

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT

Sixth Delegated Legislation Committee

DRAFT HALTON, KNOWSLEY, LIVERPOOL,
ST HELENS, SEFTON AND WIRRAL COMBINED
AUTHORITY (ELECTION OF MAYOR) ORDER 2016

Wednesday 13 July 2016

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Sunday 17 July 2016

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The Committee consisted of the following Members:

Chair: GERAINT DAVIES

† Blackman, Bob (*Harrow East*) (Con)
 Eagle, Maria (*Garston and Halewood*) (Lab)
 † Heappey, James (*Wells*) (Con)
 † Henderson, Gordon (*Sittingbourne and Sheppey*)
 (Con)
 † Jarvis, Dan (*Barnsley Central*) (Lab)
 Kawczynski, Daniel (*Shrewsbury and Atcham*) (Con)
 † McGinn, Conor (*St Helens North*) (Lab)
 † McGovern, Alison (*Wirral South*) (Lab)
 † Morris, Grahame M. (*Easington*) (Lab)
 † Pursglove, Tom (*Corby*) (Con)
 † Smith, Henry (*Crawley*) (Con)

† Smith, Julian (*Skipton and Ripon*) (Con)
 † Trevelyan, Mrs Anne-Marie (*Berwick-upon-Tweed*)
 (Con)
 † Twigg, Stephen (*Liverpool, West Derby*) (Lab/Co-
 op)
 † Wharton, James (*Parliamentary Under-Secretary of*
State for Communities and Local Government)
 † Zahawi, Nadhim (*Stratford-on-Avon*) (Con)

Joanna Welham, *Committee Clerk*

† **attended the Committee**

Sixth Delegated Legislation Committee

Wednesday 13 July 2016

[GERAINT DAVIES *in the Chair*]

Draft Halton, Knowsley, Liverpool, St Helens, Sefton and Wirral Combined Authority (Election of Mayor) Order 2016

2.30 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (James Wharton): I beg to move,

That the Committee has considered the draft Halton, Knowsley, Liverpool, St Helens, Sefton and Wirral Combined Authority (Election of Mayor) Order 2016.

It is a pleasure to serve under your chairmanship, Mr Davies. The draft order, which was laid before the House on 8 June 2016, if approved, will deliver one more significant milestone in fulfilling our manifesto commitments and our commitment to implement the devolution deals between the Government and the Liverpool city region.

On 17 November 2015 the Government and the Liverpool city region combined authority announced a devolution deal that involved an offer of powers and budget from the Government, on the basis that the area will deliver certain reforms and measures, including adopting a directly elected Mayor covering the whole combined authority area.

The Liverpool city region deals—there can be more—are part of the ongoing process of devolution, which allows areas to take control of their own destiny and growth and supports our commitment to rebalance the economy. The deals are part of building a northern powerhouse, which has the massive potential to add an extra £37 billion to our national economy by the end of the next decade.

The draft order, under the Cities and Local Government Devolution Act 2016, which received Royal Assent on 28 January, will, if approved, deliver two major steps of devolution for the Liverpool city region. To reflect their agreement to the original deal, the six councils of the Liverpool city region and the combined authority have formally consented to the order.

In the first of the two steps, the order creates the position of a directly elected Mayor for the Liverpool city region, with the first election to be held in May 2017. Under the 2016 Act, the Mayor will chair the combined authority and exercise individually those powers agreed in the devolution deals. In the second step, the order specifies that the first mayoral term will last three years, with the next election in May 2020, and subsequent terms will last four years, which will enable the Liverpool city region to align the mayoral election with other local elections from 2020.

The order is an important step in the journey to implement fully the groundbreaking devolution deals that we have reached with the Liverpool city region. We will introduce further secondary legislation to confer on the city region and its Mayor the powers agreed in the

devolution deals, including legislation to provide the detailed arrangements for how the powers will be exercised in practice. That secondary legislation, which of course the House will have the opportunity to debate and, if it so chooses, to approve, will include necessary provisions on the relationship between the Mayor and the other members of the combined authority.

