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Monday
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PARLIAMENTARY DEBATES
(HANSARD)

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The first time a Member speaks to a new piece of parliamentary business, the following abbreviations are used to show their party affiliation:

Abbreviation	Party/Group
CB	Cross Bench
Con	Conservative
Con Ind	Conservative Independent
DUP	Democratic Unionist Party
GP	Green Party
Ind Lab	Independent Labour
Ind LD	Independent Liberal Democrat
Ind SD	Independent Social Democrat
Lab	Labour
Lab Ind	Labour Independent
LD	Liberal Democrat
LD Ind	Liberal Democrat Independent
Non-afl	Non-affiliated
PC	Plaid Cymru
UKIP	UK Independence Party
UUP	Ulster Unionist Party

No party affiliation is given for Members serving the House in a formal capacity, the Lords spiritual, Members on leave of absence or Members who are otherwise disqualified from sitting in the House.

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House of Lords

Monday, 8 June 2015.

2.30 pm

Prayers—read by the Lord Bishop of Derby.

Several noble Lords took the oath, and signed an undertaking to abide by the Code of Conduct.

Smith Commission: Implementation

Question

2.37 pm

Asked by Lord Wigley

To ask Her Majesty's Government whether they regard the implementation of the recommendations of the Smith Commission as an adequate response to the outcome of the general election in Scotland.

The Parliamentary Under-Secretary of State, Scotland Office (Lord Dunlop) (Con): My Lords, the Scotland Bill will deliver in full the historic Smith commission agreement to devolve further powers to the Scottish Parliament within a strengthened United Kingdom, as agreed by all the main political parties in Scotland last November. The implementation of the Smith commission agreement shows this Government's commitment to make the Scottish Parliament one of the most powerful devolved parliaments in the world.

Lord Wigley (PC): My Lords, before the referendum on 18 September last year, many people in Scotland were led to believe that home rule was on the table. The Smith commission report in no way fulfils any meaningful interpretation of the term "home rule". In those circumstances, is it not now time to look at new solutions—a balanced constitutional solution for the United Kingdom, on a confederal basis—that can meet the aspirations of Scotland, Northern Ireland, Wales and, indeed, England itself?

Lord Dunlop: My Lords, the Smith agreement was agreed by all five of Scotland's main political parties. I believe that is the first time in the history of devolution that that has happened. It will create, as I have already said, one of the most powerful devolved parliaments in the world. This Government's commitment is to deliver Smith in full, and we are doing so. Of course, as my right honourable friend the Prime Minister has said, we are open to sensible, evidence-based proposals that others might wish to table. However, I should make two points. It is only just over nine months ago that the people of Scotland voted clearly and decisively to remain within the United Kingdom, with all the benefits that that involves, and we need to respect that. It is also worth making the point that for those who believe in separation, there is no package of further devolution that will be sufficient.

Lord Forsyth of Drumlean (Con): My Lords, does my noble friend not agree that, given that the SNP repudiated the Smith commission proposals before the ink was even dry on them, and given that the three unionist parties—the Conservative, Liberal and Labour parties—got only one seat at the subsequent general election, the Smith commission proposals are clearly not going to meet the aspirations of the Scottish people, and that we need a constitutional convention that will provide a solution that meets the needs of all parts of the United Kingdom and provides some stability, so that we can get on with discussing health and education and the things that matter to the people of Scotland?

Lord Dunlop: My Lords, it is not a characterisation I would agree with that the electorate of Scotland repudiated the Smith agreement. Every one of the manifestos of all the main parties, including the SNP, included a commitment to take forward the Smith agreement. Of course, there will be discussions, and I know that there are many views within this House about how best to do that, but the main objective—the Government's main commitment and priority—is to take forward the commitment we made to implement the Smith agreement.

Lord Reid of Cardowan (Lab): My Lords, the Minister will recall that, having agreed the Smith commission proposals, the SNP then wanted to go much further: for full fiscal autonomy on the basis of its rather spurious estimate for the future of the Scottish economy. That was based on oil at \$113 a barrel. This morning, oil was around \$60 a barrel, opening up a £7 billion or £8 billion black hole in projected Scottish public expenditure. Has he received any recent demands from the SNP for full fiscal autonomy?

Lord Dunlop: My Lords, I am not sure exactly where the SNP stands now on full fiscal autonomy. Its position seems to change by the day but I am absolutely clear, and the Government are clear, that full fiscal autonomy would be bad for Scotland. By the end of this Parliament, it would leave a £10 billion funding gap that would have to be addressed by higher taxes or larger spending cuts in Scotland. The noble Lord is absolutely right that one of the benefits of being part of the UK is that which comes from pooling and sharing resources, so that public expenditure remains relatively stable when revenue flows such as oil and gas are so volatile.

Lord Wallace of Tankerness (LD): My Lords, I welcome the fact that the Government are honouring their commitment to bring in a Bill to deliver the Smith commission proposals. However, does the Minister accept that when responding to the request of the First Minister of Wales for a constitutional convention before the referendum, the Prime Minister accepted that there would need to be an open, involved and comprehensive conversation about the kind of union we want to see and that, 15 years after the process of devolution started, we should consider the best way to go about doing so? What consideration are the Prime Minister and the Government giving to that very necessary constitutional convention?

Lord Dunlop: It is absolutely right that, in addition to taking forward the commitments to constitutional reform in each part of our United Kingdom, including England, it is necessary to look at how those devolution settlements work as a whole. That is why the Government are committed to reviewing the intergovernmental arrangements and taking them forward in discussion with the devolved Administrations. We will do that, and listen carefully to the lively debate which I am sure will take place on how best we can make our devolution settlements work as a whole.

Lord Foulkes of Cumnock (Lab): My Lords, will the Minister confirm that there are lots of wealthy people in Scotland—landowners, industrialists and so on, not all of whom, by the way, are now members of the Tory party—and will he tell the House what action the so-called radical left-wing Scottish Government have taken to redistribute wealth within Scotland, using their existing tax powers?

Lord Dunlop: The noble Lord makes a very good point indeed. In addition to debating and asking for more powers, the debate should increasingly focus on how the Scottish Government intend to use their existing powers and the very considerable powers that will be coming their way in the very near future.

Lord Anderson of Swansea (Lab): My Lords, we do not do constitutions in this country. Why do we always proceed in a piecemeal way? What is the Government's precise objection to the constitutional convention being proposed by other parties?

Lord Dunlop: I do not believe we are proceeding in a piecemeal way. We will be taking forward four strands of constitutional change over the course of this Parliament: change in Scotland, in Wales and in Northern Ireland, and, as I have said, fairness for England. We will listen very carefully to the discussion about how these devolution settlements work as a whole, and I look forward to some lively further discussion in this House.

Economy: Productivity Question

2.45 pm

Asked by Lord Haskel

To ask Her Majesty's Government what action they will take to increase productivity as compared to that forecast in Table 5b of the Bank of England May inflation report.

The Commercial Secretary to the Treasury (Lord O'Neill of Gatley) (Con): My Lords, productivity is a key challenge for this Parliament and a key focus. That is why, before the Budget, the Chancellor will publish a productivity plan, which will be a plan to make Britain work better.

Lord Haskel (Lab): My Lords, I welcome the Minister to his first Oral Questions. I also welcome his words, but I think that many noble Lords will agree with me that we have heard these promises before. However, manifestly, they have not worked. Why not? Will the Minister agree with me that they have not worked because they do not understand that productivity involves every aspect of our economic life and beyond—a life which is presently dominated by austerity? So, once again, I ask the Minister whether the Government will demonstrate their commitment to productivity by moving on from a life of austerity to a life of productivity.

Lord O'Neill of Gatley: My Lords, as your Lordships can tell, I am not yet very familiar with the exact procedural formalities. I apologise, as I should be. I have been immersed in studying issues to do with productivity for a large part of my adult life. It is dangerous to associate productivity improvements with a so-called focus either on austerity or on some other particularly cyclical fiscal policy stance.

We are living through a moment in time when a very large number of diverse developed countries are all apparently showing a dramatic slowing in measured productivity, whether it be Germany, which is generally regarded as successful and whose measured productivity has been even weaker than ours in the past few years, or the United States, which is frequently regarded as a beacon. In my maiden speech last week, as those of your Lordships who were here would have heard, I highlighted a number of factors that will be focused on. When the Chancellor makes his presentation, I think your Lordships will see that those feature highly in the appropriate steps we plan to implement.

Baroness Kramer (LD): My Lords, does the Minister agree that employee ownership models, such as the John Lewis model, tend to enhance productivity? If so, will he take steps to share that understanding, especially with small and medium-sized companies, and consider tax incentives?

Lord O'Neill of Gatley: The ideas that are being thought about include appropriate incentives to boost long-term investments and greater incentives for both the owners and participants in any company, whether privately owned or otherwise. The role of tax incentives is very important and they will be looked at further.

Lord Kinnoch (Lab): The Minister is correct to say of course that productivity has slowed throughout the OECD countries. However, as he acknowledged in his maiden speech last week, our record is palpably worse than so many other OECD countries. Does he accept that increasing productivity needs extra investment, better skills and decent pay? Will he therefore encourage the Government to reverse the 50% cut in net public investment since 2010, the ongoing 40% cut in further education for the over-19s since 2010 and the 6% loss in average earnings in this country? Is it not clear that unless those reversals are made, there is no hope of our country resuming the 15% increase necessary to return to our historic trend, let alone securing the 30% increase necessary to catch up with our comparable competitors?

Lord O'Neill of Gatley: My Lords, it is important to remind noble Lords that I referred to “measured productivity”. There are considerable issues to be focused on about aspects of how productivity is measured. Again as I highlighted in my maiden speech, the UK in the past few years has had the best employment increase record throughout the G7 countries. One does not need to look at a choice between employment and productivity, but if one were forced to do so, I think that most people in this country would want jobs and not to get so lost in the productivity issues. However, I also add that—as is well known—over the long term, countries that have the better true productivity performance are those with generally a higher standard of living and wealth, including in shared wealth. In that regard, let me repeat some of the policies that I suggested will be focused on. They will include rebuilding the northern powerhouse, improving our infrastructure, undertaking policies to improve the supply of new homes, further reforms of education and apprenticeships and—this is linked to my previous comment—boosting incentives for long-term investment.

Baroness Farrington of Ribbleton: My Lords, the Minister referred to the importance of employment. Would he care to comment on the fact that the personal income of people in employment ought to be sufficient for them to be self-sufficient—that is, a living wage? Would he care to endorse the—apparently—lately formed views of the Mayor of London that the Government ought to stop subsidies to companies which make huge profits while paying pittances to the people the Minister referred to, who want not only employment but a living wage and dignity?

Lord O'Neill of Gatley: The policies we will focus on will be those to boost the long-term performance of the economy from a productivity perspective, which will help enhance the job satisfaction of many people in our country.

NHS: Seven-day Working

Question

2.52 pm

Asked by Lord Hunt of Kings Heath

To ask Her Majesty's Government what assessment they have made of the impact of the current deficit position of NHS Trusts and NHS Foundation Trusts on the ability of the National Health Service to move to seven-day working.

Baroness Chisholm of Owlpen (Con): My Lords, seven-day services will need to be implemented in an affordable way, focusing on both improving efficiency and delivering clear benefits to patients. We have increased the NHS budget by £12.7 billion over the Parliament and in some situations we have provided interim financial support—but this is dependent on trusts developing and sticking to a strong recovery plan. At the heart of all that, we are making sure that trusts continue to deliver safe and sustainable services within a balanced financial position.

Lord Hunt of Kings Heath (Lab): My Lords, I am very grateful to the noble Baroness for that response. Does she accept that you cannot achieve full seven-day working, including at the weekend, without employing more doctors, nurses and diagnostic staff? Given that NHS trusts are projected to have a £2 billion deficit this financial year, how will that be afforded? Can she confirm for me that the decision of NICE last week to pull work on guidance on nurse/patient ratios, which came out of the Mid Staffordshire situation, was the result of pressure from NHS England because of concerns about affordability?

Baroness Chisholm of Owlpen: My Lords, it is clear that the NHS faces significant financial challenges due to increasing demands. Seven-day services will need to be implemented in a way that is affordable and focused on both improving efficiency and delivering clear benefits to patients. The costs of the seven-day services will depend on many factors. We are working with NHS England to identify how to achieve the aim of providing seven-day services efficiently.

Baroness Howarth of Breckland (CB): My Lords, would the Minister explain how a seven-day service would function when, at the moment, to gain a GP's appointment people are waiting sometimes two weeks? It is about demand as well as timing. Some GP practices are needing to reduce the number of doctors because of a lack of finance in their budgets. Is this not going backwards, not forwards to a seven-day service?

Baroness Chisholm of Owlpen: My Lords, the Government are committed to improving access to GPs' services, including delivering services seven days a week to ensure that people are able to access primary medical care when they need to. At present, £175 million, including £25 million from the £1 billion infrastructure fund, has now been invested in the GP access fund to improve access to general practice. The first wave was announced in September 2013 and the second in March this year. So there are now 57 schemes covering more than 2,500 practices, meaning that more than 80 million patients—one-third of the country—will benefit from improved access.

Baroness Walmsley (LD): My Lords, in this as with many issues, one size does not fit all, so could the Minister say whether the Government are doing any research as to how their objective for a seven-day-a-week service can be delivered in different kinds of neighbourhoods? The solution for cities may not be suitable for rural areas or small towns, and there are probably many opportunities for innovation, such as near where I live in the small city of Chester, where the Countess of Chester Hospital has a GP unit. Could we not look at what the cottage hospitals and main general hospitals can do to assist general practices in providing this sort of service and keeping people out of A&E?

Baroness Chisholm of Owlpen: My Lords, certainly we are looking at all those ideas, and we will gather together all the data that we need before we go forward. But I feel that I should say that there are indicators for this service that cannot be measured, and one of them

[BARONESS CHISHOLM OF OWLPEN] is quality of life. As a former nurse, at the forefront of my mind was always the question of whether my patient was getting the best care from me, from the specialist and from the hospital. In my book, a seven-day service goes towards achieving that goal.

Baroness Armstrong of Hill Top (Lab): Is the Minister perhaps being just a little complacent about just how difficult things are? In the small ex-mining town where I live, in the north-east of England, I discovered on Friday that the GP practice that normally has seven to eight doctors now has three, two of whom are salaried. They are simply not able to offer any decent service, let alone a seven-day-a-week service, to patients in that small town and the surrounding villages. Does the Government not recognise that the model is broken and that they have to be far more urgent in addressing the issues that millions of people in this country face and that undermine confidence in the NHS?

Baroness Chisholm of Owlpen: My Lords, I think that the answer that I gave before about the GP access fund answers what my noble friend was saying. As we know, the Government are committed to ensuring that everyone can get the care that they need, seven days a week. Seven-day services are backed by senior clinicians, who recognise the vast improvement in patient care that can be achieved. We know that it reduces patient mortality. Expanding services to seven days a week has the potential to improve the patient experience, reduce the length of stay and chance of readmission and make better use of expensive resources such as staff and equipment.

Lord Kakkar (CB): My Lords, I declare my interest as chairman of University College London Partners. What assessment have Her Majesty's Government made of the potential impact of the European working time regulation on their aspiration to enhance seven-day working in the National Health Service?

Baroness Chisholm of Owlpen: My Lords, as outlined in the coalition agreement, the Government are committed to limiting the application of the working time directive in the UK.

Greater Manchester: New Deal

Question

3 pm

Asked by *Lord Naseby*

To ask Her Majesty's Government what is the anticipated timescale of the new deal for Greater Manchester.

The Parliamentary Under-Secretary of State, Department for Communities and Local Government (Baroness Williams of Trafford) (Con): My Lords, the Greater Manchester devolution deal states that legislation will be passed to enable the first Greater Manchester city region mayor elections to take place in early 2017. The Cities and

Local Government Devolution Bill, which was introduced into this House on 28 May, provides the necessary primary legislation framework to deliver the Greater Manchester deal and other future deals.

Lord Naseby (Con): I congratulate Her Majesty's Government on introducing the Bill. Is the Minister aware that one of the benefits of electioneering is that it gives Peers the opportunity to see the real world? I canvassed in Northamptonshire, Bedfordshire and Cambridgeshire, each of which is really vibrant and active economically. Against that background, can Her Majesty's Government, and the Minister in particular, look at these counties and similar counties and ensure that they can benefit from initiatives similar to those powers that are being given to Greater Manchester?

Baroness Williams of Trafford: I thank my noble friend for his kind words. Like him, I canvassed and campaigned up and down the country. It was good to see the real world of the north of England. I take his point about our counties and what they have to offer. Each county is different, and each group of counties will be different, and the Government are certainly open to listening to any suggestions that they bring forward.

Lord McKenzie of Luton (Lab): My Lords, we support the Greater Manchester devolution deal. In a recent speech, the Chancellor of the Exchequer talked about conversations of a serious nature for the devolution of powers and budgets for any city that wants an elected mayor. Are there any other conversations about serious devolution going on at the moment with those who do not want an elected mayor?

Baroness Williams of Trafford: My Lords, there are certainly lots of conversations going on at the moment. There is no one common deal to suit everyone. The Government are very keen to hear from cities, counties and rural areas and any combination of the above.

Lord Shipley (LD): My Lords, does the Minister agree that such deals should be subject to a local referendum to give legitimacy to the new structures which are being introduced?

Baroness Williams of Trafford: The noble Lord will recall that, back in 2007, the Local Government and Public Involvement in Health Act provided for resolutions of councils, not referenda, when going to a mayoral model for single authorities. This replicates that provision so, no, I do not.

Lord Grocott (Lab): My Lords, in the real world of the north to which the Minister referred, and I add the Midlands and various other parts of the country, a decision was made by the previous Government to hold referendums in 10 cities—this is further to the two previous questions on a very similar theme—against the wishes of many of us who thought the referendums were a costly waste of time. The results were quite spectacularly clear: in nine of the 10 cities, the idea of a directly elected mayor was resoundingly defeated. With the Government so concerned and interested in referendums, democracy and consulting the people,

can the Minister confirm what seems to me to be the Government's position that they regard the results of those referendums as of no significance whatever?

Baroness Williams of Trafford: The noble Lord is absolutely right on one measure: referenda were held for city mayors and in the main they were rejected. They were an entirely different proposition to what we have now, which involves real transfer of powers.

Lord Kinnoch (Lab): If the Government's commitment to Greater Manchester and its constituent parts is to be meaningful, are they about to reverse the 40% budget cuts inflicted upon Manchester and the surrounding areas?

Baroness Williams of Trafford: My Lords, Greater Manchester has come forward with a proposal that is fiscally neutral; the plan uses the money that government currently puts into certain services, and Greater Manchester plans to use that money more efficiently and to engender growth in the process. Greater Manchester has not asked for additional money.

Baroness Farrington of Ribbleton (Lab): My Lords, was the Minister's answer to my noble friend Lord Kinnoch that, yes, the 40% cut that is already in place will stay and that those who come in will have to manage within it?

Baroness Williams of Trafford: My Lords, my answer to the noble Lord was that Greater Manchester has not asked for any additional public funding. This proposition between government and the combined authority has nothing to do with council budgets; it is an entirely different thing.

Lord Brooke of Alverthorpe (Lab): On the same theme, does the Minister recall that, in the Police Reform and Social Responsibility Act 2011, Manchester, along with many other local authorities, asked the Government to devolve to the local level the right to set licensing for alcohol? The Government gave an undertaking to do that. In 2014, they reversed their decision. Now that we have this change before us, when will Manchester get the right to take its own decisions locally on licensing amounts?

Baroness Williams of Trafford: My Lords, in terms of the devolution deal, Manchester has not requested licensing as one of the devolved powers, but I can write to the noble Lord with further details on licensing locally.

Lord Newby (LD): My Lords, if Manchester asked for more money, would the Government give it any?

Baroness Williams of Trafford: My Lords, the Government have made it absolutely clear that these deals are fiscally neutral, and that has been understood by Greater Manchester.

Lord Snape (Lab): My Lords, as my noble friend Lord Grocott points out, the city of Manchester rejected the idea of an elected mayor and now has a non-elected mayor. While I am second to none in my admiration for Mr Tony Lloyd, democracy can hardly be said to have prevailed in and around that great city. How soon will it be before the city of Birmingham, which also rejected the idea of a directly elected mayor, has a non-elected mayor to cover the rest of Birmingham and the West Midlands? What guarantees will Her Majesty's Government give that mayors, whether elected or non-elected, will be provided with adequate resources to meet the demands of the facilities that are being devolved from Her Majesty's Government?

Baroness Williams of Trafford: My Lords, the Birmingham city region has not yet reached an agreement with government on a mayor. I am sorry, but I have forgotten the second part of the noble Lord's question.

Lord Snape: The simple question is: where is the money coming from, and when?

Baroness Williams of Trafford: The mayor, if there is one, can raise the mayoral precept in due course.

Referendums (Local Authority Governance) Bill [HL]

First Reading

3.07 pm

A Bill to allow local authorities which have opted for a mayor and cabinet executive in a referendum to hold further referendums under Part 1A of the Local Government Act 2000.

The Bill was introduced by Lord Tope (on behalf of Baroness Janke), read a first time and ordered to be printed.

European Union (Information, etc.) Bill [HL]

First Reading

3.08 pm

A Bill to make provision for information to be available in various public places relating to the activities and organisation of the European Union; to make provision for the flying of the flag of the European Union on various government and public buildings; to provide information to further the establishment of twinning arrangements between towns in the United Kingdom and elsewhere in the European Union in accordance with the European Union's town twinning support scheme; and for connected purposes.

The Bill was introduced by Lord Dykes, read a first time and ordered to be printed.

Medical Innovation Bill [HL]

First Reading

3.09 pm

A Bill to make provision about innovation in medical treatment.

The Bill was introduced by Lord Saatchi, read a first time and ordered to be printed.

Welfare of Cats (Breeding and Sale) Bill [HL]

First Reading

3.09 pm

A Bill to make provision about the commercial breeding of cats; and for connected purposes.

The Bill was introduced by Lord Black of Brentwood, read a first time and ordered to be printed.

Deputy Chairmen of Committees

Administration and Works

Communications

Constitution

Delegated Powers and Regulatory Reform

Economic Affairs

Membership Motions

3.10 pm

Moved by The Chairman of Committees

Deputy Chairmen of Committees

That, as proposed by the Committee of Selection, the following members be appointed as the panel of members to act as Deputy Chairmen of Committees for this session:

B Andrews, L Bassam of Brighton, L Bichard, L Brougham and Vaux, L Colwyn, L Faulkner of Worcester, B Fookes, L Geddes, B Harris of Richmond, L Haskel, B Hooper, B McIntosh of Hudnall, C Mar, B Morris of Bolton, B Pitkeathley, V Simon, B Stedman-Scott, L Taylor of Holbeach, V Ullswater.

Administration and Works

That a Select Committee be appointed to consider administrative services, accommodation and works, including works relating to security, within the strategic framework and financial limits approved by the House Committee;

That, as proposed by the Committee of Selection, the following members together with the Chairman of Committees be appointed to the Committee:

L Alderdice, L Armstrong of Ilminster, E Attlee, L Bassam of Brighton, E Cathcart, Bp Chester,

B Gould of Potternewton, B Hollis of Heigham, L Laming, L Moser, L Newby, L Taylor of Holbeach;

That the Committee have power to send for persons, papers and records;

That the Committee have leave to report from time to time.

Communications

That a Select Committee be appointed to consider the media and the creative industries and that, as proposed by the Committee of Selection, the following members be appointed to the Committee:

B Benjamin, L Best (*Chairman*), B Bonham-Carter of Yarnbury, Bp Chelmsford, L Dobbs, B Hanham, L Hart of Chilton, B Healy of Primrose Hill, B Jay of Paddington, B Kidron, B Scotland of Asthal, L Sherbourne of Didsbury;

That the Committee have power to send for persons, papers and records;

That the Committee have power to appoint specialist advisers;

That the Committee have power to adjourn from place to place;

That the Committee have leave to report from time to time;

That the reports of the Committee be printed, regardless of any adjournment of the House;

That the evidence taken by the Committee in the last session of Parliament be referred to the Committee;

That the evidence taken by the Committee be published, if the Committee so wishes.

Constitution

That a Select Committee be appointed to examine the constitutional implications of all public bills coming before the House; and to keep under review the operation of the constitution;

That, as proposed by the Committee of Selection, the following members be appointed to the Committee:

L Brennan, L Cullen of Whitekirk, B Dean of Thornton-le-Fylde, L Hunt of Wirral, L Judge, L Lang of Monkton (*Chairman*), L Lester of Herne Hill, L MacGregor of Pulham Market, L Maclennan of Rogart, L Morgan, L Norton of Louth, B Taylor of Bolton;

That the Committee have power to send for persons, papers and records;

That the Committee have power to appoint specialist advisers;

That the Committee have power to adjourn from place to place;

That the Committee have leave to report from time to time;

That the reports of the Committee be printed, regardless of any adjournment of the House;

That the evidence taken by the Committee in the last session of Parliament be referred to the Committee;

That the evidence taken by the Committee be published, if the Committee so wishes.

Delegated Powers and Regulatory Reform

That a Select Committee be appointed:

(i) To report whether the provisions of any bill inappropriately delegate legislative power, or whether they subject the exercise of legislative power to an inappropriate degree of parliamentary scrutiny;

(ii) To report on documents and draft orders laid before Parliament under or by virtue of:

(a) sections 14 and 18 of the Legislative and Regulatory Reform Act 2006,

(b) section 7(2) or section 19 of the Localism Act 2011, or

(c) section 5E(2) of the Fire and Rescue Services Act 2004;

and to perform, in respect of such draft orders, and in respect of subordinate provisions orders made or proposed to be made under the Regulatory Reform Act 2001, the functions performed in respect of other instruments and draft instruments by the Joint Committee on Statutory Instruments; and

(iii) To report on documents and draft orders laid before Parliament under or by virtue of:

(a) section 85 of the Northern Ireland Act 1998,

(b) section 17 of the Local Government Act 1999,

(c) section 9 of the Local Government Act 2000,

(d) section 98 of the Local Government Act 2003, or

(e) section 102 of the Local Transport Act 2008.

