

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT

Sixth Delegated Legislation Committee

DRAFT LIVERPOOL CITY REGION COMBINED
AUTHORITY (FUNCTIONS AND AMENDMENT)
ORDER 2017

Wednesday 8 March 2017

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The Committee consisted of the following Members:

Chair: MR ANDREW TURNER

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| † Bingham, Andrew (<i>High Peak</i>) (Con) | † Mathias, Dr Tania (<i>Twickenham</i>) (Con) |
| † Doyle-Price, Jackie (<i>Thurrock</i>) (Con) | † Mitchell, Mr Andrew (<i>Sutton Coldfield</i>) (Con) |
| † Eagle, Ms Angela (<i>Wallasey</i>) (Lab) | † Percy, Andrew (<i>Parliamentary Under-Secretary of State for Communities and Local Government</i>) |
| † Foxcroft, Vicky (<i>Lewisham, Deptford</i>) (Lab) | † Quince, Will (<i>Colchester</i>) (Con) |
| † Grant, Mrs Helen (<i>Maidstone and The Weald</i>) (Con) | † Tracey, Craig (<i>North Warwickshire</i>) (Con) |
| † Harris, Rebecca (<i>Castle Point</i>) (Con) | † Twigg, Derek (<i>Halton</i>) (Lab) |
| † Johnson, Gareth (<i>Dartford</i>) (Con) | |
| † McMahon, Jim (<i>Oldham West and Royton</i>) (Lab) | Dr Glenn McKee, <i>Committee Clerk</i> |
| McGinn, Conor (<i>St Helens North</i>) (Lab) | |
| † McGovern, Alison (<i>Wirral South</i>) (Lab) | † attended the Committee |

Sixth Delegated Legislation Committee

Wednesday 8 March 2017

[MR ANDREW TURNER *in the Chair*]

Draft Liverpool City Region Combined Authority (Functions and Amendment) Order 2017

8.55 am

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

That the Committee has considered the draft Liverpool City Region Combined Authority (Functions and Amendment) Order 2017.

It is a pleasure to serve under your chairmanship, Mr Turner. The order was laid before the House on 6 February 2017. If approved and made, it will bring to life the devolution deal that the Government negotiated with the Liverpool City Region in November 2015. We are taking the deal forward with six councils in the area: Halton, Knowsley, Liverpool, St Helens, Sefton and Wirral. The order will put in place essential elements of that deal and will also confer new powers on the Mayor and the combined authority, as set out in the devolution deal—particularly on planning, housing, land acquisition and transport. The overall result will be to create arrangements that will materially contribute to the promotion of economic growth, improve productivity and facilitate investment across the Liverpool City Region.

The devolution deal is one of a number of deals that we have put in place in fulfilment of our manifesto commitment to devolve far-reaching powers and, more importantly, some money to areas that choose to have elected Mayors. Through this deal, the Liverpool City Region will receive a devolved transport budget to help to provide a more modern and better connected network, and it will be able to choose how to spend that budget. It will also receive new planning and housing powers to provide a strategic, local approach to tackling the issues in the region, and control over an investment fund of £30 million for 30 years to boost growth and prosperity. Parliament made an order in July last year to create the role of elected Mayor of the Liverpool City Region, with the first elections taking place this May.

The order will be made under the Local Democracy, Economic Development and Construction Act 2009, as amended by the Cities and Local Government Devolution Act 2016. As required by the latter Act, along with the order we have laid a report that provides details about the powers that are being devolved to the Liverpool City Region. As provided for by the 2009 Act, the relevant councils and combined authorities were consulted on proposals for the powers in the order, and the consultation ran from June to August last year. As statute requires, the councils provided the Secretary of State with a summary of the responses to the consultation at the end of last year. Before laying the draft order, the Secretary of State considered the statutory tests in the

2009 Act, and he is satisfied that those requirements are met. Further, as required by the legislation, each of the six constituent councils and the combined authority have consented to the making of the order.

