PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT
GENERAL COMMITTEES

Public Bill Committee

LEVELLING-UP AND REGENERATION BILL

Tenth Sitting

Tuesday 5 July 2022

(Afternoon)

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Saturday 9 July 2022

The Committee consisted of the following Members:

Chairs: Mr Peter Bone, † Sir Mark Hendrick, Mrs Sheryll Murray, Ian Paisley

† Andrew, Stuart *(Minister for Housing)*
† Atherton, Sarah *(Wrexham)* (Con)
† Dines, Miss Sarah *(Derbyshire Dales)* (Con)
† Farron, Tim *(Westmorland and Lonsdale)* (LD)
Fletcher, Colleen *(Coventry North East)* (Lab)
Gibson, Patricia *(North Ayrshire and Arran)* (SNP)
† Henry, Darren *(Broxtowe)* (Con)
† Kruger, Danny *(Devizes)* (Con)
Lewell-Buck, Mrs Emma *(South Shields)* (Lab)
† Maskell, Rachael *(York Central)* (Lab/Co-op)
† Moore, Robbie *(Keighley)* (Con)
† Mortimer, Jill *(Hartlepool)* (Con)
† Norris, Alex *(Nottingham North)* (Lab/Co-op)
† O'Brien, Neil *(Parliamentary Under-Secretary of State for Levelling Up, Housing and Communities)*
† Pennycook, Matthew *(Greenwich and Woolwich)* (Lab)
Smith, Greg *(Buckingham)* (Con)
† Vickers, Matt *(Stockton South)* (Con)

Bethan Harding, Adam Mellows-Facer, *Committee Clerks*

† attended the Committee

Public Bill Committee

Tuesday 5 July 2022

(Afternoon)

[Sir Mark Hendrick *in the Chair*]

Levelling-up and Regeneration Bill

Schedule 3

Mayors for combined county authority Areas: PCC functions

Amendment proposed (this day): 38, in schedule 3, page 207, line 23, leave out paragraph (a).—*(Alex Norris.)*

This amendment would allow the person who is appointed deputy mayor under section 26 to be appointed as deputy mayor for policing and crime.

2 pm

Alex Norris (Nottingham North) (Lab/Co-op): I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Schedule 3 agreed to.

Clause 31

Exercise of fire and rescue functions

Question proposed, That the clause stand part of the Bill.

The Chair: With this it will be convenient to discuss clauses 32 to 37 stand part.

Alex Norris: It is a pleasure to resume proceedings with you in the Chair, Sir Mark.

These seven clauses deal with a significant change in policy, because they enable the fire and rescue functions and the footprint of the county combined authority to be transferred to the Mayor. I think that significant change deserves debate and recognition. Many of the arguments about clause 30 and the similar delegation of police and crime functions read across to fire and rescue functions, so I do not intend to duplicate them.

I am not sure that I have detected a huge demand for the transfer, nor a sense that fire authorities are not doing what they are supposed to be doing. If there is local enthusiasm to take on those functions and consensus can be built on that, it is for those communities to argue for that rather than me. I would be interested to learn from the Minister what the business case for such a change looks like. Part of the problem of the lack of an impact assessment is that we do not know the impact of the proposed change, nor the upsides that we can expect from it. What is the take-up?

My questions to the Minister are similar to those that I asked about clause 30, and I hope that I will receive similar answers. I take it that this is about local choice and that any change can only be made where there is local consensus. May I take it that the same proviso about geography applies in this case as did under clause 30? Generally, will the arrangement operate according to coterminosity, and work elegantly, rather than trying to make something fiddly work which is not likely to succeed?

Clause 31(2) refers to the involvement of the chief constable of the police. In recent years, it has been a Government policy decision to blur the distinction between fire and rescue and the police. I am keen to hear the Minister's answer about that involvement. What safeguards will be in place to handle those two organisations, which have separate functions, so that there is at least some sort of distinction between them, certainly in the finances but also, in some senses, on the policy? A case needs to be made for any such involvement because I do not think it is automatically a good idea.

The Parliamentary Under-Secretary of State for Levelling Up, Housing and Communities (Neil O'Brien): Clause 31 enables the Secretary of State to make regulations to allow the Mayor of a combined county authority to whom police and crime commissioner and fire and rescue functions have been conferred to delegate fire and rescue functions to the chief constable of the police force for the area. It further allows the chief constable to delegate those functions to both police and fire and rescue personnel, and through it enact what is known as the single employer model.

Those provisions are designed to provide the option for Mayors of CCAs to exercise fire and rescue service functions under the single employer model where they also exercise PCC functions, if they feel that allowing the chief constable to run both operational services will help them to have a stronger role in public safety and to deliver more effective emergency services for their local area. That is the rationale that the hon. Member for Nottingham North is seeking.

It is an equivalent provision to section 107EA of the Local Democracy, Economic Development and Construction Act 2009, which made that option available to Mayors of combined authorities when Parliament approved its addition via the Policing and Crime Act 2017. The change is basically about enabling the benefits of blue light integration between the two services.

Question put and agreed to.

Clause 31 accordingly ordered to stand part of the Bill.

Clauses 32 to 37 ordered to stand part of the Bill.

Clause 38

Mayors for CCA areas: financial matters

Rachael Maskell (York Central) (Lab/Co-op): I beg to move amendment 52, in clause 38, page 33, line 32, at end insert—

> "(c) for and about alternative funding streams (including grants from the Secretary of State) for fire and rescue services if constraints on revenue-raising mean that there is a threat that fire and rescue safety standards may not be maintained in the area."

This amendment enables the Secretary of State, in circumstances where mayoral revenue raising powers are insufficient for the provision of a safe Fire and Rescue service, to make alternative provision to fund the services, including a grant from the Secretary of State.

I think it is right to declare a number of things. First, North Yorkshire is in deep discussions about a devolution deal. We want to see that progress successfully, but at the same time we face a real challenge with our fire and rescue service. I want to talk about the reality of what we are debating, to ensure that we place it with the right safeguards, which are absolutely essential.

North Yorkshire was one of the first authorities in which the fire and rescue service combined with the police and crime commissioner function. At one point there were just four authorities in that position. Therefore, North Yorkshire has probably the best experience of how that combination works. I must say to the Minister that there have been some benefits from such a combination, such as cost savings, in particular arising from back office integration. That helps with public funding, which must be a positive because that is public money. However, when we look at the reality of what is happening now in the service, we have a very different story to tell.

My amendment is designed to keep the public safe and ensure that there is sufficiency in the service to retain sufficient fire appliances, to operate them safely and to have crew in the vicinity. This is about making sure that the funding flows work. Right now, I am expecting a meeting with the Home Secretary to discuss the matter. If the authority is devolved, I may be looking in a number of different directions to achieve the sufficient funding required to keep my community, and others, safe.

To highlight the challenges ahead of us, we are looking at the removal of night-time cover from Harrogate and Scarborough fire stations, as well as the removal of a second fire appliance. In my community, Huntington's fire station may be pared back because of funding deficiencies. That means that response times will increase by seven minutes and 59 seconds—eight minutes of burning fire could cause a lot of damage. It is important to consider the issue in the context of today's debate, because if it takes 16 minutes in total to reach a fire in my constituency, 31,000 residents will be impacted as a result of that change. That is quite significant.

Colleagues will be pleased to hear that I do not intend to go into all the ins and outs of the North Yorkshire Fire and Rescue Service, but the sufficiency of the service will be subject to constant challenge. We will be looking ever more at how we can share resources and integrate roles, but there comes a point when the very viability of the service is challenged, and the public is put at risk. That is the point we are at now. If we are to see this integrated into a devolution deal, the money will have to be ringfenced and the community safeguarded, or else we could see a disaster.

In North Yorkshire—this also applies to other Members' constituencies—we have a mixture of urban and rural. The reality is that North Yorkshire is the biggest county by geographical area, which puts stress on the service. It is not all bad news. The Home Secretary came forward with a fix to this for eight authorities that had kept their reserves. They got additional flexibility around the precept and so were able to fully fund their services and have sufficiency and some headroom for protection. North Yorkshire had spent its reserves and so was not awarded that precept flexibility.

Because of the geographical nature of North Yorkshire, it is now just about the worst-funded fire authority in the country. If there is no flexibility from the Home Secretary and Government, the result is that my constituents' lives will be put at risk. Their homes could burn. Across North Yorkshire it can get tinder dry at this time of year and we see fires breaking out. It could have a catastrophic impact and put firefighters at risk, as well as the environment and so much more. Who will be responsible for bailing out a service is a serious consideration. Because we will not have proper governance over the funding of the service, as it will be under the new authority, will we keep cutting and cutting, increasing the risk to the public and ultimately placing them in danger?

It is part of a devolution deal, whether the police and crime functions and fire and rescue come together in one role and how that will work out, but it is important to consider where that funding is going to come from. I am really concerned. That is why my amendment is so important. With the scale of the outstanding deficits, if we are going to pare back now, we will see increased energy costs, higher maintenance and issues around salaries, which have not yet been negotiated. The service needs new equipment, uniforms and insurance—the list goes on. That all has to come out of a zero balance. Therefore, being able to get the assurance that when there is devolution there will be sufficiency is going to be really important to ensuring that there are protections.

It could be argued that for a few years there will be greater cost savings. That could be the case, although I am not sure much more could be got out of the service. But the cuts in York, Scarborough and Harrogate will have a significant impact. In fact, only Cambridgeshire and Essex are now worse funded, and actually they have more reserves than North Yorkshire. That is the financial situation.

We need a resolve. The resolve comes in my amendment, which seeks to utilise the efficiency savings we can gain. That has clearly already been done—as has the back office shared facilities and the usual reserves. At that point, do we put the public at risk? Under a devolved authority, what we are talking about is the very homes we are trying to build being put at greater risk. That seems somewhat ironic within itself. Or do we provide that ring of protection around our fire and rescue essential service—emergency services, as we know it? Putting those constraints there is absolutely important.