That, as proposed by the Committee of Selection, the following members be appointed to the Committee:

B Drake, L Flight, B Fookes (*Chairman*), B Gould of Potternewton, L Jones, L Lisvane, C Mar, L Moynihan, L Thomas of Gresford, L Tyler;

That the Committee have power to send for persons, papers and records;

That the Committee have power to appoint specialist advisers;

That the Committee have leave to report from time to time;

That the reports of the Committee be printed, regardless of any adjournment of the House;

That the evidence taken by the Committee be published, if the Committee so wishes.

Economic Affairs

That a Select Committee be appointed to consider economic affairs and that, as proposed by the Committee of Selection, the following members be appointed to the Committee:

B Blackstone, L Forsyth of Drumlean, L Griffiths of Fforestfach, L Hollick (*Chairman*), L Kerr of

Kinlochard, L Lamont of Lerwick, L Layard, L May of Oxford, L Monks, L Sharkey, L Teverson, L Turnbull, B Wheatcroft;

That the Committee have power to appoint a sub-committee and to refer to it any of the matters within the Committee's terms of reference; that the Committee have power to appoint the Chairman of the sub-committee;

That the Committee have power to co-opt any member to serve on the sub-committee;

That the Committee and its sub-committee have power to send for persons, papers and records;

That the Committee and its sub-committee have power to appoint specialist advisers;

That the Committee and its sub-committee have power to adjourn from place to place;

That the Committee have leave to report from time to time;

That the reports of the Committee be printed, regardless of any adjournment of the House;

That the evidence taken by the Committee in the last session of Parliament be referred to the Committee;

That the evidence taken by the Committee or its sub-committee be published, if the Committee so wishes.

The Chairman of Committees (Lord Sewel): My Lords, I beg to move the first six Motions standing in my name on the Order Paper en bloc.

Lord Howell of Guildford (Con): The noble Lord will recall that on 26 March he kindly replied to a Question of mine relating to the setting up of an international relations standing committee of this House. In the light of what he answered in his Written Answer, what progress does he see being made on this issue?

The Chairman of Committees: I am happy to give the noble Lord the news that this afternoon the Liaison Committee is considering the very point that he has raised. I hope to be able to write to him in a matter of a few days with details about how the matter is being taken forward.

Motions agreed.

European Union Committee *Membership Motion*

3.11 pm

Moved by The Chairman of Committees

That a Select Committee be appointed:

(1) To consider European Union documents deposited in the House by a Minister, and other matters relating to the European Union; The expression "European Union document" includes in particular:

(a) a document submitted by an institution of the European Union to another institution and put by either into the public domain;

(b) a draft legislative act or a proposal for amendment of such an act; and

(c) a draft decision relating to the Common Foreign and Security Policy of the European Union under Title V of the Treaty on European Union;

[THE CHAIRMAN OF COMMITTEES]

The Committee may waive the requirement to deposit a document, or class of documents, by agreement with the European Scrutiny Committee of the House of Commons;

(2) To assist the House in relation to the procedure for the submission of Reasoned Opinions under Article 5 of the Treaty on European Union and the Protocol on the application of the principles of subsidiarity and proportionality;

(3) To represent the House as appropriate in interparliamentary cooperation within the European Union; That, as proposed by the Committee of Selection, the following members be appointed to the Committee:

B Armstrong of Hill Top, L Blair of Boughton, L Borwick, L Boswell of Aynho (Chairman), E Caithness, B Falkner of Margravine, L Green of Hurstpierpoint, L Jay of Ewelme, B Kennedy of The Shaws, L Liddle, L Mawson, B Prashar, B Scott of Needham Market, B Suttie, L Trees, L Tugendhat, L Whitty, B Wilcox;

That the Committee have power to appoint sub-committees and to refer to them any matters within its terms of reference;

That the Committee have power to appoint the Chairmen of sub-committees, but that the sub-committees have power to appoint their own Chairmen for the purpose of particular inquiries; that the quorum of each sub-committee be two;

That the Committee have power to co-opt any member to serve on a sub-committee;

That the Committee and its sub-committees have power to send for persons, papers and records;

That the Committee have power to appoint specialist advisers;

That the Committee and its sub-committees have power to adjourn from place to place;

That the Committee have leave to report from time to time;

That the reports of the Committee be printed, regardless of any adjournment of the House;

That the evidence taken by the Committee or its sub-committees in the last session of Parliament be referred to the Committee or its sub-committees;

That the evidence taken by the Committee or its sub-committee be published, if the Committee so wishes.

The Chairman of Committees (Lord Sewel): My Lords, I beg to move the seventh Motion standing in my name on the Order Paper.

Manuscript Amendment to the Motion

Moved by Lord Pearson of Rannoch

Leave out the sections relating to the membership of the Committee, and the power to appoint sub-committees and refer to them any matters within its terms of reference, and insert: “That the Committee have power to appoint up to two sub-committees, one of which shall deal with European Union

constitutional affairs and one of which shall deal with European Union economic matters; that the membership of the Committee and its sub-committees be balanced between members who favour the United Kingdom leaving the European Union and those who favour staying in it;”.

Lord Pearson of Rannoch (UKIP): Noble Lords appear to be aware that in recent years I have regularly raised the balance, effectiveness and number of our European Union Select Committees before we agreed their appointment. For students of this important but perhaps refined subject, I last raised it on 16 May 2013 at col. 544 and on 12 June 2014 at col. 528.

As to balance, this proposed new committee appears to be just as Europhile as its predecessors. I do not pretend to know all their views, but of its 16 members I can detect only three who I would describe as mildly Eurosceptic and six who are among the most ardent Europhiles in your Lordships’ House. This is more important than usual in a year when we are approaching an EU referendum. Your Lordships’ other Select Committee reports are widely respected, and if our EU reports suffer from a Europhile slant, that will not be helpful to any fair outcome. I want to put the public on alert now, and I hope that I do not have to come back to this point too often in future.

I admit that the second part of my amendment, that our committees should be balanced between those who want to leave the EU and those who want to stay in, will not be easy to achieve. I put it down to underline what a Europhile place your Lordships’ House is when compared to public sentiment on this matter. In fact I can think of only perhaps a dozen of your Lordships who would be prepared to say publicly that we should leave the European Union whatever the outcome of the current negotiations. However, we should at least try to make our committees as balanced as we can, and at the moment we do not.

Our committees are there to hold the Government to account on the legislation that emerges from Brussels—that is what I am constantly told by noble Lords who favour the present arrangements. However, the trouble remains that that is all that these committees can do: they can only scrutinise, and the Government regularly ignore their findings.

I remind your Lordships of the scrutiny reserve, whereby successive Governments have promised not to sign up to any piece of legislation in Brussels if it is still being scrutinised by the Select Committee of either House of Parliament. Yet since July 2010, the Government have broken that promise 303 times in the Commons and 266 times in your Lordships’ House. Some 238 of those overrides were on measures being considered by both Houses. Each override means that a new EU law is being forced upon us without the consent of Parliament, because the EU juggernaut rolls on regardless. I hope the respected chairman of our EU Select Committee, the noble Lord, Lord Boswell, will not mind if I remind your Lordships of his disappointed interventions on that subject on 4 December 2014 at col. 1400 and on 17 December 2014 at col. 95. I do not know if he can reassure us now that, as a result, the scrutiny reserve is no longer broken.

I fear that our EU Select Committees do not and cannot hold the Government to account in Brussels. Since 1996, up to last year, the Government themselves have objected to and forced to a vote in the Council of Ministers 55 new measures, and they lost the vote on every single one of them. I add that the situation is just as depressing in that democratic fig-leaf, the European Parliament. Of its 1,936 most-recent Motions, a majority of all UK MEPs voted against 576 of them, but 485 still passed—a failure rate of some 84%. So it does not seem that our Select Committee reports carry much weight there either. None of that should surprise us. The big idea behind the EU has always been that member states should be diminished in favour of the unelected bureaucracy, under the pretence that that would maintain peace in Europe, which was of course, in fact, always sustained by NATO, not Brussels—but that is still at the root of our powerlessness in the EU.

Finally, my amendment would reduce our EU committees from seven to three, freeing up four committees for other work. It is those other committees that are so widely and rightly respected by the public, which we as a House are uniquely qualified to deliver, and yet we are only being allowed three new ad hoc committees and have turned down requests from noble Lords for no fewer than 42. I refer your Lordships to HL Paper 127 from our Liaison Committee, which details all those 42 committees which we will now not have. I understand that we may be making progress on a committee on foreign affairs, which would be a step forward. However, noble Lords' suggestions from within 21 other areas of our national life are not being adhered to—the House will not be given those committees and the British public will not have your Lordships' wisdom upon them. I therefore propose that we have four fewer, somewhat pointless EU committees, and four more to draw on the vast array of your Lordships' knowledge and experience. I beg to move.

Lord Foulkes of Cumnock (Lab): My Lords, I do not think that we should let the noble Lord get away with a caricature of the committee and its operation. I had the privilege of serving on the committee for the last three years and I found it very interesting. I also found it very interesting that, although Members who are on the committee are entitled to attend, at no time did the noble Lord come along to sit in. In fact, not only can Members attend but they can ask questions. However, as I said, at no time did he take the opportunity to come. If he had done so, he would have found his caricature of the committee to be entirely wrong. Some of the people who I believed to be critical of the European Union were in fact very positive members of the committee and its sub-committees. I do not like to single out people but the noble Lord, Lord Lamont, who has a reputation for being very critical and might have us out of the European Union, was a very positive member of the committee.

We had regular sessions with the Minister for Europe, who incidentally did an extremely good job and answered our questions very well, but we put him under particular scrutiny. He came after European Council meetings, although we thought that it would have been better for him to appear before attending those meetings so that we could tell him what we thought this Parliament felt

and he could represent those interests and our views at the meetings. It is interesting that the people who suggested that—I was one of them—are perceived to be more in favour of the European Union, but we wanted there to be more criticism.

I also wonder whether the noble Lord, Lord Pearson, has read any of our reports. Many, if not all, contain substantial criticisms of the UK Government and the European Union, and they make suggestions again and again about the way in which the European Union should improve. The suggestion that before people are appointed to a committee we should work out whether they are in favour of or against the European Union is, in my view, manifestly unfair and total nonsense. We would have a Star Chamber that you would have to appear before, saying whether you are in favour of or against the European Union. As we know, there is a whole range of views on the European Union in this Chamber, as there is elsewhere.

I think that what we have heard from the noble Lord is complete nonsense and I hope that it will be thrown out comprehensively.

Lord Bowness (Con): My Lords, I, too, want to speak against the acceptance of this amendment. Every year we hear from the noble Lord, Lord Pearson, his objections to the European Union Committee and every year he makes it quite clear that he does not understand how it works. He talks about the reputation of other Select Committees. Having been a member of the European Union Select Committee but being no longer a member and not proposed to be a member, I have to say to the noble Lord that the reputation of this committee is such that it is widely respected across the whole of the European Union in other member states and other member parliaments. He clearly does not appreciate the amount of work that is done, and the suggestion that the sub-committees could be reduced from the current six to the number that he proposes is manifestly ridiculous, given the amount of scrutiny work that has to be done on all the draft legislation that comes from the European Union.

The committee has two roles: one is to scrutinise the European Union and the second is to hold the Government to account. I remind your Lordships that the existing structure already provides for a sub-committee to deal with economic matters and that there is already a sub-committee dealing with institutional and constitutional matters, as well as the Select Committee itself. As for endeavouring to divide your Lordships' House on making an early judgment as to whether somebody is in favour of or against the European Union or a particular measure, it is clear that that proposal is absolutely unworkable.

We have a reputation for producing objective reports, which, as I said, are referred to across the European Union. To throw to the winds one of the most valuable institutions and pieces of work that your Lordships' House is engaged in would be positively unfortunate to say the least, and I hope that the House will reject this amendment.

Lord Stoddart of Swindon (Ind Lab): My Lords, I congratulate the noble Lord, Lord Pearson, on once again drawing attention to the overrepresentation of

[LORD STODDART OF SWINDON]

people who are very much in favour of our membership of Europe on the European Union Committee, to the detriment of those who believe otherwise.

I thought, in fact, that the noble Lord, Lord Pearson, was very restrained. He did not take the opportunity to point out that, at the last election, 3.9 million people, by voting for UKIP, voted against our membership of the European Union. They voted for UKIP, I imagine, because UKIP was the only party putting forward the proposal that we should withdraw from the European Union. Those 3.9 million people obviously voted to support that proposition. If they did not, what on earth else were they doing? The Labour Party is in favour of our membership of Europe. The Conservative Party is in favour of our membership of Europe. The Liberal party is in favour of our membership of Europe.

Noble Lords: Hear, hear.

Lord Stoddart of Swindon: They say, “Hear, hear”, so they are confirming what I am saying.

All the other political parties that it was possible to vote for were in favour of remaining in Europe; UKIP was the only one saying that we should come out. Therefore, whatever objections noble Lords may have to my saying it, it is reasonable that one would expect that people who voted UKIP wish to come out of the EU. Indeed, there are many people—including people belonging to the Labour Party, the Conservative Party and even some in the Liberal party—who would vote to come out.

As I said, the noble Lord, Lord Pearson, was very measured. He did not take the opportunity to point out that, in this House, there is now a grave discrepancy of UKIP noble Lords. On the basis of the 3.9 million votes cast for UKIP, it would be entitled to 80 seats in this House. In fact, it has none, except for those who have left other parties to take on the UKIP cause. It is quite true that UKIP has only one Member in the House of Commons, but it is entitled to much better representation in this House—let us bear in mind that the Liberal Democrats, with only 2.9 million votes, have only eight Members in the House of Commons and 101 Members in this House. I think that the House needs a little balancing. I hope that the Prime Minister will take that into account when making further nominations to this House.

Lord Elton (Con): I served for a brief and happy time on Sub-Committee B of the European Union Committee, and we are talking about doing away with it. Under the skilful chairmanship of my noble friend Lady O’Cathain, we objected in strenuous terms to a number of regulations that were sent from Europe on the understanding that, if a stated number of other countries did the same, the Commission would have to think again. If that were exceeded, the Commission would have to lay a new order.

I dare say that my question will put into context the efficacy of these committees. On how many occasions have similar objections actually been acted on by the Government and received a change of policy from the European Council?

3.30 pm

Lord Flight (Con): My Lords, I had the privilege of sitting on the EU Economic and Financial Affairs Sub-Committee for four years. All the members got on extremely well and produced some very good papers. But there was quite a strong underlying Europhile bias to it, excellently chaired by the noble Lord, Lord Harrison, though it was. To completely neglect the point that has been raised is wrong, but I would also say that from my experience there was a fairly open discussion, even if people’s starting points were predominantly on one side.

The Chairman of Committees: My Lords, as we have seen over recent weeks, there are few certainties in politics, so it is reassuring to know that one continues to exist: the annual criticism by the noble Lord, Lord Pearson of Rannoch, of the establishment and composition of the EU Select Committee and its sub-committees. I will deal with the points that he raised.

The House considered the number and scope of the EU Committee and its various sub-committees in a debate on a Liaison Committee report on 26 March 2012. The noble Lord may wish to write to the Liaison Committee—I offer him this invitation—if he is really serious about making substantive proposals on how the EU Select Committee should address the various issues that it has to consider. I say “substantive proposals” rather than just flag waving and cheering from the side from time to time.

However, in the context of reducing the number of sub-committees, I believe that this House greatly benefits from the various sub-committees and the expertise that they bring to bear on a wide range of issues, including home affairs, justice, agriculture, fisheries and business. A decision to reduce the capacity to scrutinise the whole range of EU draft legislation, certainly coming from an acknowledged critic of the EU, seems to be utterly perverse. I fail to understand the logic in the noble Lord’s argument. The point about composition, the Star Chamber and having to swear before you get on to a committee that you are in favour or against continued British membership of the EU, is utterly wrong and nonsense, and I am sure that the House agrees. The point is that we make nominations to Select Committees based on the views taken by individual parties on the worth of individual Members of this House. That is the way it should remain.

On the issue about the future of Sub-Committee B, I am at a loss. I have not the slightest knowledge—and I do not think that it is true although I will check—of any attempt to abolish Sub-Committee B. It does important work. A recent report, *Women on Boards*, received strong and supportive comments, not just in this country but elsewhere. The sub-committee will, I am sure, continue with its good work. The noble Lord asked for a list of examples of how recommendations from our EU Select Committee and its various sub-committees have affected policy. I can think of some, and I will write to the noble Lord with a fuller list. However, I can certainly remember from my experience that the basic reform of the common fisheries policy was led by a sub-committee of the EU Committee of this House. I, of course, happened to be the chair of that sub-committee.

Lord Pearson of Rannoch: My Lords, on the last point made by the Chairman of Committees, I understand that in fact the change to the common fisheries policy came from a television series by Mr Fearnley-Whittingstall that was very hard-hitting.

I am very grateful to all noble Lords who have spoken, and in particular to the noble Lords, Lord Foulkes and Lord Bowness. I would say to the noble Lord, Lord Foulkes, that if these EU committees are critical of things that are going on in the EU, it does not seem to make any difference. I do have to say to the noble Lord, Lord Bowness, that from 1992 to 1996 I did in fact serve on your Lordships' European Union Select Committee and I even employed a young man who is now an eminent Member of the other place to wade through the papers for me so that when I went to the committee meetings I could see the bits that had been outlined in yellow and concentrate on them. Over the whole of the four or five years that I served on the Select Committee, I have to say that I did not see through it—I did not see that it was a waste of time—and I regret that.

As to the question put by the noble Lord, Lord Elton, I can answer that by saying that virtually no yellow card has made any difference whatever, and of course it will not. As to the red card, it really will not be much use unless we are able to repeal legislation that has already gone through instead of just looking at new legislation as it comes gushing forth.

I have to repeat that since 1996 some 55 votes have been forced in the Council of Ministers by the United Kingdom Government and they have lost every one of them. That is quite a telling point and casts doubt on the position not only of our Select Committees but of the Government themselves. I am disappointed that the noble Lord, Lord Boswell, did not contribute to the debate because I was hoping that he could reassure your Lordships that the scrutiny reserve is now occasionally respected by the Government—

Lord Boswell of Aynho (Non-Afl): My Lords, I am most grateful to the noble Lord for allowing me to intervene. I would invite him to exercise a degree of patience for a week or two, when once again we will be presenting the annual report of my committee—and, by inference, that of its sub-committees—for the attention of the House. He will then, as he has in the past, have the opportunity to debate the report. I hope very much that on this occasion he will engage with it.

Lord Pearson of Rannoch: I am grateful to the noble Lord for his most helpful contribution and I look forward to the result.

Of course I am not going to press this to a vote. All I can say is that I hope that our debate has done something to rectify the situation for the next Session of Parliament. Again, I am most grateful to noble Lords who have spoken and I beg leave to withdraw the amendment.

Amendment to the Motion withdrawn.

Motion agreed.

House Committee

Hybrid Instruments

Information

Liaison

Parliamentary Office of Science and Technology (POST)

Privileges and Conduct

Procedure

Refreshment

Science and Technology

Secondary Legislation Scrutiny

Standing Orders (Private Bills)

Works of Art

Membership Motions

House Committee

That a Select Committee be appointed to set the policy framework for the administration of the House and to provide non-executive guidance to the Management Board; to approve the House's strategic, business and financial plans; to agree the annual Estimates and Supplementary Estimates; to supervise the arrangements relating to financial support for Members; and to approve the House of Lords Annual Report;

That, as proposed by the Committee of Selection, the following members be appointed to the Committee:

L Campbell-Savours, L Cope of Berkeley, B D'Souza (*Chairman*), L Laming, B McDonagh, L Sewel, B Smith of Basildon, L Stirrup, B Stowell of Beeston, L Wakeham, L Wallace of Tankerness;

That the Committee have power to send for persons, papers and records;

That the Committee have leave to report from time to time;

That the reports of the Committee be printed, regardless of any adjournment of the House.

Hybrid Instruments

That a Select Committee be appointed to consider hybrid instruments and that, as proposed by the Committee of Selection, the following members together with the Chairman of Committees be appointed to the Committee:

L Addington, L Grantchester, L Harrison, L Luke, B Perry of Southwark, L Quirk, L Swinfen;

That the Committee have power to send for persons, papers and records;

That the reports of the Committee be printed, regardless of any adjournment of the House; and

That the evidence taken by the Committee be published, if the Committee so wishes.

Information

That a Select Committee be appointed to consider information and communications services, including the Library and the Parliamentary Archives, within the strategic framework and financial limits approved by the House Committee;

That, as proposed by the Committee of Selection, the following members be appointed to the Committee:

L Brooke of Alverthorpe, L Callanan, V Chandos, L Cooper of Windrush, B Donaghy (*Chairman*), L Empey, L Faulkner of Worcester, L Holmes of Richmond, L Mawson, L Oxburgh, L St John of Bletso, L Sharkey, L Strasburger;

That the Committee have power to send for persons, papers and records;

That the Committee have leave to report from time to time.

Liaison

That a Select Committee be appointed to advise the House on the resources required for select committee work and to allocate resources between select committees; to review the select committee work of the House; to consider requests for ad hoc committees and report to the House with recommendations; to ensure effective co-ordination between the two Houses; and to consider the availability of members to serve on committees;

That, as proposed by the Committee of Selection, the following members together with the Chairman of Committees be appointed to the Committee:

L Craig of Radley, L Foulkes of Cumnock, L Laming, B Perry of Southwark, B Seccombe, B Smith of Basildon, B Stowell of Beeston, L Touhig, L Wallace of Tankerness;

That the Committee have power to send for persons, papers and records;

That the Committee have power to appoint specialist advisers;

That the Committee have leave to report from time to time.

Parliamentary Office of Science and Technology (POST)

That, as proposed by the Committee of Selection, the following Lords be appointed to the Board of the Parliamentary Office of Science and Technology (POST):

L Haskel, L Oxburgh, E Selborne, L Winston.

Privileges and Conduct

That a Committee for Privileges and Conduct be appointed and that, as proposed by the Committee of Selection, the following members together with the Chairman of Committees be appointed to the Committee:

L Bassam of Brighton, L Brooke of Sutton Mandeville, L Brown of Eaton-under-Heywood, L Eames, L Hope of Craighead, L Irvine of Lairg, L Laming, L Mackay of Clashfern, L Newby, B Scotland of Asthal, B Smith of Basildon, B Stowell of Beeston, L Taylor of Holbeach, V Ullswater, L Wallace of Tankerness;

That the Committee have power to appoint sub-committees and that the Committee have power to appoint the Chairmen of sub-committees;

That the Committee have power to co-opt any member to serve on a sub-committee;

That the Committee have power to send for persons, papers and records;

That in any claim of peerage, the Committee shall sit with three holders of high judicial office, who shall have the same speaking and voting rights as members of the Committee;

That the Committee have leave to report from time to time;

That the reports of the Committee be printed, regardless of any adjournment of the House;

That the evidence taken by the Committee or its sub-committees in the last session of Parliament be referred to the Committee or its sub-committees; and

That the evidence taken by the Committee or its sub-committees be published, if the Committee so wishes.

Procedure

That a Select Committee on Procedure of the House be appointed and that, as proposed by the Committee of Selection, the following members together with the Chairman of Committees be appointed to the Committee:

L Bassam of Brighton, L Brabazon of Tara, B D'Souza, B Farrington of Ribbleton, L Greaves, B Hollis of Heigham, B Humphreys, L Laming, B McIntosh of Hudnall, L Newby, L Powell of Bayswater, L Rowe-Beddoe, L Skelmersdale, B Smith of Basildon, B Stowell of Beeston, L Taylor of Holbeach, L True, L Wallace of Tankerness;

That the following members be appointed as alternate members:

B Bakewell of Hardington Mandeville, L Brown of Eaton-under-Heywood, B Browning, L Foulkes of Cumnock, B Meacher;

That the Committee have power to appoint sub-committees and that the Committee have power to appoint the Chairmen of sub-committees;

That the Committee have power to send for persons, papers and records;

That the Committee have leave to report from time to time;

That the reports of the Committee be printed, regardless of any adjournment of the House.

Refreshment

That a Select Committee be appointed to advise on the refreshment services provided for the House, within the strategic framework and financial limits approved by the House Committee;

That, as proposed by the Committee of Selection, the following members together with the Chairman of Committees be appointed to the Committee:

L Curry of Kirkharle, L Goddard of Stockport, L Kennedy of Southwark, L Lee of Trafford, B Mobarik, L Pendry, L Ribeiro, L Sawyer, L Skelmersdale, E Stair, B Wall of New Barnet;

That the Committee have power to send for persons, papers and records;

That the Committee have leave to report from time to time.