More directly, the order provides for the conferral of functions on the combined authority, to be exercised by the combined authority, on the day following the day on which the order, if approved by Parliament, is made. Conferral of functions on the combined authority that are to be exercised by the Mayor will take effect on the day the Mayor takes office—8 May 2017. The powers and functions conferred on the combined authority to be exercised by the Mayor include a duty to prepare a Liverpool City Region combined authority spatial development strategy and powers of land acquisition, disposal and housing. The same powers as those available to the Homes and Communities Agency will be devolved, including the power of compulsory purchase.

The Mayor will have the power to call in planning applications of strategic importance and the power to designate mayoral development areas, leading to the creation of mayoral development corporations, although those will require further orders to be brought into being. The Mayor will work with the combined authority to draw up a local transport plan that will lead to a joined-up approach to transport across the area. The Mayor will also be able to enter into agreements with constituent authorities to establish and manage a key route network of strategic roads in the combined authority area.

In addition to its existing transport and economic development powers, the combined authority will exercise powers and functions, including having the final say on the Mayor's spatial development strategy, which is important to ensure that the views of all constituent councils are adhered to, and the local transport plan. It will also have a role in promoting road safety and the regulation of traffic. The new powers will enable the Liverpool City Region to take a strategic approach to driving development and regeneration and stimulating economic growth, supporting the effective use of the £900 million of devolved funding that will come with the devolution deal. The order also provides for the necessary constitutional and funding arrangements, as I am sure hon. Members have seen.

The draft order before the Committee devolves brand new, far-ranging powers to the Liverpool City Region, putting more decision making in the hands of local people and helping the area to fulfil its long-term ambitions. There is already a great deal of positive work being done there, and the devolution deal is aimed at going even further for the people. The draft order is a significant milestone, which we hope will contribute to greater prosperity in the Liverpool City Region. Of course we all hope that it will result in an improved and more balanced economy.

9.1 am

Jim McMahon (Oldham West and Royton) (Lab): It is a pleasure to serve under your chairmanship, Mr Turner. I am pleased to be considering the order today, not least because postal votes will be landing on doormats in about four weeks. We are cutting it slightly fine in dealing with the statutory instruments, but the order is

nevertheless welcome. It is the result of a great deal of hard work by council leaders and the Mayor of Liverpool to bring together a deal.

We need to put the devolution package into perspective. Hearing the warm words from the Minister we might believe that there is a giveaway to Merseyside local authorities from the Government, but nothing could be further from the truth. The scale of public sector cuts affecting Merseyside's local authorities, police and fire services, primary and secondary schools and Sure Start centres far overshadows the very small investment that the Government are making.

Furthermore, if the £900 million is meant to rebalance the economy and allow Merseyside and the wider north-west to compete with London and the south-east, we need to put it into perspective. It works out as £21 per resident per year. The transport imbalance between London and Merseyside is £1,600 a year, so what is happening is not the type of investment that would deliver the Government's northern powerhouse narrative. The foundations on which devolution rests are hacked away every year by central Government cuts. Many authorities in the region will be wondering whether they will still exist by the time of the second Merseyside mayoral election—and no wonder, given the scale of the cuts there.

I make no apology for repeating that Labour Front-Bench Members remain concerned at the absence of a devolution framework in England. To take the north-west region, mayoral elections are now coming in Greater Manchester, and we are today agreeing the framework to allow elections to take place in Merseyside, but a meaningful devolution deal has still not been agreed for Cumbria or for Lancashire, and we have not yet seen full details of what the Cheshire and Warrington devolution deal will mean. Just within one region of a diverse country the levels of devolution are fragmented and contradictory.

The Government will celebrate the devolution of post-16 education, which will come with significant funding reductions. At the same time as they seem happy to devolve that funding, they do not trust the same local authorities to deliver primary and secondary education in schools; the Government are snatching power and resources away from local authorities and effectively disbanding the local education authorities.

