

# PARLIAMENTARY DEBATES

HOUSE OF COMMONS  
OFFICIAL REPORT

Fourth Delegated Legislation Committee

DRAFT NEWCASTLE UPON TYNE, NORTH  
TYNESIDE AND NORTHUMBERLAND  
COMBINED AUTHORITY (ESTABLISHMENT  
AND FUNCTIONS) ORDER 2018

*Monday 22 October 2018*

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**The Committee consisted of the following Members:**

*Chair:* SIR DAVID CRAUSBY

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|---|--|
| † Berry, Jake ( <i>Parliamentary Under-Secretary of State for Housing, Communities and Local Government</i> ) | † McMahon, Jim ( <i>Oldham West and Royton</i> ) (Lab/Co-op)       |
| † Burghart, Alex ( <i>Brentwood and Ongar</i> ) (Con)   | † Morgan, Stephen ( <i>Portsmouth South</i> ) (Lab)                |
| † Campbell, Mr Alan ( <i>Tynemouth</i> ) (Lab)  | Phillipson, Bridget ( <i>Houghton and Sunderland South</i> ) (Lab) |
| † Docherty, Leo ( <i>Aldershot</i> ) (Con)  | † Quin, Jeremy ( <i>Horsham</i> ) (Con)                            |
| † Duddridge, James ( <i>Rochford and Southend East</i> ) (Con)  | † Stevenson, John ( <i>Carlisle</i> ) (Con)                        |
| † Elliott, Julie ( <i>Sunderland Central</i> ) (Lab)  | † Trevelyan, Mrs Anne-Marie ( <i>Berwick-upon-Tweed</i> ) (Con)    |
| † Francois, Mr Mark ( <i>Rayleigh and Wickford</i> ) (Con)  | † Wilson, Phil ( <i>Sedgefield</i> ) (Lab)                         |
| † Glindon, Mary ( <i>North Tyneside</i> ) (Lab)   |  |
| † Hughes, Eddie ( <i>Walsall North</i> ) (Con)  | Dominic Stockbridge, <i>Committee Clerk</i>                        |
| † McKinnell, Catherine ( <i>Newcastle upon Tyne North</i> ) (Lab)   | † <b>attended the Committee</b>                                    |

## Fourth Delegated Legislation Committee

Monday 22 October 2018

[SIR DAVID CRAUSBY *in the Chair*]

### Draft Newcastle Upon Tyne, North Tyneside and Northumberland Combined Authority (Establishment and Functions) Order 2018

6 pm

**The Parliamentary Under-Secretary of State for Housing, Communities and Local Government (Jake Berry):** I beg to move,

That this Committee has considered the draft Newcastle Upon Tyne, North Tyneside and Northumberland Combined Authority (Establishment and Functions) Order 2018.

It is a personal privilege for me to introduce this order, which was laid before this House on 4 September. First, it gives me the opportunity to have it recorded in *Hansard* that on 18 October at 8.40 am my wife gave birth to my second son, David Foster Radclyffe Berry. The reason why I have cut short my paternity leave is that, in my first week in this job, I gave my personal assurance to Nick Forbes, Norma Redfearn and Peter Jackson that I would do all in my power to see this hugely exciting deal for the boroughs north of the Tyne through to its end. I hope that we can move to the next steps in its implementation as it sails through the parliamentary process in this House and the other House.

In the 2017 Budget we announced that we were “minded to” introduce a deal for the boroughs north of the Tyne. Since then, those boroughs have been involved in negotiating a hugely exciting deal for the area with the Government. It will include £20 million a year of gainshare funding for the next 30 years, control of the adult education budget for those above 19 and the power for the combined authority to acquire and dispose of land. It will allow the Mayor to use compulsory powers and set up a mayoral devolution corporation as the foundation stone of North of Tyne’s housing and regeneration missions. In return for that exciting deal, there will be a directly elected Mayor. Whoever he or she may be—given that we do not have any female Mayors at the moment, it would be exciting if our first female Mayor represented the boroughs north of the Tyne—they will be a sharp, single point of accountability, and will be held to account by the people locally for the decisions they make.