Science and Technology

That a Select Committee be appointed to consider science and technology and that, as proposed by the Committee of Selection, the following members be appointed to the Committee:

L Cameron of Dillington, L Fox, L Hennessy of Nympsfield, L Hunt of Chesterton, L Kakkar, B Manningham-Buller, L Maxton, D Montrose, B Morgan of Huyton, B Neville-Jones, L Peston, V Ridley, E Selborne (*Chairman*), L Vallance of Tummel;

That the Committee have power to appoint sub-committees and that the Committee have power to appoint the Chairmen of sub-committees;

That the Committee have power to co-opt any member to serve on the Committee or a sub-committee;

That the Committee and its sub-committees have power to send for persons, papers and records;

That the Committee and its sub-committees have power to appoint specialist advisers;

That the Committee and its sub-committees have power to adjourn from place to place;

That the Committee have leave to report from time to time;

That the reports of the Committee be printed, regardless of any adjournment of the House;

That the evidence taken by the Committee or its sub-committees in the last session of Parliament be referred to the Committee or its sub-committees;

That the evidence taken by the Committee or its sub-committees be published, if the Committee so wishes.

Secondary Legislation Scrutiny

That a Select Committee be appointed to scrutinise secondary legislation.

(1) The Committee shall, with the exception of those instruments in paragraphs (3) and (4), scrutinise—

(a) every instrument (whether or not a statutory instrument), or draft of an instrument, which is laid before each House of Parliament and upon which proceedings may be, or might have been, taken in either House of Parliament under an Act of Parliament;

(b) every proposal which is in the form of a draft of such an instrument and is laid before each House of Parliament under an Act of Parliament,

with a view to determining whether or not the special attention of the House should be drawn to it on any of the grounds specified in paragraph (2).

(2) The grounds on which an instrument, draft or proposal may be drawn to the special attention of the House are—

(a) that it is politically or legally important or gives rise to issues of public policy likely to be of interest to the House;

(b) that it may be inappropriate in view of changed circumstances since the enactment of the parent Act;

(c) that it may inappropriately implement European Union legislation;

(d) that it may imperfectly achieve its policy objectives;

(e) that the explanatory material laid in support provides insufficient information to gain a clear understanding about the instrument's policy objective and intended implementation;

(f) that there appear to be inadequacies in the consultation process which relates to the instrument.

(3) The exceptions are—

(a) remedial orders, and draft remedial orders, under section 10 of the Human Rights Act 1998;

(b) draft orders under sections 14 and 18 of the Legislative and Regulatory Reform Act 2006, and subordinate provisions orders made or proposed to be made under the Regulatory Reform Act 2001;

(c) Measures under the Church of England Assembly (Powers) Act 1919 and instruments made, and drafts of instruments to be made, under them.

(4) The Committee shall report on draft orders and documents laid before Parliament under section 11(1) of the Public Bodies Act 2011 in accordance with the procedures set out in sections 11(5) and (6). The Committee may also consider and report on any material changes in a draft order laid under section 11(8) of the Act.

(5) The Committee shall also consider such other general matters relating to the effective scrutiny of secondary legislation and arising from the performance of its functions under paragraphs (1) to (4) as the Committee considers appropriate, except matters within the orders of reference of the Joint Committee on Statutory Instruments.

That, as proposed by the Committee of Selection, the following members be appointed to the Committee:

B Andrews, L Bowness, L Goddard of Stockport, L Haskel, L Hodgson of Astley Abbots, B Humphreys, L Janvrin, B O'Loan, B Stern, L Trefgarne (*Chairman*), L Woolmer of Leeds;

That the Committee have power to send for persons, papers and records;

That the Committee have power to appoint specialist advisers;

That the Committee have leave to report from time to time;

That the reports of the Committee be printed, regardless of any adjournment of the House;

That the evidence taken by the Committee be published, if the Committee so wishes.

Standing Orders (Private Bills)

That a Select Committee on the Standing Orders relating to private bills be appointed and that, as proposed by the Committee of Selection, the following members together with the Chairman of Committees be appointed to the Committee:

L Geddes, L Goodlad, B Gould of Potternewton, L Naseby, L Palmer, L Rodgers of Quarry Bank, V Simon;

That the Committee have power to send for persons, papers and records;

That the reports of the Committee be printed, regardless of any adjournment of the House;

That the evidence taken by the Committee be published, if the Committee so wishes.

Works of Art

That a Select Committee be appointed to administer the House of Lords Works of Art Collection Fund; and to consider matters relating to works of art and the artistic heritage in the House of Lords, within the strategic framework and financial limits approved by the House Committee;

That, as proposed by the Committee of Selection, the following members be appointed to the Committee:

B Bakewell, L Dear, V Falkland, L Finkelstein, B Gale, E Glasgow, L Inglewood, Luce, B Maddock (*Chairman*), L Magan of Castletown, B Rawlings, L Turnberg;

That the Committee have power to send for persons, papers and records;

That the Committee have leave to report from time to time.

Motions agreed.

Cities and Local Government Devolution Bill [HL] Second Reading

3.39 pm

Moved by Baroness Williams of Trafford

That the Bill be now read a second time.

The Parliamentary Under-Secretary of State, Department for Communities and Local Government (Baroness Williams of Trafford) (Con): My Lords, it is a pleasure to introduce the first Bill to receive its Second Reading in this House under this Parliament. It implements our manifesto commitments to allow cities and areas outside London to reach their economic potential. This Bill helps us to deliver on the promises we made that, if we were

returned to government, there would be a clear economic plan and a brighter, more secure future for the whole country. Last week, we had an excellent and lively debate on the measures contained in the gracious Speech, including those in the Cities and Local Government Devolution Bill.

When speaking on the steps of Downing Street on the Friday after the election, the Prime Minister referred to closing the decades-old economic gap between north and south. For many years, under Governments of all political colours, our economy has become imbalanced and London has come to dominate more and more. In 2010, through our programme of decentralisation, we began to address this issue. We supported the development of local enterprise partnerships, concluded city deals with 27 cities, and took £12 billion out of Whitehall and put it in the hands of local people through growth deals, giving local areas more control to drive their own growth. In particular, in November 2014, the Government agreed a devolution deal with Greater Manchester, which will give local people greater control over their economy and powers over transport, housing, planning and policing. Greater Manchester will also gain new powers to support business growth and skills, and to help join up health and social care budgets.

In the last five years, we have been working with many partners—in business, across the political spectrum, and up and down the country—to move towards a more balanced economy. Two hundred years ago, when the country was at the height of the Industrial Revolution, Manchester was “Cottonopolis”, Liverpool’s ports welcomed ships from around the world and Birmingham was at the forefront of creative endeavour, registering three times as many patents as any other British town or city. But that economic diversity and strength was undermined by more than a century’s worth of power and decision-making being centralised in London. For decades, central government has made the rest of the country conform to a Whitehall template. The Bill calls time on that. Here, I pay tribute to three noble Lords in particular, although there are many others besides, from all political parties: the noble Lords, Lord Shipley and Lord Adonis, and my noble friend Lord Heseltine. They have been working hard on this agenda over the last decade, and, in the case of my noble friend Lord Heseltine, for three decades.

This is a devolutionary Bill that puts in place a legal framework enabling us to decentralise powers to our cities and counties, and across the country. The framework will allow us to ramp up what we started in the last Government, reversing 150 years of centralisation whereby powers were relentlessly drawn into Whitehall and London became ever more dominant. The framework will enable us to implement the Greater Manchester city deal and similar bespoke deals in other cities.

Decentralisation is the key to achieving economic growth and unlocking the potential for economic success in our cities. It enables places to take greater control over and responsibility for the key things that make it work. Any one-size-fits-all model is destined for failure. Every city and council is different. Through the decentralisation that the Bill will enable, each city will be empowered to forge its own path, to play to its own

strengths and to find its own creative solutions to the particular challenges that they face. The power of decentralisation is to bring about change—to be the foundation of securing long-term sustainable growth, applying equally to towns and counties.

To be successful, decentralisation must involve not only devolving powers and budgets but having in each place the necessary leadership, governance and accountability so that powers are exercised properly and effectively, for the benefit of all. Where major powers are devolved, the Government are clear that there needs to be a single point of accountability. People need to know who is taking the decisions and whom to turn to if things go wrong.

Mayoral governance is an internationally proven model of governance for cities. Hence, as the Chancellor has made clear, where a significant suite of powers is being devolved to areas, metro mayors must be elected by the people. We will hand powers from the centre to those cities that choose to have a metro mayor, giving greater control over such things as transport, housing, skills and healthcare. A metro mayor may also, on a case-by-case basis, as in Greater Manchester, be given the powers of a police and crime commissioner. Cities will have the levers needed to grow their local economy and to make sure that the people in the city can keep the rewards.

Our Bill therefore puts in place not only the legal framework for devolving powers, but the framework to ensure that the strong and accountable governance necessary for devolution is in place. The Bill enables a mayoral combined authority to be a precepting body, and for a precept to be set to fund mayoral functions. Requirements relating to the setting of mayoral budgets may be specified by order. A combined authority's other costs—those not incurred by the metro mayor—will be met from the budgets of the local authorities in its area. The Bill will also allow a combined authority to be given powers and to borrow money for particular purposes, if all the local authorities in its area agree.

The Bill allows, by more straightforward processes, the local governance of a place to be simplified. For example, where powers are devolved to one or more counties, putting in place the necessary governance may include making council mergers, moves to unitary structures, or simplifying the democratic representation with fewer councillors. This will be the case whether or not there is an elected metro mayor for the area.

The crucial point is that all the Bill's provisions are to be used in the context of deals between government and places. Nothing is being imposed. Where there is a request for an ambitious devolution of a suite of powers to a combined authority, there must be a metro mayor, but no city will be forced to have a mayor and the powers that come with it. No county will be forced to make any changes of governance and to have the powers that can come with such governance changes.

I, like many noble Lords, started my political life in local government. I want to improve my local area and to see it develop and grow. The council that I sat on for 13 years will be part of the trailblazer devolution deal, reclaiming the power to decide its future. I hope that it will be the first of many, and that the Bill enables that

to happen. With the Cities and Local Government Devolution Bill we will implement the manifesto commitments to,

“devolve far-reaching powers over economic development, transport and social care to large cities which choose to have elected mayors”,

and to,

“deliver the historic deal for Greater Manchester”.

I beg to move.

3.47 pm

Lord McKenzie of Luton (Lab): My Lords, I thank the noble Baroness, Lady Williams, for her clear introduction of the Bill and for facilitating our briefing meeting last week. It is a short Bill—just 14 clauses—which of itself devolves nothing, but its framework lays the groundwork for outcomes that could be of great constitutional significance. I say “could” because it depends on how the raft of powers in the Bill that accrue to the Secretary of State are deployed in practice. It also depends on the appetite and capacity of local authorities to engage.

As it stands, the Bill is a blank canvas. As we have heard, it could, with agreement, include devolution to a combined authority of seemingly any local authority function and any public authority function—including that of Ministers and government departments—exercisable in relation to the authority's area. It could involve the conferring of a general power of competence on the combined authority. Further, as we heard, it enables changes by regulation to the constitution, membership, structure and boundaries of local authorities for devolution deals where a combined authority might not be appropriate.

We support the boundaries of this framework, but our task in Committee will be to probe the Government's approach and the extent and manner in which it is intended these considerable powers be implemented and over what timescale. But we also recognise that it is not just about government; it is for local authorities, in the words of the City Growth Commission,

“to raise their game, building governance, policymaking and evaluation capacity”,

and to develop their own vision for their areas.

We know that there are compelling reasons why we should support and encourage the devolution of greater powers and funding away from the centre and towards local authorities and communities. This agenda is not new. It has long been recognised that we have a high degree of centralisation in our system of government which is stifling initiative and creativity and holding back growth and regeneration. There have been a range of policies and initiatives over the years which have sought to address this in one way or another: UDCs, City Challenge, New Deal for Communities, RDAs, LEPs and the regional growth fund. We welcome the fact that the architects of some of these are with us this afternoon. However, the economic imperative—the need to enhance and sustain growth and reconfigure and join up services in the face of more cuts—and the democratic benefit which can flow from people having more power in their localities and communities require us to now address the benefits of devolution on a more profound and sustained basis.

[LORD MCKENZIE OF LUTON]

Discussion hitherto has generated the concern that the Government's focus in practice was only for devolution to our major northern cities—the city regions or metros. This is a debate driven very much by the City Growth Commission, which has recognised their potential to harness the benefits of agglomeration, connectivity and improved governance. It points to the success of London although, as we know from the London Councils briefing, London councils are seeking, not unreasonably, further devolution themselves.

We support the devolution of powers to great cities such as Manchester, Leeds, Sheffield and Liverpool, and not just because these are Labour led. We want to see devolution to every part of the country, not just to other cities or metros but to counties as well—not just to Tyne and Wear and the East Midlands but to Bristol, Southampton, Norfolk and Norwich—and not just to urban areas but to rural and coastal areas, too. The Bill as it stands enables this wider devolution and has been welcomed by a number of commentators, including the LGA. As I have said, it has our broad support, although we will want to see what this means in practice.

The wide scope of the Bill raises the question of how it is potentially to be delivered. There are currently five combined authorities and suggestions that there is active consideration of four more, covering Derbyshire, Nottinghamshire, the Tees Valley and Birmingham and the Black Country. The Bill is likely to whet the appetite of others, and we hope that it does. We have no idea, of course, how many proposals might emerge under Clause 10. Obviously, this cannot all be done at once, but perhaps the Minister will tell us what the strategy for delivery is and reassure us that it will not be a piecemeal approach. Presumably, progress does not rest just on who catches the Chancellor's eye. Is there any presumption of metros first? How will the Government seek to ensure that counties in particular do not fall behind?

We should take the opportunity today to congratulate Greater Manchester on its innovative agreement with the Treasury. The 10 local authorities involved have a long record of collaboration, characterised by consistent leadership and hard work. That work has delivered the opportunity of a range of powers over a housing investment fund, transport, business support, strategic planning skills, complex dependency, the Work Programme and opportunities to integrate health and social care across the combined authority area—the tools needed to develop programmes that address local needs and develop a new “place-based” partnership with government.

We support the devolution and integration of health and care services but recognise from the MoU attached to the Manchester agreement that the issues are not straightforward. We would not want to see a disruptive structural reorganisation and are cautious about some areas such as workforce planning, research and commissioning of specialised services. There is also a need to test where the buck ultimately stops in the event of major disruption to services—with the Secretary of State or with the combined authority. We need also to be mindful of the briefing, received just today, by the RCN.

As we have heard, the Bill also enables for the first time a combined authority to have an elected mayor who by virtue of that office chairs the combined authority, and with an obligation to appoint a deputy. The Secretary of State can by order require that any function of the combined authority can be carried out only by the mayor, and to these can be added the role of the PCC. We will express our concerns that this could lead to a very substantial concentration of power in the hands of one individual—mandatory scrutiny arrangements notwithstanding—and we will take time in Committee to probe the potential boundaries of these arrangements.

The position of elected mayor still requires some clarification from the Minister, our earlier exchange at Questions notwithstanding. I think we are clear that the Bill does not appear to make it a precondition that the combined authority must have an elected mayor in order to gain the additional functions covered in the draft legislation, yet the rhetoric of Ministers, particularly the Chancellor, has suggested otherwise. He said in a recent speech:

“So with these new powers for cities must come new city-wide elected mayors who work with local councils. I will not impose this model on anyone. But nor will I settle for less”.

We acknowledge the importance of clear leadership and accountability in driving through reforms to stimulate economic growth but question why there should be only one acceptable leadership model.

At our briefing meeting, the Minister suggested that matters might be more flexible than this. To an extent she has confirmed that again today, but can we have it on the record that a city region can have the powers under the Bill without having an elected mayor? What about the existing combined authorities? Does the Minister accept that, given that all but one of the cities holding a compulsory referendum last time rejected elected mayors, the insistence on having one could be a barrier to the devolution process? Of course, once the position of elected mayor is accepted, there is no going back. The prospect of an elected mayor taking on some or all of the duties of a PCC would seem to be an admission of failure. Where does that leave situations where the boundaries of the combined authority and the remit of the PCC are not co-terminous?

The opportunities and challenges that the Bill presents will be heavily dependent on funding arrangements, not only the specific arrangements for individual deals but the continuing underlying funding for local government. I do not propose today to revisit the sorry saga of unfair cuts visited by the previous Government—a coalition of Tories and Lib Dems, we should recognise—on our most deprived communities, which we know are to continue, except to say that devolution must not be a cynical route to unloading responsibilities on local authorities without proper funding. Of course, the previous Government have history on this. The Bill provides, as we heard, for levying powers of a combined authority except for mayoral functions, in respect of which a combined authority becomes a precepting authority. This would appear to lead to situations where the same function is funded differently, depending on whether or not it is a mayoral function. We will look to better understand the consequences of this in Committee.

There is no general provision in the Bill whereby sources of revenue accrue directly to local authorities as part of a devolution process, so far as I can see. In formulating our plans, we have proposed the retention of all business rate growth but it looks from the Manchester agreement that these matters will be negotiated on a case-by-case basis. In his *No Stone Unturned in Pursuit of Growth* report, the noble Lord, Lord Heseltine, cautioned against what he called the “penny packets” approach to devolution—that is,

“Parcels of cash attached to specific projects, each with their own particular objectives, timetable and requirements”.

Does the Minister accept this caution and can she tell us what the Government’s approach is in this regard? What is the size of their ambition and what is the measure of central public authority funding potentially available in this Parliament? Indeed, what funding streams are available?

Time marches on. There is much else for Committee, including mandatory scrutiny, which we support; the electoral process for elected mayors, which seems to have absorbed the drafters of the Bill; and the level of parliamentary scrutiny. But the Bill opens up huge opportunities and we will play our part in encouraging local government to take maximum advantage.

3.59 pm

Lord Shipley (LD): My Lords, I welcome the Second Reading of the Bill and I am grateful to the Minister for her kind comments earlier. I welcome the Bill not because everything in it is right but because it represents a further and very important stage in achieving greater decentralisation and fiscal devolution within England, through which growth can be increased outside London faster and local government can make more effective use of public money by joining up service delivery. There will be a number of contributions today from these Benches and I welcome that, because there is a wealth of practical experience here to draw on. Some colleagues who are not able to speak today will be speaking in Committee.

The Minister was right to say that the record of the last Government in encouraging decentralisation was impressive. It was, however, only a start. Crucially, there is now a much clearer understanding that you cannot run the whole of England from London, so I support the principle behind the Bill. It will decentralise power out of Whitehall and enable fiscal devolution. Because it is an enabling Bill, it means that one size need not fit all and that it can be voluntary for combined authorities or councils to propose schemes that are generated locally and have some local ownership.

In recent months, we have seen a host of reports as diverse as *No Stone Unturned: In Pursuit of Growth* by the noble Lord, Lord Heseltine, from the City Growth Commission, from the Independent Commission on Local Government Finance, the Independent Commission on Economic Growth and the Future of Public Services in Non-Metropolitan England and the London Finance Commission. There have also been a host of reports from think tanks, in particular the ResPublica reports—not least *Devo Max-Devo Manc*—and work done by IPPR and the Local Government Association, of which

I am a vice-president. There has also been a huge amount of work done by the English core cities network. All that work points in the same direction.

It is 40 years ago that I was first elected to Newcastle City Council, and I well remember the turf wars between that council and Tyne and Wear County Council. They competed too much and it did not help that their memberships were separate rather than shared. The met counties, as we know, were abolished some 30 years ago, but problems of integrating with the wider region remained, not least in strategic planning and transport. Then, in 2004, we had the referendum in the north-east on creating a regional assembly. On a turnout of half the electorate, only 22% voted yes. It failed despite the best efforts of a number of Members of your Lordships’ House, not least the noble Lord, Lord Prescott, because it had no real powers and was seen as a talking shop and another layer of government, when power would still in reality reside in Whitehall. I think that things have changed. The north-east of England did not see the need then, but, given the further devolution planned for Scotland, that is no longer the case. This Bill gives the scope that we need. It is the next essential stage without which Cornwall, for example, or the existing combined authorities would not be able to go any further in securing devolution.

What of my own party’s position? Our general election manifesto said that we would:

“Build on the success of City Deals and Growth Deals to devolve more power and resources to groups of Local Authorities and Local Enterprise Partnerships ... Establish a Government process to deliver greater devolution of financial responsibility to English Local Authorities, and any new devolved bodies in England, building on the work of the Independent Commission on Local Government Finance”.

We also said:

“Any changes must balance the objectives of more local autonomy and fair equalisation between communities. In some areas of England there is an even greater appetite for powers, but not every part of the country wants to move at the same speed and there cannot be a one-size-fits-all approach”.

We therefore said that we would,

“introduce Devolution on Demand, enabling even greater devolution of powers from Westminster to Councils or groups of Councils working together—for example to a Cornish Assembly”.

We now need local government to propose workable structures as central government accepts that one size does not fit all—both of which, of course, the Bill recognises and enables.

I may have given the impression so far in my contribution that we are debating a perfect Bill at Second Reading and that nothing needs to change, or be further defined or examined. In my view, that is far from the case. There are issues that we need to examine closely when we reach Committee in a fortnight’s time. The first relates to democratic legitimacy: that is, a new structure of local governance, and public support for that structure. I recognise that in the case of Greater Manchester it was made clear in the Conservative Party manifesto that a Conservative Government would, “legislate to deliver the historic deal for Greater Manchester”.

However, it is also the case that most electors in Greater Manchester did not vote for the Conservative Party in the general election. I have come to the conclusion that it must always be right to test proposed

[LORD SHIPLEY]

constitutional changes such as these in a local referendum. We must return to this issue in a fortnight's time when we start Committee.

Secondly, when elections for the mayor take place—assuming the Bill becomes an Act—there will be a direct connection with the ballot box at least for the person entrusted with the huge powers an elected mayor will have. However, the range of powers is potentially so vast that I doubt one person can do it all, which means in practice that much will be delegated. We need to think very carefully about running policing, social care and health, strategic planning, housing, skills, transport, economic development and regeneration all through one person.

Thirdly, in London there is an assembly with powers of scrutiny over the mayor. Something similar is needed as part of the Bill. I noted the comments of the Chancellor of the Exchequer on May 14 in Manchester, when he said that the metro mayor would be, “a powerful point of accountability”, because they would be:

“A person vested with the authority of direct election”.

However, he also said that,

“the Manchester model of devolution is not like London. We haven't created a new Assembly here. We've built on the excellent cooperation you've established with your combined authority, as you asked me to do”.

I am not convinced that this is enough. We run the risk of creating a one-party state in which one party controls the metro mayor, the metro mayor's appointment of the deputy, the combined authority—at least in terms of having a majority of seats—and the scrutiny of the mayor and of the combined authority. This concentration of power in the hands of a very limited number of people, when this Bill is all about devolving power, seems to me to need some urgent revision.

I also have some questions around the voting system and what the preferred voting system should be, and again around the powers to precept and what in practice that will mean when applied. I hope that we can look at those further in Committee. I am an advocate of proportional representation in local government, and it has occurred to me that this might be the moment for your Lordships' House to give some further thought, given that it applies in Scotland, to the desirability of making local government elections by proportional representation. If we did, some of the problems that I have identified could be solved.

To conclude, the principle of enhanced devolution as proposed in the Bill is most welcome. It is the detailed set of proposals that we need to spend time examining now in Committee.

4.09 pm

The Earl of Listowel (CB): My Lords, I declare my interest in the register in property development. It is also perhaps worth reminding the House that I am treasurer of the All-Party Parliamentary Group for Children.

I hesitate somewhat to take part in this debate as I am afraid I may be straying where angels fear to tread. However, I am so concerned about the issues around housing supply in this country, particularly social

housing for our poorest families, and our need for key worker housing so that we have the excellent teachers and social workers who can intervene with these families and help to turn their lives around, that I feel I need to speak. In principle, I very warmly welcome what the Government propose. It seems quite evident that if we strengthen the north of England and its economies, there will be less burden on housing in London and the south-east, and we will relieve the strain that some of our poorest families experience. The principle of delegation of powers within this Bill also seems very welcome.

My concern somewhat echoes that which the CBI raised in its briefing: certain issues need a strategic authority strong enough to balance many vociferous and powerful opposing forces. In particular, the CBI talked about transport. I am concerned that in housing supply it is important to consult and think hard about local residents' concerns. It is very important to think about the environment. However, it is also important to weigh up with that people's need for social and key worker housing. That can be such a difficult issue for an institution to resolve. Whatever new authorities we establish to process these decisions, they need to be robust enough in terms of residential development. Local people, particularly those who own their own homes, understandably feel very concerned about any prospect of development in their local area. It can be very difficult for local politicians to put the other side, about the need for new homes for social or key worker housing. Local media may feel very much that they must put the case that most concerns local people. Whatever authority tries to balance up the interests in that area, it will have a very difficult job to do and needs to be robust enough to do it. I hope the Minister can reassure me that the institutions that she seeks to establish through the Bill will be robust enough to make the right decisions in all our interests when these things come up. Furthermore, I urge the House to look at this Bill as an opportunity to think about how we can increase the supply of affordable homes, key worker housing and social housing in this country.

I pay tribute to the noble Lord, Lord Heseltine. Some time ago, with the All-Party Parliamentary Group on Homelessness and Housing Need, I visited Walthamstow housing action trust. I hope my memory serves me correctly, but the residents there told me that they had been rather late to apply for housing action status. I think they actually approached the noble Lord with some rubble—the masonry that fell from their buildings. Anyway, they were very grateful to be granted that special status with all the opportunities to influence their crumbling housing estate and change it for the better. I pay tribute to the noble Lord for what he did for them in particular.

If I may highlight the issues around homelessness, there were 90,000 homeless children in Britain in November, as recorded by Shelter. There were more than 2,000 families living in bed-and-breakfast accommodation in England last June—and that is on the increase. In Wales and Scotland, the numbers of such families are decreasing but in England they are on the increase. I visited the University of East London in Stratford recently to talk with four academics undertaking some research around housing and perinatal

mental health. We discussed the recent report from the London School of Economics looking at perinatal mental health which highlighted the fact that failing to meet the perinatal mental-health needs of mothers cost the nation £8 billion per year. That is £10,000 per birth. The bulk of that extraordinary cost—some 72% of it—arises from the fact that when mothers are depressed or suffering postnatal depression their relationship with their child is disturbed and that child then fails to thrive, which influences their later development.