My amendment would add one paragraph to the Bill. It highlights that if there are constraints around the funding, there will be means of revenue raising that will ensure that the safety standards are maintained in an area. That would essentially be either a grant or flexibility around the precept. That precept flexibility has already been exercised for eight authorities, so we know that is a mechanism that could be triggered. However, that was determined by Whitehall. If it is to be determined by a devolved authority, what would that look like, or will a Mayor have more opportunity in order to protect the community? I would like to understand how that would work functionally, and how we keep those communities safe.

2.15 pm

As things stand, we are at the precipice of cuts to our fire and rescue service. On the negotiations, I am really concerned that no one will want to take on the risk, particularly if the first thing on their desk when a Mayor comes in is dealing with the financial mess of the fire and rescue service. Surely that is not what the Government are seeking. Trying to get a resolution and the right protections, and giving powers to ensure that such a scenario can be dealt with, must be of prime importance.

I ask the Minister to look carefully at the amendment and ensure that provisions can be made—it is only an enabling amendment, after all; it is not prescriptive.

Where there is a threat to public safety and safety standards, and the safety of our firefighters, who put their lives on the line every day, it would enable sufficient funding to see them through this dangerous situation in North Yorkshire. I trust that the Minister can respond positively and help address our serious concerns.

Alex Norris: I congratulate my hon. Friend on her excellent amendment, which gives us the chance to have an interesting conversation about having a backstop to ensure that our fire and rescue services are funded and safe. The reality she has injected into the debate is helpful for our considerations.

Reducing fires is a tricky business. Over the past 20 years it has been a significant success story of Government. The incidence of fire that fire and rescue services attended peaked at 1 million in 2003-04. Within 10 years that figure had halved. That is set against an increasing population. The number has held about the same for the last eight years. It is a real success story for Governments of different persuasions.

There are a number of factors. First, there is the more effective and efficient operation of fire and rescue services and those who work for them—they have done a great job. Then there is the very virtuous circle that, as incidents that have to be visited have reduced, the firefighters have used their time for early intervention activities, such as fire safety checks for vulnerable people, which have been a really good way of reducing the incidence of fire. That is very good for public safety, for the individuals and for resources. It has created a virtuous circle.

Changing diets have also had an impact—there are not as many chip pan fires as there were 20 to 30 years ago. There is better regulation of products, which are less likely to catch fire these days. That is set against a significant growth in the technologies we use at home. There are lots more electric-intensive items, but the appliances are better and they are regulated better. A whole mixture of developments have resulted in a spectacular reduction in the incidence of fire.

Rachael Maskell: My hon. Friend makes a really good point. North Yorkshire fire service does household and wellbeing checks. There has been no reduction in the scale of rescue, including from road traffic accidents. I am sure that the Minister occasionally hears on the West Yorkshire airwaves about the challenges and regular accidents on the A64. York also experiences flooding, and the fire service is involved with our rescue boat. Tragically—more so at this time—the fire service also addresses issues of river safety and suicide, so its responsibilities are far more expansive than just dealing with fires. It was remiss of me to not refer to those matters earlier.

Alex Norris: I am glad that my hon. Friend has had the chance to do so; what she says is very much true. Of course, the traffic on our roads has only grown over that period, so as my hon. Friend says, those incidences are likely to be something that we will always need a service for, and we are lucky to have the ones that we do. However, given that this is so multifactorial, the challenge we face is to work out what we can safely afford to change, and certainly what we can afford to do from a financial perspective. Have we reduced fires to a new normal, or are we suppressing and dampening them through our activities? We would only know the answer if we pulled resources out, and the reality—and this is really important for the purpose of this amendment—is that there is not an awful lot of money to take out of the fire service.

The Minister talked about the possibility of chief constables taking on leadership of the service. All those points have been well made and, as he has said, are mirrored in the 2009 Act and on the face of the Bill. However, combining senior management achieves some savings, but not an awful lot in the grand scheme of things. It obviously creates the advantages of colocation, but it does not mean that the services sit on top of each other, so they still need the space, although they may get some aggregation benefits. Then we start looking at going back to retained firefighters, which suits some communities but will not suit others. Finally, we are left with the two areas where savings tend to come from, which are a reduction in appliances and short crewing.

On the appliances front, I live just near junction 26 of the M1, which is a very busy place for the rescue functions that my hon. Friend the Member for York Central talked about. We currently have two appliances there, which means that fire cover is a challenge for the rest of the community. Every five years or so, we have to fight off a proposal to reduce the number of our appliances from two to one. I expect that we are due another proposal soon. It is one of the earliest political campaigns I got involved in. Like the football World cup, it comes around every four years and we keep succeeding. Long may that be the case, because reductions create gaps in fire cover. Some of the gaps that my hon. Friend talked about are significant, and these are things that people feel very strongly about, in terms of the money they pay in taxes and the support they would like to have. That is a challenge.

There is only so far that services in distress can go with appliances. It is kind of possible to have half an appliance, but not really because it does not give services the same financial benefit. When a service is down to short crewing, firefighters are asked to deal with really dangerous situations that they have not been trained to deal with, and the best health and safety and work modelling does not suggest that that is the way to do it. We should be very careful about entering that space. There needs to be a backstop. As my hon. Friend the Member for York Central said, we would not want to use it routinely, but it would be helpful if the Bill made that provision available. The Minister may say that there are other ways to deal with this. If so, we will listen with interest, but my hon. Friend's point is well made and I think that our constituents feel very strongly about it. She has made a strong case.

Tim Farron (Westmorland and Lonsdale) (LD): This is a very helpful amendment, and one that I hope the Minister will take seriously. As has been said, huge strides have been made over the past few years in reducing the numbers of horrific incidents. That has happened for a lot of reasons, including the fire and rescue services focusing on fire prevention work and on seeking proactively to educate homes and businesses on the need to avoiding risks, as well as all sorts of other structural factors that have already been mentioned.

In my part of the world, we are dependent on people who are not full-time firefighters. That is not just retained firefighters—I will come back to them in a moment—to

whom we owe a particular debt of gratitude. The work of mountain rescue and bay rescue services, integrated with the fire and rescue service, provides a unique perspective and a reminder that we try to use all sorts of innovative ways—voluntary ways, often—to meet the need to protect the community, despite a lack of resource.

Among the reasons why the amendment is important is the fact that we need to understand that if we are considering a fire service that is predominantly retained—particularly in rural communities, in places such as Sedbergh, Staveley and many other communities that I represent elsewhere in Cumbria—it will only have a retained pump. That is all it has. With a declining workforce, the change in housing tenure over the past few years, which has become radically different in the past two, and a shrinkage of the working-age population, we are running the risk of having no one available to take on those roles. In those circumstances, it makes sense for the fire and rescue service, and Government working with services around the country, to look at ways of augmenting communities where it is simply not possible to find the people to staff a retained pump and, therefore, to keep the community safe.

I am proud to be a Cumbrian MP. I also represent Westmorland and old Lancashire. I am, however, Yorkshire's secret MP, because I represent Sedbergh, the dales, Garsdale and Cowgill—we border North Yorkshire. There are huge distances between places out there, from the lakes to the dales. Yes, the incidence of fires that we now encounter is low, compared with a couple of decades ago. Lots of people should take credit for that, including Governments of different colours and, in particular, the fire service.

However, the distances that need to be covered to get from the fire station to the fire are vast. If a retained firefighter is on their farm and drops what they are doing to cover that distance to get to the pump, only to find that there are only two other people who have got there at the same time, they then have to make a call about whether it is safe to attend the fire. There are only three of them who managed to get away from work, and there are only five people on the list in the first place. They have to think: "What do we do? Do we scramble Kendal and get a full-time pump? That is another 10 miles away."

The amendment would allow the flexibility to create and provide funding to ensure the provision of a full-time pump for communities that, under normal circumstances, might not qualify under the funding formula, so that we are not putting rural communities, in particular, at risk.

Rachael Maskell: The hon. Gentleman is making a strong case in support of the amendment. We are entering a period of increased drought; with climate change, that situation is likely to get worse. We are seeing more and more fires across our moors. That in itself is surely reason not to see cuts on such scale, which will devastate the service and put firefighters at risk.

Tim Farron: The hon. Lady makes an excellent point. We are the wettest bit of England. We need to be, because of the lakes—we have to keep them topped up. Nevertheless, Members will remember that in the past few months there were flash fires at Cartmel Fell, which raged for a full weekend and took many pumps to get under control. I am massively grateful to those who got those fires under control.

With that changing weather, we can go from very damp weather to very dry weather for long periods. In areas with lots of forestry and agriculture, there is the potential for flash fires, which can cause death and damage to wildlife, livestock, homes, businesses and families—human beings. We therefore need to be all the more aware of the fact that we cannot allow the technicalities of funding formulas to get in the way of keeping our people safe.

Neil O'Brien: I am extremely sympathetic to hon. Members campaigning on local services. I know that the Home Office has been engaging with the North Yorkshire fire and rescue service specifically on these issues. In 2022-23, the North Yorkshire fire and rescue authority will have core spending power of £33.5 million, which is an increase of £1.4 million or 4.5% compared with 2021-22. As of 31 March 2020, North Yorkshire held £4.9 million in resource reserves, equivalent to 60% of its 2020-21 core spending power. According to its draft 2020-21 accounts, total resource reserves increased by £8 million by 31 March 2021, an increase of £3.1 million or 62%. The issues that the hon. Member for York Central has raised, which are very important, are certainly being looked at.

2.30 pm

I come narrowly to the specific point about the clause and the amendment. Clause 38, to which the amendment applies, is vital to enable mayoral combined authorities to finance their activities. It enables regulations to be made about the setting of a Mayor's budget and enables a Mayor of a CCA to fund mayoral functions through raising the precept on council tax under section 40 of the Local Government Finance Act 1992. That replicates the comprehensive funding provisions for a combined authority Mayor set out in the Local Government Finance Act. The existing provisions apply to all mayoral functions, including the operation of a fire and rescue service, in exactly the same way as for a combined authority. It is only a Mayor acting on behalf of a CCA who may issue a precept to fund mayoral functions.

We think the amendment is unnecessary. It seeks to provide the Secretary of State with powers to issue grants to fire and rescue services, but that is not necessary because the Secretary of State already has existing powers to provide grants to fire and rescue services under section 31 of the Local Government Act 2003. As such, the amendment is not required, and I hope it will be withdrawn.

