

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT

Second Delegated Legislation Committee

DRAFT WEST MIDLANDS COMBINED
AUTHORITY (FUNCTIONS AND AMENDMENT)
ORDER 2017

Monday 27 March 2017

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The Committee consisted of the following Members:

Chair: MR NIGEL EVANS

† Ansell, Caroline (*Eastbourne*) (Con)
 Austin, Ian (*Dudley North*) (Lab)
 † Davies, Dr James (*Vale of Chwyd*) (Con)
 † Doyle-Price, Jackie (*Thurrock*) (Con)
 † Fletcher, Colleen (*Coventry North East*) (Lab)
 † Foxcroft, Vicky (*Lewisham, Deptford*) (Lab)
 † Ghani, Nusrat (*Wealden*) (Con)
 † Hopkins, Kelvin (*Luton North*) (Lab)
 † McMahon, Jim (*Oldham West and Royton*) (Lab)
 Miller, Mrs Maria (*Basingstoke*) (Con)

† Percy, Andrew (*Parliamentary Under-Secretary of State for Communities and Local Government*)
 † Pow, Rebecca (*Taunton Deane*) (Con)
 Robinson, Mr Geoffrey (*Coventry North West*) (Lab)
 † Smith, Royston (*Southampton, Itchen*) (Con)
 † Swayne, Sir Desmond (*New Forest West*) (Con)
 † Throup, Maggie (*Erewash*) (Con)

Glenn McKee, *Committee Clerk*

† **attended the Committee**

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Monday 27 March 2017

[MR NIGEL EVANS *in the Chair*]

Draft West Midlands Combined Authority (Functions and Amendment) Order 2017

4.30 pm

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

That the Committee has considered the draft West Midlands Combined Authority (Functions and Amendment) Order 2017.

It is a deep pleasure, Mr Evans, to serve under your chairmanship. If made, the draft order, which was laid before the House on 6 March, will bring to life the devolution deal that the Government negotiated with the West Midlands on 17 November 2015. The draft order will confer new powers on the Mayor and the combined authority, as set out in the groundbreaking and exciting devolution deal, particularly regarding transport, housing and regeneration, air quality, smoke-free premises, places and vehicles, antisocial behaviour and culture. The overall result will be to create for the West Midlands arrangements that should—and we hope will—materially contribute to the promotion of economic growth across the area, improve productivity and, of course, facilitate investment and the development of the area's infrastructure.

From chairing previous statutory instrument Committees, Mr Evans, you will be aware that this devolution deal is one of a number that we have negotiated, in fulfilment of our important manifesto commitment to devolve powers from Westminster to local communities that choose to have an elected Mayor. Through the deal, the West Midlands combined authority will receive a devolved transport budget, new housing and regeneration powers, and control over an investment fund of £36.5 million a year for 30 years, with the aim of boosting growth and prosperity in the area.

The implementation of the deal agreed between local leaders and the Government has seen two orders already pass through the House: first, the West Midlands Combined Authority Order 2016, which, unsurprisingly, established the combined authority, and secondly, the West Midlands Combined Authority (Election of Mayor) Order 2016, which created the position of Mayor for the West Midlands. The first election will take place on 4 May.

The statutory origin of today's draft order is in the governance review and scheme prepared by the combined authority with, of course, the consent of the constituent councils: Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall and Wolverhampton. The draft order is made in accordance with the Local Democracy, Economic Development and Construction Act 2009. The scheme sets out proposals for powers to be conferred on the combined authority, with some to be exercised by the Mayor, and for funding and constitutional provisions to support the powers. As required by the 2009 legislation,

the combined authority and the councils consulted on the scheme proposals. The consultation ran for seven weeks, from 4 June to 21 August 2016, and the combined authority provided the Secretary of State with a summary of the responses last September.

Before laying the draft order before Parliament, the Secretary of State considered the statutory requirements of the 2009 Act and is satisfied that they have been met. In short, that means that any transfer of powers should lead to an improvement in the exercise of the statutory functions across the West Midlands combined authority area. The Secretary of State has also had regard to the impact on local government and communities, as required by the legislation. Furthermore, the seven constituent councils have consented to the making of the draft order.

Turning, hopefully briefly, to the detail of the draft order, the Mayor takes on responsibilities for a devolved and consolidated transport budget under the deal, and a key route network of local authority roads. The West Midlands is substantially more advanced on the key route network than other devolution deal areas, which is why those particular routes are listed in the draft order. The draft order also confers powers to enter into agreements with highways authorities, Ministers and Highways England in relation to the maintenance of roads; powers to promote road safety and to regulate traffic; powers to operate a permit scheme to control the carrying out of works on the combined authority roads; and powers to collect contributions from utility companies for diversionary works needed as a result of works on the key route network.