The academics are looking at how housing can influence the mental health particularly of mothers around birth. There is evidence from Chicago on the impact of homelessness on the mental health of mothers. Visiting with health visitors in Redbridge and Waltham Forest, I have seen mothers in appalling conditions, living in the most tragic circumstances, in overcrowded houses in multiple occupation, sharing facilities with several other families. We walked in and found the door left open and a mother with a baby only a few weeks old living in that very unsatisfactory situation. It really reinforces to me why we need to do all we can to improve the supply of key worker and social housing.

Not so long ago, I spoke to the head teacher of a primary school in Kings Cross who told me that one of her best teachers had recently been in her office in tears because she had to move out of London to establish her family and have a home that she could afford. Again and again, I hear from our key workers that, when they have gained experience in London and the south-east, they move up north to establish their families. This really has an impact on issues such as the number of agency staff employed by the National Health Service.

The issue of immigration is so much on our minds. There is perhaps nothing that causes more tension in communities than the fact that there is a shortage of housing, so that people in our country have to compete with immigrants over housing supply. That should not be necessary; we should have built enough housing so that we can accommodate both the immigrants we need and those who live in this country. It is a red rag to a bull. Margaret Hodge MP has raised this issue in the past, and the Governor of the Bank of England recently highlighted how supply of housing impacts on the security of the economy. It may well have impacts on productivity, too—it was good to hear the noble Lord, Lord O'Neill of Gatley, talk about that earlier.

There is much to welcome in what the Government are doing in terms of the 275,000 new affordable houses promised by the end of the five years. There is much to welcome in the Bill, but I hope that your Lordships will keep it very much in mind that this will be an opportunity to increase the supply of social and key worker housing.

4.17 pm

Lord Heseltine (Con): My Lords, I congratulate my noble friend Lady Williams on the very clear way in which she summarised this fascinating piece of legislation, which is immensely wide in its potential and dependent almost entirely on the detail of offers that other people are yet to make. I am sure that noble Lords will

appreciate that we have heard two speeches from opposition parties that were very helpful and supportive of what the Bill intends to do. In my view, we are discussing and implementing in this Bill an historic shift.

I was particularly interested in what the noble Earl, Lord Listowel, had to say. If there is an area of this country's administration where devolution is necessary, it is in the poorest communities, which are all fragmented into different streams of funding from central government. There is no correlation or process at local level that draws the funding together and asks fundamental questions. If you live in that sort of circumstance—and no one in this noble House does—the one thing that is missing is a ladder of aspiration. There is no machine showing you how you can change the structure. There are lots of very well-meaning people with very substantial sums of money, but there is no central point where we can try to change the assumptions of deprivation that exist on a wide scale and in many different forms. The noble Earl may well be surprised, as this process unfolds, that there is great potential for the poorest communities in particular.

I think that the whole House recognises that today we are involved in an historic shift. We all understand how this process of centralism came about. We were a pre-eminent world power in the 18th century, and the driving force and motive was that of the accumulation of wealth, which created conditions for people that were totally unacceptable. In order to ameliorate the condition of the people, it was necessary for central government increasingly over more than a century to centralise the processes that would create an equality of adequate public service. It was a very benign and necessary part of the evolution of parliamentary democracy.

However, if the intention was benign, the consequences were not quite as happy. First, because it was very largely public sector-driven, the people who had created the wealth in the first place were marginalised, and in the process of decision-making they were largely eliminated over a very long period of time. Secondly, the process of redistributing the money that had to be collected locally to provide the services that were required led to a fragmentation of function in the great spending departments of London. I can remember only one occasion in my entire political career when the subject on the agenda was a city, and it was Liverpool after the riots of 1981. Many discussions took place about housing, policing, education and whatever, but at no meeting I can remember did we sit down and ask what we should be doing about the totality of this vital community called Liverpool, Leeds, Birmingham, Manchester or whatever it may be.

So the functionalism of the central process was extremely fragmenting in the application of opportunity for those areas. Frankly, and in many ways more sadly, it created a culture of deference, because the weight of money flowing back to local people and local communities was so heavy and the systems by which it flowed back were so intrusive that the culture that developed at local level was, "Tell us what to do" and "Show us what you want". The willingness to challenge the central machine became inbuilt into the assumptions of too many people living in our great cities.

[LORD HESELTINE]

The consequence of all this is that in this country we have devised a system of government unlike any other advanced economy. There is no economy of which I am aware—it may be that other noble Lords have a different experience—which has so concentrated power in its capital city and dictated by circular, edict, specific grant or ring-fence the precise detail in which a commonly devised formula is imposed on the whole of the economy. Noble Lords will realise that this Bill is about creating a better balance. It is not a revolution. Noble Lords who have spoken so far have talked about what has happened in the past, and there are many examples over the years. I know that the noble Lord, Lord Prescott, was very interested in this subject. The Labour Party can claim credit for creating the mayoralty of London.

I heard the noble Lord, Lord Shipley, make the proud claim that it is 40 years since he was first elected a councillor. I have to tell noble Lords that it is 45 years since as a junior Minister I entered the DCLG where I now have the honour to be a special adviser to the Secretary of State. I am glad that nobody has taken the trouble to look at the preposterous and ridiculous things I said about local government—that I created councils, destroyed councils and changed boundaries. All these things I did in the name of better governance, I said at the time. I come before your Lordships' House today as a sinner that repenteth.

The precedent of the London mayor has been an exciting one, and no one would take it away, but there are many other mayors today. There is a Mayor of Liverpool. Nobody asked for a referendum in Liverpool. I disagree with the noble Lord, Lord Shipley, on this issue. A former Labour MP is now the Mayor of Leicester and is doing, so far as I can see—forgive the party politics—a perfectly acceptable job. Nobody suggested that there should be a referendum in Leicester. Built into the statute is endless provision for new mayors to be created within the existing framework of local government without a referendum, so why should we be preoccupied with this delaying tactic—because we know that that is what it will be?

Of course, the argument is that we did have a referendum, which from the point of view of those of us who believe in mayoral government was a disaster. Why was it a disaster? First, because it was completely controlled by the party machines, which were basically against anything that threatened their existence; and, secondly, because nobody bothered to vote. So on the idea that we are once again going to subject our great cities to a referendum—with perhaps the exception of Manchester, which has opted to take the leading steps towards one—I hope that when we get to Committee the House will come to the view that the opportunity, the prize and the timing are so urgent that we might be able to get on with the job and transfer power back to where we have taken it from over the past 150 years.

As I said, this is not a revolution. The last Government were, I think, extremely constructive. They worked with local enterprise partnerships, city deals, growth deals, the single pot and the northern powerhouse in pushing this agenda with determination and excitement. It is an evolution, not a revolution, but it is an evolution that is moving in a direction that will change the

history of our country. There are things that will flow from it. First, there will be a massive potential saving in costs. I do not wish to trespass on the discussions about public expenditure cuts and the reviews that are coming; they would come under any Government, as we all know. But the fact is that with the local authority structure that we have today there is a massive overlay of costs, which will be challenged because the cuts that are coming will increase the pressure. They will not create it—the pressure is already there, and a whole range of dialogues are proceeding as to how local authorities can co-operate, amalgamate or whatever in order to cut not the services but the overhead costs of providing the services. That will be a benefit.

It is a huge change. Billions of pounds a year will be spent not because the functional apparatus of central London so designs but because local people say, “If we can spend it this way, we will get better results”—and that will build on the strength that exists in our communities and enhance the opportunities as local people see them.

It is a fact that it is a competitive process. There is no compulsion on any local authority or combination to come together to advance this cause, but if they do it will be by negotiation with central government, and in negotiating with central government they will want to ask basic questions about the administrative capability of the new structure to carry through the enhanced responsibilities that they will enjoy. That will mean that the new structure that emerges will have every incentive to diversify to encourage choice and to show ways in which it can do better than other competing local groupings—and that will raise standards as the more successful pioneer an enhanced form of service.

The next argument that flows from that is that if you distribute public money by competition, you get gearing. Many Members of this House will have been part of the process of the last 20 or 30 years in which we have shown increasingly that if you use money in a competitive sense—such as the urban development corporations, the City Challenge, the regional growth fund, city deals, the single pot—you get a significant enhancement of what the taxpayer can afford. The ratios are exciting; the most exciting of all, of course, was London Docklands at 10 times what the public had to pay, but the regional growth fund still returns something like five or six times what the taxpayer could afford. So although we talk of cuts—which, legitimately, members of the opposition party will want to do—the reality will be that in employment terms there will be no cuts, because the use of public money in a competitive environment, and the gearing that it will produce, will dwarf in increased employment the jobs lost in the public sector.

So there are many arguments in favour of the distribution of public money to the localities, but it is important to realise that this is not a take-it-or-leave-it, “Here’s the money; tell us how you got on” system. This is a new form of partnership and, whichever party is in power, it is entitled to see its manifesto implemented. Maybe the Government will have been elected to create more housing, or better health or higher education standards; whatever it may be, we are not in any way challenging the right of central government

to have its manifesto implemented. What is different is that in the implementation of government policies the talent of the nation is involved in trying to do the best they can to implement that, as suits their own localities.

The devolution process is conducted by negotiation: by voluntary offers from the local communities in whatever form they want to combine, but then by agreement. One of the questions that they will have to answer, and rightly so, is: “What is the administrative structure that will actually carry out this new vision that you have put forward for your town, city, county or rural area?”. It follows that they may actually turn round and say, “Well, what is central government doing about the administrative way in which it deals with us?”. If one were a businessman, which of course as a politician one certainly is not, one would not accept one’s company being run in the way that central government runs its administrative relationships with local communities. So in asking local authorities and local enterprise partnerships how they would reorganise themselves to carry the responsibility now being devolved, it might well be that they will turn around and say to central government, “Will you please do something about reorganising yourselves so that we have a central point of contact with whom we can do business?”.

I hope that the good will expressed by all noble Lords who have spoken today will be carried through in the implementation of the Bill. The country, as we all know, faces an ever more competitive challenge, but the opportunities out there are equally attractive. The Bill is about encouraging people all over the country to help this nation grasp those new opportunities for themselves, their communities and local people.

4.33 pm

Lord Prescott (Lab): My Lords, it is a great pleasure to follow the noble Lord, Lord Heseltine. His words are often beguiling but you have to look at the small print. He has an excellent reputation for urban development in different parts of the United Kingdom, for which I give him credit. He was the man who welcomed me as a Back-Bencher on my maiden speech, so we have both been around for a bit. I recall that when I was in a Labour Cabinet, I had to get the Cabinet to agree to rescue his Dome, which turned out to be profitable, and then I had to rescue the Channel Tunnel rail link, HS1; it had collapsed in the private sector but the public sector solved it. So he and I have worked together to achieve some of the benefits of urban development.

It has been a great joy to listen to the noble Lord today but I have to say, when he talks of a “historic moment”, that he was in the Lobbies lobbying and voting against all the devolution proposals that were brought in by the Labour Government. Devolution in Scotland, Wales and Northern Ireland and a Greater London Authority with an elected mayor were all brought about by a Labour Government. Therefore it is not that historic at the moment; it has been there for a while, and most of it, with the noble Lord’s help, was basically abolished, or voted against, by the previous Administration.

I am therefore delighted to be here in a debate talking about devolution and how that can affect the north in particular. Again, the noble Lord, Lord Heseltine,

has helped the development of the north a great deal. *No Stone Unturned* was a very important document that advanced some of the arguments he has just given. He always has solutions—except for the time he got kicked out of the Cabinet, but I will leave that alone at this moment—that are well thought-out and well respected in the areas they operate in.

I want to say to the noble Lord that devolution started two decades ago, and this is an extension of it. It is not the same kind of devolution; it is in a way considerably different from the kinds that we developed. As the noble Lord probably knows from the past, in 2006, when I was the Secretary of State, we produced the *Northern Way*. Everything in the powerhouse of the north was embodied in that document. So when they say, “Ah, the powerhouse of the north!” it is not original or historic—we did that 10 years ago. The real problem is that the Liberal Democrat and Conservative Government abolished it. As soon as they came in, in 2010, the Chancellor got rid of it and the regional development agencies—I suspect that the noble Lord, Lord Heseltine, rather admired them as a body; they did bring things together—but today this Government have taken that in a different direction.

I want to make a historic point about the documents produced at that time, but we are thankful that we are now moving to more decentralisation. The analysis given by the noble Lord, Lord Heseltine, on centralised government is absolutely right. I have felt that all my life here in Parliament. I was given the job by Michael Foot, who was the leader of the party in 1980, when we failed in the first referendum for Scottish devolution to find a solution for the English regions. The north-east, as the noble Lord, Lord Shipley, said, was very annoyed at how many powers could be given to Scotland but not to the north-east. I admit to my failure: I could not convince the Labour Government to give similar powers to English regions as they had given to Scotland. We gave them a referendum and we failed in the north-east, largely because I could not convince my colleagues to give more powers.

The situation now is very different. The position in Manchester now is about what was effected in Scotland. People say, “Right—we want these powers for the English regions”, and I fully support that and think that is right. However, as to how you interpret that, we must wait for the debate that will happen on how the resources are to come and what the powers will be. There will be some disagreement about turning local authorities into premier, championship and lower local authorities, all of which will now be given different powers and resources. On saving money, I can remember the other change in local government—I have been around long enough—when the county local authorities were set up. They did not save money; they cost a lot more in the end, and they had to be broken up in the main. Therefore, there are many lessons to be learned.

I will end on the point about the local and combined authorities. I am sure that it will be known to the noble Baroness, Lady Williams, because it is about what the noble Lord, Lord Heseltine, has been involved in, on which we are now again joined with him: how you unite the ports of the north. Hull and Manchester are on a great corridor, not just for Britain to go to the

[LORD PRESCOTT]

European market; we are beginning to see an Atlantic super-port in Liverpool, with big container wharf developments; international negotiations are now taking place on the new American trade between the US and Europe; and there is the development and growth of the East, and the big consumer market in Europe. That land route between Manchester and Hull will be one of the big global corridors, which is very important.

The problem for me, now, is that one port—Merseyside—is in a combined authority, while Hull is not. It is always left on the side—we do not deal with Hull. When you look at the transport policy that was produced by those combined authorities, it stopped at Leeds. It never came into Yorkshire or saw the East Riding. If you want to develop a port strategy, which would be a great asset for the north, you need to develop both ports. The Humber is becoming a massive energy base for renewables and is a major port that looks to Europe, while Merseyside looks to the Atlantic. They are the two important ports. So what is my complaint? My complaint is that, as we have found already with the transport document produced by the combined authorities, they can only really begin to opt in people from Hull and other areas but these are not part of the decision-making process. With two big gateways like that which are connected for trade and transport, it is stupid to have one authority that has the power and resources and is combined authority, such as Liverpool, with massive investment from the Peel organisation, and the other authority in Hull which is not included.

I want to put a question to the noble Baroness, Lady Williams. I do not know whether she realises that she attended one of my meetings where I made this argument, and I hope that that does not damage her career. However, it was very good that she came to Hull, which involves a long journey. Hull wants this development but it cannot get into the game. It has already written to Richard Leese and asked whether it can be included as a city region but it has been told, “No, you can’t”. Now it is expanding. Cardiff, Birmingham and Glasgow have been brought in and there is now a big national grouping of authorities. They are the ones that will really have the influence on government, and they are the ones who are promising to have a Lord in charge. I mean a mayor in charge, although it may be a Lord—who knows? Basically they need to be on the same footing. I have a letter from Richard Leese, who is now the chairman of all the combined authorities and whose name is on my *Northern Way* document. Basically, Richard Leese has said that city regions such as Hull—and there are many others—cannot get into the game when the priority is being given to the combined authorities.

I have a question for the noble Baroness. The notes to the Bill say that certain authorities can, under order, join in. A commission in Hull has just reported. The arguments between Hull and Beverley are in the past; they have come together. The first combined authority was developed in 2006, when we were in government, so the current Government are not unique or historic in that respect. There is now talk of Leeds being involved. Leeds is looking at how to have a big North Yorkshire authority, involving the whole area

and the authorities in Humberside. How would that work? Would they just make an application—a promise to have an election for a mayor? Of course, with decentralisation the Government tell you what you have to have, but I will leave that to one side. Authorities want to know how to do that, and not only Hull—a big one will be put together if it goes in with Leeds. How will that process work and how long will it take? I feel it is important that local authorities are given these answers.

Hull just wants to be in the game. It is an important gateway to Europe and there is an important trade barrier. Hull needs to be part of this. It is always being left aside as a fishing port. Well, it ain’t now; it is a major port crucial to the development of the northern economy. I do not care whether you call it a powerhouse economy—the northern powerhouse—or the northern way. We need to get on with the investment. That is an essential part of economic and transport development, coupling with what is happening in the London of the north—namely, Manchester. Perhaps the Minister can give us some information about that.

Clandestine Migrants *Statement*

4.43 pm

The Minister of State, Home Office (Lord Bates) (Con): My Lords, with the leave of the House, I will repeat a Statement given earlier today in another place by my honourable friend the Immigration Minister, James Brokenshire.

“Mr Speaker, last Thursday evening, Border Force officers at the port of Harwich detected and intercepted 68 migrants who were seeking to enter the UK illegally and clandestinely. The discovery came after four lorries were selected for examination and searching through Border Force’s normal operating procedures. Among the 68 migrants found were two pregnant women and 15 children. Seven migrants complained of chest pains and nausea and were taken to hospital as a precautionary measure. All four drivers of the lorries involved were arrested on suspicion of facilitating illegal immigration. They have been bailed but continue to be under investigation by law enforcement bodies, including the National Crime Agency.

Of the 68 people found, 35 were Afghans, 22 were Chinese, 10 were Vietnamese and one was Russian. None of those taken to hospital, including the two pregnant women, was found to have a substantive medical condition of concern. Some of the individuals have claimed asylum, and UK Visas and Immigration is considering their claims, including suitability for the “detained fast track” process. Two of the asylum seekers are unaccompanied minors and have been placed in the care of Essex social services. We have already begun the work to seek the removal of the remaining migrants from the UK.

If we can show that those who are claiming asylum have also claimed in another EU member state, we will seek to remove them under the Dublin regulation. This regulation has allowed us to remove 12,000 asylum seekers from the UK since it came into force in 2003.

However, it relies on member states fulfilling their obligations systematically to identify and fingerprint migrants apprehended at the EU border. Unfortunately, we know that some member states are still not fulfilling these obligations, which is a matter that we continue to raise with them at the highest levels. This Government are clear that the EU's approach to migratory flows must include proper management of the external border, the prompt return of those who are not in genuine need of protection and action to tackle the efforts of smugglers and traffickers who profit from human misery.

I am aware that my honourable friend the Member for Harwich and North Essex visited the port on Friday, which is in his constituency. I would like to echo and endorse his complimentary words about the work of Border Force. Border Force conducts rigorous checks on lorries and other vehicles as they arrive at UK ports of entry on a targeted basis, as was the case at Harwich on Thursday evening. Such checks are undertaken by skilled officers, who have the expertise to identify individuals who are often well-hidden in vehicles, and involve the use of state-of-the-art scanning and X-ray technology. Thursday night's incident at Harwich comes on the back of a number of other excellent results by the Border Force team at that port. Among other successful operations in recent months, the Border Force team has made some significant seizures, including 15 kilograms of heroin in December, 17 kilograms of cocaine in May and 2.9 million cigarettes in March.

With regards to the specific problem of clandestine immigrants, Border Force concentrates a significant amount of resource at the juxtaposed ports in northern France, where the vast majority of illegal border crossings are attempted. All lorries undergo enhanced screening at these locations. Our approach is dynamic and intelligence led. Border Force is able to, and does, move its resources around on the basis of threat to ensure that we keep one step ahead of the criminal gangs that exploit vulnerable people and try to circumvent our immigration laws.

The important work that Border Force officers carry out detecting and intercepting those who attempt to enter the UK illegally, in conjunction with law enforcement agencies in the UK and internationally, is vital in the fight against organised criminal networks engaged in people smuggling. These gangs show a callous disregard for human life and seek to make a profit out of other people's misery. I commend Border Force for its discovery last week and for the work that it does to protect the UK's borders. I commend this Statement to the House."

4.47 pm

Lord Rosser (Lab): My Lords, I thank the Minister for repeating the Statement.

The people found at Harwich are victims of criminal gangs, just like those found on boats in the Mediterranean. What action are the Government taking to ensure that there is a more concerted UK and EU drive to seek to stop this trade in human beings at its source? To secure our borders, what percentage of lorries and containers are now routinely checked at UK ports of entry? John Vine, the former inspector of borders, stated at the weekend that good intelligence and

experienced staff were critical but that a lot of experienced staff were leaving and not being replaced. Is that true? Finally, can the Minister say whether or not Border Force funding is ring-fenced from the Home Office funding cut that was announced by the Government last week?

Lord Bates: My Lords, I will take the points raised by the noble Lord, Lord Rosser, in turn.

The noble Lord is absolutely right to say that it is one thing to try to tackle these problems when they arrive in the UK but far more productive to focus that effort in areas and countries where there is insecurity. That is part of the reason why so much of the work of DfID and the Foreign Office in places such as Syria is about trying to intervene to provide stability and security in those areas so that people do not undertake the perilous journey, in the case of the Mediterranean, or become victims of the criminal gangs that we have talked about.

The second thing that we can do in that regard is to strengthen the laws in relation to this. With a large degree of cross-party support in the last Parliament, we introduced the Modern Slavery Act, the Counter-Terrorism and Security Act and the Serious Crime Act, all of which were aimed at trying to disrupt activity and increase the penalties for those concerned.

The noble Lord asked some specific points about the operations and the percentage of checks that are carried out. This work is very much intelligence led. Border Force works very closely with the National Crime Agency and it will pass on intelligence to particular ports for the screening of vehicles. The actual percentage may change from port to port on the basis of intelligence that is received at that point. We can also take some confidence—without for one second being complacent—from the performance of Border Force in areas such as Harwich for the examples that I gave earlier.

There is a three-pronged approach: the first is tackling the issue upstream; the second is the greater use of technology; and the third is greater use of intelligence. We must also strengthen the legal framework to ensure that those people who engage in this pernicious activity of trafficking people across countries get the punishment that they deserve.

4.51 pm

Lord Paddick (LD): I thank the Minister for repeating the Statement. Does he agree that proper management of the EU's external border is the key to solving these issues, and that the UK is in a far better position within the EU to influence member states than it would be if it were outside the European Union? The Minister also mentioned the Dublin regulation and the fact that more than 12,000 illegal immigrants who claimed asylum initially in other EU states had been deported from the UK as a result of that regulation. Will he tell the House whether that regulation would still apply if the UK were no longer a member of the European Union?

Lord Bates: The noble Lord is absolutely right that the work of FRONTEX in securing the borders of Europe is vital. We believe that it could be doing a better job, but we are co-operating with the agency at the present

[LORD BATES]

time—I believe that members of the police, the National Crime Agency and Border Force are working very closely with FRONTEX. One of the areas in which we would like to see it perform better is in taking fingerprint data as soon as people come into the European Union area. That would help in tracking them down.

The noble Lord is correct to say that this is a growing European problem. We are seeing a significant increase in the numbers of migrants coming into the EU—around 600,000. It is a European problem, but it goes beyond Europe's borders. We are sure that our partnership in working together with other European countries—as we have done in this case with the Dutch, and as we are doing with the juxtaposed controls with the French—is an integral element of being able to tackle this going forward.

Baroness Ludford (LD): The Minister referred to European instruments and my noble friend took up that theme, but I want to ask about carriers' liability, which is also the subject of an EU legal instrument. Like the noble Lord, Lord Rosser, I heard John Vine, a former borders inspector at the weekend saying that there had been no sanctions on hauliers or confiscation of vehicles where they were found to have been carrying irregular migrants—he implied that there had been none at all. Is that the case, and, if so, why? Why have there not been any sanctions for breach of carrier liability legislation?

Lord Bates: We have to work closely with the hauliers. In March, my honourable friend the Immigration Minister met with the hauliers to discuss what part they can play in this, because that is certainly in their interests. I can say that the four vehicles found to be carrying these illegal migrants through Harwich have been seized, and there will be ongoing legal discussions because the case has to be proved in the courts, as the noble Baroness would expect. Of course, there are many other areas where I can point to seizures which have taken place, and I will certainly write to her on the specific number. I should say that a major part of the Serious Crime Act is about strengthening the powers of the courts so that they are able to seize the assets of those engaged in people trafficking—if that is the case in this particular instance—whether the assets be lorries or boats in the Mediterranean, so that they cannot actually continue with their evil trade.

Baroness Scott of Needham Market (LD): My Lords, first, I wish to declare an interest as a member of the board of the Harwich Haven Authority.

Does the noble Lord agree that the early finding of such people is not just a matter of politics but of humanitarian decency, because the impact on those who are not found in such conditions is catastrophic? Can he assure the House that proper attention is being paid to the rest of the ports community and not just to the Border Force, because it is the wider ports community which is more likely to have the first inkling that something is not right? Perhaps they need a bit more help in understanding what they should be looking for and how we can help to prevent these catastrophes turning into a humanitarian disaster.

Lord Bates: The noble Baroness is absolutely right. There is an extremely good relationship in this regard between Border Force and many port authorities—in fact, virtually all the ports of entry that I have ever looked at. The closeness of that relationship is absolutely vital to the sharing of information because intelligence and co-operation are critical to maintaining the integrity of our borders and the reputation and security of our port facilities.