Rachael Maskell: I thank hon. Members, including the Minister, for their contributions. Our problem with the Minister's case is that the precept is capped—it is limited—and therefore it will not prevent the ongoing revenue deficit that the North Yorkshire fire and rescue service faces. That deficit will simply be moved into the new devolved authority of North Yorkshire, and as a result we will yet again be in that challenged position. This is a matter that still has to be resolved, and after listening to the Minister's response I am not convinced that an adequate solution has been put forward to protect the public—that is what this is about—the service and the firefighters, and ensure people can sleep at night.

[Rachael Maskell]

We have heard about the multiple calls on the firefighting budget and the fire and rescue service, and the situation is getting worse year on year. We have not seen grants coming out of the Home Office. We have been talking about the challenges in North Yorkshire for well over six months. In fact, it was the back end of last summer when we started talking about wanting more flexibility around the precept to raise more funding, but it was capped at the 1.99% that the authority was given. In contrast, the eight authorities I referred to got the bail-out, the flexibility and the support from the Home Office. There will therefore be a draw on the local authority to provide sufficiency if the Home Office does not, because no one will want to be new in the role of Mayor and take on such a liability.

I want to press this amendment to a vote, because it shows how important it is to protect the public and have fire safety and public safety at the forefront of legislation.

Question put, That the amendment be made.

The Committee divided: Ayes 5, Noes 9.

Division No. 7]

AYES

Farron, Tim	Norris, Alex
Lewell-Buck, Mrs Emma	
Maskell, Rachael	Pennycook, Matthew

NOES

Andrew, rh Stuart	Moore, Robbie
Atherton, Sarah	Mortimer, Jill
Dines, Miss Sarah	O'Brien, Neil
Henry, Darren	Vickers, Matt
Kruger, Danny	

Question accordingly negatived.

Clause 38 ordered to stand part of the Bill.

Clause 39

ALTERNATIVE MAYORAL TITLES

Question proposed, That the clause stand part of the Bill.

The Chair: With this is it will be convenient to discuss clause 40 stand part.

Alex Norris: I promised the Committee a debate on alternative mayoral titles when we were talking about changing the names of county combined authorities, and I would never knowingly not keep a promise of such magnitude. I will be honest: I am not very excited by alternative mayoral titles, whatever the right hon. Member for Pudsey might say—not least because I have a lot of confidence in the collective wisdom of the British people. Being a proud Nottinghamian, I know that if someone were to become the Mayor of Nottingham and Nottinghamshire and then pursue an alternative title that was too grand to befit their status, they would face significant judgment from some very straight-talking people. In the end, it would not work out well for them. I have confidence that title inflation is not something that the British people are likely to look at fondly.

I do not want to detain the Committee for long, but I have three questions for the Minister. Frist, will he indulge us by letting us know what demand there is for alternative mayoral titles and what conversations he has had with communities that wish to have them? I understand that some demand might result from having different geographies and make-ups, and I am interested to hear about that.

Secondly, we had the first part of this debate when we discussed clause 15, which relates to county combined authorities changing their names. Clause 15(2)(c) has a requirement for the CCA to vote by a two-thirds supermajority for a change of name. Under clause 39(3)(c), the resolution to have an alternative mayoral title needs to pass with a simple majority. I did not have a lot of interest in the first proposed usage of the supermajority. A supermajority does have it uses, but only by exception. I am not sure that clause 15 makes a compelling case for one, but that has been disposed with. Why, however, has the Minister chosen to diverge in this way?

Finally, clause 39(2) provides a list of alternative titles, including county commissioner, county governor, elected leader and governor. Clause 39(2)(e) then introduces the possibility of having

"a title that the CCA considers more appropriate than the alternative titles mentioned in paragraphs (a) to (d), having regard to the title of other public office holders in the area of the CCA."

I read that as meaning "any other title", essentially, but I am keen to hear from the Minister that that is what is meant.

Neil O'Brien: The hon. Gentleman is correct to read it as "any other title" that is locally wished for, having respect for the fact that there may be other people with such job titles in the area. He asked about where there is demand. A number of places that we are talking to about devolution deals are thinking about using non-mayoral titles, particularly in non-urban areas and where people feel that "Mayor" may not be the correct term for them. They may prefer leader, governor, commissioner or some of the titles that we have discussed.

I was hoping that the hon. Gentleman would ask why a supermajority is required to change the name of the institution but not the title of the directly elected leader. The difference is that many people will have made legal contracts with a CCA, so changing it is a fundamental and non-trivial thing to do, because it would require lots of other consequential changes. We talked in a previous sitting about the need for the stability of the institution. This is a more novel and more experimental area. I do not expect that we would see lots of constant changing and chopping of the name of the directly elected leader, but we think that that is an important part of devolution.

Rachael Maskell: I have a further question about this measure and how we could end up with such a variety of names in different devolved areas: a county commissioner in one place might be a county governor, a governor, a Mayor, or who knows what we might end up with under subsection (3)(e). That could be more confusing for the public. We have already talked about a range of powers and a range of tiers; we now have a range of names, in a whole spectrum of shifting powers and accountabilities. Does the Minister believe this measure to be a necessary step? Does he recognise that it could lead to more confusion than trying to address the very issues he probably intended it to address originally?

Neil O'Brien: I believe it to be a necessary step in the Bill. In previous sittings, I set out that our particularism, our respect of local circumstances and our bespoke nature are features, not bugs, of our devolution agenda. This clause is a further part of that, making the title of the directly elected leader reflect the desires of local people and the history of the local area, and to fit in with local circumstances. It is therefore of a piece with the nature of how we are conducting the devolution agenda.

Question put and agreed to.

Clause 39 accordingly ordered to stand part of the Bill.

Clause 40 ordered to stand part of the Bill.

Clause 41

POWER TO AMEND LIST OF ALTERNATIVE TITLES

Question proposed, That the clause stand part of the Bill.

Alex Norris: Bearing in mind the Minister's answer that clause 39(2)(e) in essence allows any title to be chosen, if that is the will of the county combined authority, what is the necessity of this clause? It allows the Secretary of State by regulation to change the list of those potential titles. There is an argument to say that there is not much point to having them on the face of the Bill, if a CCA can just choose what they want anyway—but perhaps it is shaping the conversation, in which case I understand that. Given the powers for county combined authorities to choose any name they wish, I find it hard to understand any value in reserving the ability to change the list by regulation. That seems very much after the fact. I am surprised and wonder why the Minister is so keen on the clause.

Neil O'Brien: It is entirely to shape the conversation, as the hon. Gentleman says. It is to give a list of suggestions that may be appropriate, while also allowing others to go for different things if they consider that appropriate locally.

Question put and agreed to.

Clause 41 accordingly ordered to stand part of the Bill.

Clause 42

PROPOSAL FOR NEW CCA

Rachael Maskell: I beg to move amendment 53, in clause 42, page 38, line 14, at end insert—

"(c) prepare and publish a report setting out the results of the consultation."

This amendment would require the authority or authorities submitting a proposal for a new Combined County Authority to make the results of the public consultation publicly available before submission.

The Chair: With this it will be convenient to discuss the following:

Amendment 54, clause 43, page 39, line 12, at end insert—

"(3A) If a public consultation has been carried out under subsection (3), the Secretary of State must prepare and publish a report setting out the results."

This amendment would require the Secretary of State to make the results of the public consultation on establishing a Combined County Authority publicly available in a report.

Amendment 55, clause 44, page 40, line 9, at end insert—

"(c) prepare and publish a report setting out the results of the consultation."

This amendment would require the authority or authorities submitting a proposal for changes to Combined County Authority arrangements to make the results of the public consultation publicly available before submission.

Amendment 56, clause 45, page 41, line 13, at end insert—

"(3A) If a public consultation has been carried out under subsection (3), the Secretary of State must prepare and publish a report setting out the results."

This amendment would require the Secretary of State to make the results of a public consultation on a proposal for changes to Combined County Authority arrangements publicly available in a report.

Rachael Maskell: The theme of this group of amendments is incredibly similar and something that Labour Members have been raising throughout the passage of the Bill to date, particularly in Committee. My amendments are seeking to provide greater transparency with the publication of final reports. Amendments 53 and 55 call for a report to be published following consultation. They appear to be such minor amendments, but they are so important to public scrutiny. In turn, such scrutiny builds public confidence and accountability, which our communities deserve because of impact the Bill will have on them. Publication of such reports on the consultation will also enable local politicians to see their contents and to use the information provided. That is what we want to see at all levels of government.

2.45 pm

Amendments 54 and 56 refer to clauses 43 and 45, and would enable any announcements from the Secretary of State to be set out for public scrutiny. Again, they are important amendments that enable us to uphold our democracy and demonstrate that it is overt and transparency. To see the contents of such reports is an important democratic right, because the more information that is put in the public domain, the more scrutiny and accountability can be exercised and the more confidence built behind that. That ensures that if matters come to light, they can be addressed. That is all about good governance. I trust that Members can support the amendments.

Alex Norris: I congratulate my hon. Friend the Member for York Central on her amendments. The importance of public interest, public consultation and engagement has been a theme of our recent discussions, because it is important to make sure that the proposed structures are introduced with the backing of the public, so that they have a stake in that and understand the role and responsibilities of those bodies. In turn, that means that the public can understand how those bodies are working in the public's collective interests. That gets to the root of trying to do things with people rather than to people. I am anxious that the changes are likely to drop out of the sky on to people rather than being something in which they have been part of the conversation.

In an earlier answer, the Minister said that the purpose of the bodies was to serve voters. In that case, it is really important that those voters are brought along and that their views are listened to, whether on less significant matters such as what the Mayor should be called or really significant matters about what powers should be

[Alex Norris]

sought, how they are exercised and what the leadership should be. All those conversations should be bottom up rather than top down, but I am afraid that we have not reached that point in the Bill.

The amendments offer a good opportunity to add some of that consultation, so I hope that the Minister is listening.

Tim Farron: In looking forward to changes in the way in which local government will be organised in the future, we are bound to reflect on how things have been done in the past.