More generally, the Mayor will have powers to pay grants—in practice, for highways maintenance—to the seven constituent councils of the combined authority, with the condition that the Mayor have regard to the desirability of ensuring that the councils have sufficient funds to discharge their highways functions effectively. With the assistance of the combined authority, the Mayor will exercise compulsory purchase powers in relation to housing and regeneration—the same powers that presently reside with the Homes and Communities Agency. The draft order provides that the functional powers of competence already exercisable by the combined authority can also be exercised by the Mayor.

The draft order will confer a number of powers on the combined authority, in addition to its existing transport, economic development and regeneration powers. These will include issuing penalty charges in respect of bus lane contraventions across the entire combined authority, as well as powers and functions of the HCA relating to improving the supply and quality of housing—a really important power, which also includes securing the regeneration or development of land or infrastructure, and supporting the creation, regeneration and development of communities. These powers will be exercised concurrently with the HCA.

The combined authority will receive powers to designate mayoral development areas, leading to the creation of mayoral development corporations—the first such corporation, which has been approved already in this place, is in the South Tees devolution area. Powers relating to air quality will be devolved, too, as will powers to be an enforcement authority in relation to the prohibition of smoking in premises, places and vehicles; powers to issue civil injunctions for antisocial behaviour

on the bus and tram network; and powers to take a role in cultural activities, with the provision and support of cultural events and entertainments across the combined authority area.

The draft order provides for the necessary constitutional and funding arrangements to support the Mayor and the combined authority, including the establishment of an independent remuneration panel to recommend the allowances of the Mayor and deputy Mayor. It also provides for the addition of five new non-constituent councils, which will not be full members of the combined authority and will not take part in the elections, but which will be around the table for important decisions. Those five new non-constituent councils—North Warwickshire, Rugby, Shropshire, Stratford-on-Avon and Warwickshire—will join the existing five non-constituent councils of Telford and Wrekin, Tamworth, Nuneaton and Bedford, Cannock Chase, and Redditch.

The draft order will come into force on 8 May when the West Midlands Mayor takes office, with the exception of the provision relating to the establishment of an independent remuneration panel, which will come into force on the day after the draft order is made, to ensure that arrangements are in place for when the Mayor is elected.

In conclusion, the draft order will devolve brand-new, far-ranging powers to the West Midlands and will put decision making in the hands of local communities. We hope, through these deals, to help to rebalance the economy and create prosperity across the West Midlands and in the other devolution deal areas that we have negotiated. I commend the draft order to the Committee.

4.39 pm

Jim McMahon (Oldham West and Royton) (Lab): It is a pleasure to serve under your chairmanship, Mr Evans. I am hoping for a peaceful week after the traumatic events of last week. I know that a number of Members have found it difficult to come back into the Palace of Westminster this week—it is a credit to everybody here that we have come together, across the parties, to support each other.

I am very pleased to see the draft order. I have made the point a number of times that devolution is incremental and will evolve over time, and I am pleased to see that another part of England will benefit from it. However, I struggle to concur with the Minister on a number of things he said, including that the draft order, as set out, is groundbreaking. I suppose, technically, in the creation of any structure, ground has to be broken to a certain degree. Over the Easter weekend I will be building a new shed. Ground will be broken in the course of that project, but it is hardly a skyscraper.

We need to be honest about what the draft order is and what it is not. It is the first steps in devolving power from Westminster to a local area. It is not devolution of autonomy and freedoms in the way we are demanding for England. We are very comfortable talking about devolution to Scotland, Wales and Northern Ireland, but we are less comfortable when it comes to our English towns, cities and counties.

The money that has been referenced is in addition to that which has already been spent by local authorities, but it is a drop in the ocean compared with the population of that conurbation—£36 million is insignificant when

compared even with the money that local authorities are cutting from their base budgets. The most disappointing element of the draft order is that we have not seen any real attempt made at genuine fiscal devolution. Narrow powers have been passed down, but there is no ability for local authorities either to generate new taxes or to retain taxes generated in their locality for local benefit. The Opposition expected proposals by now for stamp duty retention, so that local areas can create brownfield regeneration funds or kick-start housing. Instead, local areas are dependent on central Government deciding how much they feel comfortable giving to them. I hope we can begin to make progress on some of that.