Baroness Symons of Vernham Dean (Lab): My Lords, we have seen disturbing reports recently that some of the boats crossing the Mediterranean have contained not only migrants. On occasion there is evidence that some of those on board have come from the so-called Islamic State and are trying to penetrate parts of Europe. Can the Minister tell us whether there is anything to suggest that any of the people on the boat which has just arrived come from either the so-called Islamic State organisation or, indeed, any other terrorist organisation?

Lord Bates: It is probably too early to say on that. Investigations will need to take place and a number of the people have applied for asylum. However, the noble Baroness has raised a very important point: this is not just about stemming what might be the trafficking of people, as evil as that is, but also about reducing the risks to our borders of the much more insidious threat of terrorism. We need to ensure that we are geared up for that.

In that regard, I want to pay tribute to the work of HMS “Bulwark” in the Mediterranean. Some 1,909 migrants have been rescued from the sea, and that is something which we can all be proud of in this country. We are ensuring that people are being rescued from their desperate situations, while at same time seeing no contradiction in having a robust attitude to maintaining the integrity of our borders.

Cities and Local Government Devolution Bill [HL]

Second Reading (Continued)

4.58 pm

Lord Teverson (LD): My Lords, I am not going to enter into the polemics of the history of devolution within England or in the United Kingdom more broadly, but I look forward to what the Bill is likely to provide for certain other areas of England. I very much welcome devolution as a principle because it is needed and is a way of empowering local communities far better than has been the case in recent history. It is a way to liberate the economies of the regions.

The first word of the title of the Bill is “Cities”. Being a rural resident and someone who works within the rural economy as well as here, I was concerned that this area might be left out and that for every metropolitan powerhouse we might have a rural poorhouse. That clearly would mean that we would have a two-speed England, which would be completely wrong and unacceptable. More importantly, it would waste the resource, energy and ability of a large proportion

of our English nation. Within rural areas in England, we have half a million businesses registered, the turnover of which is something like one-third of a trillion pounds per annum. We are not talking about something distant and unimportant or something that is not vital to get right in terms of the devolution jigsaw.

Noble Lords can imagine my surprise and delight when, going through the Bill, I came across Clause 10, which states:

“The Secretary of State may by regulations make provision about ... the governance arrangements of local authorities”.

That is a very wide and general statement but I understand from the noble Baroness that it is the Government’s intention that the Secretary of State will be enabled to make secondary legislation allowing individual local authorities in England to have different powers and to be able to take more control of their future. I very much welcome that.

Cornwall has been mentioned a couple of times in speeches and in meetings that we have had with the Minister, which I welcome. But this is not about only that county in the south-west, it is a matter of principle that rural local authorities should participate in this process of devolution—not at the end of the queue but as an integral part of the queue. Within that context, perhaps I may ask whether there is a specific roadmap for local authorities. I should be interested to know how many are on the Minister’s action list at the moment. Is it a long list and where are we on that?

I welcome the fact that in her opening speech, the Minister emphasised that there are differences. I do not want to get into the arguments about elected mayors in terms of metropolitan and combined authorities. However, I presume from the legislation that it will not be compulsory for individual counties or other local authorities which take additional powers to have an elected mayor. I should like clarification on that. Clearly, it will be fine if they want them but a lot of rural communities are rather different in that regard and perhaps as existing authorities it would not necessarily be appropriate or be seen by the Government as being appropriate in the same way.

I understand that local authorities should not expect to queue up and say, “We want more powers”, and be disappointed if they are not granted. Clearly, there needs to be fiscal and financial responsibility. At worst it needs to be a zero-sum game and I hope that there will be financial savings, service enhancement being the most important. I look forward very much to the Minister’s reply as regards that issue. Rural areas are important. People living there are very keen to make sure that they do not become second-class citizens within this process.

I should like to mention two other issues. I was privileged to be one of the first members of the local enterprise partnership in Cornwall and the Isles of Scilly, which is probably one of the more successful. As regards more general devolution and economic development being a key part of the rationale for combined authorities and greater devolution, it is important that the LEP jigsaw should tie in better than it does at the moment. A lot of LEP boundaries are very random. I recently chaired a Local Government Association commission for non-metropolitan area

economic development. I know from LGA members that one of their concerns was that the present boundaries of LEPs did not necessarily tie up very well with the way that devolution might happen. I am interested in the Minister’s response on that.

Lastly, I emphasise a point made by my noble friend Lord Shipley: there is a real concern and risk that we move, during devolution—certainly in metropolitan areas and maybe in some rural areas as well—into, effectively, one-party areas. There were great problems with them back in the 1980s, which were then solved with very blunt instruments. I would be very disappointed if this devolution process once again ended in that same sorry state in one or two decades’ time.

5.05 pm

The Lord Bishop of Derby: My Lords, I, too, thank the Minister for her very clear introduction to the Bill and for showing us how it can be a creative, flexible way into the future. It ticks many of the boxes that we are concerned about today: localism, devolution, inclusivity, electoral accountability and enabling growth. I will make three very short points and ask three questions of the Minister.

The first is on unevenness. We have just heard about Truro and the rural south-west; the right reverend Prelate the Bishop of Norwich lobbies me about the east of England and the very different economic, social and political contexts. The east Midlands, where I work, is complex, with cities such as Derby, Nottingham and Leicester and very rural hinterlands. There is therefore a lot of unevenness in the territory that we are trying to use to enable economic growth and prosperity. How will those very different areas use the freedom the Bill offers? As we have heard, there is also unevenness between London and other parts of the country. Finally, there is the unevenness of some opting in and others opting out. The noble Lord, Lord Prescott, gave us a very helpful picture with the football leagues—some are “non-league clubs”, in a way, such is the complexity. If there is unevenness, what priorities will the Government have to manage it, so that we do not prioritise just some areas to flourish, while others are “non-league clubs”, to use that image?

Secondly, on London and the northern powerhouse, the Minister spoke about the redistribution of power and the noble Lord, Lord Heseltine, spoke about an historic shift. This is an historic shift because local government has been about “place”, and the identity of a place that joins all kinds of people, of all kinds of cultures and economic positions, around it. The Bill proposes that local government will be not about a place, per se, but about building places into units that deliver economic growth, which is a reconfiguration of places. That may raise some interesting questions about local cultures—what will it mean to live in Hull if you are part of a great conglomeration that can deliver economic growth, but which perhaps does not have the sensitivities for that kind of local government?

There is a very interesting question about cities and the role of London. Many would argue that the process of changing our understanding of “place” is happening to nations too: that nations are less and less important as factors in the global economy and the global ecology,

[THE LORD BISHOP OF DERBY]

and that the drivers of economics are global cities and their hinterlands. There is a lot of truth in that argument. I therefore ask the Minister: with this desire to redistribute power and properly to develop economic resources across the country, how will the Government take responsibility for a partnership between London as a global centre that needs a particular level of investment and development, and the way that other parts fit around it? I do not think that it is a simple matter of distributing, but of recognising that we benefit from having a major international city, and then asking how the other bits fit around it.

My last point concerns the shift from inviting people to participate in politics by voting for their local authority, to participating in the creation of these economic growth units. This means that local government will now be carried out not just by politicians—although mayors will be elected, and I, too, wonder whether mayors will have the leadership expertise for this large task. Local government will now be the responsibility of politicians and business, which is good. Businesses will contribute to growing the local economy and the making of the place that is a viable unit for it; but how will we deliver what the Minister called “allowing the aspirations of people in the city to share in the rewards”?

There is a danger that in this new politics, you might be able to vote for a mayor but all the deals will be fixed by politicians and businesses. What about ordinary people with jobs, “less than jobs” or no jobs? How will ordinary citizens experience a redistribution of power in the economic sense? If these spaces are about economic growth, how will the Government ensure that the proper partnership between politicians and business also connects with the aspirations of ordinary people, who need jobs, better jobs and more security? If the shift is from political participation to economic participation, what will that mean for the ordinary citizen? How will the Government make sure that that interest has a say not just every five years, when people vote for the mayor, but in the way that these partnerships operate on the ground?

5.11 pm

Baroness Wheatcroft (Con): My Lords, it gives me great pleasure to follow the right reverend Prelate the Bishop of Derby, whose contributions are always thought provoking. I support the Bill but am delighted that it is my noble friend the Minister rather than I who has to answer his questions.

The need to rebalance the economy has been much spoken about in recent years but not just in terms of financial services versus manufacturing. Clearly, this is also a geographical issue. The Bill is a sensible step in that direction. There is no doubt that the increased concentration of wealth and power in London has been detrimental to other parts of the country, and you do not have to go very far from the capital to feel that. There are places only 25 miles from the centre of London where people cannot believe that MPs cannot keep three families on an MP’s salary.

Not so long ago local towns and cities had thriving businesses of their own. They had the sort of economic infrastructure that could support strong communities and growing new businesses, but gradually local businesses,

whether grocers, department stores, dairies or local newspapers, were taken over, generally by businesses headquartered in London or the south-east. Simultaneously, Starbucks and McDonald’s have plagued our high streets. The end result is that local, professional firms, whether accountants or printers, again lost business to the big firms of accountants and printers headquartered in London.

Things have to change. We have to find a way to bring back businesses that can thrive in local communities. It seems to me that the mayor proposed in this legislation is a very important step in that direction. The mayor will be in a position to stimulate local enterprises and support movements such as the shop local day that has proved so successful in the United States and has recently been launched here. He can pioneer high street partnerships that will bring new life on to high streets and help stimulate the businesses there.

The Government envisage that the new combined authorities will be able to develop certain specific sector strengths in their areas. We know that clusters work. We have seen how the clusters of high-tech business can generate new ideas and thrive to the benefit of their communities. Now we need to find other ideas and all sorts of scientific innovations. The Bill envisages that the new combined authorities will work with universities and develop science initiatives and that sort of technical business in new areas. My noble friend the Minister referred to local enterprise partnerships in her introduction. I, too, see them as very important but I stress, as I did last week, that the quality of the local enterprise partnerships varies enormously and it will be important to bring up the lesser-performing ones to the standard of the better.

Then there is the matter of planning. Any thriving local community needs housing, as we have heard already, but the nimby tendency in this country is not to be underestimated. When we put several authorities together, there is a great danger that there will be very different views on where the housing development and indeed any other development should go. I am not entirely clear what the mayor’s role will be in ironing out that sort of conflict. I would be very interested to hear from the Minister exactly how the planning decisions will be taken in these new combined authorities.

The Bill gives the new mayors the power to raise levies and to borrow—for example, for transport. I would also be interested to hear what the Government’s attitude towards municipal bonds will be. In the current climate, there is obviously an appetite for bonds that appear to be slightly community-spirited, and they do not need to offer a hugely inflated interest rate to attract interest, although I would be very interested to know whether attitudes might change. There have been unfortunate incidences with some local authority schemes in the past but I think people have moved on and municipal bonds might be worth exploring.

When we come to devolving power from London, I would be interested to hear the latest thinking on devolving jobs. Some government jobs have moved out, but all too often when departments move it is the less important jobs that go and the higher earners tend to stay in London. I think those who did move out have generated sufficient taxi and train bills to make it

imperative that they were moved back fairly quickly. If we are serious about devolving from London, we should be devolving the important jobs from the centre as well. Given the effectiveness of Skype, teleconferencing and videoconferencing, some of the objections that might have been raised in the past can presumably be dealt with more easily now.

Finally, I would just like to make a plea that the mayors who are elected follow the example of our own mayor in London, who has been a source of joy and delight to the community. This *joie de vivre* has obviously come from a mayor of the people—there have been festivals and fireworks and, generally, the feelgood factor. Our mayor uses bicycles and public transport. I would like to think that the new breed of mayors will not live in mansion houses or travel in limousines. Could we have mayors of the people?

5.17 pm

Baroness Hollis of Heigham (Lab): Yes, my Lords, if they are for the people as well.

First, I thank the Minister for an admirable speech, but I would expect nothing else of a former local government leader.

Of course I support the principle of rebalancing London's dominance in our economy by strengthening the powers, resources and sheer political clout of the great cities of the north. It is long overdue. As the noble Baroness, Lady Wheatcroft, just said, the dominance of London within the UK is unparalleled anywhere in Europe, but the global banking crisis, London's overheated house prices and its huge and widening economies—in which a City trader can earn more in a day than a cleaner can in a year—show how problematic and unhealthy such dominance can be.

The eight preferred core metro cities share a history, they share economies and they share, for the most part, their politics. Devolution makes sense and is good news, but I join this Second Reading to ask one other question: what about the other cities of England? London is sorted; the great northern cities are soon to be sorted; and then there are the rest of us, the mid-tier cities. Our populations and contributions to the economy equal those of the metro cities. Our productivity and potential for growth probably—almost certainly—exceed them. OECD research shows that there is proportionately higher economic growth in medium-sized cities than in either the capitals of Europe or the secondary great European cities, yet we seem politically invisible. Devolution presumes that decisions made locally are best, not that decisions are better the larger you are.

I loathe the arrogance—and I know that this view is shared by many in your Lordships' House—of “earned autonomy”. I distrust the simple-minded alpha-male obsession with size, the Treasury's cosy preference for dealing with a few large authorities, rather than many diverse ones, the bureaucratic dislike mentioned by the right reverend Prelate the Bishop of Derby for geographical untidiness and the instinct for one-size-fits-all uniformity. I am afraid that I also have no patience with powerful, charismatic Westminster politicians, who have never been in local government, demanding that power can be safely devolved only to other powerful

politicians—that is, mayors. If your Lordships will forgive the personal note, as a former leader of my council there was nothing I could not do that the proposed mayors can do, and I could do it with the consent of the majority of my council and all their financial support. I have yet to have it established to me that the situation would be different under mayors.

The devolution debate has so far been about size: bigger is better, more productive, more efficient and more effective. I challenge that. Medium-sized cities, relatively speaking, are doing the heavy lifting. Here and on the continent, mid-tier cities outperform city regions. Of course there are gains in VFM from scaled-up connectivity, but there are also significant diseconomies: congestion, pollution, labour crowding, the high cost of housing and travel-to-work times. These can affect city region productivity, just as the difficulty of integrating services horizontally—for example, between housing and social services—the added tiers of management and the logistics of travel and communication can all affect the quality of service provision. For example, after the 1974 reorganisation, which I fought as a local councillor, education, social services, highways and planning were removed from urban authorities to their shire county—bigger was better—whereupon they had promptly to be devolved back down again, either as local offices, now without any local accountability, or as agencies, with all the confusion for the public of who was responsible for what.

My own research showed that there was no right size for local government. Every service, from community centres, which are small-size, housing, which is medium-size, and highways, which are large, to secure accommodation for severely disturbed children—the very large—has a different optimum size. The education mafia used to insist that councils had to be for at least 250,000 people to run education, but academies have shown that to be a questionable assumption. With purchasing and partnership arrangements, size matters far less. What really matters, and here I agree with the noble Lord, Lord Heseltine, is identity, distinctiveness, a sense of place and, above all, political will.

The metro cities, with their balanced and self-sustaining local economies, are great but theirs is not the only model. Mid-tier cities do not especially claim self-sufficiency; rather, their strength is in their diversity and their specialisms. Sunderland, Coventry, Doncaster and Derby have strong manufacturing economies; Plymouth, Hull, Portsmouth and Southampton are ports; York, Peterborough and Milton Keynes service their regional economies; Blackpool, Bournemouth, Southend and Bath are visitor economy cities. Many are also knowledge economies, especially Oxford and Cambridge, while Brighton and Norwich support large travel-to-work areas, with thriving digital and creative industries. Their politics are diverse with Conservative, Labour and all possible NOCs in between. Many are not only county but regional centres, often surrounded by highly rural district councils. Most, but not all, are unitary authorities, but they all drive their local economies with a reach far beyond their notional boundaries and with a huge multiplier effect.

I hope that defeating Middlesbrough in the play-off final does not mean that Norwich is in the bad graces of the Secretary of State, who is from Middlesbrough.

[BARONESS HOLLIS OF HEIGHAM]

Norwich, with its universities, theatres, cathedrals, internationally renowned science park and international airport, and as the home of the eastern regions of the BBC and ITV and of Archant newspapers, not surprisingly provides half of Norfolk's jobs. After all, Norwich's is the largest district council in the country and larger than at least 12 other unitary authorities. It provides the shopping, culture and recreation for three counties. However, as a district council denied unitary status by Mr Pickles, it has to service the county and lead the region—1 million people look to Norwich—on the not-very-large revenues of a rural district council. We cannot do it.

Essentially, those key cities help to rebalance the national economy by closing the productivity gap between Britain's regions, as ResPublica has argued, precisely because they are concentrated centres with a clustering of specialist firms, including advanced manufacturing and knowledge-based industries. They offer what the EU calls smart specialisation, which it favours. They can diversify their expertise into further specialised niches and offer the UK greater resilience in the face of economic shocks.

These key cities cannot embrace the false god—the fetish—of size. Most cannot become combined authorities with adjacent rural districts without diluting their focus, flexibility, entrepreneurship, distinctiveness and identity. The cities face issues of density; rural areas, issues of sparsity. We can offer services and enter specific partnerships with our neighbours, which is good, but we cannot be amalgamated and homogenised into a sort of anywhere, thinned-out, national suburbia. If we lose our sense of place or our notion of the community to which we belong, we are all losers and no longer have local government.

If mid-tier cities are to help drive economic growth while also offering much-needed services to the neighbouring authorities—their rural neighbours—then they and we need a tailored version of the finances, powers and resources offered to the core metro cities. So what do we need? Not a series of one-off deals with the Chancellor, but more general devolved powers which we could then draw down and deploy as best suits our communities. For example, instead of having the useless government work programmes—they really are useless—councils need to run education, skills and training in conjunction with schools, local business and local FE colleges. Our chambers of commerce beg us to do it, but we cannot. In that way, the community would own them.

Secondly, we need commissioning powers for a much wider range of public services, working with the private sector and other public agencies. For example, if we were responsible for transport, we could build better transport for travel to work, limit congestion and attract people off private transport with things such as Oyster card offers and the like.

We need to bring all the publicly held land within a city into a single property board to make best use of development sites. On finance, we need five-year funds to plan transport, housing, skills and training. We need more from the business rate to fund investment

in local enterprise. We want more local revenues—stamp duty, perhaps VAT and, certainly, additional bands of council tax.

I hope and believe the new Secretary of State understands this agenda. I welcome him and think he is good news. In his words,

“over-centralisation has been such a disaster for urban Britain. Over-mighty and over-extended, central government has, for decades, robbed our cities of their trump card: their ability to do things differently”.

I agree with every word of that. Local government is about that difference, which is why devolution belongs to us all. We will work with him, if he will work with us, to achieve it.

5.29 pm

Lord Goddard of Stockport (LD): My Lords, I rise with a sense of déjà vu from those who remember my maiden speech, where I admitted to getting lost in this Chamber, and sitting on the wrong Benches over there. I now sit over here, so I am working my way round the Chamber.

I have no embarrassment in returning to the subject of my maiden speech, which was devolution. I believe in devolution. It matters—and the Minister agrees with me on that. A long, long time ago, before the city deals, the growth funds and a lot of things that have come, when we had only the Association of Greater Manchester Authorities, we had one meeting where Sir Howard Bernstein brought in a fresh-faced young chap to talk to us about city size, productivity and globalism. That was one Jim O'Neill—now the noble Lord, Lord O'Neill. He spent an hour and a half with us and really opened the eyes of the leaders of Greater Manchester. That was a number of years ago but it was when we began to realise the importance of combined authorities and working closer together to deliver the objectives of us all: the economic regeneration of all 10 our boroughs. That is the reason we have been at the forefront of this. It was perhaps just lucky that the noble Lord came to Greater Manchester rather than going to Hull, Cornwall or Leeds. To our good fortune, he came to us.

I welcome the inclusive nature of this legislation, which provides cities across England with the opportunity to draw down similar powers and responsibilities to those set out in the Greater Manchester devolution agreement signed in November. It is important that all parts of the UK are able to secure greater devolution to ensure that they are able to take responsibility for growth and their own reform. The 10 Greater Manchester local authorities have run for a long time and have an unrivalled history of collaboration. We had a seamless transition from a “voluntary” federation to a formally integrated governance system to a combined authority. We always believed in a bottom-up approach, evolving over time to meet the needs agenda of Greater Manchester, and also the needs of each and every borough within it. As long as the bottom-up approach carries on, I can give some succour and faith to those noble Lords who feel that the homogenisation of combined authorities is a bad thing. It is not: there is an ability to retain your identity while being part of the bigger team thinking.

However, I have two concerns regarding the Bill. One is around accountability of the elected mayor; the other is around scrutiny. I can be very quick on the

elected mayor, as that argument has been had with Government. In reply to the noble Lord, Lord Heseltine, I say that there was no referendum in Liverpool because the Government offered Liverpool more powers if it did not have one. In a negotiation, that is a pretty powerful argument. I think that the noble Lord did the right thing in taking more powers without the referendum. A similar thing was offered to Greater Manchester. Greater Manchester did not, in principle, want an elected mayor but the deal was that if it wanted full powers then that was the price. Looking at the full deal, the 10 leaders felt that it was a price worth paying. For the avoidance of doubt for anyone else, I say that you will get limited powers from the Chancellor. If you want full powers, the caveat is that an elected mayor is the cornerstone of that. I am afraid that that is the top and bottom of it.

In Greater Manchester, we managed to get a deal where we appointed a mayor for 18 months who will represent us until we have a full-blown election. Mind you, we still managed to nearly mess that up. It was a quite simple contest between Peter Smith—the noble Lord, Lord Smith of Leigh, who has been a leader of AGMA, the combined authority and the city deal growth fund—and Tony Lloyd, the ex-Manchester MP and police and crime commissioner. The 10 members had to pick the winner and move on. There were eight Labour members, one Liberal Democrat and one Conservative. Two and a half hours later, at 5-5, we were still locked in a room. It took the Conservative leader changing position to ensure that Tony Lloyd is now mayor of Greater Manchester. To me, that does not bode too well. If this was a company that had the business turnover of Greater Manchester, the board wanted to elect a new chairman and it was 5-5 after two hours, I think they would have to reopen the process of selection—but they did not in this case. I wish Tony Lloyd well. I have known him a number of years and he is quite a good operator, clearly. My commiserations are with the noble Lord, Lord Smith.

One or two points from the devolution Bill will give comfort to some noble Lords—such as the right reverend Prelate and the previous speaker, the noble Baroness, Lady Hollis, who spoke about homelessness—because it gives powers to borrow in respect of the combined authority functions, subject to compliance with the prudential borrowing code. It provides a combined authority with the flexibility to issue a levy or precept in respect of expenditure relating to combined authority functions, thereby providing a more secure basis for borrowing. At present, for the combined authority to take forward any arrangement which requires borrowing, one of the constituent councils has to take responsibility for that. That is unsatisfactory, administratively burdensome and inconvenient. An example is the £300 million Greater Manchester housing investment fund, which will deliver up to 15,000 new homes across Greater Manchester but is underwritten solely by Manchester City Council.

The transfer of transport powers and funding to the elected mayor are a major step forward in creating an integrated transport network that will improve connectivity and support residents to access key employment areas and the jobs that are created. The devolution of addressing skills and worklessness will

ensure that service provision is delivered more efficiently and effectively to improve outcomes for residents and meet the needs of employers. There are more innovative mechanisms to invest in low-carbon infrastructure. All these details in the Bill will make real differences to people in the conurbations.

However, I would also welcome a debate around more fiscal devolution. Without more tax retained locally or more local flexibilities, it will be impossible for all parts of the country to achieve their maximum economic potential and the rebalancing of their economies. Examples could include more flexibility in the way stamp duty is applied or exploring differential rates of air passenger duty, which could have a significant impact on business growth and the development of new routes in overseas markets. We have made a start with the retention of growth on business rates. The public consultation is now taking place. I think the result of that will be that we should have full localism within a stable setting as soon as practicably possible.

I heard some noble Lords ask why we need combined authorities of such size. Size matters—and more so than ever before. Firms now need access to increasingly deep pools of human capital. When these big jobs are created, we need people close by with good transport links to get to those jobs. People of talent and ambition want to live in places with great schools, good jobs, fast transport, sport and culture. That is why our cities are now filling up again. Economic evidence shows a powerful correlation between city size and the productivity of its inhabitants. The top 600 cities in the world contain just 20% of the global population but contribute 60% of global GDP. That was the powerful thinking behind the City Growth Commission that the noble Lord, Lord O'Neill of Gatley, led with such imagination. It is the thinking behind the collaboration of the local authorities—which works.

Within 40 miles of Manchester, you have Leeds, Sheffield, Liverpool, Cheshire and—a bit further—Hull. That conurbation has in excess of 10 million people, more than Tokyo, New York or London. We must harness that talent. Yes, I will go back and see Sir Richard Leese. We have HS2 but just as important to the people of Greater Manchester is the link spoken of by the noble Lord, Lord Prescott—from Liverpool to Leeds. If that access from Liverpool to Leeds was made available as a priority, it would unleash the real northern powerhouse. I leave noble Lords with one thought. If the top 15 metros were to realise their true potential, that would generate an additional £79 billion for the UK. That is the real prize for getting this Bill right first time.

5.39 pm

Lord Wigley (PC): My Lords, I am delighted to follow the noble Lord, Lord Goddard of Stockport. I spent three very happy years in Manchester, at university, and follow the fortunes of that city and its football teams with much interest. To take up the theme of the auction of how many years we have been in local government, it is 43 years ago to last month that I was elected on to Merthyr Tydfil County Borough Council—but, unfortunately, it was done away with within two years by the Local Government Act 1972.