I commend the draft order to the Committee.

2.33 pm

Grahame M. Morris (Easington) (Lab): It is a pleasure to serve under your chairmanship, Mr Davies, I think for the first time.

The draft order is narrow in scope, as the Minister has outlined. It covers the areas of the local authorities of Halton, Knowsley, Liverpool, St Helens, Sefton and Wirral, under the combined authority, and it sets the date for the election of a Mayor. A number of Committee members have a sense of *déjà vu*, because we have had similar discussions about a number of other combined authorities—I anticipate that we will have some more, perhaps even before the recess. I will try my best not to go over old ground, but I will put some key points and questions to the Minister on behalf of the Opposition.

I am sure that the Minister is aware of previously expressed concerns about an elected Mayor being a prerequisite for the devolution of substantial powers. In particular, the Communities and Local Government Committee was concerned about the creation of complex and over-bureaucratic systems of local government, with multiple tiers that can often blur lines of accountability.

Will the Minister outline how the Government consulted with local communities before choosing their preferred standard model of governance? In a Delegated Legislation Committee yesterday, the Minister referred to the consultation exercise conducted by the combined authorities, but if that is to be meaningful and there is to be proper engagement, how is he addressing the matter?

For the sake of brevity, I am going to use the term “Merseyside combined authority”—[*Interruption.*] The Minister says “Liverpool city region”. I am not sure of the correct nomenclature, but I will use Merseyside combined authority. The authority has a track record of success since its formation two years ago. There has been significant investment in transport and in projects such as the one to transform the empty, iconic Littlewoods building on Edge Lane into a state-of-the-art film studio. More than £21.5 million has been invested in more than 30 projects to enhance learning facilities and build new ones, and key housing and economic development sites have been identified to promote growth throughout the region.

The EU is very relevant. Given the implications of Brexit, we need some clarification. If we are to rebalance and grow our economy post Brexit, it is crucial that we restore the fortunes of our regions and great cities, such as Liverpool. EU investment and funding has been a vital lifeline for our regions. We heard yesterday that EU investment and funding for my region, the north-east, amounted to £400 million. That funding is particularly important for those in poorer areas that are often overlooked by central Government.

The Merseyside local authority areas voted to remain in the EU, which is not surprising, given that, by 2020, £190 million will have been invested in the region thanks

to our membership. Bearing in mind the term of office of the elected Mayor, it is important that the Minister gives us assurances on that funding. One reason for such a large remain vote in Liverpool might be that *The Sun*, and other Murdoch press publications, are not popular on Merseyside. Nevertheless, access to EU funding, and its benefits, are key issues on Merseyside, as they are in many other regions.

There are clear examples of how Merseyside has benefited from EU funds, from Queen Square to John Lennon airport. There has been the restoration of St George's Hall, a UNESCO world heritage site. There have been investments in skills and training, as well as the largest single investment nationally of £50 million in the arena and conference centre on the Liverpool waterfront. I am looking forward to visiting the latter when the Labour party conference is held there later this year.

I appreciate the fact that the Minister has stated that, in the short term, while we remain a member of the EU, nothing should change. But we should bear in mind the scope of the order and the date of May 2017, when the Mayor will take office. Will the Minister confirm that the anticipated investment from the EU up to 2020 will be guaranteed by the Government? There was a lot of speculation about the net benefit to the Exchequer of our leaving the EU, and various figures were bandied about, but we need some reassurance. It is important that we know where we stand in the short term.

It is also important to note that, in the longer term, beyond 2020, which is the scope of the order, large-scale infrastructure spending and investment needs continuity of funding, as the Minister is well aware. It will be very difficult to develop private-public sector partnerships if business is concerned about the Government's commitment to real investment in our cities and regions. Will the Minister outline his plans for investment beyond that date, or at least beyond the term from 2017 to 2020? I am assuming we will exit the EU in two years.