Even the powers being devolved are not real powers at all; they are certainly no more, in truth, than the powers local authorities have today. We are talking not about power to effect change, but about influence. Many local authorities provide that influence on a regular basis. On the Department for Work and Pensions devolution framework, there is no ability for a local area to develop its own contracting arrangements, because it has to stay within those of the DWP. Moreover, when programme providers fail, the greatest power that local areas will have is the ability to escalate it to the DWP at a local level so that it can be addressed. But they would do that anyway: if local councils thought that the DWP was not performing to help local residents in any way, they would naturally escalate the issue.

Where is the real power that should come with devolution? Unlike any Minister or civil servant at the DWP—this point that has been made in support of directly elected Mayors—the whole geographic area, which will be in place in just a few weeks' time, will have no real power to change its arrangements with the DWP.

When reading back the original devolution deal that was agreed, I found it amazing how things have changed so quickly. A number of people have moved on, though some not of their own choosing. I refer, of course, to the right hon. Member for Tatton (Mr Osborne), who was Chancellor of the Exchequer at the time and party to the original devolution deal, but who is now extremely busy covering a number of different responsibilities around the world. Lord O'Neill evidently did not feel comfortable with the devolution settlements on offer and decided of his own volition to move on.

I pay tribute, however, to Albert Bore for his work as leader of Birmingham City Council, and to Councillor Ann Lucas for her work as leader of Coventry City Council. Neither of them are now on the combined authority, but we would not be discussing any type of devolution to that area without their hard work. I know this is still very raw for people who live in Sandwell, but I also pay tribute Darren Cooper, who was a signatory to the deal and who passed away before he could see the mayoral elections take place this year. My thoughts are with him, his group and his family at this time. I am sure that he would be pleased with the progress made in coming to this point.

The offer has been made before. I think that the English are frustrated with being a fourth-rate partner when it comes to debates on devolution. The time has come for a relationship of equals. If it is good enough for Scotland, Wales and Northern Ireland, surely it ought to be good enough for our English towns, cities and regions.

[*Jim McMahon*]

We need to move on from the fragmentation of devolution that is currently on offer, where deals are done behind closed doors, there is no clear framework of what can be devolved to a local level, and where we are still very prescriptive. The idea that we are spending parliamentary time talking about powers that allow a directly elected Mayor to fine drivers for driving in a bus lane or to hold an event in their area is frankly laughable. It is more reflective of a centralising state, not one where freedom and devolution are really on offer to a lot of areas.

It should not be for this place to take a view on such issues. Local areas should be able to consult their local populations in order to make those changes and to run and govern as they see fit, within a clear framework of entitlement and accountability, and to ensure that they get a fair amount of funding.

Kelvin Hopkins (Luton North) (Lab): I entirely support everything my hon. Friend is saying. Does he agree that it was probably nonsense to abolish all the metropolitan councils that Labour established many years ago?

Jim McMahon: I agree with my hon. Friend. Many of the relationships forged today are not new at all: they were born during that time when people had a history of working together and recognising that on some issues it is necessary to go to a wider geography to recognise the local economy, place and identity. Sometimes it is more complex that the administrative boundaries that we draw here.

This mayoral competition is clearly hotly contested. There is a Conservative candidate whose name has slipped my mind. Siôn Simon is a fantastic advocate for the area. I went to see Siôn when he was on the campaign trail in Birmingham city centre, speaking to people about what the mayoral function can bring and the local leadership that could be put in place. There is no doubt that his vision for the area is compelling and impressive, and it really connected with local people. It was also apparent that local people did not feel that they had been included in the conversation about the development of the mayoral function in the first place.

What this comes down to is that devolution is not about government or structures; it has got to be about people and community. If people and communities do not feel that they have co-produced the devolution on offer, it is going to be very difficult to convince people that is worth coming out to vote.

I am confident that, with an outstanding candidate such as Siôn Simon, people will be inspired to come out to vote. I have no doubt that the Conservative candidate, whose name has again unfortunately slipped my mind, will get a small number to come out as well. We wait with bated breath to see the turnout.

Let us be clear: the minute a Mayor is elected—my hope and estimation is that it will be Siôn Simon—they will start to demand greater powers for the mandate they will have secured through the ballot box. At that point, I hope that the Government will have moved on and started to hand down genuine power, instead of the narrow powers in the draft order.

4.48 pm

Kelvin Hopkins: It is a pleasure to serve under your chairmanship, Mr Evans, however briefly. I endorse everything my hon. Friend said about the great metropolitan counties of the past that were abolished by a Conservative Government. We seem to be inching back in that direction, though we are not going fast or far enough and, of course, the moneys allocated are not much in real terms.