[LORD WIGLEY]

In principle, I would not oppose any Bill that brings decision-taking closer to the people and the communities impacted by those decisions. So I welcome very much this devolution in England and am glad that all parties at last are signed up to it, but in practice I have one or two reservations that this Bill is another piece of ad hoc devolution that will result in a complex patchwork of government. It could create confusion and a lack of clarity and, at worst, could frustrate efforts to achieve a coherent UK-wide solution, which we heard about at Oral Question Time today and which I suspect is widely sought.

As noble Lords may well imagine, my first issue on which I seek clarification—and I shall come back to these points in Committee—is whether this Bill applies directly or tangentially to Wales. Clause 12, the extent clause, says of course that it applies to England and Wales, but I realise that that may refer only to the jurisdiction as opposed to the geographical applicability. That wording can sometimes be misleading. In that context, I draw attention to the fact that Clause 10 specifically refers to England only, but the implication of that is that other clauses might not be restricted to England only. Are they relevant where local authorities co-operate, for example, on a cross-border basis? I think of the co-operation that is potentially going on between Cardiff and Bristol, for example, or between Merseyside and Clwyd. There needs to be clarity in those matters, and if it is a matter of having parallel powers within the National Assembly, I would be interested in knowing whether that is being facilitated.

One significant example of uncertainty is in Clause 3, which refers to the possible transfer of answerability of police commissioners to mayors by adding provisions to the Local Democracy, Economic Development and Construction Act 2009. Responsibility for police commissioners or the police in general has not been devolved to the National Assembly for Wales, but local authorities, of course, have been totally devolved to the Assembly. So there is a question of how the interplay of those two dimensions comes together. Are the powers provided by that part of the Bill deemed to be transferred or transferable to the National Assembly? If not, English cities will have more powers than the National Assembly on these matters, clearly with anomalies arising out of that. Assuming that the powers conferred by this Bill are not intended to apply to Wales, can we assume that, by implication, the National Assembly has the power enabling it if it so wishes to introduce parallel legislation in Wales in a parallel or a quite different form? That is a particularly relevant question in matters relating to the police commissioners.

Can we assume that significant powers will be devolved to Manchester and elsewhere by this Bill without the need for a referendum? I take it that that is the reading of the Bill that we have heard about today. Noble Lords will recall that in Wales we had to go through two referenda, in 1997 and 2011, to get full powers over matters such as housing, health and transport, which are being devolved today. Can we assume that we shall not be subject to further referenda in Wales relating to the devolution of powers that may come for the police and, possibly, taxation powers?

This issue touches on the question of funding. The Conservative Party strongly emphasised in the recent election campaign in Wales that meaningful devolution must entail financial responsibility and that devolved authorities must have responsibility for raising at least part of their resources as well as the responsibility as to how it is spent. The Bill before us today is very light on questions of giving the devolved authorities any new taxation powers, and it explicitly refers to the mayor as not having borrowing powers, in line 26 on page 4. So if the new responsibilities currently exercised at Westminster are to be devolved, is it the Government's intention to amend or replace the Barnett formula with regard to funding or introduce new funding mechanisms? If so, what will be the impact of those on Wales, Scotland and Northern Ireland, or will it be handled by other legislation devolving new taxation powers? Clearly, there needs to be the ability for authorities in areas as large as Greater Manchester to have a wide degree of taxation powers if it is to get to grips with the application of the powers being given in the areas under question.

All these questions will need answers. So far, with UK devolution, development has been uneven and incoherent over recent years. The noble Lord, Lord Teverson, raised the question of how we ensure that rural England does not fall behind in the race to make sure that the city regions have the power that they clearly need. We need to see changes in the overall balance within the UK, but it has to be a balanced package between Wales, Scotland, Northern Ireland and England itself—but also within England, if the thing is to make coherent sense and to work.

5.46 pm

Lord Moynihan (Con): My Lords, some of us speaking in this debate will watch with interest as the Government provide metro mayors with a strong political platform while retaining firm control over the public purse, both through the direct funding of services and the level of the precept. That combination can have consequences, one of which is to allow a city or region, or more recently a country, to harness political support and immediately be ready to blame Westminster and Whitehall for failing to provide sufficient resources. In part, I believe that the noble Lord Teverson, answered this. It is key to embed the model with transparency and local accountability—devolved power, yes, but devolved accountability as well, building in transparency to the process.

We have an experienced and excellent Minister and an understanding Secretary of State in another place who—it should not go unnoticed—listened attentively to much of the debate this afternoon. The fact that four out of the 25 Bills announced in the Loyal Address sought the beginning of the biggest retransfer of power in history from Westminster and Whitehall is also significant. The challenge is to unleash the economic potential through these changes without providing financial control to the new combined authorities to run up the debts of profligate councils that some of us remember from the 1980s or benefit politically from blaming Westminster, as I have mentioned.

Key to the delivery of this Bill is the decision that some of the functions of local authorities will be able to be transferred to the relevant combined authority by order of the Communities Secretary. My speech today builds on the consensus of the right reverend Prelate the Bishop of Derby and the noble Lord, Lord Prescott, who raised a subject that noble Lords will not expect me to ignore—the vital importance of sport and recreation. My hope is that this will be one of the powers requested by the new authorities. It is my strong belief that every local authority should produce and take responsibility for a robust and comprehensive strategy for sport and physical activity to respond to local needs and, where possible, take the powers to manage this process and grasp the huge opportunities available in this context, not least politically.

We have heard of the importance of embedding pride and local ownership. One need only look at the work done and undertaken by the Mayor of London, working cross party with Kate Hoey in this context, that has managed to begin to transform sport and recreation in London. It is interesting to note that in the United States this is a really critical issue for the metro cities. The economic rationale for those cities willing to lead on sports facilities was revealed in the campaign slogan for the new stadium for the San Francisco 49ers: “Build the Stadium—Create the Jobs!”.

There is strong evidence that sports facilities can improve the local economy in four ways: first, building the facility creates construction jobs; secondly, new sports facilities provide the opportunity to generate new spending in the community, expanding local employment; thirdly, a team—if that is indeed the principal purpose of the facility—can attract tourists and companies to the host city, further increasing local spending and jobs; and, finally, all this new spending has a multiplier effect as increased local income causes still more new spending and job creation.

In addition, it is important to reflect that another important objective of the Conservative Party manifesto was to build on our Olympic and Paralympic legacy. From a study of the international cases, combined authorities with their wider representation are well placed to consider requesting oversight of sport and recreation provision to be added to the powers to be transferred for the following reasons. Sport and recreational provision and the promotion of major new facilities would best be achieved by the proposed authorities that cover the total catchment area concerned and could benefit from the municipal bonds that my noble friend Lady Wheatcroft mentioned. Sport and recreational centres could be funded by a direct transfer of Treasury funding for the area, coupled with a geographical allocation of lottery funding, which is currently biased towards London. Greater opportunities for co-financing with the private sector will also come into force. To this can be added the proposal for a precept under the 2009 Act to concentrate the attention of those living in the relevant combined authority area on facilities too big to be funded by their local council and yet beneficial, not least for the health and physical well-being of the wider population to be served by the new sport and recreation facilities.

Above all, we are, through the Conservative Party manifesto, committed to a sports legacy from the 2012 Olympic and Paralympic Games, but the reality is that the current position and organisation of the funding make for gloomy reading. More than £42 million has been axed from councils’ sport and recreation budgets since 2010, according to a major BBC survey published recently. Among the regions which saw the biggest losses was the north-west of England, which saw cuts of more than £12.3 million. Concern was expressed by athletes that cutting facilities was short-termism that could impact on communities’ health and fitness levels. Liverpool City Council closed Woolton Baths. In the West Midlands, we saw cuts of £9.6 million. The region’s only 50 metre pool—in Coventry—was among the facilities to face the axe. In other regions, Sheffield lost the Don Valley stadium, where Olympic heptathlon champion Jessica Ennis-Hill trained, while Newcastle-upon-Tyne saw the closure of its city pool in 2013.

Ultimately, if we are to reduce obesity among young people, we cannot just have clubs and volunteers doing all that work. Once a facility is lost, on the whole it is gone for ever. When you come out of recession, it is very difficult to rebuild it. Emma Boggis, chief executive of the Sport and Recreation Alliance, which has already done so much valuable work on this issue, said that she had some sympathy with local authorities given the extreme financial pressures they are under. However, she said:

“Reducing investment in sport and in leisure facilities is storing up problems for the longer term ... Limiting access to leisure facilities will result in greater inactivity and bigger costs to the NHS in terms of tackling conditions like diabetes, cardiovascular disease and depression”.

I argue in closing that the main reason for this has been the fact that spending on sport and recreation by local authorities in England, unlike in Scotland, is discretionary, not compulsory. The problem is compounded because the spend is centrally controlled. As part of the manifesto commitment, coupled with the objectives of the Bill, I hope that the Government will grasp the opportunity to change this trend. The percentage of our population participating in sport continues to fall year on year, as it has every year since we won the right to host the London 2012 Olympic and Paralympic Games, despite the inspiration that the Games managed to elicit in the country as a whole.

If combined authorities, be they Greater Manchester, Essex, Cornwall or any of these authorities, focus on applying to devolve the power of spend and take oversight of sports facilities and policies, we can and should reverse this trend. That would be in the interest not just of those who wish to participate in sport and recreation but of the development of centres of excellence in the regions to raise the priority we should be attaching to the health and welfare of the nation. I hope that that participation and the development of excellence, so necessary to ensure that we improve the health of the nation and match the success of Team GB in London 2012 when we come to future Olympic Games, will inspire not just Londoners but everyone throughout the regions of England. I believe that this Bill is one step towards achieving that objective.

5.55 pm

Lord Woolmer of Leeds (Lab): My Lords, I shall first say a word or two about what is occasionally referred to as “Leeds”. I say this because this is not about individual cities, but groups of cities in our metropolitan areas. When noble Lords in this House and the media talk about Leeds in this context, they really mean Leeds, Bradford, Huddersfield, Halifax and Wakefield. It is a red rag to a bull for some people in those other cities and towns to be regarded as Leeds. It is a conurbation of some 2.2 million people.

Some years ago, when the Government asked local authorities to get together and form city regions, Leeds City Region was formed. It includes not only West Yorkshire but Barnsley in South Yorkshire and York, Harrogate, Skipton and Selby in North Yorkshire. That indicates the problem for the noble Lord, Lord Teverson, who is not in his place: that bringing LEPs in line with other bodies is rather difficult in some parts of the world. North Yorkshire certainly does not want to be under a Leeds mayor, if you will excuse the expression. At the moment in Tyneside, in the north-east, I believe that Northumberland and Durham are in some relationship with the Tyne authorities.

These are very substantial conurbations with enormous potential and people working together. The first time I recall them working together was under the metropolitan counties. I had the pleasure of being the leader of West Yorkshire Metropolitan County Council. The two features I remember are that, for the first time, the towns and cities of West Yorkshire met and talked with a sense of coherence. Secondly, it was the first time that the counties of North Yorkshire, West Yorkshire, South Yorkshire and Humberside met regularly. So these things have been a long time in gestation.

Although I warmly welcome the Bill because it provides the possibility of selective devolution, I bear in mind that past attempts to engage in devolution have not always been successful. The metropolitan counties were formed after a lot of discussion, inquiries and differences of views, but they were abolished fairly quickly. The regional development agencies did a very good job in Yorkshire, but they were also abolished. This is a new measure, and I hope that it has staying power.

Because it is an enabling Bill, a framework Bill, it inevitably raises questions. Usually I ask a series of questions along the way and make observations. The first is to understand how this Bill fits into government thinking on the devolution of powers and of fiscal powers certainly within England and within Wales. What is the Government’s thinking on this? They appear to be saying, “Let’s let some local authorities get together and bid for some powers, and that’ll be devolution”. If that had been said to Scotland, we would have got a rap round the ear for it. So I do not understand the thinking behind the framework for devolution in England not only of powers but of fiscal powers. You cannot have real devolution without finance. It is no good finance being controlled by the Treasury—that is not devolution—and there is no sign in the Bill that fiscal devolution is genuinely under consideration. The Treasury would no doubt be fighting like mad if it was.

That leads me to the question of what powers are actually being devolved. There have been many eloquent speeches, not least by the noble Lord, Lord Heseltine, to whom we have all owed an enormous debt over the years for always making sure that this issue was at the forefront of awareness in government. I am not entirely sure what powers are being devolved. Some powers currently held by local authorities are being taken over by a mayor or a combined authority, but not many. Critically, the Minister referred, rightly, to health and social care in Greater Manchester; that would truly be a significant step forward, but that is not being talked about for the vast majority of parts of England and Wales.

That then leads to the question of mayors and the decision on them. I happen to believe that mayors would be very helpful, and I support the idea, although I have to say that in West Yorkshire there is a lot of doubt about them. The local authorities work very well together under a leader-in-cabinet model—the five leaders of the local authorities meet and take decisions within a legal framework—and if this is about devolution to local areas, why do the Government insist that they must have mayors? Why is that devolution? There is no fiscal devolution. The authorities are being told how to run themselves from the top, so I do not really understand this.

The Chancellor has made a commitment on this. A few days ago in a private briefing with the Minister, I understood that it was not compulsory, but it appears again today that it is essential that a mayor be appointed. If it is essential, at least in a metropolitan area, what powers will they be given, for which they can judge whether the price is worth paying? Do they have to go through the process of bidding for them and getting a counterbid? If the Government are clear about what it is essential to have a mayor for and what powers would tip the balance, they should be able to say. If local authorities are left in the dark, each one will bid a different thing. If each asks a different question, they might get a different answer. That makes no sense. If the Government are clear that a mayor is essential, at least in the large metropolitan conurbations, I would like to be much clearer, certainly in Committee, about the tipping point—the critical power that the local authorities would get that led to a mayor being appointed.

I have asked in this debate, and no doubt will ask in Committee, what fiscal and borrowing powers the Government will be willing to devolve, and whether that is a serious proposition. How far do they feel that fiscal powers need to be devolved, and what will that mean for the power of these authorities? Certainly in my experience of local government, if you do not have the money or the resources, you can have all the powers in the world on paper, you can talk to everybody and persuade people—and that is not unimportant; your relationship with business and communities is critical to the success of your area—eventually people get fed up with talking. What is the Government’s thinking? Have they set their mind against serious consideration of fiscal powers? If they are prepared to consider them, they cannot consider them in ad hoc discussions with individual authorities. It would have to be a central government decision, a parliamentary decision, on what fiscal powers are going to be devolved.

I conclude with remarks that were provoked by my good friend, my noble friend Lord Prescott, who unfortunately is not here—it is probably to my benefit that he is not behind me shouting at me. I do not think that the Minister referred to the northern powerhouse. It is the first speech from a Minister that I have heard since months before the election that did not mention it. The noble Lord, Lord Heseltine, was the first speaker today to mention it. Will the Minister say what the Government really mean by “the northern powerhouse”? What is it? Where is it? Is it from the north of Newcastle to Sheffield, from coast to coast, from Hull to Liverpool? If it is, and I suspect that it must be in reality if it is to make economic sense, it is extremely important that the individual metropolitan areas such as Greater Manchester, Leeds, which I cannot call Greater Leeds or I will be shot, West Yorkshire, South Yorkshire—these conurbations across the north of England, east to west, north to south, and these are big distances—work together.

This is not just about their getting powers but about working together. The single most important thing that central government can do for the northern powerhouse—and this also applies eventually to a Labour Government, hopefully, if there is a change of government—is to deliver not just HS2 but HS3. Those communication links are absolutely critical to the north of England. Without them, we will have created maybe big pockets, but pockets none the less, of metropolitan strength, but that will not lead to northern-powerhouse strength. That, I honestly believe, is a tremendous opportunity which this Government have at least seized as their electoral slogan. I do not mean that as a slight, because I regard it as a triumph of vision. It is very important that that goes ahead.

6.08 pm

Baroness Pincock (LD): My Lords, the principle behind the Bill is to be thoroughly welcomed. Devolution to areas of England has long been an aim with cross-party support. It is even more frustrating, therefore, that this Bill as currently described is such a missed opportunity.

It is positive that the Bill enables different approaches to be developed across England, but this is completely undermined by the authoritarian demand that adopting a mayoral model is the only form of governance that is acceptable for the full range of powers on offer.

I thought it would be helpful if I analysed how the situation as currently presented would affect my own West Yorkshire. I thank the previous speaker, the noble Lord, Lord Woolmer, for raising the issues that are of particular concern to West Yorkshire, and remind him that we are talking not about Greater Leeds but about Greater Huddersfield.

I served on the board of Yorkshire Forward, which was one of the regional development agencies that had tremendous success in bringing economic development and world-class industry to Yorkshire, including bringing Siemens to Hull, which the noble Lord, Lord Prescott, mentioned. I served on that board for 10 years so can claim to have some experience of what can be achieved by people coming together with the specific aim of bringing economic development, jobs and prosperity to local people.

Yorkshire has a lot to recommend it: world-class universities and hospitals, an industrial base that includes world leaders in chemicals and engineering and, in Leeds, a financial centre of huge significance. Sadly, this is not matched by the quality of transport infrastructure, the ability to plan strategic economic development and the level of skills to meet growing demand. The latter challenges are of course linked to the lack of appropriate powers and responsibilities for the area.

Does the Government’s proposal provide the means to respond to these great challenges and open up the opportunities for growth? To expand on just one issue, connectivity has to be greatly improved if West Yorkshire is to attract inward investment. I sat for some years on the Northern Way board, which has also been mentioned today. One of the key decisions that that board made was that more important than bringing high-speed rail from London to the north was to have a trans-north link of high speed and high quality to link the two great ports of Liverpool and Hull in order to open up the economic development provided by the links, on the one side, to the American economic base and, on the other, to northern Europe. It is deeply to be regretted that HS3 has not been pushed forward as a primary objective rather than HS2.

We need greater connectivity. I have to tell noble Lords that the offer in the face of that huge challenge is totally inadequate, both in the size of the public investment required and in the strength of the democracy in the governance structures on offer. If West Yorkshire is to be enabled to meet the challenges, it will need a far greater level of resources than currently expended by Whitehall, and the means to raise the additional resources needed is ignored by the Bill. So that is a missed opportunity.

Throughout today’s discussion on devolution, the implication is somehow that these resources from Whitehall are being devolved to the city regions, or combined authorities—call them what you will. In fact, it is our money that we are getting back; it is the VAT that people in West Yorkshire spend which should be retained there, as should the business rates raised there. Let us have a think about this devolution by flipping the coin and saying, “Actually, that money is being raised in taxation from the people in that area and should be spent by them”. If we started thinking of the matter in that way, we would see it less as the wonderful Government giving us powers to spend our money and more as us saying, “Come on, this is our money that we’ve raised. We have a responsibility and a duty to spend it in our area ourselves”. That for me is the issue of finance.

The current governance proposals for these vital strategic decisions is to have a mayoral model that has already been decisively rejected in a referendum in each of the five metropolitan council areas, serving 2.2 million people, as the noble Lord, Lord Woolmer, has explained. We have to remember when we talk about city devolution that West Yorkshire has three great cities—Bradford, Leeds and Wakefield—while the West Yorkshire Combined Authority area includes another great city, York, which is not contiguous with West Yorkshire; the North Yorkshire district of Harrogate

[BARONESS PINNOCK]

and Selby comes in between. So the proposal raises concerns about geography and having an area that is not cohesive, if nothing else.

The governance of this combined authority is also likely to be contentious. The composition of the governance of the area under the current proposals will probably establish a single-party state. The five West Yorkshire council leaders are all Labour, the leader of York is currently not Labour but the holder of that post often is and, if a mayoral model is forced upon us, that is also likely to go to Labour, judging by the results from the last election. Some noble Lords might think it would be a good idea to have all those people from the one party but we all know that that is not a healthy form of governance. We have seen examples of what happens when there is basically single-party local governance in Doncaster and Rotherham, to name but two. To have healthy governance you need strong challenge and accountability and, I am sad to say, that is not on offer in the model presented to us; the proposed scrutiny committee could also be dominated by people from the same party. I have already asked the Minister in the briefing whether it would be possible to constrain the chairs of that committee to be members of a party other than those forming the combined authority, to give it some improved accountability.

The conclusion has to be that this model of governance and offer of finance is a completely inadequate response to the demands of people in Yorkshire who are looking for bold devolution in line with that given to Scotland and Wales—perhaps even a Yorkshire Parliament. Effective devolution releases the energies and creativity of local people; what is on offer just eases the straitjacket. In the light of this analysis, I am left wondering what is motivating the Government. What is the driving force behind their desire to devolve constrained NHS budgets and increasingly poor-quality roads and rail links? As Virgil wrote 2,000 years ago:

“Timeo Danaos, et dona ferentes”—

beware of Greeks bearing gifts. Having said that, I welcome the principle that is on offer, but I urge the Government to be bolder in their scope and more democratic in their governance.

6.19 pm

Lord Horam (Con): My Lords, since the Bill includes some provision for local elections, before I make my brief remarks I should declare that I am an electoral commissioner, the Electoral Commission being the regulator for all elections and referenda in this country, although I am glad to say that it had nothing to do with the way in which the new mayor of Manchester emerged in some sort of puff of smoke from a back room.

That aside, I am speaking in this debate because I am a Lancastrian; I come from proud Lancashire manufacturing stock. During the Second World War, my father and his brothers and sisters—he was one of eight—made planes for the RAF near Preston, in Sablesbury and Warton. After the Second World War, he went to work for British Leyland, which unfortunately became wrapped up with British Motor Holdings and had a sad demise at the end of a long period of

reconstruction. After that, a number of my family provided chemicals for the cotton industry. My noble friend the Minister mentioned Cottonopolis in her opening remarks. Perhaps she also took the journey from time to time from Manchester up to Oldham Mumps—a wonderful name—where the chimneys of all the cotton mills had their proud names written in white letters up the side. I do not know whether she remembers them: Rex, Emperor, Providence, Victorious, Cairo, Egypt. They conjure up a world when Lancashire was a supplier of cotton to the world—Cottonopolis. At that time, probably 100 ago, or at least 50, there were more millionaires in Oldham and Bradford per head of population—my noble friend Lady Eaton is nodding—than anywhere else in the country. We should not forget that rich industrial heritage.

After my youth in Lancashire I went across to be schooled in Wakefield in Yorkshire. I ought to be careful, because I am speaking after two noble Lords from Yorkshire, but I noticed that the difference between Lancashire and Yorkshire came across in the speeches today of the noble Baroness, Lady Pinnock, and the noble Lord, Lord Woolmer. People in Yorkshire are cautious. They say that Lancashire people joke about everything, while in Yorkshire they only make jokes about death and cricket. That is the sort of gut feeling I got. However, that was a welcome caution—they are right to be cautious. In Wakefield, where I went to school, there was Double TWO textiles, there were wool textiles in Bradford and there was mining—my friend's father ran a business making pit props for the mining industry, which had the slogan, “We take the dust out of industry”. That was very much the sort of area that I was in.

After that I became the MP for Gateshead West and got to know the noble Lord, Lord Beecham, and remained a friend of his despite our different parties these days. There one could find the great engineering works such as Vickers-Armstrongs, Clarke Chapman, Swan 'oonter's—or Swan Hunter's, if you pronounce it that way—and others, all of it in a marvellous part of this country, which is rich in industrial history. Of course, since then it has moved on: in the north-east Nissan is doing extraordinarily well, and in Yorkshire a great financial centre in Leeds has been built up, in which we can take great pride. Yorkshire is also a great place for tourism—the Yorkshire Sculpture Park, Saltaire and places like that are excellent. I notice more and more people going up there; friends of mine go just to have a look round that great county. Then in Lancashire there is of course the BBC media centre—we are not just about “Coronation Street” but about the BBC and all that, too—the Peel Group, the science in the University of Manchester, and so on. All that shows that Manchester is humming these days.

I was able to play a little bit of a part in that, because I was a Minister for Transport a long time ago and helped to finish the Metro in Tyneside and to allow the building of the M62 between Yorkshire and Lancashire and the M60 around the northern part of Manchester. All that was quite a long time ago and it was of course all done by central government. One forgets that; I was often present in situations where the great leaders of northern cities would come down and had to beg in a humiliating way for money for their

cities. I was often in the meetings where that happened and I could see that in a sense they were humiliated by that process; central government was handing out the money and they had to beg for it.

Therefore I welcome enormously the Bill. My noble friend Lord Heseltine played a great role in it, particularly with his inspirational document *No Stone Unturned*, which galvanised a lot of people into thinking again about that whole area; it was one of the building blocks of the Bill. I am afraid that he has a lot to answer for in the past; as a Lancastrian, I remember the Heath Government dismembering the county palatine. We lost Manchester and Liverpool, and lost Furness to Cumbria—it was a bad time. However, I am sure that he is a sinner repenting and that he has repented in spades.

I will take up one point that was raised by the noble Baroness, Lady Hollis, with whom I profoundly agree on this: the role of the medium-tier towns and cities. I know that she knows Norwich extremely well, having been in local government there, and I am glad that we have the right reverend Prelate the Bishop of Derby here, because that is another town—or is it a city? I am not quite sure—that has a proud history. As both of them said, these are often specialist cities—a particular part of industry or manufacturing is strong in their area—and they are not like the great city regions, so we need a different solution to their issues. As a matter of simple record, they have outperformed many of the city regions in this country in recent years. We should not forget that. That is not an argument against the Bill, because the Bill is saying, “Let’s have different solutions for different situations”. Indeed, one noble Lord said that we may produce a bit of a patchwork, and that is the opposite difficulty that it may have—it may go too far in having different solutions. However, it is better to have different solutions to different circumstances than to have a one-size-fits-all approach. The Government must bear in mind those great, proud citizen towns that stand outside the great metropolitan areas of our country. Therefore, there will be no Procrustean bed; that is the philosophy behind this. I wish the Bill well. Fundamentally it has support from all sides of this House and I hope that it progresses satisfactorily.