A framework for devolution would get over many of the issues I have raised, where there are inherent contradictions in Government policy. I do not necessarily blame the Minister; it would not be fair to do that. It is clear that other Secretaries of State and Ministers just do not want to give up power. As much as there are champions of devolution who are trying to send power downwards, there are also some non-believers, shall we say, in the Cabinet, in the Government. They do not believe in devolution; they believe in a centralised state, where power, wealth and opportunity are held by the few, not the many, and where decisions that affect many millions of people are made by a few individuals, not by the people who will be affected by those decisions.

Let me say this, in the spirit of trying to move this matter forward. Clearly, the Minister is struggling to get broader support across the Cabinet and other Departments. I can understand the tensions in the Government machinery in trying to do that. If he is struggling to make progress with his own colleagues and there is anything that I can do to assist him to make better progress and which

would advantage the people that I and other Labour MPs are here to represent, I feel obliged to offer the Minister that support. If he is not able, for whatever reason, to accept my support, let me gently encourage him to do slightly better in bringing other people on board.

9.6 am

Ms Angela Eagle (Wallasey) (Lab): I think that this is the first time I have served on a statutory instrument Committee with you in the Chair, Mr Turner, and it is good to do so.

I want to set my brief remarks in context, as I regard this development as a small step forward in the right direction, although it is not nearly radical enough. I wish that the coalition Government had not cut regional development off at the knees by abolishing the regional development agencies, setting back devolved economic development by at least a Parliament, because it has taken local enterprise partnerships far longer to become established and get up and running. Even in the document before us today, there are only the beginnings of efforts to reassemble some of the strategic approach to regional economic development that I believe we need if we are to ensure that this country can have a prosperous future after we exit the European Union. I will not oppose or speak against this small step forward in the right direction, but I want to raise a couple of issues and ask the Minister a couple of questions.

My hon. Friend the Member for Oldham West and Royton has pointed out the rather modest nature of the funds that have been devolved to the Liverpool City Region. The amount is £30 million a year for the next 30 years which, when we do the addition, comes to £900 million over the next 30 years. However, if we look at the funding cuts that have been made to the five authorities in the city region in the past seven years and if we include, to the end of this Parliament, the cuts that are expected to continue, subject to a sudden, damascene conversion in the Budget later today, we see something very interesting.

Liverpool City Council has had to make total budget reductions of £330 million. Between 2010 and 2016, my own borough, Wirral, has cut £156 million from its budget, and it has to find a further £132 million over the next four years. Sefton has faced a funding cut of £169 million over the past six years. Halton will have lost £63 million, which is 61% of its funding, over this period, and we are talking about 57% of the funding for Wirral and 58% of the funding for Liverpool City Council. Knowsley has seen its funding cut by £86 million since 2010, and over the next three years the council has to find another £14.8 million. The general grant for St Helens will be cut by £90 million by 2020. When we add all that up over the 10 years from 2010 to 2020, it comes to more than £1 billion. We are being asked to welcome a funding settlement of £900 million over 30 years, even though we are seeing funding cuts to our local authorities of more than £1 billion in these 10 years.

That is without talking about European funding, which will be gone after 2020 because of our exit from the European Union. If we look at the European social fund and the European regional development fund, we see that between 2007 and 2020—the two funding periods

[Ms Angela Eagle]

that are relevant for those funds—our area will be allocated £557 million. There is absolutely no guarantee whatever that a single penny of extra assistance will be available for our city region after 2020—there has been no guarantee from the Chancellor about that. I speak as someone who grew up dealing with the devastation of our local authority areas in the 1980s, when the only money allocated for basic programmes came from the European Union social and industrial development funds. Those will be gone.

Notwithstanding this tiny step in the right direction, what guarantees can the Minister give that his Government understand the importance of continuing to support locally based economic regeneration and development in the areas of the north where there are scant numbers, if any, of Conservative MPs and which tend not to get access to gentlemen's agreements, sweetheart deals and the things making the news at the moment? In the time that we have left, which is quite a lot, will the Minister reassure us about future funding, which will enable our local authorities and communities to do what they do best—come together to help grow economic opportunity and development from our local region up?

