.
- The Government will streamline the number of targets that mayors have to report on in relation to their integrated settlements.

Autumn Budget, now confirmed for 28 October:

- A more detailed fiscal devolution roadmap will be published, setting out the Government's overall approach to revenue assignment and rates retention.
- A white paper will be published detailing the Government's plans for the full set of reforms and a clear timetable for their implementation.

Next year, from April 2027:

- Fiscal devolution will begin with mayors, including in London, retaining a share of business rates from April 2027 and also securing powers to introduce the Overnight Visitor Levy.
- The upcoming Spending Review date tbc) will then set out the detailed arrangements for retained income tax, with receipts to be retained locally from April 2028.

Advice for members

Members may wish to familiarise themselves with these new proposals that have been announced for further devolution and assess where they may impact on their business and supply chains, either positively or negatively.

So that we can shape the next stage of these proposals, please do get in touch with Matthew Fell to flag:

1. The additional details that you will need to see to be able to fully assess and take advantage of these new proposals;

2. Any concerns that you have with the proposals; and

3. If you have thoughts on any additional powers that you would like to see devolved to London and elsewhere, including with examples of how they might enable you to invest, create jobs and grow faster.