6.27 pm

Baroness Donaghy (Lab): My Lords, in January last year we had a debate on the local government finance settlement, in which many noble Lords here present took part. I said in my speech that,

“one of the key engines for growth in an economy is strong regional government with real powers”,

and I went on to say:

“If the Government are in doubt about this, why not try an experiment and give one of our cities the independence they had 130 years ago? Call it the Birmingham Independence Bill or ... the Newcastle Independence Bill”.—[*Official Report*, 9/1/14; col. 1690.] That goes to show that you should be careful what you wish for.

I understand that northern leaders are supportive of the Bill, provided that it is enabling and permissive rather than another form of central control. I accept that they have to use whatever kit is given to them,

as this is the only game in town. Only time will tell whether this is a genuine attempt to pass the powers or pass the buck. It will take place in the context of the hollowing-out of local government—a 37% reduction in 2015-16, and hundreds of thousands of lost jobs. The funding gap is forecast to increase at an average rate of £2.1 billion per year until 2019-20, when it will reach £12.4 billion. Heaven alone knows where the social care bill will come into that.

The Bill, as has been said, sets out the institutional framework within which future political deals will be made between combined authorities and central government. As the Centre for Cities organisation has pointed out, the Bill does not go into further detail on what powers that might include. Can the noble Baroness the Minister tell the House whether they will be spelled out in the regulations or through announcements in Parliament, and what areas might be covered? The Bill appears to make it clear that local public bodies, such as district councils and county councils, will cede ancillary powers only by consent. Can the Minister confirm that that is the case?

The Bill also makes it explicit that, should the constituent authorities provide their consent, the combined authority can assume the general power of competence, as outlined in the Localism Act 2011. This allows for local government to pursue any activity that is not explicitly prohibited by central government. Can the Minister indicate whether this power has ever been invoked and, if so, in what circumstances?

While I am on the subject of previous legislation, the Local Government Act 2010 called a halt to local authorities exploring unitary status to avoid the short-term costs of transition. The noble Lord, Lord Heseltine, who I am glad to see is still in his place and shows his staying power in this House, as well as in his political career, said in his report, *No Stone Unturned*, that the 2010 Act was now redundant and should be repealed. Some of us thought that it was redundant from its inception, but what plans do the Government have to repeal that Act?

If I understand the Bill correctly, there are provisions to avoid situations where one dissenting body of an existing combined authority could block the introduction of a mayor for the area. Under such circumstances, the Secretary of State would issue an order removing the non-consenting body from the combined authority arrangement. Presumably this non-consenting body had previously consented and had reason to change its mind. What would happen if its reason was valid, such as a corrupt or a joke mayor? What would happen if more than one previously consenting body changed its mind and became a non-consenting body? Would the combined authority have to break up all that for the price of an elected mayor?

I simply fail to understand—this has been mentioned by a number of noble Lords—the obsession with elected mayors. I accept the irony that I am neither elected nor representative, just like every Member of this House. I do not know whether it is an American thing or a bloke thing to think that somehow one person can speak with more authority and that somehow this is how leaders are born. To me, it represents push-button politics. I was disappointed to hear the noble Lord,

[BARONESS DONAGHY]

Lord Skidelsky, advocate mayors in the debate on the Queen's Speech last week. I can see the attraction, of course. Ministers would have to meet only one person rather than 12 worthy burghers. Better still, why travel up there at all? Let us invite these chaps—and they will be chaps—down from Manchester, Birmingham, Leeds and Newcastle to talk to us in London. The hard hat and high-vis outfit can then be kept for the general election campaigns.

The noble Lord, Lord Heseltine, is strongly in favour of elected mayors but his report favoured an enabling approach, not imposition. Will the Government reconsider this centralist approach of forcing authorities to have elected mayors, even though the local population have consistently rejected them? Could this not be permissive rather than prescriptive?

I note that the Bill states that, in the absence of the mayor or a deputy discharging their duties, the combined authority leaders will take decisions on a majority-vote basis. That sounds good to me; you can then cut out the two middlemen and save the taxpayer money. The most ludicrous bit is allowing the elected mayor to take on the role of the police and crime commissioner. Combining two useless jobs does not make a useful job.

Finally, the local government puzzle can be solved only if the following pieces are there: adequate funding, a fair formula for redistribution, the right balance between responsibilities and powers, and the right balance between local accountability and a more modern streamlined structure. This Bill will not solve that puzzle, but it may provide a welcome opportunity to move some powers out of London. I look forward to the debate in Committee.

6.34 pm

Lord Palmer of Childs Hill (LD): My Lords, the basic premise of this legislation is that elected mayors would be a better way to run our great cities or combined authorities. Coming as I do from the world of local government, I question the proof of that, as the noble Baroness, Lady Donaghy, has just done.

It could be said that the Chancellor does not want to deal with a local democratic structure. It has been said that the aim of region-wide elected mayors is that one person, with a high public profile, will have the final say and “carry the can” when things go wrong. Devolution is a good idea, but the Chancellor is apparently averse to lavishing large-scale devolution on local authority committees. Greater Manchester, for one, appears to have put aside local rivalries and has therefore got a £1 billion devolution package, plus control of the region's £6 billion health and social care budget. There is clearly a view that the ends justify the means. In other words: go for elected mayors, which is not necessarily a bad idea, and then you get the loot.

That is not a new concept. Coming from local government, I remember when local authorities' diminishing housing stock was falling apart—bad windows, bad doors, bad everything, ceilings falling down and leaking water—but there was an answer. With the decent homes standard, the Government would lavish millions of pounds on those local authorities. That was very good but you had to pay the price, and

the price was forming an ALMO, an arm's-length management organisation. Many local authorities such as mine in the London Borough of Barnet did this and I became a director of Barnet Homes, an arm's-length management organisation, because that was the only way in which we could get the loot to make the homes decent. However, it was a structure—just as this Bill is suggesting with elected mayors—in order to get the money. The money could have been given to local authorities by central government, and could have been ring-fenced if necessary, so that the local authorities could make the necessary repairs. There was no need to set up those arm's-length management organisations, which became an industry in themselves.

In deciding whether elected mayors work, I ask colleagues to look at past results. In London we have had Ken Livingstone followed by Boris Johnson, both mayors with a high personal profile—perhaps I should correct that to a very, very high personal profile. There have been some successes but they have not in any way solved London's housing crisis, and in fact I think that it has got worse. They have continued to preside over a gridlocked city. I was caught in a gridlock on the embankment only the other day—this is the result of what has happened. However, it must be said that the mayors have improved the bus service and Underground train service, as well as introducing, for better or for worse, congestion charges, but we still have too many vehicles challenging our environment. There is also the Oyster card. It is a good thing and I highly recommend it to any of the new conurbations, although little things are wrong, such as that visitors to our wonderful capital city cannot pay with money on buses and are currently confused by the fact that they have to go off and find something to do with shellfish. On the environment, how has London benefited? Are green spaces protected? I shall leave noble Lords to answer that. Are noxious fumes being better controlled? Here is an easy one: are our borough libraries drastically threatened? Yes, they are. One could say that cycling—one apparent positive note—has become more popular.

What I bring to the Second Reading is a London-centric view. I know from contact with the City of London Corporation and some London boroughs that they support, as I do, the principle of devolution from Whitehall. However, this does not necessarily mean that elected mayors are the answer. London, in the form of the Greater London Authority already has such arrangements in place—as a previous speaker said, London is sorted. But in fact it must be remembered that the GLA was conceived as a strategic body and not a service deliverer. As we consider this Bill, we should not forget the principle that devolution should be made to the lowest possible level. In London, in most cases, this is the 32 London boroughs plus the City of London. Many people with long memories, like me and the noble Lord, Lord Heseltine, will know that the London boroughs are amalgamations of previous boroughs. Many, like me, look back to those halcyon days when, in the borough of Hendon, we controlled our affairs, rather than now, in the London borough of Barnet, the second largest borough in London with 320,000 people, where most services are contracted out to Capita and other companies. That is what has happened by giving powers to that particular borough.

To my mind, this is a long way from elected, all-powerful mayors for places such as Greater Manchester, which seems to be working, and other amalgamations. As a mere Londoner, it somewhat baffles me when I am shown that there is going to be a conurbation and authority with an elected mayor for the “homogenous” area of Barnsley, Doncaster, Rotherham and Sheffield, or for Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland, and the other areas that are listed in the papers and with which I will not bore noble Lords. I trust that, when the Minister replies, we shall hear how the currently democratically elected authorities in these groupings can restrain their rivalries, different local desires and needs when accepting control by one person, the new elected mayor.

In the further consideration of this Bill, I trust that we will examine the way in which powers might also be devolved to the city or town and another borough, or group of boroughs, as exercised through joint arrangements, not necessarily an elected mayor. I trust that we will be advised by the Minister whether or not that is something that could benefit from additional legislative provision or can be achieved using existing powers, through joint committees or other collaborative arrangements. Can we reflect on this as the Bill goes to Committee?

London is a capital city. Manchester and Birmingham are pretty large, but I do not know whether these groupings of local authorities have the same logic for an elected mayor as in London. It worries me that the fact that London has seen some success—in some people’s minds—means that other groups of towns and cities, all with great respect and pride in themselves, can be under one elected mayor.

To end on a positive note, I see a great opportunity for entrepreneurial mayors to act as ambassadors, bringing and encouraging business and enterprise to their area. That is a role that an elected mayor or leader—however one describes that person—can do. There is a need for that. But that sort of person needs extra-special skills and I am not convinced that the election of a mayor or mayors in these places would find the people who have those special skills to be ambassadors for the business world.

6.44 pm

Baroness Eaton (Con): My Lords, the Cities and Local Government Devolution Bill is a significant step towards the greater devolution that local government has long called for. I am sure that many councillors and former councillors present here will fully appreciate the importance of the changes brought about by the Bill. I commend the Government for this crucial legislation.

This Bill is of such importance to local government because it reflects the principle that decisions about communities and the services they rely on are best made in those communities. The Bill is the first step to giving cities and counties the freedom they need to join up services and infrastructure and the powers they need to compete globally. The LGA—I speak as one of its vice-presidents—has called the Cities and

Local Government Devolution Bill a positive step, as it will give combined authorities the range of powers they need to,

“create jobs, build homes, strengthen healthy communities and protect the vulnerable”.

Many groupings of local authorities, such as the ones in West Yorkshire that I know best—the metropolitan district councils, referred to earlier, of Wakefield, Kirklees, Huddersfield and Bradford—have worked together closely for many more years than I can recall, in spite of political differences. They realise that expanding the functional scope of combined authorities will allow them to work together on a wider range of services in the interests of local residents and businesses, not just on economic development but on transport, skills and other vital public services.

The extension of the general power of competence to combined authorities is an important and needed change. The LGA’s recent report, *English Devolution: Local Solutions for a Successful Nation*, identified that devolution could bring £20.6 billion in potential savings. However, the benefits of devolution are not solely about financial savings. The social value of these devolution deals should also be fully recognised. Taking decisions closer to the people affected by them will improve the quality of public services and make them more responsive to the needs of the community.

This is true for all communities, not just great cities. In last year’s Autumn Statement, the Chancellor said that,

“my door is open to other cities who want to follow their cross-party lead”.

I am glad that the Chancellor listened to the representations of the LGA and the non-metropolitan commission and has opened the door to England’s counties as well. These areas account for half our country’s population and economic growth. Their economic contribution, and their potential growth, is as significant for the nation as that of the big cities. Even so, the language of devolution remains centred around cities. It would be helpful if the Minister would give assurance that substantial devolution deals will be available to county areas. People in rural communities stand to benefit just as much from devolution as people in big cities. I hope that Ministers in this House and in the other place will commit to work with the LGA to explore how best devolution deals can be opened up to our great counties.

I have spoken in this Chamber before about the need for local areas to have not just greater decision-making powers but also greater financial freedom. The Independent Commission on Local Government Finance called for a number of changes to the local government finance system to ensure the sustainability of our public services. Clear multi-year settlements would allow for more effective long-term planning for local authorities. This has real potential to enable efficiencies and more strategic commissioning for everything from road maintenance to children’s services. Devolving powers to set rates and discounts for council tax and business rates would give flexibility to respond to the needs of local communities. The Independent Commission on Local Government Finance recommends going a step further, giving all councils the right to

[BARONESS EATON]

retain 100% of business rate growth. The LGA fully supports this proposal. These reforms would set councils on the path to greater self-sufficiency. They would give councils greater financial certainty in their futures and greater ability to plan for the long term.

Although the huge powers to be exercised by metro mayors worry many—a point reflected in the rejection of the mayoral model by electors in many areas—there is much to be positive about in the Bill. But one area where local government is seeking clarification is on the role of the Secretary of State. The Bill creates a number of new powers for the Secretary of State in order to grant the devolution of powers to combined authorities. Where the Bill gives the Secretary of State power to alter local structures or the delivery of public functions, the decision-making process must be transparent. We need clear criteria and a route for appeal and I would welcome the Minister's clarification on that point.

As a principle, it is always best that these changes are made together with local government, and not done to it. By working together, we can make sure that changes are appropriate for the local area and at a pace at which they can be implemented. I am sure that the Government will ensure that the devolution deals are a collaborative process and treat local government as an equal partner.

6.50 pm

Lord Snape (Lab): My Lords, it is a pleasure to follow the noble Baroness, Lady Eaton. I hope that she will forgive me if I am not quite so enthusiastic about some aspects of the Bill as she was, but it was certainly a pleasure to listen to her. I will explain my reservations in the course of what I have to say. I apologise to the Minister for not being present at the meeting that she held last week when I understand that some of the questions I will put to her today might have been resolved. I was away all last week, so I hope that she will forgive me if some of the things that I say during the course of my speech she could have answered had I been able to make the meeting.

One issue on which I would be grateful for some further explanation from the Minister is the extent to which areas other than combined authorities can seek to obtain the powers described in the Bill. Looking at the Explanatory Notes that accompany the Bill, it appears on the one hand that these powers are reserved for combined authorities that seek to go down the road of electing a metro-wide mayor—I share the reservations voiced by the noble Baroness, Lady Eaton, about some aspects of that—yet paragraph 1 of the Explanatory Notes, says:

“The Bill takes forward a number of reforms which are intended to allow for the implementation of devolution agreements with combined authority areas and with other areas”.

Perhaps the Minister can clarify these other areas and tell us under what circumstances these other areas, not including a mayor, would be able to enter this brave new world of devolved powers.

My other question relates to timing. It would possibly be a few years before an elected mayor could be up and running and managing his own kingdom, or—out of deference to my noble friend Lady Donaghy—her

own queendom. Greater Manchester is of course further down the line and much preparation has already taken place, as we heard today, from the exchange at Question Time. But the Bill is littered with order-making powers which will be made, perhaps necessarily, in a piecemeal way. Perhaps the Minister will say that that is the very essence of devolution—local solutions for local problems. But we could end up with lots of bits of legislation passing through both Houses of Parliament at various times.

I also notice that the majority of the statutory instruments that can be made under this legislation will be subject to the negative resolution procedure. We will be introducing sweeping changes in local government throughout the country with only the bare minimum of parliamentary scrutiny. I do not necessarily complain about that, but I hope that the Delegated Powers and Regulatory Reform Committee of your Lordships' House will look carefully at what is proposed.

It would be churlish not to pay tribute to some of the intentions behind the Bill. The Minister, in an exchange earlier today, did not mention transport. In my decade or so's membership of your Lordships' House, I have largely confined my remarks to local government and travel and transport matters, so I am concerned. Will we see a separate Bill for transport, a Bill for delegated powers so far as local passenger train services are concerned and a separate buses Bill or, indeed, will these matters be combined? I spent some time many years ago on a passenger transport authority and more recently as chairman of a bus company, and there is a great deal of uncertainty within the bus industry about what will happen—whether there will be reregulation and what powers over bus services will be given to the mayor. The longer that that uncertainty persists, the more likely it is that investment in the industry will be held back until we see exactly what the Government's proposals are and how power over these matters is to be devolved.

In a way, we have been down this road before. The noble Lord, Lord Heseltine, mentioned, in an unjustly self-deprecating way, his own efforts to be involved in local government reform 40 or so years ago. I have never actually forgiven him for abolishing the Bredbury and Romiley Urban District Council with his legislation all those years ago. I know that it is a long time to bear a grudge, but I wanted to get that off my chest. We formed the larger authorities at that particular time under the 1972 Act, and the metropolitan county councils as well. Again, there was a lot of sense in the formation of the metropolitan county councils. Matters such as planning and strategy ought to be devolved to a wider area such as that. They cannot be properly resolved at a purely local level. I think that the noble Lord, Lord Heseltine, had moved on when it was decided to abolish the metropolitan county councils a few years later. The cynics among us—the ex-councillors, thanks to the noble Lord, Lord Heseltine—decided that those authorities had been abolished because the Conservative Party could not win them very often. But perhaps that is with the benefit of hindsight.

Lord Heseltine: Just for the sake of accuracy, I was responsible for helping to create the metropolitan county councils in 1972, but I also got rid of them in 1992.

Lord Snape: Well in that case, I will half forgive the noble Lord.

The only major worry I have about the proposed legislation is of course the vexed question of money. When legislation such as this is greeted with such enthusiasm by the Treasury, and the Chancellor tours the country telling everyone how anxious he is to devolve all these powers, I am inclined, perhaps due to my experience as an ex-Whip in the other place, to start counting the spoons. It worries me a great deal that these powers will be devolved without the necessary financial backing to meet them. Again, at Question Time earlier today, the Minister said—if I may say so, somewhat airily—that there will be a mayoral precept. There will have to be a whacking great mayoral precept to take care of all the powers envisaged in this particular Bill.

The noble Baroness, Lady Eaton, quite rightly said that these devolved authorities should surely be able to retain the 100% business rates in their areas. But those two combined will not finance all the matters that are to be devolved. The Government have a duty and responsibility to say exactly where the money will come from. The worst of all worlds would be for some future Government to face questions either in your Lordships' House or the other place about deficiencies in these matters in a local authority area and for the Minister to say, "That's nothing to do with me: these matters have been devolved", due to the Bill that we are discussing today.

I finally turn to the question of what to call these authorities. Again, my noble friend Lady Donaghy, in her very able speech, talked about the "freedom for Birmingham" Bill. One thing you could not call it in the West Midlands is Birmingham, whether greater or otherwise. The great cities of Wolverhampton and Coventry, to name but two, would have something to say about being absorbed into anything called "greater Birmingham", let alone the boroughs of Sandwell, Dudley and Walsall, to name another three likely objectors. Of course the Minister might say that the leafy suburbs of Trafford and Sale in Greater Manchester, and perhaps my home town of Stockport, would be more prepared to vote for an elected mayor than the city of Manchester, although she will have a job persuading many of us that that is the case, if that is her argument. But while the name of Greater Manchester seems to be acceptable in the north-west, "greater Birmingham" would certainly not be acceptable to those of us in the West Midlands.

With those few provisos and reservations about the Bill, I await the more detailed legislation after your Lordships' House and the other place have given these matters the scrutiny they want and deserve.

7 pm

Lord Lyell (Con): My Lords, it may startle my noble friend the Minister if for once I declare two interests. First, it is odd to have a Scot—I declare my interest as a member of the Institute of Chartered Accountants of Scotland—heading south of the Border to dabble his toes in devolution for the cities of England. The other interest I have to declare is my interest in sport. We heard the speech of my noble friend Lord Moynihan, who alas is temporarily absent from his place, about

the importance of sport. As far as my sporting activities are concerned, in 2006 I took a nasty turn, as we say in Scotland, but for 34 years before that I was a member of the Lords and Commons Ski Club, which may also be known as Monty Python's Flying Ministers. I combine those two aspects when considering the Bill in front of us.

For many years my interest in sport has been more of a sedentary than passionate activity. My attention in the autumn, winter and a good bit of the spring is drawn towards the great city of Liverpool. There are two aspects of sport in that city. One is a very great institution that I deeply respect, while the other institution I both respect and am passionate about; I love it. I went to a prize-giving ceremony at one of these sporting institutions and I visited the redeveloped waterside. I hope that my noble friend the Minister will forgive me for repeating something I mentioned in an earlier speech. I was astonished by the modernity of the waterside development, and above all by the enthusiasm of everyone working there. I am also aware of the colossal newly improved port that is to be developed in Liverpool, but what I was not aware of is the fact that the Minister in an earlier incarnation was the chief executive. It is for that reason I will restrain myself and not call her "Baroness Digger Williams", because she did most of the preparation work for that enormous port. When it has been completed, we will see what she and many others have done for the city of Liverpool.

We have heard a number of speeches about the area today, and while I enjoyed the crack from the noble Lord, Lord Snape, about greater Birmingham, I understand that there is something called the Greater Manchester Combined Authority. Some briefing that I have received tells me the authority is comprised of 10 local authorities of varying size and importance. The authorities originally came together last year and have been granted full powers for transport. As I have found in Edinburgh and Glasgow, there are railway carriages which take people to and from Manchester Airport, which is one vital aspect. I have also discovered from the briefing that the Greater Manchester Combined Authority has pooled all the funds of the 10 authorities. It has managed to find £300 million for a separate form of housing which is particularly relevant to Manchester and the north-west. A further £500 million is to be used to invest in the technology skills of boys and girls, pensioners and many other people in the area, giving them specialist advice and a good start. This will perhaps improve their career chances which they may not have had because the systems that they would be using might not be as relevant in London or elsewhere in the country.

The total health budget for the area covered by the Greater Manchester Combined Authority is £6 billion, which has provided the authority with enormous flexibility. A point which was stressed by my noble friend Lord Heseltine was the need to look at how to spend the money well and properly. I understand that this has given a huge boost to both social services and health services. Perhaps I may add one particular personal aspect. It concerns the Royal Manchester Children's Hospital, which is dear to me thanks to some sporting connections that I have. I became interested in the

[LORD LYELL]

Royal Manchester Children's Hospital and its use of specialist facilities to treat young, frightened and sick children. I am thinking of a particularly gutsy young lady who had a difficult handicap. However, she is just one among the thousands who have been helped by the hospital. It has the flexibility to do things its own way. I am sure that the other similar massive institutions such as Alder Hey Children's Hospital in Liverpool and Great Ormond Street Hospital in London are excellent, but the Royal Manchester Children's Hospital is able to spend money in a particularly effective way.

I have declared my interest as a member of the Institute of Chartered Accountants of Scotland, whose motto is "seek the truth", and there is another motto that I use myself: KISS. It has nothing to do with embraces or anything like that, it stands for "keep it simple, stupid"—but we will cut out that adjective. I hope that my noble friend and the Government will keep those two mottos in front of them. First, seek the truth about the money that you are able to spend, and secondly, keep it simple and see that it is spent wisely. I think that the Bill before us today will certainly outlive many of us here in your Lordships' House in its effectiveness for regenerating the belt covering the whole of the north from Hull to Liverpool. I wish it well.

7.07 pm

Baroness Henig (Lab): I want to draw the attention of noble Lords at the outset to the fact that I served as a Lancashire county councillor for more than 20 years, alongside the aunt of the noble Lord, Lord Horam—the redoubtable Aunt Marjorie. She was a wonderful advertisement for the power of local government in those distant days. I should also say that my son is currently the leader of a very large northern combined authority, and he was most anxious for me to point out to your Lordships that any views I express on this Bill are my own personal views, which I am happy to do.

I start by welcoming the Government's professed aspirations in introducing this Bill. As we have heard, it aims to decentralise power in England, to contribute to advanced economic recovery, and to enable cities particularly in the north to work together more closely and compete more effectively with London. Who could argue with those aims? Moreover, one can only admire the marketing genius who dreamt up the strapline, the "Northern Powerhouse". It conjures up a strong image of a northern renaissance, but it is only an image; it is a marketing ploy. I have to say to noble Lords that the current realities are very different. Both in terms of economic power and political decision-making, as many noble Lords have already pointed out, London is the pre-eminent centre of the country.

The gap between London and the rest of the country, even the 10 biggest cities, is huge and has been growing even since 2010. That gap is much greater than the comparable situation in any advanced or developing country. London is the third-fastest growing city in the world and now accounts for nearly 22% of our total economic output. Therefore, the effort required to achieve any meaningful dispersal of economic power and activity away from London is enormous. While I share absolutely the desire of the noble Lord, Lord Heseltine, to bring about this historic shift, it will take

a prodigious effort to do that, given the situation as it exists. I fear that the measures outlined in this Bill will go nowhere near to closing the economic gap between London and the rest of the country, which is increasing even as we debate here today.

At the same time, in terms of political governance, England is about the most centralised state in Europe, if not in the developed world. All political power flows from Whitehall, and all major policy decisions are taken there. As we have already heard, in the past 30 years there has been a one-way transfer of powers and responsibilities from local to national government. When I started in local government in the early 1980s, the county council together with district councils oversaw schools, further education colleges, council house building, policing and much more. It enjoyed considerable flexibility in setting levels of business and domestic rates.

Year on year, under all Governments, local councils have lost a range of powers and responsibilities, and continue to do so. Even as we are considering this Bill today, another swathe of schools is being earmarked for academy status and therefore will move from local authority supervision. As we know, local authorities face further cuts in funding, with formulae which seem to aid and abet the transfer of resources from the north to the south. It is notable to me that successful administrators move from local government to government departments—some even come to this House—but no one moves in the other direction. For a civil servant or a special adviser, being sent out of London is even worse than being exiled to Siberia, but there is little prospect of a return.