Will the Minister match or, in anticipation, exceed the level of investment that would have been available had we voted to remain in the EU? Does the Minister agree that a decline for any reason in current levels of investment and infrastructure spending within the first term of the elected Mayor—from 2017 to 2020—would be a betrayal by those who advocated Brexit by promising the British people that we would have more funding available for schemes that support growth in the regions?

I will press the Minister on public engagement. It is a critical issue and we should take every opportunity to engage the public in the devolution process. Despite claims by Ministers that this will be a “bottom-up process”—a term used by the Minister in a Delegated Legislation Committee yesterday on the Teesside combined authority—the public are often looking in from the cold as decisions about their city and region are discussed behind closed doors and without their input. It would be remiss of me if I did not highlight the ongoing consultation on the Merseyside combined authority, or the Liverpool city region combined authority, which can be found on the combined authority's website.

The Chair: Order. I remind the hon. Gentleman that the order we are considering is about having a directly elected Mayor, and the dates and terms of office, for the Merseyside combined authority, as you have called it.

I appreciate that there are issues surrounding that, but the Minister may not be completely briefed to respond to all the key points about the implications of leaving the EU. While we are talking about dates, of course, we do not know when we will have Brexit. I assume the Minister will mention 2020 and how that might work with the general election and all of that sort of stuff. Please continue, but I thought I would let the Minister know that I do not expect him to respond to all those points.

Grahame M. Morris: I am grateful for your guidance, Mr Davies. I am trying to apply the arguments within the terms of the order. The Minister has repeated on a number of occasions that this is a process, not an event. We are looking at the event of appointing the elected Mayor and at the timescale of the term of office. If it is a process and it is the Government's intention that things will develop from that event, what steps has the Minister taken to ensure that the views of local residents, which shape the evolution of these devolution deals, are included in that process?

The Merseyside combined authority Mayor will face many challenges during his term of office from 2017 to 2020. Since 2010, devolution has to a large degree been about delegating cuts, rather than empowering communities. I am concerned that we will not be thanked if we do not tackle the resource question in the period from 2017 to 2020. Local government has shouldered more than its fair share of deficit reduction, particularly in the most deprived communities, which in some cases have seen cuts 18 times larger than those in the most affluent areas. If Mayors and devolution deals are to succeed, we need a new, fair and sustainable approach to local government finance.

I am looking for assurances from the Minister that areas such as the Liverpool city region will not be financially worse off due to changes to business rates that are due to come in during that period. There is a real fear that that will relate into substantial cuts in areas with the highest need, which often have the lowest tax bases, while there will be a growth in resources for areas with higher tax bases, such as London and the south-east. The Labour party wants devolution to work, but the transfer of powers must be accompanied by a sustainable model of funding, because resources are key. I promise that Labour will do devolution differently. We will empower communities without the restraints and conditions that the present Government are seeking to impose and we will ensure that it is properly resourced.

2.44 pm

Conor McGinn (St Helens North) (Lab): It is a pleasure to serve under your chairmanship, Mr Davies. I intend to make only a few brief points on the order. The announcement that we will have a metro mayor in Merseyside was greeted with some degree of scepticism in my constituency, not least because it was seen as a political construct imposed by the Conservative party despite it not having a single elected Member of Parliament on Merseyside. However, I welcome the introduction of the order.

I firmly believe that a metro mayor serving the whole of Merseyside and the Liverpool city region can bring us tremendous opportunities for trade and investment

[Conor McGinn]

and for creating a civic identity for the region. Of the component parts of my constituency, people in Rainford feel a strong Lancashire identity, people in Billinge feel a Wigan identity and people in Newton-le-Willows feel a Warrington and a Cheshire identity. I think that it is fair to say to my hon. Friends the Members for Liverpool, West Derby and for Wirral South that there has always been a healthy rivalry between St Helens and Liverpool on a number of matters. Part of the reason for that is the geography of the region. In Manchester, where there are proposals for devolution, there is the city centre and a doughnut around it, so if an area to the east feels that it is on the periphery, there is a corresponding area to the west, north and south. On Merseyside, of course, St Helens is the periphery because the other side of Liverpool is the Irish sea.