In Cumbria, we are working hard to ensure that the reorganisation to unitary authorities is a big success, and the early signs are positive. It is worth bearing in mind that there was a consultation, and that fewer than 1% of the public engaged with it. We can glean that the massive majority felt it was not necessary to reorganise local government in Cumbria. People in the southern part of Cumberland object to being lumped in with Westmorland and split from the rest of Cumberland, and people think we would be far better off with smaller units of local democracy. After all in Scotland, where it is an entirely unitary local government landscape, there are unitary authorities with as few as 17,000 people living in them. In England, there is no recognition of the similar rurality need for smaller authorities.

Many people also thought, "We are going through a pandemic, what a stupid time to be rearranging the deckchairs." If there is a need for local government reorganisation they thought that surely now was not the time to do it. We are where we are, and we will make a success of it—we are determined to do. These are important amendments, because they remind us again that we need to scrutinise the motivation behind the Government's proposals. Who are these proposals for? The Government are minded to reorganise local government to bring in new CCAs, Mayors and all the rest of it, but unless we are clear that the public want those changes and the Government are responding to that, it is yet more evidence that this approach to local government reorganisation is about fixing Whitehall's desire for control and convenience, rather than about listening to local people anywhere in the country.

Neil O'Brien: We discussed in a previous sitting the new combined county authority model and the associated consultation requirements. At that time, I set out our commitment to ensuring that whenever a CCA is established, its boundaries change or, if it is being abolished, that the local public are consulted on the proposal.

Clauses 42 to 45 set out the requirements, including public consultation, associated with establishing, changing or dissolving a CCA. They include the preconditions for any regulations with those effects to be made. One such condition is for the area or CCA to undertake a public consultation on the proposal to establish, amend or dissolve a CCA. A summary of the consultation responses must be submitted to the Secretary of State alongside the proposal, and the decision to submit it must be taken at CCA or council meetings, which are held publicly. As such, that summary of consultation results will be publicly available.

Another condition is the specific duty on the Secretary of State to consider whether, prior to making regulations, further public consultation is needed. Indeed, the absence of a public response to an earlier consultation might give rise to further consultation—that addresses the point made by the hon. Member for Westmorland and Lonsdale. If the Secretary of State makes such regulations, they must publish an explanatory memorandum setting out the results of the public consultation. As a result, although we totally agree with the sentiment behind the amendments, they do not add anything to the requirements that are already provided for, and I hope that they will be withdrawn.

Rachael Maskell: I appreciate the contributions that have been made by hon. Members. The points about accountability were absolutely right. We have seen a reorganisation of local government in North Yorkshire, and the districts were not supportive of it and felt that it was very much imposed from the centre. Being able to see the rationale and the thinking is important, and that is what these simple amendments would allow. I am happy to withdraw the amendment for now, but I reserve the right to bring it back at a later stage. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 42 ordered to stand part of the Bill

Clause 43

REQUIREMENTS IN CONNECTION WITH ESTABLISHMENT OF CCA

Alex Norris: I beg to move amendment 40, in clause 43, page 39, line 23, at end insert—

"(5A) When the Secretary of State makes regulations under this section they must publish an accompanying statement stating—

(a) whether or not the CCA has access to the fullest conferred powers, and

(b) if not, the reasons why not."

I will be brief, because this is a counterpart conversation to discussions that we have had before. The amendment would enhance the clause by putting in a requirement to report on whether a combined county authority has access to the fullest conferred powers, and if not, an explanation for why. That would help the Government to maintain their stance in the White Paper, in which they seemed to want to offer such measures by 2030. It would perhaps be a positive step if we did that a little quicker.

Neil O'Brien: The amendment is not appropriate for two main reasons. First, it uses the term "fullest conferred powers", which is undefinable and incalculable. Our devolution framework does not provide a minimum offer, and our local leadership mission and desire to deepen devolution mean there is no upper limit to the conferral of powers, nor should we seek to impose one.

Rachael Maskell: On a point of order, Sir Mark. Could the Minister speak a bit slower? I do not know whether it is the acoustics in the room, but I am finding it quite difficult to hear what he is saying.

The Chair: Yes, the Minister does speak quite quietly. Is *Hansard* picking it up? Okay, good.

Neil O'Brien: Are some people finding this not thrilling? That is absolutely outrageous—we are getting to the really exciting bits. I will try to enunciate better. It is perfectly reasonable that the hon. Lady asks me to do so.

It will be appropriate for different CCAs to have different functions due to the different circumstances and priorities in their areas. We have had that same argument a number of times in Committee. Whatever functions are to be conferred will be done by regulations, which will be considered by Parliament and cannot be made without parliamentary approval. In considering the regulations, to rehearse some of the points already made, Parliament will have an explanatory memorandum and other explanatory documents explaining why the powers are conferred, the views of the consultees and how the conferral meets the statutory test of improving economic, social and environmental wellbeing.

I hope that given those explanations, the hon. Member will withdraw the amendment.

Alex Norris: I am grateful to the Minister for that answer. I got a little more than I bargained for. I admire the Minister's characterisation of the Government's devolution agenda as "incalculable". I have some doubts about that. I argue that the Minister has set out quite defined and calculable strata in the White Paper, so I am slightly surprised that it would be impossible to know whether a combined county authority had the maximum powers. That is possibly a point of difference. We are in the strange position that our alignment with the White Paper is greater than the Government's, but I am sure that point will come up again. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 43 ordered to stand part of the Bill.

Clauses 44 and 45 ordered to stand part of the Bill.

Clause 46

General power of CCA

Question proposed, That the clause stand part of the Bill.

The Chair: With this it will be convenient to consider clause 47 stand part.

Alex Norris: I will not speak for long on the general powers of combined county authorities. The explanation is very well set out in the explanatory notes to the Bill, which is a handy read about how we have landed here in local government legislation.

I want to push the Minister on how he thinks this provision would work in practice. Will Royal Assent be the day the Government give a clear signal that, once we have conferred functional purposes on combined county authorities, they will be left to do those things? Will that be the case even if the outcomes might sometimes not be the ones the Government think are best, but the inputs and outputs are in pursuit of local goals as decided by local decision makers? At some point there will be a Minister who says that that is not the case; I wish to have it in my pocket that this Minister thinks that it is the case at this stage.

3 pm

Tim Farron: I wonder if I could crowbar something in? Within the combined county authorities there will be housing powers. There is reference of course to a lack of borrowing powers, and I want to push back on that. On both sides of the House, we often talk about the chronic need to build more affordable and social rented homes. Many councils retain ownership of council housing, and I was pleased that one of the upsides of the new authority in Westmorland and Furness is that, because Barrow never got rid of its council houses, our new authority will have a council housing department. That is really positive.

I know that there are fingers on the public sector borrowing requirement, and there are reasons why the Government are reluctant to give authorities' council housing departments the ability to borrow in order to build the homes we need, but that is clearly wrong. If the Government want to empower local communities to build the houses we desperately need, they are going to have to give housing authorities the power to borrow to build them.

Neil O'Brien: In general, the hon. Gentleman's question takes us a bit beyond the scope of the clause. However, the narrower part of it, which connects up with the good question put by the hon. Member for Nottingham North, gives me an opportunity to explain what the clause does and does not do.

The clause does not give a combined county authority unbridled power. It gives it the power necessary to do anything it considers appropriate for the purposes of carrying out any of its functions—its "functional purposes" in the law. That might include undertaking a feasibility study as a preliminary stage to an infrastructure project. The clause sets out boundaries and limitations for a combined county authority's exercise of its powers.

These are therefore broad powers, but there is still a requirement in law that they are related to the carrying out of its actual functions.

Question put and agreed to.

Clause 46 accordingly ordered to stand part of the Bill.

Clause 47 ordered to stand part of the Bill.

Clause 48

Power to make provision supplemental to section 46

Alex Norris: I beg to move amendment 41, in clause 48, page 43, line 11, leave out paragraphs (b) and (c).

This amendment would prevent the Secretary of State from conferring different general powers on different CCAs.

The Chair: With this it will be convenient to discuss amendment 42, in clause 49, page 43, line 37, at end insert—

> "(4) Where the Secretary of State makes provision under subsection (1), the same powers must be offered to all other CCAs subject to the consent of the appropriate authorities under subsection (2)."

Where the Secretary of State has conferred a general power of competence to one CCA, this amendment would require them to offer all CCAs the same powers.

Alex Norris: My notes are as extensive as saying, "Same principle." I might have to do a bit better in my explanation, but that is probably a sign not to speak for long on this clause either.

Clause 48 gives the Secretary of State the powers, essentially, to make clause 46 work—the ability to provide for the exercise of functional purposes. That argument was well made by the Minister and agreed with by all. What amendment 41 would do is leave out subsections (3)(b) and (c), as a way of saying to the Secretary of State that this power should not be conferred unequally. We should be conferring these powers as and when necessary to CCAs—I made that point earlier. As an alternative, under amendment 42 to clause 49, the Secretary of State must offer a general power to all if it has been offered to one. Again, that is in line with arguments that have already been made, which I will not repeat.

Rachael Maskell: I will be brief, because we have discussed these matters a number of times. The Committee has come to recognise that there will be asymmetry and that the powers will evolve at different times and in different authorities. That is the nature of devolution, and it is positive because it means local areas are in control of their own destiny. Capping those powers will have an impact on the economic ability and drivers of an area and will result in socioeconomic loss. Restraining local authorities in reaching their potential could mean that we do not see the growth and opportunity that a CCA could bring.

The amendments would enable more parity but also ensure that CCAs do not have different powers or descriptions. We want more symmetry in the ability to attain powers, and we will no doubt keep labouring the point at later stages of the Bill, because it is fundamental to devolution and who controls the process. The amendments very much go into the detail of that.

Tim Farron: I add my support to Labour's approach. I am not fixated on symmetry in terms of what devolution looks like across England, but like the hon. Member for York Central I am obsessed with symmetry of opportunity. The amendments would help to raise the bar and raise the expectations of all authorities so that they can see what powers they can aspire to.

If we do not have something like the amendments, and some communities, because they have a Mayor or for other reasons, are offered greater devolution—it is often more delegation than devolution—more powers and more responsibilities, that is not levelling up. It is quite the opposite: it is building privilege into some parts of the country over other parts of the country, and institutionalising privilege. Broadly speaking, it will be institutionalising privilege for urban and metropolitan areas that have city deals, Mayors and the highest levels of devolution and delegation of responsibility. Not allowing all parts of the country to opt in to having the greatest level of devolved powers, should they so choose, is a recipe for creating the need for a different kind of levelling up some time not very far in the future.