The order implementing this deal is another step in the devolution agenda. On its own, North of Tyne generates almost £17 billion a year of economic output and some 815,000 people live there. It is a coherent economic geography, as defined under the legislation. More exciting still, the deal continues the devolution revolution in England. When the Labour party was in government, it started devolution in Scotland and Wales, and this deal firmly positions the Conservative party as the party of English devolution. I hope that my Conservative colleagues will be proud of that and that we can continue to build on it.

If approved, the draft order will lead to the establishment of a new combined authority for Newcastle upon Tyne, North Tyneside and Northumberland. It makes provision for a directly elected Mayor, who will be elected by all local government electors for the area. The first mayoral elections will take place on 2 May next year and the initial term will be for five years, with the next election taking place in May 2024. The reason for the slightly extended initial term for the Mayor is to ensure that his or her next election is coterminous with other elections for mayoral combined authorities. That is important and is something that the leaders north of the Tyne were keen to achieve. Across the UK, with the new powerful Mayors, we can get a drumbeat behind those elections and drive turnout.

The order also makes provision for the appointment of an interim Mayor until the election takes place. The Mayor will be appointed by the members of the combined authority. Although he or she will not have any power immediately devolved to them, they will chair the combined authority, enabling them to get on with delivering the deal that we have agreed. On a recent visit north of the Tyne, I went to the housing board that has already been set up. Even though we in this place and the other place have not completed all the parliamentary steps to make the deal happen, the people on the ground are already getting on with it.

The draft order allows the establishment of a new mayoral combined authority and will remove the local government areas of Newcastle upon Tyne, North Tyneside and Northumberland from their existing combined authority. The order is made pursuant to the Local Democracy, Economic Development and Construction Act 2009, as amended by the Cities and Local Government Devolution Act 2016.

The draft order will also deliver integrated transport arrangements across the whole area, with the two combined authorities covering the north-east making provision for the founding of a joint transport committee. The new committee will exercise transport functions across the two combined authorities and produce a joint transport plan. As with all combined authorities, they will have overview and scrutiny, as well as an audit committee, which will be established for the joint committee. It is important to ensure that the new committee is powerful and can deliver transport effectively across the area, not least because we want to ensure that the investment announced in the Budget—£337 million in the Tyne and Wear metro—is delivered in a timely manner for people who live there.

In laying the draft order, we followed the statutory process as specified under the 2009 Act, as amended by the 2016 Act. Establishing a combined authority is subject to a triple lock. A combined authority can be created only when the councils concerned have consented, the Government have agreed and, of course, Parliament has approved the necessary secondary legislation. I am happy to confirm that the three councils that constitute the new combined authority—Newcastle, North Tyneside and Northumberland—have consented to the provisions in the order under which we create their combined authority. The original combined authority and the three councils leaving it have consented to the change to their combined authority area, and all seven councils involved in the existing combined authority—soon to

be two combined authorities—have consented to the establishment of the joint transport committee. It has not been easy, but we have got there in the end.

We have given consideration to the particular circumstances surrounding this proposal in relation to the establishment of the new combined authority, North of Tyne, and changing the boundaries of the existing combined authority, as the law requires. We have concluded that all the statutory conditions have been met. We also consider it appropriate to establish the new combined authority with regard to the requirement under the 2009 Act to ensure that we

“have regard to the need...to reflect the identities and interests of local communities, and...to secure effective and convenient local government.”

We have also considered the consultation carried out by the three North of Tyne authorities on their proposals. We are satisfied that no further consultation is required. In short, I confirm to the Committee that we believe that all the conditions have been met unambiguously. We therefore seek the Committee’s approval to make the order.

In conclusion, the draft order, if approved by this House and the other place, will establish a mayoral combined authority to which we will devolve significant and wide-ranging powers and significant budget. The deal will open the door to a new era to promote economic growth and improve productivity. As the area itself has said, the deal will create 10,000 jobs. More importantly than the order we are considering in isolation, the combined authority represents an exciting opportunity for the boroughs north of the Tyne to play their part in the new golden era for the north-east.