We have fantastic positives in our area that we can develop from. The Liverpool City Region is on the right side of the country to trade with the rest of the world; its history is as a port and an outward-looking trading part of the country. This development is a tiny step in the right direction. When we hopefully manage to get our new metro Mayor Steve Rotherham elected in May, we will have a great local champion who can help us to make progress. I am interested in what further assurances the Minister can give, apart from this very modest allocation of money that has been announced to date, so that we can help to plan and develop our own future in the Liverpool City Region.

9.13 am

Andrew Percy: Well, I suppose I should begin by welcoming what seemed to be some positive comments. I am getting used to the shadow Minister in particular being positive, then panning the entire policy for the rest of his contribution, but we are making progress all the same.

One of the things I should have done in my speech, as the shadow Minister did, is pay tribute to the work of those people in the local authorities who have brought this deal into being and have worked incredibly hard on it. I have met them a number of times since I took on this role and have been very impressed by the way in which they have engaged in the process and buried some of the traditional challenges that local authorities sometimes have with one another in neighbouring areas to come together on this deal. Obviously, the Mayor of Liverpool is in the same boat. It is very impressive and they deserve credit for it.

I cannot let the shadow Minister's comments on northern powerhouse funding and the general commitment to it go answered. It is simply not the case that substantial resource has not been put behind it. Only two weeks ago, I was in Manchester launching the £400 million investment fund that is going to provide anything from £25,000 to £2 million of support—funding and

borrowing—to small and medium-sized enterprises across the north of England. It was only at the beginning of this year that we announced how £556 million of growth funding from the Government to the north was going to be allocated.

Jim McMahon: I am sure Greater Manchester council leaders fully appreciate the £400 million—not least for the fact that the Government were cutting more than £400 million from their budgets this year alone.

Andrew Percy: I do not mind taking lectures from people on any area of policy if their own position is consistent, but the Opposition's position going into the general election was to promise not a penny more for local government. They were elected on the same mandate as we were when it came to local government funding, which was not a penny more. That was their policy.

Jim McMahon: Will the Minister give way on that point?

Andrew Percy: No, we have done this before. That was the policy of the Opposition, so lectures on local government finance when those were the words of the former shadow Chancellor are a little bit difficult to take.

To get back to my point on funding, the £556 million from the local growth fund for the north is the lion's share of the bigger £1.8 billion pot, and we announced £71.95 million of that for the Liverpool City Region in January. If we consider those funding figures, as well as what my area in the north is getting per head compared with what Londoners got, it is simply not the case that resources are being provided to other parts of England that are not being provided to the north. We did much better out of that funding than many parts of the south of England. We are also committed to £13 billion of investment in Transport for the North and the growth funding I mentioned is part of a broader £3.4 billion package.

I recall that at the 2010 election—not going too far back in history, although I think the Labour party was still electable at that point—the policy of the Opposition, who were the Government of the time, was to cut infrastructure spending if they won. That was their policy. So, again, lectures on infrastructure spending are a little bit difficult to take.

The shadow Minister talked about future devolution agreements and criticised me and the Government, and whoever else, for failing to bring those deals forward. Progress in Cheshire was paused by Warrington. That was not a decision by Government—it was a decision by Warrington. I have met Warrington Council since then. I sat down only yesterday with the Labour leader of Cheshire West and Chester Council. In the case of Warrington, they have now taken that pause off and wish to proceed with a deal and a proposal. It is for the local area to come up with what they think that deal should be and what they want to see in it. The Government remain open to that.

The hon. Member for Oldham West and Royton mentioned Lancashire and criticised me or the Government again. We have not been presented with a devolution deal for Lancashire. We have been presented with a

proposal for a combined authority non-mayoral, for which several local district councils have now withdrawn their consent.

Jim McMahon: Conservative councils.

Andrew Percy: Well, it is called local democracy. It was a Labour council in Warrington that decided to pause the deal in Cheshire, and it was Labour councils in the north-east.

Ms Eagle: Why don't you talk about Merseyside?