Neil O'Brien: This is indeed a continuation of the debate we have been having over several days now. We have stated our belief that one-size-fits-all arrangements of the type provided for by amendment 41 are antithetical to different areas having different functions and progressing at different speeds.

The effect of amendment 41 would be that, regardless of the functions conferred on different CCAs, unless the CCA has had conferred on it the broader general power of competence under clause 49, the conditions imposed on what can be done in pursuit of those functions will have to be the same. That would be an overly rigid approach, in practice requiring all CCAs to be at the same level before any conditions could be changed. That outcome, however unintentional, would not fit with our area-led and bespoke approach to devolution.

The general power of competence, introduced for local authorities by the Localism Act 2011, would allow a CCA to do anything an individual can do that is not prevented by law. For example, if a CCA does not have housing powers, the general power of competence would enable it to buy a house on the market, but it would not enable it to compulsorily purchase that house.

Amendment 42 would require the offer to all areas, implicit in this clause, to confer the general power of competence, if it is appropriate to their circumstance and if they want it, to be restated wherever it is so conferred. That requirement is unnecessary.

We have been clear that if a good case exists for any power to be conferred to any area as part of a devolution deal, we are open to proposals to do so that are in line with the devolution framework. Further, it could be unhelpful and inappropriate to be required to make an unconditional offer that might not be universally appropriate. To date, only three combined authorities have asked for this to be conferred, which we have done.

Both amendments seek to bind matters that should always be the subject of an individual agreement between the area and the Secretary of State, which Parliament will then have to approve. All variations will be public knowledge and the rationale for them will be subject to parliamentary debate informed by explanatory memorandums.

Rachael Maskell: I was very taken by the Minister's comments about an area-led process. It does not feel like this is area-led; it feels Secretary of State-led—the Secretary of State will determine what the powers will be. Would the Minister consider an amendment that facilitated a more area-led approach at a later stage of the Bill? If there were a more à la carte opportunity and authorities were ready to take on greater powers and responsibilities, could they assume those powers, as opposed to having to renegotiate a deal, which could be quite a bureaucratic process? They could access what other authorities have accessed, in a timely way. Would that be a suitable amendment to the Bill that was palatable to the Government as we move forward?

Neil O'Brien: Without wishing to repeat all the arguments we have been making over the last several days, I would argue that this is the à la carte approach. We are resisting a one-size-fits-all approach in which, if a power is offered to one area, it must be offered to every single area, and in which people can move only at the speed of the slowest. For all the reasons I have already set out, we will continue to resist that approach.

Rachael Maskell: I do not think this is about a one-size-fits-all approach by any means. It is recognition that different authorities will be—

The Chair: Order. These are very long interventions—almost small speeches. You can speak after the Minister to make these points. Please be as brief as you can.

Rachael Maskell: Thank you, Sir Mark. I was building my case, but I appreciate your guidance. I simply seek a different mechanism by which authorities could take on greater responsibilities, because it seems it is either full negotiation or a denial of being able to pick to expand. I wonder whether there is a halfway house that could be palatable to the Minister.

Neil O'Brien: As Members will have noticed from us having done six or seven devolution deals to continue to deepen deals we have agreed, and from the fact that we are working on deepening the devolution deals for the West Midlands and Greater Manchester Combined Authorities, we are prepared to go further all the time. That brings me to the end of my remarks.

The Chair: Rachel Maskell, do you wish to respond?

Rachael Maskell: No, I think I have said enough.

Alex Norris: The Minister knows that the Opposition approach is neither one size fits all, nor slowest pace. I concede that amendment 41 probably does not serve in that regard because it would have a restrictive impact. I take the criticism of the amendment, but the same does not apply to amendment 42, although I am not inclined to press it to a vote.

The Minister used the characterisation "à la carte". I thought that was the whole function of the White Paper. He instead talks about individual agreements, which I think is part of the reason we have the complicated set-up that we have now. I thought the whole purpose of the White Paper was the pursuit of the goal of everyone having the uppermost powers if they so wished. Individual agreements are clearly not going to be the most effective way to do that.

We are left in this curious situation where we seem to be more interested in and attached to what is in the White Paper than the Minister is. The point has been made, so I will not push the amendment to a Division. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 48 ordered to stand part of the Bill.

Clause 49 ordered to stand part of the Bill.

Clause 50

INCIDENTAL ETC PROVISION

Question proposed, That the clause stand part of the Bill.

The Chair: With this it will be convenient to consider clause 51 stand part.

3.15 pm

Alex Norris: Again, I will not detain the Committee for long. Clause 51, certainly, is very much a standard clause. I wondered, however, for the sake of our understanding and perhaps with reference to combined authorities or what the Minister might foresee for combined county authorities, generally what the provisions look like. What sort of properties, rights and liabilities are transferred? I am interested in a real-world example.

Neil O'Brien: I will have to write to the hon. Gentleman. Clauses 50 to 54 are basically technical provisions needed to make the CCA model work. Clause 50 grants the Secretary of State the power to make incidental, consequential, transitional or supplementary provision in support of regulations made under this chapter. I am happy to set out some examples for him in slow time.

Question put and agreed to.

Clause 50 accordingly ordered to stand part of the Bill.

Clause 51 ordered to stand part of the Bill.

Clause 52

GUIDANCE

Alex Norris: I beg to move amendment 43, in clause 52, page 45, line 16, leave out "may" and insert—

"must, within 6 months of the day on which this Act is passed,".

This amendment would require the Secretary of State to produce guidance on the establishment and operation of CCAs within 6 months of this Act receiving Royal Assent.

We are about to reach the end of chapter 1 of part 2, which relates to the formulation and mechanics of combined county authorities. Much of what will pass in the rest of part 2 is consequential and not much to debate, so this will be the last opportunity to make some points. I did not want to miss that opportunity, particularly on guidance.

The discussions we have had, and the mechanics of the organisations as laid out by the Minister, show that the CCAs are fiddly entities. There is much to be established, with Mayors, deputies, changing geographies, changing names, police functions, fire functions and much more. As detailed in the White Paper, at least 10 places are foreseen as potential partners for combined county authorities, so there is likely much to be understood in guidance.

I hope that my amendment is not necessary. It changes the provision allowing the Secretary of State to give guidance to one compelling them to give guidance. I hope that the Minister will tell us that the intention is to have guidance, because clearly there will be a need. I have suggested "within 6 months" of Royal Assent. That is not something to fall out over, but I am keen for a commitment that guidance will follow and to know when it might do so.

Neil O'Brien: The clause grants the Secretary of State the power to issue written guidance about anything that could be done under or by virtue of chapter 1 of the Bill by a combined county authority, combined authority, county council, district council or integrated transport authority. The relevant authority must have regard to any guidance given in exercising any function under this chapter.

The amendment, as we understand its intent, is misplaced. The reference to guidance in the clause relates to the requirement for an authority to have regard to the guidance in exercising a function conferred or imposed by virtue of chapter 1. I can undertake that areas wishing to establish a CCA will be made familiar with the processes required of them during their devolution deal negotiation. We will help them to do all those things. Officials will continue to work closely with area officials to ensure the successful implementation of deals and the establishment of CCAs.

[Neil O'Brien]

The Secretary of State has no immediate plans to issue guidance. The ability to do so via this clause provides maximum flexibility should the issuing of such guidance ever be appropriate. I hope that reassures hon. Members.

Alex Norris: I am a little surprised that the intention is to provide guidance in a kind of ad hoc manner directly from officials to area officials. It would seem to me valuable for that to be a common and publicly shared thing, not least so that the public can understand it and get the sense that these processes are being done transparently, rather than in phone calls that they do not have access to. I am a bit surprised by that. I will not labour the point by pressing for a Division, but perhaps the Minister will reflect on it. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 52 ordered to stand part of the Bill.

Clause 53 ordered to stand part of the Bill.

Schedule 4 agreed to.

Clauses 54 to 70 ordered to stand part of the Bill.

Clause 71

CAPITAL FINANCE RISK MANAGEMENT

Question proposed, That the clause stand part of the Bill.

The Chair: With this it will be convenient to consider amendment 45, in clause 195, page 196, line 33, at end insert

"but the Secretary of State must formally consult representatives of local government before making such regulations"

This amendment would delay the implementation of clause 71 until a formal consultation has taken place with local government representatives.

Alex Norris: Clause 71 proposes to give the Secretary of State significant powers to intervene in a local authority, including limiting borrowing and/or directing a local authority to sell specific assets. Such an intervention would follow a review that could be triggered by assessment against specific financial formulae, the thresholds for which are to be set by regulation after the Bill has received Royal Assent. It is slightly difficult for this Committee to understand the wisdom of that without knowing those thresholds. That goes with the lack of an impact assessment and, in this case, incomplete information, which makes the ability to judge quite difficult.

The local government family have expressed concern about this, including concerns voiced by their membership body, the Local Government Association. I understand that the measures relate to Government concerns about councils' approach to capital and borrowing, and we need to set that in context. As the LGA highlighted in an intervention last week, rising energy prices, rising inflation and national minimum wage pressures are set to add £3.6 billion in unforeseen extra cost pressures on council budgets by 2024-25. That is on top of the £15 billion cut to council budgets by central Government over the previous decade. Councils are simultaneously managing significant spending reductions and growing demand for services, certainly in adult social care and child social care—both sectors are significant growth lines on local authority budgets.

The reductions in central Government grants since 2010 have understandably led councils to look for new ways to generate revenue in order to secure services in the long term and move towards greater self-sufficiency. Indeed, that was the direction, and the characterisation of the period between 2010 and 2015, and the Secretary of State at the time—now the noble Lord Pickles—was saying, "Commercialise, commercialise" so that councils could become financially self-sufficient, on the understanding that central grants would whittle away to nothing. They are well on that trajectory.