Unemployment in the north-east is now lower than it is in London. No one who visited the Great Exhibition of the North, as I did on several occasions, will forget it. In fact, that nationally significant event will be remembered for a generation, and not just for the 4 million visitors who went to it, but for the £184 million generated for the local economy—as a fellow northerner, I may say that we always remember the brass, if not necessarily the visitors. In addition, there is £337 million for the metro and £102 million total investment into the International Advanced Manufacturing Park, and of course we remain in discussion about an historic borderlands deal that will benefit Northumberland. This is a golden era of investment in the north-east, and I am pleased that it is a Conservative Government who are truly delivering for the region. We are the party of the region; we are the party of English devolution. I commend the order to the Committee.

6.10 pm

**Jim McMahon** (Oldham West and Royton) (Lab/Co-op): It is a pleasure to serve under your chairmanship, Sir David.

It is good to be here again talking about devolution. Hon. Members may expect me to rush straight into an attack on how superficial the Government’s devolution is, but before I go there, I congratulate the leaders of all seven local authorities in the area on what has been achieved, in what has been a very testing time for local relationships. The Government could have approached things differently. They could have been far more inclusive and created greater opportunities for further devolution

to the existing local authorities, which are more than capable of delivering far more. They are tried and tested, delivering good value for money and good public services, and they should not have artificial requirements laid upon them.

When it was clear that a deal could not be done, some local authorities naturally took a pragmatic view of how best to attract more investment from Government. Let us not fool ourselves about what the order is and what it is not. At best, it is a light-touch mayoral devolution package. The type of powers being devolved do not even come close to the existing devolution deals across the country. The type of money being devolved down to local authorities in those areas pales into insignificance compared with the austerity cuts that they have faced since the coalition Government—cuts that continued with the majority Conservative Government.

Local leaders are sick of waiting for the Government to come to their aid with investment and an idea for the future economy. Instead, they are developing their own visions for their local identity. There are good examples of that right across the north-east from Labour-run local authorities, which are showing real leadership of their place. The Government, to be frank, have walked off the pitch entirely. Given the type of powers being devolved in this order, my question is: why stop there? Local authorities in those areas can deal with far more than is being given in the devolution settlement.

Powers are one thing, but we need serious money. Let us look at the amount of transport investment across the north-east. Compared with most other regions, bar Northern Ireland, it gets nowhere near its fair share of capital or revenue investment. We know how important transport is for boosting local economies, connecting people to jobs and attracting inward investment. If the Government are determined to see a golden era, as the Minister said, where is the cash? They cannot do that on the cheap. Despite the best endeavours of local politicians, their economies have been left for a very long period to fight for themselves while Government have turned a blind eye to underinvestment in those areas. I credit those councils for negotiating the devolution deal on offer, but where is the Government cheque book?

It strikes me that since George Osborne walked away—or was moved to one side—the Treasury has just not been committed to devolution. From a Conservative point of view, it was originally a Treasury-led expedition—perhaps for different reasons, but that is where it came from. At the time, I was negotiating as one of the leaders on the Greater Manchester combined authority. In those devolution deals that were being struck, I witnessed a real tension between the Treasury and other Departments about where powers sit and how power is to be wrestled away from Whitehall.

The construct of some of those deals was quite odd, but they were reflective of the struggles and the frustration in Government. I do not see any of that here; I see a Government desperate to show that devolution is still making progress, when actually it is fairly superficial. I see a Minister who, perhaps for the best reasons—although he hides it well—is trying to make progress. But I am not seeing any real power given away from central Government. I am certainly not seeing any significant money being given away from central Government. The Government have realised—we have known this all

[*Jim McMahon*]

along—that those best placed to deliver decent public services and make the best of limited resources in public investment are people in their local communities.

The question still remains: given their track record of delivering good public services, why should councils that could not quite get over the line on a mayoral devolution deal be cast to one side, without any devolution proposed at all? Will the Minister explain why local authorities are not fit to take on more budget responsibilities in adult education, for instance? Why can they not take on more responsibilities for getting people into work? Why are they not capable of taking transport capital investment from the Government and using that as a catalyst to attract inward investment? Why can local authorities that are tried and tested, and trusted by the public not do those things?