I have one simple question. I think the Minister mentioned an authority in Bedford in his list of towns, after Stratford-on-Avon. Did he mean Bedford?

Colleen Fletcher (Coventry North East) (Lab): It is Bedworth, I believe.

Kelvin Hopkins: I represent a town in the county of Bedfordshire, which is not in the west midlands. That was my simple point. If the Minister said Bedworth, I must have misheard him.

Colleen Fletcher: No, he did say Bedford, but it is Bedworth in actual fact.

Kelvin Hopkins: I did not mishear, then.

4.50 pm

Andrew Percy: I am delighted that the hon. Gentleman spotted my deliberate mistake. I was making sure that people were awake for this important Committee. I may have inadvertently said Bedford when I meant Bedworth—I apologise if I did indeed say that. It was a deliberate accidental mistake, if such a thing can exist. My geography gets a little pasty south of Sheffield, being a proud Yorkshireman.

I welcome the fact that the shadow Minister, the hon. Member for Oldham West and Royton, welcomes the draft order. He tends to be consistent in his contributions to these debates: he welcomes the general principle, but then he goes on to criticise the draft order. All I will say is that we must be doing something right with these deals, because two of his parliamentary colleagues have decided that these roles are so important and interesting that they have deserted the parliamentary Labour party to run for Mayor in Liverpool and in Manchester.

We are, of course, attracting big names. I cannot remember the name of the Labour candidate for the West Midlands, but I can remember the name of Andy Street, who is the excellent Conservative candidate. He is obviously the only candidate with a proper vision for the whole of the West Midlands, and we expect him to do very well come the elections. I am sorry that I cannot remember the name of the Labour candidate, but the fact that we are attracting big names to run for these roles is an indication of how much influence the new combined authorities have.

I think the shadow Minister made two policy announcements today: he recommitted the Labour party to the establishment of metropolitan councils, and then he said, “We want to be equals with Scotland and Wales.” I am not sure whether that is a new Labour policy of a Parliament for England, but those were two interesting Opposition policy announcements.

The shadow Minister said that there will be no real powers and he talked about local taxation. Shortly, local authorities will be able to retain 100% of business rates, and the Government have given them much more

freedom with business rate discounts. We have given them flexibility to offer reductions, should they wish to do so.

Jim McMahon: Does the Minister accept that there is a world of difference between fiscal retention and fiscal devolution?

Andrew Percy: We are giving much more control and certainty to local authorities than ever was the case when the hon. Gentleman's party was in government.

Jim McMahon: The good old days.

Andrew Percy: Well, they were not really good old days. If they were such good old days, Labour would not have left office with unemployment much higher than it was when they came to office, the economy would not have tanked and people would not have voted them out. They cannot have been that jolly. Certainly, the people in my constituency who were sacked on the Labour party's watch do not think of them as good old days.

Jim McMahon: Is that in the draft order?

Andrew Percy: I am just responding to the hon. Gentleman's point. I have noticed in a number of these debates that he makes a point, I respond to it and then he has a go at me for doing so. It is an interesting debating technique.

The hon. Gentleman also mentioned employment and skills. He said there is nothing in the draft order about the DWP and skills. The truth is that combined authorities will have full retention of the post-19 budget by the start of the 2018-19 academic year, and they will

also chair the area-based reviews for post-16 skills provision. That includes the power to co-design employment support for the hardest-to-help claimants. Of course, that will be done in partnership with central Government—the DWP—because, quite rightly, they have a national framework for what they want to achieve in getting people back to work.

The deals confer a power that does not presently exist, which enables the new local structures to co-design that employment support. I would have thought that the hon. Gentleman would agree that the best way to achieve for people who are looking for work or who have employment and skills issues is with a partnership between central and local government. The co-design power, which the hon. Gentleman was a bit snippy about, is actually really important, and I think the West Midlands will value it.

I do not think there is much more to say than that. I wish the shadow Minister well with his shed building—I am available to come and open it. Come the 2020 election, he will go to his potting shed and prepare for what he will hope will be a flatlining number of Labour MPs. I do not think he will go to his potting shed to prepare for victory.

I commend the draft order to the Committee, and we wish Andy Street all the very best for the upcoming election. I know that the people of the West Midlands will be tuned into this Committee. They will have heard the plugs for both the Labour and the Tory candidates, so we will have made a definitive impact on the election. This is an important milestone and an important step in bringing this devolution deal to fruition.

Question put and agreed to.

4.55 pm

Committee rose.