Councils have been pushed into that sort of commercialism and borrowing. There is also a case about place making. Councils have made investments to contribute to their local economy and their environment, such as building new houses, introducing energy efficiency improvements and providing necessary infrastructure such as schools and roads. There is a growing conversation about high streets and town centres—a significant part of this legislation. Again, councils would love to enter that space so that there is a public interest in how landlords are motivated on our high streets.

Councils have to follow strict rules and assessments, as required by the Department for Levelling Up, Housing and Communities. The Chartered Institute of Public Finance and Accountancy's prudential code for capital financing in local authorities also needs to be followed when making borrowing and investment decisions. Those rules have been reviewed and updated in just the past few months.

Given that framework and the new rules that councils already have to follow, I am keen to hear from the Minister a clarification on what the enhanced intervention process is likely to mean in practice. It is crucial that the proposed changes do not have unintended consequences, and there is a danger that a strict, hard-and-fast, formula-based approach, as hinted at in the Bill, could have wide and perhaps unintended implications, particularly if there are any problems with the thresholds and the metrics that the Government have not yet identified in terms of how they work in practice. They may not be proportionate to the scale of the issue that the Government are seeking to address.

I understand that the Government have said that the stated intention is only for a handful of councils to be affected, but if the levels are not set right or if the calculations are not done effectively, I dare say that the trigger point could tip an awful lot together at the same time, because there is generally quite a lot of herding in this sort of space.

The purpose of the amendment is therefore to ask the Government to undertake full engagement with local government, including full consultations with councils and their representative bodies before enacting the regulations. The advice from councils and the LGA would assist the Government in preserving that legitimate and important concept of prudential borrowing, which we would all support, while ensuring that the new arrangements genuinely address the Government's concerns.

3.30 pm

Neil O'Brien: The Government recognise the importance of prudential borrowing and local capital investment for economic growth, improved public services, and meeting local priorities such as housing delivery. That is

why we need a robust system that supports the benefits of local decision making and allows for sensible investment, but also that safeguards taxpayers' money and protects the local government finance system.

In recent years, a small minority of local authorities have taken excessive risks with taxpayers' money: they have become too indebted, or have made investments that have proved too risky. To give some examples, local authorities have engaged in investment activities in markets they know nothing about, such as energy companies, and lost tens of millions of pounds of taxpayers' money. Some have not had the governance structures in place that would enable them to make, or assure themselves of, investment and borrowing decisions. Some have borrowed up to £1 billion when they have only had a core spending power of just over £10 million, and others have not set aside funds to pay off their debt when it becomes due. The National Audit Office reported that 20.8% of local authorities' property acquisitions in the period 2016-17 to 2018-19 were outside of their region. In summary, there have been a number of problematic activities, which clause 71 seeks to address. The Government have been consistent and clear in their messaging that they will take action to address such activities as needed.

The National Audit Office and Public Accounts Committee have reported on the risks to the financial system, and the need for urgent action to address them. The Government are making changes to the capital system to support good decision making and constrain risk, but they must also have the powers to directly address excessive risk where necessary and appropriate. The changes will provide a flexible range of interventions for the Government to investigate and remediate issues where capital practices have placed financial sustainability at risk.

To be clear, the Government have no intention of restricting the activities of local authorities that operate responsibly. We are clear that measures must be as targeted and proportionate as possible to protect local services and taxpayers, while letting the Government mandate remedial actions where needed.

However, as the examples I have given show, the need for action is pretty clear. The metrics and thresholds that will underpin the new powers will be set in regulations, as the hon. Member for Nottingham North said, and we will of course engage with sector experts and local authorities and consult widely as we develop those regulations to ensure they are fit for purpose. That is exactly our intention, as the hon. Gentleman suggested, and it is why I hope the Committee will support the clause.

Alex Norris: I am grateful to the Minister for his answer, and for the oblique references he included in it—there was a well left Easter egg, which I was able to find very easily. In return, I might say—equally obliquely—that if such local authorities had not been more than £60 million worse off in real terms over the past four years, some of those decisions might not have been made. I also say that such concerns have not stopped Ministers in the Department, or indeed the Minister himself, from seeking to bestow more powers and resources on those local authorities, so there must be some limit to the concern that the Minister would have in such cases, were they to occur. I would also suggest that significant mechanisms are already in place, as the Minister has hinted at and as I know very well myself.

However, the Minister has given a generous assurance, one that will be welcomed by the sector, which will be very keen to take part in that process. On that basis, we are happy to support the clause.

Question put and agreed to.

Clause 71 accordingly ordered to stand part of the Bill.

Clause 72

Long-term empty dwellings: England

Alex Norris: I beg to move amendment 61, in clause 72, page 81, line 4, at end insert—

"(za) in section 1(b), leave out "the relevant maximum" and insert "300";

(zb) omit subsections (1A) to (1C);.".

This amendment would raise the maximum level at which local authorities can set council tax on long-term empty dwellings.

The Chair: With this it will be convenient to discuss the following:

Amendment 78, in clause 72, page 81, line 9, leave out "1 year" and insert "6 months".

This amendment would reduce length of time before the Local Authority could charge the higher rate of Council Tax on long-term empty dwellings.

Amendment 62, in clause 73, page 81, line 28, leave out "100" and insert "300".

This amendment would raise the maximum level at which local authorities can set council tax on dwellings occupied periodically

Amendment 63, in clause 73, page 81, line 31, at end insert—

"(c) the dwelling is available to let for less than 252 days and actually let for less than 182 days in any 12-month period".

This amendment would increase the threshold at which properties are liable to be charged council tax.

Amendment 81, in clause 73, page 81, line 33, leave out "one year" and insert "six months".

This amendment would reduce length of time before the Local Authority could charge the higher rate of Council Tax.

Alex Norris: The country is currently in the depths of a severe housing crisis, with a lack of supply of affordable homes and opportunities for young people and families to get on to the property ladder. Members across the House will know from our casework just what a profound challenge that is, and how damaging the lack of affordable homes is for younger generations. Its impact is felt all over the country and across all communities in some way, but I think the problem is particularly acute in our coastal towns and holiday hotspots. Steep price rises due to a considerable trend in people buying second homes are having a significant effect on local housing markets in such places. This trend has only been accelerated and exaggerated by the pandemic, as working patterns have changed.

Local residents in holiday towns, particularly those with families going back generations in their home town, are being squeezed out of the housing market and forced to look elsewhere, as property is bought for second homes, rather than to help locals get on to the property ladder and have somewhere to house their families. As fewer properties become available and local

[Alex Norris]

supply is reduced, house prices rise inexorably and local people are forced to contend with the vicious circle of a lack of supply and rising prices.

There is a significant problem. The housing crisis will be played out in days to come. There is a desire across the House to address it. At this point, I am particularly talking about holiday hotspots and coastal towns. Tight-knit communities are being hollowed out and left like ghost towns for significant parts of the year, outside of holiday seasons. We have heard stories of village pubs boarded up and the village shop on the brink, such is the lack of custom. Whole primary schools are closing, as there is a generation of lost children. Unfortunately, our local authorities do not have the right tools to really grip the situation and protect their local communities.

That is why it is welcome that clause 72 is in the Bill and that the Government are entering into this space and sees it is as their responsibility to allow local authorities to place a 100% council tax premium on long-term empty dwellings or dwellings occupied only periodically. However, the Opposition do not think that goes far enough to give local authorities real power to make the right decisions for their communities. Amendments 61 to 63 seek to improve the Bill in that way.

The offer in the amendments is for 300% as the premium, rather than 100%, as introduced in amendments 61 and 62. That applies to long-term empty dwellings and dwellings occupied only periodically. That means unused properties or second homes, frankly. We think that enhanced premium would be better. We have a recent comparable example in Wales. The Welsh Labour Government have been pioneers in this area. These amendments seek to introduce for England the recent changes we have seen in Wales.

Amendment 63 proposes that the threshold at which a point of dwelling is liable for business rates instead of council tax is raised substantially, so that those with second homes who seek to circumnavigate council tax by letting their property for just a short amount of time are no longer able to do so. At present, those who intend to let for 140 days and actually let for 70 can access a loophole whereby they will then qualify to pay rates instead of council tax.

Amendment 63 seeks to raise that threshold to 250 days and 182 days respectively. This would not only close the loophole for those seeking to avoid council tax; it would also provide—I think this would be beneficial for all concerned, including those who have holiday lets and want to operate them in the right way—a better delineation of what is a genuine holiday let, with lets provided all year round by a genuine business contributing significantly to the local economy and therefore legitimately qualifying for a business rate. As well as that being right for ordinary residents and people in general, it is also better for business that it is a level and fair playing field. A proper business with holiday lets would not be affected by an increase in the threshold.

I think we can deliver a win-win for coastal towns and holiday hotspots. By acting to close this loophole, we will get more empty homes back into productive use, while raising additional revenue to support local services, keeping council tax down and putting money into the local economy too. Indeed, that is pretty much verbatim what the Department website said when announcing the proposals for a 100% council tax premium. I think we are in the same place conceptually; it is more about the level. Again, these things would not be obligatory—they would be for local decision makers—but let us trust them, entrust in them the power to protect themselves from the scourge of empty and second homes, and empower them to fix their local markets for younger people, so that we can maintain our thriving coastal towns and villages for generations to come.

Tim Farron: Last week we covered the report from the Rural Services Network, which showed that if rural England was a separate region, it would be the most needy of all the geographical regions on the Government's metrics, and this issue is one of the reasons why. We have a housing catastrophe in many parts of our country, especially in areas that we might call holiday hotspots. Although the problem does not affect rural areas only, it is principally found in rural or coastal areas, as well as in our historic towns and cities.

In the communities that I represent, before the pandemic 83% of homes in places such as Elterwater were not occupied, and well over 50% of homes in many other communities were not permanently occupied. Since the pandemic, estate agents in Cumbria estimate that between 50% and 80% of all house sales have been in the second home market. A crisis has become a catastrophe, and we do not have time to stroke our chins and issue calls for evidence when it is blindingly obvious what the problem is and what the solution is. One of the solutions has to be tax based.