Andrew Percy: The hon. Lady shouts about Merseyside. The shadow Minister asked me very directly about Cheshire and Lancashire, and I am answering the point—I should have thought that in this place that would be cause for congratulation. I will move on all the same, not mentioning the Labour councils in the north-east who pulled the deal, which has denied the people £1 billion of extra funding.

The hon. Member for Wallasey talked about the abolition of regional development agencies. Having spent 10 years on a city council in Yorkshire, I do not have quite the same positive view as she does of regional development agencies, although I accept that they did many very good things. They have not simply been abolished. They were replaced with local enterprise partnerships, which many people would conclude have been better at giving a voice to their area on a more local geography. All I can say is that we should look at the evidence, which is that we are seeing foreign direct investment in the north of England growing at twice the UK average. We have seen bigger economic growth in large parts of the north than in the south of England. We have seen record low unemployment rates. In my own constituency—

The Chair: Order. Will the Minister stick closely to Merseyside?

Andrew Percy: Yes, Mr Turner, but I was asked those questions, so I was just trying to respond to them.

Ms Eagle: What about Merseyside?

Andrew Percy: I am talking about the LEPs versus RDAs, which were an England-wide policy, and that is what the hon. Lady asked me about. In terms of EU funding for Merseyside, we have been quite clear on that as well, with the commitment until 2020. At the end of the day, all European funding is British taxpayers' money because we are a net contributor. If the hon. Lady has read the industrial strategy, she will see that we have been really clear. We have committed in the industrial strategy to looking at what will replace European funding and local growth funding. That commitment is there in the industrial strategy and work is ongoing on that at the moment.

Ms Eagle: Is the Minister giving a commitment that the kind of support we have had—£0.5 billion in the two previous rounds of European funding—will be maintained by the Government, and that the Government

see the importance of ensuring that whatever replaces the European structural and investment funds and the European social fund will be targeted at those areas most in need?

Andrew Percy: We have a very strong record on investing in local growth and infrastructure, through the local growth fund and transport funding more generally. The beauty of holding a consultation, which is what the industrial strategy Green Paper proposes, is to seek people's views on what they want to see us progress on.

Yes, there is work ongoing on what the future of local growth funding should look like. That is in the context of local growth funding ending. We have gone through the third round, which was always going to be the final one. That is in the context of our exit from the European Union, for which the people of the north voted strongly.

Ms Eagle *rose*—

Andrew Percy: I will give way one more time, but then we must move on.

Ms Eagle: We have plenty of time to discuss these issues, so I appreciate the Minister giving way. I shall press him again. In the development process for these new funds, does he agree that areas of need that are in need of economic development because they are poorer than other areas of the country ought to take priority when the Government decide their new process of regional development assistance?

Andrew Percy: I have made it absolutely clear that there is a consultation with a Green Paper, in which we have made absolutely clear that the Government are looking at how to replace both local growth funding, which is our domestic programme, and European funding. There is a range of European funding streams that have to be replaced. We are looking at that—it is all part of the consultation. I am sure that the hon. Lady has already responded to the industrial strategy Green Paper with her views on the matter, which is important. She made a point about need, but we need to look at what happened with the recent iteration of growth funding, which was very generous to the north compared with some other parts of the country where, perhaps, there is greater need.

The hon. Lady mentioned sweetheart deals. The idea of sweetheart deals has been widely panned. I think we all know which council the hon. Lady refers to.

Ms Eagle: Really? We have heard the audio.

Andrew Percy: I am sorry. She can keep saying a line but, when everybody has panned this being from our side or from the council itself in the case of Surrey, she should bring forward evidence of a sweetheart deal. I tell the Committee that all Surrey has asked for is exactly what Liverpool is already getting, which is a pilot for business rate retention. The difference is that the Liverpool City Region will get it a year earlier. Unless we have done a sweetheart deal with Liverpool,

[Andrew Percy]

we have not done a sweetheart deal with anybody else. The Opposition should stop peddling that particular line.

Jim McMahon: Will the Minister give way?

Andrew Percy: No. With that, Mr Turner, I commend the order to the Committee.

Question put and agreed to.

9.24 am

Committee rose.