It is great that councils have come together. Again, I pay tribute to the council leaders who have created the deal, but if the Government are clear that there has to be a devolution deal for the whole of England, they cannot be so prescriptive about what that devolution should look like. With all due respect, it is a bit hypocritical for a Minister who is not directly elected to say to local politicians that if they want a fraction of the power that is held by a Government Minister who is not directly elected, they must move to a directly elected model in return. We do not directly elect our Chancellor, our Minister for adult education or Ministers in the Department for Work and Pensions, and the Minister here today is not directly elected either. For a fraction of the power from this place, local communities are mandated by Government to have a mayoral model or they get zero. I do not think that is in the spirit of a balanced and equal relationship. For me, that is still central Government telling local authorities what they can and cannot do in a very old, tired and untrustworthy way.

If the Government are really determined to see power shifted and to give people back the control that we know they demanded during the referendum, at some point—and pretty quickly—they will have to introduce a devolution framework that covers the whole of England, so that every community is included without having one set against the other. We want to see not only powers and legislation passed in this place, but genuine resources devolved down.

It cannot escape the attention of anyone in this room that the region most affected by a hard Brexit—which is what some Government Members are looking for—will be the north-east. It will take a hit the likes of which it has not seen for decades. In that context, it is legitimate to ask whether the devolution on offer is sufficient to meet the challenges that lie ahead. It is progress and it is a step forward, but it cannot be the end. I say to the Minister: this is not “Game over”. This is not the end. The devolution on offer should be seen as minor progress—progress, by the way, that is mainly to the credit of local leaders in the local authority. The Minister needs to step up, get back round the table and ensure that further power and resources are devolved as soon as possible.

6.18 pm

**Mary Glendon** (North Tyneside) (Lab): It is an honour to speak under your chairmanship, Sir David. Notwithstanding what my hon. Friend the Member for

Oldham West and Royton has said—he got all the hard-hitting bits out of the way—I want to declare my support for the devolution deal for North of Tyne and the creation of the new combined authority. I thank Newcastle, North Tyneside and Northumberland authorities for their hard work alongside Government to get us to this point.

Great things are happening in my constituency of North Tyneside. Our businesses and many people are doing well, but for some of my constituents life is much more of a daily struggle. This deal, with its focus on inclusive growth and an inclusive economy, is important to me, especially because local control and significant extra funding will give people in North Tyneside access to more and better jobs. They will be able to get the skills that they need to get into work. Even people who have had caring responsibilities for years will be able to get back into work after being without it for such a long time. It will help my constituents in poor-quality housing and poor-quality work to access the opportunities they need to give them a better chance in life.

I am pleased to say that businesses across North Tyneside—from those at the brilliant Quorum business park, to the world-class engineering companies along the north bank of the Tyne—are excited about the deal. As it grows and develops, and more powers are delegated from Westminster and Whitehall to the new authority, I look forward to these powers expanding into wider areas, such as the cultural economy. That sector is very important to me, given that I have a world heritage site in my constituency, at Segedunum in Wallsend, which I urge everyone to visit.

The deal can only make our already great area north of the Tyne an even better place to live and work, and, most importantly, it will create expanded opportunities for individuals and businesses—opportunities that currently do not exist. I sincerely hope that the Committee will agree to progress the order.

6.21 pm

**Catherine McKinnell** (Newcastle upon Tyne North) (Lab): It is a pleasure to serve under your chairmanship, Sir David. Last week, I held a debate in Westminster Hall on the £3 billion investment required to make the east coast main line fit for purpose and thereby ensure it helps to deliver the economic potential of communities served by the route, including in Newcastle, North Tyneside and Northumberland, which we all want to happen.

During that debate, I touched on the proud and pioneering role that Newcastle and the wider north-east played in the development of Britain’s railways, and therefore our country’s rapid industrial development. I also highlighted our region’s advanced manufacturing future, and the need to look forward to ensure that Newcastle and the wider north-east region can once again be part of a world-leading industrial powerhouse. I therefore broadly welcome the order as an important step in the right direction towards achieving that aim. That is not only because I am firmly in favour of the principle of devolving funding and powers to local areas, but because the combined authority is an important vehicle for delivering the sustainable economic growth that communities in Newcastle, North Tyneside and Northumberland—and, indeed, the wider region—require.