When a community loses a permanent population, it simply dies, which is obviously tragic for the people who remain there. The census data released in the last few days shows that the retired section of our community in the south lakes has increased by 30% over the last 10 years, and that there has been a huge drop in the number of people in the younger age groups. That is miserable. It means that families are broken up, that communities that should be vibrant are not, and that areas soon lose their school, pub, church, bus service and shop. All those things cease to exist if there is not the footfall and the permanent population to underpin them, but a community also completely loses its workforce.

One of the huge problems across the country, but particularly in places such as my constituency, is that we have seen a decimation of the workforce as long-term rental properties become short-term—principally Airbnb—holiday lets. As houses that were family occupied or locally occupied become second-home boltholes, we see an evaporation of the working-age population. I have a couple of quick stats—I cannot remember whether I have mentioned them in Committee, because I mention them regularly in other places. A survey of its members by Cumbria Tourism showed that 63% of tourism businesses in the lakes last year had to operate below capacity because they could not find enough staff.

What does that mean for our economy? The £3.5 billion tourism economy in Cumbria could be an awful lot more, but we are not working at capacity because we cannot find the staff, and this is one of the reasons. People find themselves in a ridiculous situation whereby they might rent a holiday cottage in the lakes or the dales—a nice place—for a week or so, but they end up not being able to get a bite to eat. Why? Because the cottage that they are renting was the chef's house last year.

All these anecdotal issues lead to an overall picture of a serious problem that the Government surely know about, because many of us have raised it time and again, but are doing precious little to rectify.

We have the potential to use council tax as a mechanism to ensure that people do not use the loophole of renting out their second home for 70 days a year, then qualifying as a small business that does not pay any council tax or business rates. That is not acceptable. Thousands of people who own homes in my constituency use that loophole, but it should be closed and we should increase the number of nights that someone has to rent out their property before it counts as a business. We should even consider charging council tax on all holiday lets and be done with it. We are not saying that every council must do that; we are saying that authorities should have the power to do so. If the Bill is about empowering communities rather than telling them what they must or must not have, we should give councils that power, because it can make a huge difference. If we were to treble the council tax for Coniston alone, we would raise just over £1 million a year from that one village. What could it do with that money? It could pump-prime affordable housing projects. It could subsidise its primary school and secondary school so that they had the resources to match the number of kids that they should have in the first place. It could support the post office and rural bus services. All those things could be done.

3.45 pm

If the Government were actually concerned about levelling up rural England—places such as Cumbria and all the other places that have been put under pressure by the housing catastrophe caused by the explosion in second homes and holiday lets over and above the numbers before the pandemic—they would accept amendments such as these.

Rachael Maskell: I rise to support amendments 61, 62 and 63 and speak to amendments 78 and 81. The rural economy has been eloquently described, but I want to talk about my city of York, which is a centre for visitors—we had 8 million pre-pandemic and I am sure we will climb back up to that number again.

The staycation economy has driven a new clientele into our city. In what we are calling an "extraction economy", investors from London and the south-east are purchasing properties as second homes—whether for private or Airbnb use. Already we can see the inequality building. What is happening is not levelling up. Investors are extracting not only properties from people in my city but the money they get from the properties, which goes back to London and the south-east.

We are left all the poorer, and that means that many in my community are without any housing whatever. In fact, people have been going door to door offering cash to residents in social housing. They say that if the residents purchase their homes under right to buy, they will buy the house from them. I have heard stories of people paying up to £70,000 more for a property that is then used in the investment economy, rather than for people in our city.

The housing crisis could be controlled if the Government put curbs on such activity and ensured that properties were not only developed—we will come to that—but were available for people locally. I have the same challenge to the local economy that we have already heard about in this debate. The hospitality, retail and tourism industry is so strong in York that we do not have enough people to work in it—not least because the pay is low. The overpricing of properties is heating up the market and then pushing people out. |On top of that, there is the problem of the reduction in available stock.

The issue also impacts our public services. We cannot get the social care staff or recruit to our NHS because there is nowhere to live. Families and young couples trying to buy their first home save up for their mortgage, only for that opportunity to be snatched by someone sweeping in and buying up the property. They are having to save up more and more but never realise their aspiration of owning a home.

We are beyond a crisis point: this issue is impacting on the economy, pushing families away, gobbling up residential housing for purposes for which it was not developed in the first place, and destroying communities and the infrastructure. People can now walk down streets in York where four, five or six properties are either second homes or holiday lets, and that, of course, is breaking up the community.

The worst situations that I am hearing about are of families pushed out of the city by section 21 notices. They have to take their children out of school and go to live miles away. What is happening across our communities is really destructive, so we need to put the right deterrents in place. We may have to go further than even these amendments are calling for to try to fix the challenge.

I would argue that a council tax rise of 200% or 300% in the first instance is a modest measure. Wales is the first place to have introduced this kind of rise in council tax, but it still has not been sufficient to deter people from purchasing second homes in Wales. Often the purchasers are asset-rich people who saved a lot of money during the pandemic, so having to pay an additional £3,000 or £4,000 a year is something they build into their costings. Those who go into other sorts of property—for example, leasehold property—are already paying thousands of pounds a year in management costs for the right to live in the property, so actually these are small measures compared with the excesses and headroom that the purchasers of these properties are expecting. The measures will provide resources for local government, for which this is a win-win—both getting the money in and creating a sufficient deterrent. That is why we should give local authorities the powers to decide, should they have need, to impose the additional levy on second homes and ensure that it works for their community. Of course, we would argue that local authorities do not have to do that, but having the option available is important.

Amendment 78 is about how to better determine the duration of occupancy that applies, taking it down from one year to six months. The housing market is moving fast at the moment, so this option should be considered as a way to address the issue far faster, especially in properties that are not primary residences, and to benefit the community by deterring the purchase of second homes. Pacing it, making the increased council tax not mandatory but optional, is really important. Shortening the timescale is appropriate.

Clauses 72 and 73 provide definitions around empty properties. We know that there has been some latitude in how that has worked for businesses that have emptied

[Rachael Maskell]

their property to avoid business rates, but it also works for residential dwellings. It is important that we maximise the opportunity to bring the properties forward and implement the curbs and protections needed in the local area.

Amendment 81 would enable a billing authority to make its determination in six months, rather than a year, so that the authority could see the financial award in-year. That will be important to balancing finances while giving local authorities enough revenue to inspect the properties to determine whether they are occupied or unoccupied, which will enable them to ensure that they get the right levy on the properties to pay the additional council tax for which the amendments call.

Neil O'Brien: I am sympathetic to many of the points made by Opposition Members. The Bill tightens the tax treatment of empty second homes to free up those homes for use by the community. The question is one of balance, of course.

Broadly speaking, the amendments would make the premium paid on second or empty homes more punitive. I absolutely understand the issues that the amendments raise, but they risk unintended consequences for our communities. For both second and empty homes, the amendments would shorten the time before a premium could be applied, and increase or bring forward the maximum that the council could choose to impose. We all want homes to make a positive contribution to the community, but we need to get the balance right between dissuading behaviours that none of us want to see and accidentally catching legitimate uses of properties that benefit communities. The Government believe that homeowners should have sufficient time to take steps to bring an empty property back into use. There is no hard and fast rule for calculating that period, but our judgment is that 12 months gets that balance right. A reduction to six months, as proposed by the hon. Member for Nottingham North, would create a number of challenges where there are very good reasons for a property being empty for a reasonable period, such as substantial refurbishment or a delayed sale. Often, family life is complicated, hence our judgment that 12 months gets the balance right.

For the same reason, an empty property has different impacts on the local community, depending on why and for how long it has been out of use. The Government believe it is appropriate to allow councils to increase the council tax premium in stages that reflect the length of time a property has been left empty, rather than imposing it immediately at the six-month point. We understand and sympathise with the point that a high concentration of second homes can hollow out communities, but they can also benefit local economies and tourism, allowing people to work in and contribute to the local economy and return to a family home in another part of the country.

Rachael Maskell: Will the Minister give way?

Neil O'Brien: I will give way in a moment, but I will make some progress first. We have already introduced a higher level of stamp duty for the purchase of second homes, and the Bill could double the council tax bill for those properties, providing additional council tax income for councils to invest in local services and communities. We are investing £11.5 billion in the affordable homes programme, delivering up to 180,000 affordable homes. The Bill includes provision for the Secretary of State to adjust the level of the second homes premium in the future, but we need to see the impact and assess the evidence before considering different arrangements in the council tax system.

Wales has been mentioned a couple of times. So far, only three authorities in Wales are using the 100% premium, and the 300% premium will start only next spring. The hon. Member for York Central said that it was not a sufficient deterrent to stop purchases. The truth is that we do not yet know that because it has not come into effect. We do not know how many authorities will use it and what its effects will be. She talked about these being small measures, but it is useful to talk about what it means in cash terms—pounds, shillings and pence. If, in a place like North Norfolk, we took a typical council tax band D property at roughly £2,000, going to a 300% second homes premium would mean a council tax bill each year of £8,120. In Scarborough, it would mean a bill of £8,386. In South Lakeland, it would be £8,242, and somewhere like Dorset it would mean an annual bill of £9,160. These are not trivial sums of money, and it is right for us to consider the impact of the initial measures of the 100% precept before we decide to go further.

Tim Farron: We are contemplating radical measures, and we are dealing with a catastrophe. We are doing our very best—surely we should be—to get the stable door shut before all the horses bolt, and if we ponder and contemplate our navels any longer, there will no horses—no community—left whatever. The problem will have solved itself by fulfilling the terrible prophesy of where I fear we are heading. If the Minister is taking this incremental, cautious approach, might he consider letting national parks be the pilots? I have asked both the Yorkshire Dales and the Lake District national parks. They are both up for it. They would bite his hand off if he offered them the opportunity through their constituent local authorities to double or triple council tax on second homes just within their own boundaries.

Neil O'Brien: My fellow Minister, my right hon. Friend the Member for Pudsey, is doing roundtables to explore the different possibilities on that point. I am sympathetic to what the hon. Gentleman says about the scale of the problem. We are seized of it, and there are multiple things we are looking at to tackle it. On the numbers I read out, if someone has a £9,000 council tax bill for a band D property—never mind an expensive fancy property—that is a non-trivial sum of money. That is quite a lot of money for a band D property.

Tim Farron: Brilliant.