Stephen Twigg (Liverpool, West Derby) (Lab/Co-op):
Via Wirral.

Conor McGinn: Yes, via Wirral. It is therefore important, and I pay tribute to those standing for the Labour selection for the mayoral candidacy who have made a virtue of including the whole Merseyside region in their plans.

Will the Minister take note of some of the initial concern and scepticism that was expressed, notwithstanding our commitment to making this work? With regard to turnout at the election next year, there is a duty on local authorities and all of us as elected Members from Merseyside, but also on the Government, to ensure that we do not have a repetition of the first elections for the police and crime commissioner, so that the new Mayor of Liverpool, whoever he or she is, has a resounding mandate from right across Merseyside and the whole city region.

2.47 pm

James Wharton: Opposition Members have asked a number of questions that I will seek to address. The shadow Secretary of State, the hon. Member for Easington, asked about consultation with local communities. As I have said before in debates on this topic, at which he has often been present, this is a two-way process; a deal comes from both sides. They are represented in these deals with the local authorities through their local authority leaders. Those local authorities have each given their consent to the order. It is for the directly elected councillors and council leaders to lead the authorities on which they sit and to consult with their communities as they feel is appropriate. It is right, as in many parts of our constitution and democratic traditions, for councillors to make those decisions and agree that on behalf of those communities. I welcome the consultation that many have taken part in, but as a Minister I think it would go against the spirit of devolution were we to dictate to them how to consult with the communities they know best. We expect them to do what is right for those communities and to have carried out what they believe to be appropriate.

The shadow Secretary of State also asked about European regional funds, which we have discussed previously—in the very recent past—in debates of this nature. The first point to make, of course, is that we have not yet left the European Union, which will take time to negotiate. I do not know the timeframe, but even article 50, once invoked, allows for a two-year period, so at the moment it is very much business as usual. We expect European funds to continue to be applied for, and we expect the European Union to meet its obligations to the United Kingdom, just as we will be expected to meet our obligations as a member.

Thereafter, any decision will be for the Government of the day, but I am absolutely convinced, given what we know about the complexity of European funds, that money could be better targeted and do better things, and that regional growth could be better supported. Whether in government or out, I will advocate support to our regions and the funding necessary to deliver economic growth. We should not forget that we are a significant net contributor to the European Union. There may have been argument about the figures during the referendum campaign, but it is undoubtedly the case that we will have more of our own money, over which we will have—to coin a phrase—taken control.

The shadow Secretary of State asked about business rates, but they do not fall directly under the draft order, so I do not want to go into too much detail, and nor is it my direct area of policy as a Minister. However, I believe that a consultation is going on at the moment, so there are opportunities for those who have interests or concerns, or who might even want to make supportive comments, to be part of it. We want to ensure that whatever changes come in are made fairly and properly. All contributions to the broader debate are welcome.

I welcome the comments of the hon. Member for St Helens North, who was positive about the opportunities that the draft order represents. I endorse his comments about turnout; it is incumbent on all of us to ensure that people understand the huge opportunity being presented to them, and why it matters that they get the right person to drive forward the economy in the Liverpool city region. I thank him for taking the time to make his comments.

Finally, I want to thank the shadow Secretary of State in a broader sense. He has been in post for a relatively short period of time, but he has been an Opposition Whip for the entire time that I have been in the Department for Communities and Local Government. I do not know whether I will continue in the Department as the week goes on—we will soon find out—but it has been a real pleasure to work opposite him in his different capacities. He has always been courteous and engaging—challenging, yes, but constructive with it. I commend him and thank him for that. In whatever context, I hope that we will get the opportunity to work opposite one another again—although, of course, for as long as possible with me sitting on the Government side.

Question put and agreed to.

2.51 pm

Committee rose.