I am very proud of my home city and all it has to offer. A recently published survey by startups.co.uk rated Newcastle as the best place in the country in which to work, from a list of 66. Newcastle and the wider North of Tyne area have so much to offer UK plc if tools, funding and powers are provided to allow them to fulfil their potential. As the Minister noted, the North of Tyne devolution deal is worth £600 million over 30 years. It is forecast to generate £1.1 billion for the local economy, create 10,000 new jobs, and leverage £1.2 billion in private sector investment over that timeframe. I sincerely hope that these changes make a difference to the lives of people in my constituency and beyond. The desire to make young people in Newcastle and the wider north-east feel that they do not need to go elsewhere to get on in life is largely what drove me to come into politics, and for that reason, creating good, skilled, well-paid, long-term job opportunities and meaningful apprenticeships must be central to the combined authority's work.

I take issue with the Minister's claim about the level of investment in the region. Significant economic development, funding and spending powers were available to the wider north-east region for some time under the regional development agencies, which were scrapped by the coalition Government in 2012. Like many other colleagues in the region, I fought hard against the abolition of One North East, because I knew how well it supported economic growth and jobs in our area. To put the order in some context, I and many others have campaigned hard against the punitive funding cuts meted out to local authorities in our region since 2010. Alongside the rising cost pressures, those cuts mean that Newcastle City Council alone will lose £283 million by 2020—a situation that we all hope the Chancellor will address in his Budget next week.

The fact is, however, that what is on the table today is what is available now, under this Government. We are ploughing headlong towards Brexit. I very much agree with the analysis of our Front-Bench spokesperson, my hon. Friend the Member for Oldham West and Royton. The Government's analysis indicates that Brexit will hit the north-east's economy hardest, even under the Prime Minister's preferred outcome of a comprehensive trade deal, so the ability to support the creation of good, skilled jobs in our area matters now more than ever. It is disappointing that other local authorities within the North East local enterprise partnership area will not be part of the process. I sincerely hope that the door remains open to them, should they decide to reconsider. Other colleagues on this Committee, and indeed the Minister, may want to comment on that.

I would be grateful to receive confirmation from the Minister that the current devolution deal is part of an ongoing process, with the agreement being approved today simply a first step towards achieving further powers and funding in the coming months and years. It would be particularly helpful to know whether that will include taking control of our allocation of the shared prosperity fund, due to be established by the Government to invest in areas such as the north-east that have benefited so significantly from EU structural funding. I certainly hope it will.

My final ask of the Minister is to review the myriad different organisations that now exist at a sub-national or sub-regional level, with varying geographies, and to

consider how that makes it more challenging to achieve the closer partnership working—place-based decision making and spending—that we all want to see between the public and private sectors. In my region, that means that Newcastle and Gateshead are working together on tourism, inward investment and future housing strategy and on some aspects of NHS provision, such as the clinical commissioning group, but not on others. The North East local enterprise partnership incorporates seven local authorities, including Newcastle, North Tyneside and Northumberland. It will operate alongside the North of Tyne combined authority, as well as the newly reconfigured North East combined authority. Public transport decisions will continue to be made across the wider Tyne and Wear area, while our police and crime commissioner naturally serves the communities covered by Northumbria police, namely Tyne and Wear and Northumberland.

Those are just a few examples, but another recent one is the £24 million Opportunity North East fund announced earlier this month by the Education Secretary. I understand that it will cover the whole north-east region—that is, the areas covered by the North East and Tees Valley LEPs. Despite its aims of improving social mobility, opportunities and job prospects for young people and appearing to fit neatly with those of the North of Tyne devolution deal, it remains unclear who will be responsible for managing the funding. Again, it creates more complexity when what we need to see is place-based decision making. If the Minister could provide some clarity on those issues, it would be very welcome.

6.28 pm

**Jake Berry:** Those were two excellent contributions from the Back Benches. I congratulate the hon. Member for North Tyneside, who correctly signposted the very strong thread of inclusive growth woven through the deal by the Government and the local authorities involved. Her refreshing contribution showed how, throughout this entire negotiation, politics has been laid aside and people of different political backgrounds and none have come together for the benefit of the entire area. It was an excellent contribution.