Neil O'Brien: The hon. Gentleman says, "brilliant", but the people who made a long-term commitment to those communities and who face a £9,000 tax bill would be unlikely to have the same reaction. However, as the hon. Gentleman says, they are one local stakeholder, and there are others as well.

However, as the hon. Gentleman says, they are one local stakeholder, and there are others as well. Our argument, which I think he understands, is that although

we will have the powers in the Bill to go further and to do the 300%—we will not need to legislate again—it is sensible to look at the effects of things before making further adjustments. *[Interruption.]* I think he is keen to speak before I turn to amendment 63.

4 pm

Tim Farron: The Minister is very kind. In a Committee such as this, I should not be chuntering from a sedentary position when it is easy to get up and contribute, particularly when he is generous with his time. I will chunter standing up, if I may. Those are not trivial sums—they might be impactful and make a difference.

Now, do I feel for somebody with a second home? There are plenty of people who do so. I remember, as a kid, "Not the Nine O'clock News" taking the mickey out of the awful things happening in parts of rural Wales—"Come home to a real fire; buy a home in Wales"—and I absolutely do not want the tone of this discussion to be one of demonising people who have second homes. This is a property-owning democracy and people have the right to use their money the way they wish.

However, true Liberals stand for the rights of those people whose rights have been trampled on by others, and there is sometimes a balance. If we have people owning properties in communities, and those communities dying out as a consequence, we must do something. Either we can change planning law, which might also limit the issue—we should do that too—

The Chair: Order. This is a very long intervention. If you want to speak after the Minister—

Tim Farron: I simply want to say that a large sum of money would act as a disincentive, and given the crisis that it would tackle, it is worth considering; it is worth looking at pilots to do this in the first place.

Neil O'Brien: I think the hon. Gentleman has in a sense answered his own question, in so far as there are indeed multiple policy tools that we can use to tackle something that we regard as a very serious issue. We are absolutely seized of the fact that, in particular parts of the country, there are hotspots that need action.

I think hon. Members have heard the argument that I have set out. On this issue, we will have the power to go further in the Bill—even further than we are already going, which is pretty far—but we would like to see the evidence and make our plans in the light of evidence, rather than simply jump to that now, given the large sums of money involved.

Turning to amendment 63—

Rachael Maskell: Will the Minister give way on that point?

Neil O'Brien: I will just get on to amendment 63 first. Second homes are furnished properties for domestic use by someone who has their main home elsewhere. Owners may occasionally let that property out, but second homes are primarily for personal use. I think I understand what the hon. Member for Nottingham North is trying to get at with these amendments—he is thinking, I think, of some of the changes to use classes, and things like that, which happened in Wales. Again, that is something that we are actively looking at. It is a serious thing to look at.

On this amendment, there is a blurring of two different things. The hon. Member is bringing in questions about how long a second home can be let out before it should be treated as a business. He will be aware that, at present, where an owner intends to let their property out for short periods, totalling at least 140 days in the coming year, it will generally be treated as a holiday let and liable for non-domestic rates. Properties liable for non-domestic rates would not be in the scope of the second homes council tax premium. I therefore think there was a blurring of those two different things.

Alternatively, the hon. Member may be seeking to increase the thresholds under which a property is treated as a holiday let. Following consultation, the Government have recently taken action to strengthen those thresholds. From April 2023, holiday lets must have been rented out for at least 70 days in the previous year, on top of being advertised for 140 days, to be liable for non-domestic rates. The amendment does not change that, so I am not sure that it has the effect the that the hon. Gentleman wishes.

Additionally, the recent consultation on a similar proposal in Wales demonstrated that there is a real risk that genuine self-catering businesses, making an important contribution to local economies, may not be able to meet the new higher thresholds. I am sure that is something none of us would wish to see.

Broadly, the new rules coming into force in April in England strike a balance between requiring proof of letting and marketing and protecting genuine businesses in a variety of different circumstances. There are, of course, a wide variety of circumstances. We are providing for holiday lets operating in a range of different circumstances, not just those in the most popular tourist destinations. Our rules also provide for new businesses—those just getting going—rural lets, and those with more restricted letting seasons, while protecting the system against possible abuse. We will of course keep those thresholds under review, but we should understand the impact of the forthcoming changes before we take any further action.

To summarise, we are sympathetic to many of the points that have been made and we are taking action in this Bill on many of those points. On some of the points, we will have the powers to go further, but before doing that we will want to look at the evidence. On other issues, although we are looking at the boundaries between the short-term let and the second home, we think there are probably different and better ways to get into those subjects than the amendments. We therefore hope that the amendment will be withdrawn, notwithstanding the fact that we are actively looking at many of those issues.

Rachael Maskell: I am sorry that the Minister did not take my interventions, because I had some points to make in response to his speech. First, on the assumption that the properties used as second homes are in band D, many are in band B, and therefore will be paying £1,440 in council tax. The sums he talks about could be about half, if not more.

Neil O'Brien: The hon. Lady should recognise that that is symmetrical—some of the properties will above band D; therefore the numbers will be much higher even than the £8,000 to £9,000 figures I have been quoting.

Rachael Maskell: I am talking about the impact that is having on my city of York. Many of those properties are in band B—they are smaller properties that people purchase because available properties are few and far between. Even if it was band D, we are only talking about £1,852.45 council tax. It will vary across the country, and that is why giving more powers to local authorities to make those choices is important. The financial deterrent in York will not be there with 100% council tax. As a result, those properties will continue to be purchased and the measures will have little impact. That is why it is important that the Minister has an understanding of the breadth of challenges faced in different communities.

I am looking forward to the Housing Minister coming to York for a roundtable to look at the Airbnb situation. We have specific issues and it is about the pace with which they are occurring, in a holiday destination. That is why the pilot should not just be in rural areas but in cities that are holiday destinations, because it is having a massive impact. There needs to be a bit more reality in the Government's analysis.

The other point that I wanted to take up with the Minister in an intervention was the benefit to tourism. I would like to see the evidence of that, and to know the basis on which he made that statement. In York we now have an unregulated tourism market, versus a regulated tourism market of the traditional B&Bs and guesthouses that are losing trade at such a rate that they are going out of business. That is having a negative and incredibly destructive impact on our tourism industry. These measures will not provide sufficient deterrence against the impact on our city.

I appreciate that the Minister's analysis may be in particular areas of the country, but it will not touch our city. That is why I urge him to carry out more research and to understand the different impacts on different communities in the country. We need to ensure that my local authority has the ability to put the right deterrent in place at the right level in order to deter this extraction economy that is, bit by bit, destroying the context and fabric of our city, our industries and people and families. For that reason, I urge the Minister to reconsider.

Tim Farron: I appreciate that the Minister is referring to planning, which I mentioned as another means of controlling, limiting and even reducing the number of second home owners and holiday lets, to create a higher proportion of permanently occupied dwellings in communities such as mine. We will deal with that later in the Bill. He said that there are a variety of mechanisms —yes there are, so let us use them, and he is one of them.

It could be argued that planning is a slightly blunt instrument, but there is nothing more blunt than an unregulated and failing market that is killing my communities. The Minister speaks as if that is something that we have only just discovered. It is not; it has been going on for decades, and has become catastrophic in the last couple of years. As geographers and geologists would tell us, erosion takes places over a long time, but one day, when there is some really bad weather, a whole piece of cliff falls into the sea.

That is what has happened to the housing market in communities such as mine in the last couple of years. The situation is already terrible: 83% of homes in Elterwater are second homes. I can name lots of other places with similarly high levels of homes that are empty all year round. People have the right to own and visit their second homes, but their right compromises the right of a much greater number of people to own even a first home. Sometimes, rights and liberties clash, and that is when we have to decide whose side we are on. Are we on the side of people who have plenty of rights already, or the side of those who have nothing? I am on the side of people who have nothing and who want to have a home and make their communities vibrant.

As the hon. Member for York Central mentioned, the tourism economy and its leaders are not in favour of the situation, and they want action. They will say, "Yes, holiday lets are a key part of our tourism economy, but if you get to the stage when there are so many of them that there is no community left for people to visit, and the workforce cannot afford a home anywhere near to where they work, so that the economy just suffers and ceases to function, that is problematic."

I appreciate the Minister's sympathy, but it is not enough. The Government say that they are looking at and investigating this, and that the Housing Minister has his roundtables. That is all very welcome, but we know what the problem is and what some of the solutions are. The frustrating thing is that the Bill is a golden opportunity to do something about the problem, rather than kicking it into the long grass and stroking our chins while our communities die.

Alex Norris: This has been an excellent debate. The contributions from my hon. Friend the Member for York Central and from the Liberal Democrat spokesperson, the hon. Member for Westmorland and Lonsdale, have offered excellent explanations of how the problem manifests itself in two different communities with similarly profound effects.

I apologise to the hon. Member for Westmorland and Lonsdale, as I was absent for what I hope was an imperceptibly short part of his speech. I was startled to read in the notes that my hon. Friend the Member for York Central made for me that vacancy rates in his part of the world are 50% to 80%. That is extraordinary; what a profound impact it must have.

I was interested in the Minister's response. We do not intend to press the amendment to a Division. I am glad that, through amendment 63, that is still an active process. If there is a better way than the one we have suggested, we would very much be up for doing a deal. The principle is settled and agreed; it is the level that is in dispute. The Government have settled on 100 days in the interests of balance. Perhaps that is a case of test and learn, which I think is something that will be littered through the next set of proceedings. There are circumstances in which that approach is a good one, but there are others in which it is used as a comfort instead of being brave. We will not always know which of those things apply; in this case, I wonder if it is the latter.

The Minister is right to say that they are non-trivial measures to bring in, and there will be a non-trivial impact on those who are affected, but as hon. Members have said, the impact is already non-trivial. The measures

are definitely not an order of magnitude greater than the problem, because the problem is really significant. I will not press the amendment to a Division, because we will have opportunities to pursue the matter as the Bill progresses, and this exceptionally important problem will not go away. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Ordered, That further consideration be now adjourned. —*(Miss Dines.)*

4.14 pm

Adjourned till Thursday 7 July at half-past Eleven o'clock.

Written evidence reported to the House

LRB13 Mayor of London
LRB14 City of London Corporation