The hon. Member for Newcastle upon Tyne North asked whether the deal is the start of an ongoing process. First let us get devolution deal No. 1 done, through the Committee today and through the other place next week, but I very much agree that it should be the start of a conversation about the ongoing story of devolution across the north-east. She asked whether the shared prosperity fund would be allocated to the mayoral combined authority area. We are currently designing the shared prosperity fund, and we will consult on it widely. I will take her contribution as some early lobbying on behalf of the mayoral combined authority.

The hon. Lady also spoke very well about simplifying the complicated picture in the north-east, and I take her comments on board. Frankly, it is regrettable that the combined authority area does not cover all the seven authorities that originally came to the Government to discuss the devolution deal. The way in which the three areas north of the Tyne came together and, despite that initial setback to their prospects, came forward with a very positive deal for the people who live there gives us all hope. Of course, the door remains open to other authorities in the area to start the conversation with the

[*Jake Berry*]

Government about their ambition for a devolution deal—perhaps even about joining this deal. The Government always remain in listening mode. Although she has not spoken, let me take this opportunity to congratulate my hon. Friend the Member for Berwick-upon-Tweed, who has been an exceptional champion for getting this deal done.

Let me deal with some of the shadow Minister's comments. I spoke briefly about how it is not possible to do devolution 2.0 without devolution 1.0, so I hope he does not cause a Division but supports the draft order. He asked where the cash would come from. Look, £600 million is not an insignificant sum to invest in the north-east, and we heard from his own party's Back Benchers how that will multiply up to more than £1 billion being invested in the economy.

I mentioned the new fleet of trains for the Tyne and Wear metro, the North East LEP growth deals, the international advanced manufacturing park at the Nissan plant in Sunderland and the £117 million Northern Spire bridge across the River Wear—I once accidentally described it as being across the River Tyne; I will try not to make that mistake again. Those projects total nearly £1 billion. In addition, this devolution cash will go directly into the north-east's economy to drive it forward, so a total of more than £1.5 billion will have been agreed to and spent during the coalition Government and under this deal. I think that shows that the Government back the north-east.

The shadow Minister went on to say that the Government are desperate to move devolution forward but nothing is happening. I gently point out that in 13 years of a Labour Government there was no devolution at all for the English regions.

**Phil Wilson** (Sedgefield) (Lab): London? Scotland? Wales?

**Jake Berry:** I repeat: there was no devolution at all for the English regions. Clearly some people were not listening. The Opposition say we have not done enough, but we have created six metro Mayors, we are doing a deal north of the Tyne and, as I said, the Conservative party is the party of English devolution. That is typical.

Frankly, it says everything about Labour Governments that they talk a good game—they talk about backing the north-east and the north of England—but it is simply that: talk. I can stand here as a Minister and say, “Here is £1.5 billion of cash going into the north-east. Here is a devolution deal for the north-east, designed not by the Government but by the people of the north-east, who rightly have an ambition to drive forward their own economy.” I hope the shadow Minister thinks about his party's record. I know he has a car that dates from the 1980s—I saw that on his Twitter feed. I hope we are not going back to the Labour party of the 1980s, but we may be.

Finally, the shadow Minister asked about the devolution framework. The Government are committed to bringing that framework forward in the autumn, which, as he will have seen, the Secretary of State said to the Housing, Communities and Local Government Committee.

**Phil Wilson:** I am pleased the devolution deal is going ahead. If the local authorities that are not involved in the combined authority that will come out of the draft order—Durham, for example, which is my local authority—want to join it, will the Government accept that?

**Jake Berry:** I rather suspect the hon. Gentleman is asking me to write a blank cheque. If he listened, he will know that I said the Government remain open to discussions with the areas outside the combined authority that the draft order will create. I would welcome the other areas of the north-east coming to the Government and talking to us about devolution. Although this is a very good deal, it is unfortunate that some of the seven boroughs that started the discussions with the Government decided to walk away from those discussions. I hope and believe that if they came to the Government in the spirit of openness to negotiate a locally supported, ground-up deal, the Government would happily listen to their proposals.

*Question put and agreed to.*

*Resolved,*

That the Committee has considered the draft Newcastle Upon Tyne, North Tyneside and Northumberland Combined Authority (Establishment and Functions) Order 2018.

6.35 pm

*Committee rose.*