However, in recent years, the devolution of powers to Scotland and Wales has transformed Edinburgh and Cardiff into growing and increasingly powerful regional centres. The reason, of course, is that they house the Scottish Government and the Welsh Assembly. Therefore, they are developing as political, administrative and economic hubs. In England, although we have regions, we do not have regional government or, any longer, regional development agencies. That is now a problem because, if the Government want to devolve power, it is by no means an easy or straightforward process because of that lack of a clear, regional tier of administration.

For starters—it is not covered in this Bill—there surely has to be much greater investment in regional infrastructure, particularly transport, as some noble Lords have already pointed out. I am not thinking so much about high-speed rail links or accessible and efficient airports, important though they are to the development of the local economy. Your Lordships have only to compare the frequency and diversity of local transport and its availability to people who live in and near London, with the situation in most of the rest of the country to see the size of the problem. While local authorities are fully aware of the pressing need for better local transport, all they can do, as I am sure noble Lords will know, is to bid every year for resources from central government to improve their services, but they have no certainty of success. Providing more resources to enable people in the regions to move about on public transport more flexibly and easily must be high on the Government's priority list if they are serious about delivering on the devolution agenda.

How will this Bill help to deliver the Government's professed aim of decentralisation of power to cities and to local government? It is, we know, an enabling Bill. My problem is that I cannot see how the provisions within it do much more than pay lip service to the Government's stated aspirations. Here, I have to say that I share the scepticism of my noble friend Lord Woolmer. The combined authority is to have a directly elected mayor. That assumes that all constituent elements support this in principle and co-operate with the successful leader, once elected. Both assumptions seem to me to be questionable, especially bearing in mind what the noble Lord, Lord Goddard, told us so frankly earlier.

Even if the metro mayor has full support from across the area, what resources will she be able to deploy? What levers will she be able to pull to generate economic growth and sustainable development? I see no measures to bring about meaningful devolution of finance, no proposals to allow the mayor to raise finance locally or no suggestion that the iron grip of the Treasury over public spending is going to be relaxed in any way. It is all very well exhorting cities in the north to work together more closely on housing, strategic planning, health, social care and skills training to compete more effectively with London. I would argue that in many parts of the north, there is already much greater collaboration between councils than there is in Whitehall. I thought that the noble Lord, Lord Heseltine, made the point extremely effectively that if a businessperson wants to deal with Whitehall, there is no obvious place for them to go. Whitehall is nowhere near as joined up as many of the local authorities we are talking about. It is important to bear that in mind. The reality is that without access to sufficient, regular and reliable funding, combined and metro authorities will face an uphill struggle to catch up with London, and it is almost certainly doomed to failure.

The measures outlined in the Bill may be helpful for some areas. Clearly they will not work everywhere, as we have already heard. The cynic in me says, "Perhaps that's the point of this Bill. Perhaps the only real aim is to provide the vehicle for doing deals between the Government and Manchester, and maybe the Government and one or two other northern cities". Perhaps that is what it is all about. I sincerely hope that that is not the case and that the Government have wider aspirations. If so, it is important for this Bill to provide a permissive legislative framework, as my noble friend Lady Donaghy, said, and not be prescriptive. For me, there is an even more important word beginning with P: a meaningful partnership. There has to be a partnership in play between central government and local authorities, not the sort of hierarchical relationship—I am sure that the noble Baroness, Lady Eaton, remembers it as well as I do—whereby local government leaders are summoned to London to be issued with the Government's latest proposals, and instructed to adhere to them and do as they are told, or else. The noble Lord, Lord Heseltine, candidly admitted that there was an element of that in decades gone by.

It is abundantly clear that over the past 30 years, central government has not trusted or respected local councillors or their capacity to make decisions on behalf of their local communities. If this Bill is a signal of intent that the new Government want to work more

co-operatively with some of the major elements of local government, such as combined city and county authorities, obviously we all welcome that. It is just that part of me still remains to be convinced. I would like to see more tangible proof of that resolve, which is why there are so many detailed questions to be asked about what impact the measures in this Bill will have; whether, and if so what, new clauses need to be added; and how the Bill can be tailored to deliver powers more effectively for a wide range of county, district and combined authorities, not just for a handful of northern cities. I look forward to participating further in Committee to turn what is at the moment quite a sketchy enabling Bill into something more meaningful for local government.

7.18 pm

Lord Sherbourne of Didsbury (Con): My Lords, I have very much enjoyed the debate today and it has been a privilege to hear speeches from two former Deputy Prime Ministers. I very much enjoyed hearing them both claim that they are in some way the godfather of the proposals in this Bill—and justifiably so. My noble friend Lord Heseltine showed what local leadership can do when, in the 1980s, he championed the cause of Liverpool. It is testament to what he achieved in that city that my noble friend, a Conservative Peer, was awarded the freedom of the city of Liverpool by a Labour council.

My noble friend spoke about this being a process of evolution. He is right, because when the noble Lord, Lord Prescott—who is not in his place—was in office, we had the Urban Task Force, under the chairmanship of the noble Lord, Lord Rogers of Riverside. It was set up to,

"identify causes of urban decline and establish a vision for our cities".

I looked back at what the noble Lord, Lord Rogers, said just over 10 years ago in reviewing progress. He talked about the change of culture in favour of towns and cities, and about people moving back into city centres. He produced an incredible figure, which I presume is true:

"In 1990 there were 90 people living in the heart of Manchester; today"—

that was in 2004—"there are 25,000 residents".

He went on to say:

"English cities have established themselves as powerhouses in the UK economy and centres for cultural innovation".

But he was also clear that the job was far from done and that there was much more to do.

That brings me to the Bill. For years now we have talked about the north/south divide; urban regeneration; how to decentralise power; bringing decision-making closer to people; the need for greater accountability; encouraging greater investment in transport; and, more recently, about achieving greater co-ordination between healthcare and social care. The Bill sets out to deal with all these issues. It is about providing leadership and more effective local governance of city regions, and about keeping decision-making simple and straightforward. We are not proposing regional talking shops.

[LORD SHERBOURNE OF DIDSBURY]

I know that there are some worries about whether the Bill's provisions will lead to another layer of bureaucracy. I believe that the fears are misplaced. As my right honourable friend David Davis put it a few days ago, the Bill is about providing maximum power with minimum bureaucracy. Of course, as the Bill's provisions roll out across the country we will need to respond to the different circumstances of the city regions, as many speakers have said. We will need flexibility. We do not want a one-size-fits-all Bill.

This is a big Bill with big objectives, but I want to focus briefly on one issue. It is a big one: the need for transparency and public scrutiny. As the noble Lord, Lord Shipley, and the noble Baroness, Lady Pinnock, pointed out, the Bill could lead to a concentration of power in the hands of one political party. We have seen all too recently—I am thinking of Tower Hamlets—what can happen when too much power is put in the hands of one person without effective scrutiny. The Bill seeks to deal with this by the establishment of overview and scrutiny committees. These committees will have the power, to quote the Bill,

“to review or scrutinise decisions made, or other action taken”.

It is not immediately clear—at least to me—what the difference is between reviewing a decision and scrutinising it. I also note the use of the past tense: these committees will be reviewing or scrutinising decisions already made or action already taken—in other words, only after the event. It is true that the committees will be able to recommend that a decision is reconsidered, but if action has already been taken it may well be too late.

To be fair, the committees will have the power to make recommendations to the mayor. This could perhaps allow them to keep a watching brief on decisions in the making. However, although the Bill gives them these powers, they are not bound to exercise them, or to do so in an effective and, above all, open way.

Here we come to the role of the Secretary of State. According to the Bill, the Secretary of State will be able to issue guidance on the exercise of these powers. This could be crucial, so I hope that when we come to consider the proposals more closely in Committee the Minister will be able to tell us more. We do not want debate and decision-making behind closed doors. But, having said all this, I strongly support the Bill.

7.25 pm

Lord Whitty (Lab): My Lords, the widespread support for the central concept of the Bill is proof indeed that something fairly drastic needs to be done. The Bill is a very thin Bill, but it covers a very big concept. It attempts somehow to tackle two very big problems in our society and in our nation. One is the disjunction of economic development—the south-east against the rest—and the other the general alienation of citizens and businesses from the degree of centralisation of decision-making that we have seen from Governments of all hues over the past few decades.

Those two problems are distinct. The latter suggests that this ought to be part of what many of my colleagues are calling for—a constitutional convention—as it addresses the same problem that devolution to Scotland, Wales and Northern Ireland addresses: the remoteness

from decision-making here in Westminster and the administrative centralisation in Whitehall. That is felt not just in our metropolitan cities. As I have put it before in this House, it is felt in Cornwall and Cumbria as much as it is Birmingham and Bradford. The populations in the regions of England have much the same feelings as those in Scotland and Wales, which have been so obvious in recent years. This is an attempt to do something structurally and politically in England that addresses those twin problems.

The structure of English local government remained, broadly speaking, the same for a long time—from William the Conqueror to the noble Lord, Lord Heseltine. However, since then we have changed the structure quite significantly in terms of powers and the way that we expect local authorities to do business. That was in a context where central government took more and more decisions to itself and restricted the freedom of local authorities more and more—whatever their boundaries, size and structures—to take decisions for their communities. Against that background—even with the current Government or the previous coalition Government—we have seen more centralisation, with things effectively being taken off local authorities, education being the obvious example. Housing is also no longer a clear and effective local government responsibility.

To reverse that, we need to take the initial steps that the Bill suggests. I understand why it has to be a framework Bill, but, as my noble friend Lord Snape suggested, the danger is that we then have a plethora of secondary legislation specific to the individual areas covered, which will not receive adequate scrutiny in this House or in the local authority area that it is supposed to cover. A bit of history again: this is the exact opposite approach to that adopted when I was a Minister in this House, under the general direction of my noble friend Lord Prescott, when we set up the GLA. The noble Lord, Lord Tope, clearly remembers this. The then GLA Bill was the largest in living memory—larger than any other non-financial piece of legislation apart from the Government of India Act 1935, which was never fully implemented. To give the Government a few hints, we got the GLA Bill through the House of Lords only because we split the Opposition: the Liberal Democrats wanted an assembly without a mayor and the Conservatives wanted a mayor without an elected assembly. We got the structure and everything else that went with it through that way; the glory we now see at City Hall is as a result of that very detailed Bill. Some of that detail, or the issues that it raised, will have to be faced up to when we legislate or administrate for Greater Manchester, the West Midlands, Merseyside, or whatever we are going to call the new combined authorities.

In the great days of municipal innovation from the 19th century through to perhaps 50 years ago—from Joe Chamberlain, if you like, to Herbert Morrison—local authorities at that level operated with much greater freedom than they have now. Local authorities themselves drove a lot of economic development and were entrepreneurial, comprising gas, light and coke companies in the 19th century, transport bodies at the beginning of the 20th century and housing bodies from the 1920s onwards. The assumption was that, provided they

could raise the money, local authorities could do pretty much what they liked or what was not expressly forbidden by statute. However, key to that was, of course, the ability to raise their own money. They could determine their own domestic and business rates at that point and could go to the private market and borrow money on various terms, and did so to a greater extent than many sovereign states during that period. They were not subject to the detailed Whitehall restrictions on ring-fencing how they spent that money or even determining what the basic standards were.

Now local authorities are not even able to borrow against investment and certain future incomes without coming up against the Treasury rules. That means they cannot address some of the basic problems of housing and infrastructure within their own areas, let alone take steps in partnership with the private sector to revive their local industry. We need to get back to a degree of freedom which is not quite that of the 19th century—we require different forms of accountability—but one which we have abandoned to our cost over the last half century.

Incidentally, I was also responsible for taking through this House the Local Government Acts of 1999 and 2000, which provided the options of structuring local government in a number of ways, including for elected mayors. As others have pointed out, the option of elected mayors did not prove hugely popular. Indeed, it was not popular in Manchester, among other places.

Lord Prescott: Or anywhere.

Lord Whitty: Pretty well anywhere, but not quite anywhere. However, I have my doubts whether the concept of a directly elected mayor at a combined-authority level will prove any more popular. One of the problems with the rhetoric on the Bill, particularly from the Chancellor and those who are briefing on his behalf, is that it is suggested that the full range of powers will go only to those combined authorities opting for a directly elected mayor. Some of the comments that the Minister made in a briefing meeting and today suggest a bit more flexibility in that regard. As we go through the Bill, I should like to ask how much flexibility we have area by area.

It will be important for us to recognise the different requirements and priorities area by area, but also to recognise the different existing structures area by area. As my noble friend Lord Snape said, it is not just a question of whether you call the relevant area “Greater Birmingham”, to everybody else’s offence, but rather of looking for a combined authority and a directly elected mayor to cover the cities of the East Midlands. We have an elected mayor in Leicester. That is fine. However, Nottingham very firmly rejected the elected-mayor principle. If we were to bring those together with the counties surrounding them, we would experience some difficulty if we were seen to be imposing a particular structure as distinct from particular powers, responsibilities and resourcing.

Questions will be raised on the Bill as we go through Committee but I think the central one is: in what context will it operate? Will it operate in a context in which we free up the financial flexibility and availability

of funds for local authorities, or one in which we try to compensate in some way for ever-squeezed formal public expenditure commitments, but not by allowing local authorities to raise their own resources to deliver the economic development we are looking for through innovative partnerships with the private sector and the financial sector?

London does not seem to be covered by the Bill. The London councils say that they could do with some of the powers in the Bill. Will the Minister indicate, either now or in Committee, what powers could be devolved to a combination of London boroughs and the GLA?

My last, and perhaps flippant point, concerns Wales. This is called an England and Wales Bill yet virtually none of it applies to Wales because local authority structures are a devolved matter for Wales. However, as I say, it is called an England and Wales Bill in the appendix. When we discuss English votes for English laws, I would like to know whether this is indeed an English Bill or an England and Wales Bill. That is a minor point in some ways but probably not considered so in Wales. The bigger point is: will the powers and resources really match the rhetoric that surrounds this Bill?

7.35 pm

Lord Tope (LD): My Lords, it is always a great pleasure to follow the noble Lord, Lord Whitty, although I think on this occasion a rather dangerous one as he tempts me into reminiscing too much about the many happy hours, days, weeks and, indeed, months we spent in 1999 on the Greater London Authority Bill. He is right to say that it was extremely long on detail—mostly about what the Mayor of London could not do; it was extremely short on the detail of how to do it. However, the one thing I do not recall having any difficulty with was what we were going to call Greater London. We had some difficulty over whether it was an authority or a council and most people still referred to it as the GLC, but it was still Greater London.

Before I forget, I must declare my interest as a vice-president of the Local Government Association.

This has been a very useful, interesting and stimulating debate with a wide measure of agreement on the things we do agree about and agreement on the concerns that I think are widely shared on all sides of the House. It was made clear by the previous five speakers on these Benches that the Liberal Democrats welcome the Bill’s principles and intentions. Indeed, how could we do otherwise, as most of us have argued for the whole of our political lives for greater devolution? The first Liberal Party publication I ever read back in the 1960s was entitled *Power to the Provinces*, so at last, to quote the noble Lord, Lord Heseltine, we are perhaps at an historic moment. The noble Lord has featured frequently throughout the debate and has been present throughout to hear all the comments. We very much welcome that, as he has shaped the thinking on these issues for a very long time.

Noble Lords on these Benches have made clear that we welcome the Bill but have a number of concerns. We are very concerned about democracy, accountability and scrutiny, particularly as regards the city areas—the

[LORD TOPE]

combined authorities to be created over this Parliament—as there is a very real danger of their becoming one-party states in a way that may matter to some on this side of the House. It does not matter which party is involved, a one-party state is not good for democracy, challenge or scrutiny. I hope that is something to which we can give more attention.

Reference has been made to the need to devolve fiscal powers, and I hope more reference will be made to that. Unless these authorities have the power actually to raise funds, they will not have real power. I hope we are reaching the stage when central government is willing and brave enough to tackle those issues.

I hope that we will say more about the relationship of the new authorities with their local communities, not just or particularly the political communities, if I can call them that, but the business communities, which I think are generally welcoming but, perhaps understandably, a little suspicious of what may be coming. So that is important.

Lastly, as has been mentioned by a number of speakers, the Bill starts by calling itself the cities Bill and then goes on to say “local government”. We must ensure that we do not talk and think only about the cities, important though they are, but that we remember what is actually the greater part of the rest of England—the non-metropolitan areas and the rural areas. I hope we will pay considerable attention to those.

Our aim during the remaining stages of the Bill will be to try to prompt the Government to think more about some of the very important details in these proposals, to tease out some of that thinking and debate it, and to look at how we can amend what is and must remain an enabling Bill so that it gives the right degree of guidance without being too prescriptive. That is something that we will have to pay some attention to.

There have been references to London throughout today’s debate. Many of those were quite properly references to the economy but quite a few were also to government. As someone who has been a London borough councillor for 40 years, until last year, I say to your Lordships that, in government terms, the London more usually referred to as Whitehall or Westminster is at least as distant from the London Borough of Sutton or the London Borough of Enfield as, for instance, Newcastle or Manchester. It is important that devolution applies to and within London as elsewhere.

I know that the Bill does not cover London specifically, for structural reasons we know and understand, but I hope the Minister can say something in her reply to give encouragement to the mayor, the GLA and the London boroughs that although they may not be covered by the provisions of the Bill, the Government are at least ready to hear proposals from the mayor and the London boroughs that respond to the encouragement that the Bill gives elsewhere. I know that that is something that both the GLA and London Councils have been working on and are looking forward to being able to promote. They are rather anxious that the Bill might actually set that back rather than encourage it. I hope the Minister will be able to give us some reassurance there.

I have just mentioned my 40 years as a London borough councillor. As it happened, the first 12 of those years were with the Greater London Council. During the next 14 years we had no strategic authority for London—unless you regard central government as the strategic authority—and we tried to work on a London borough basis. It was not a good time but one of the really good things that came out of that period was the growth of real co-operation between London boroughs, which we had not previously known and which still exists. Of course, my last 14 years were during the period of the Greater London Authority. Most relevant perhaps was that I became a London borough council leader almost on the same day that the GLC was abolished, and I stood down from the leadership in order to stand for election—a successful election—to the London Assembly, of which I was a member for its first eight years. I mention all that not because it is a declarable interest, which it is not, but because I think that a lot of that experience has some bearing on the points we are going to consider. I understand, of course, that the structure of London government is different in many ways from what is proposed now, but I think that there are lessons we can learn from the experience in London, good and bad, of having these arrangements.

We have spent a lot of time—perhaps too much time, and I fear that will continue—talking about elected mayors. London had the first elected mayor, as I am sure I do not need to remind people, particularly on this side of the House. The noble Lord, Lord Whitty, will know that he spent most of his time as the Minister responsible trying to put things into the Bill to ensure that the first Mayor of London did not have too much power, as he had when he was leader of the GLC. In a way, that is my point. I think we are getting too obsessed with elected mayors. I am not and never have been a fan. I do not understand why this Government are so keen, as the previous Government were, to have them and why we do not simply have them on a permissive basis—if people want them, fine, let us have them; if they do not, they do not.

The only argument put forward today in support came from the Minister and was that people need to know who is accountable. I have no idea of Ken Livingstone’s view as to whether he was more accountable as leader of the GLC or as Mayor of London. I would suggest that at the time he was at least equally well known as either and most Londoners really did not know or care what title he had; it was what he was doing that was rather more of concern. Similarly, we learned in the recent election that a very large number of people, not only in London, think that Boris Johnson is the Prime Minister and not the Mayor of London, so I just do not buy that argument. In my experience, and as the noble Baroness, Lady Hollis, said, if council leaders are any good, they have at least as much power as any elected mayor, if they use it properly and effectively. So I simply do not understand that. My concern is that we will spend too much time on that issue and not enough time on what, frankly, are more important issues. I urge the Government to think about whether it is really necessary to impose elected mayors as a condition of getting the powers and funding that people want—in other words, bribery.

There are other issues. We have talked about accountability and scrutiny. If we are to have elected mayors and strong combined authorities, it is crucial that the scrutiny function, the challenge function and the accountability must be equally strong. It is a very important part of democracy and democratic accountability. There is a real danger that we will not have that. Again referring to the GLA, there is a strong mayor and a weak assembly. The only power the London Assembly has is to amend—and it is a fairly limited amendment power—the mayor's budget if there is a two-thirds majority. In the first 15 years of the Greater London Authority, the mayor has never had a majority for his budget but equally there has never been a two-thirds majority to amend it. The mayor has always known that and the power is therefore useless. So the scrutiny function needs to be stronger and it needs to be effective. I hope we can pay some attention to that.

I mentioned earlier the relationship with communities. It is very easy, and I think it will be even easier with these combined authorities, for local authorities to become too inward-looking, talking too much to themselves and the people closely around them. It is very important that they build a relationship with all the communities—the geographical communities and the interest communities, and particularly the business community. Again, I hope we can give some attention to how that is going to happen.

I conclude with just one warning. I am and always have been a strong advocate of devolution but it has also been the case—in too many cases—that devolution has paradoxically led to greater centralisation. I would give Scotland as an example. We have devolved a lot of power to Scotland, to the Scottish Parliament and the Scottish Executive. Actually, within Scotland it has become very much more centralised. Ask anyone of any party in Scottish local government and they will tell you: it is more centralised now than it was before we devolved power. That does not automatically have to happen. It should not happen and we must ensure that it does not.

We welcome the Bill and its principles and intentions, and we will try to ensure that it leaves this House a better Bill.

7.48 pm

Lord Beecham (Lab): My Lords, first, I refer to my local government interests in the register. By my count, we have had nine former council leaders addressing the House today, including the Minister. One of those is the noble Lord, Lord Shipley, and I am sure the House will join me in congratulating him on his new appointment as the Liberal Democrat spokesman on local government. He and I had several years of enjoyable confrontation in the Newcastle City Council chamber when I was leader of the council and he was leader of the opposition. He subsequently served also as leader of the council and had a very distinguished local government career. I imagine that in the noble Lord's new post, he will not be one of the roughly 60 Liberal Democrat Peers who will no doubt be seeking leave of absence from the House, in accordance with their policy that representation in this House should reflect the percentage of the vote cast in the last election.

That would have a significant effect on the number of Liberal Democrat Peers—but obviously the noble Lord would be immune to his party's policy in that respect.

My late wife Brenda was none too pleased when, for our summer holiday in Spain in 1969, I took along Maud—that is to say, the Maud report, the first of many such reports which, in the 48 years that I have served as a local councillor, have helped to shape successive reorganisations of local government. From that report's recommendations were born the metropolitan county councils, which were referred to by the noble Lord, Lord Shipley, established by the Heath Government—no doubt under the influence of the noble Lord, Lord Heseltine—and abolished 12 years later by the Thatcher Government, alongside the Greater London Council, which had of course also been created by a previous Conservative Government. Since then, a variety of reorganisations, both structural and of governance, have followed at fairly regular intervals.

The present Bill needs to be seen in the context of this history, which in many respects cast an ironic light on its proposals and the philosophy which animates them. But let me be clear that I very much welcome moves to devolve decision-making, providing that they are accompanied by a respect for community identities, a needs-based system of local government finance and an effective partnership at local level across the public sector, involving government departments, agencies and the community itself.

It is ironic that some of the functions which feature in the Government's thinking, and in the Greater Manchester Combined Authority agreement, were among the very same functions exercised by the metropolitan counties—notably, economic development and transport—although it will be recalled that the Thatcher Government eventually forced the sale of local authority-owned and managed bus services, except in London. Even now, the Tyneside Metro is run by Nexus, a local authority body involving the councils currently involved in the North East Combined Authority. Similarly, Newcastle Airport was developed and is still partly owned by local councils—and all this without an elected mayor.

As I reminded the House during the debate on the Queen's Speech, the Local Government Association conceived the idea of Total Place, under which we had hoped to see much closer working at local level across the public sector to ensure a more integrated and cost-effective deployment of resources, both local and national. The concept was adopted by the Treasury and the Department for Communities and Local Government, but little enthusiasm was evinced, perhaps unsurprisingly, by other departments or agencies, secure in their Whitehall silos. Little progress has been made on that concept in the last five years.

Quite apart from other concerns raised in this debate, I do not believe that even the best intentioned Secretary of State—and I think that Mr Clark probably fits that description—will succeed in overcoming the institutional inertia and narrow vision of departments and their Ministers unless a very serious Minister, as the noble Lord, Lord Prescott, was when he was Deputy Prime Minister, is charged with oversight of the process.

[LORD BEECHAM]

I recall very clearly the meetings that we used to have in local government with the Central-Local Partnership, as it was then called, chaired by the noble Lord and involving other government departments and Ministers. That was a very useful mechanism.

In addition, I repeat my call for the reintroduction of government regional offices, which could help significantly in this and other respects. They would also help to meet the point made in this debate about having a central point of contact between the local authorities in a given area and government itself. It is much easier to do that through a regional office than by having to connect directly or indirectly with Whitehall, and it would apply whatever structures are operating at local level.

One of the major difficulties with the proposals in the Bill is the apparent insistence on the requirement of an elected mayor before significant powers can be granted, without any test of public opinion. The case for elected mayors is much overstated anyway, even from a democratic standpoint. Even in the London mayoral elections, with all their massive attendant media coverage, turnout is not significantly higher than in ordinary local elections. It was 38% in 2012. But there are also concerns about vesting so much power in a single pair of mayoral hands, as many of your Lordships have said, augmented under Clause 3 by the hands of the deputy who he or she appoints, or any “member or officer” he chooses—including, presumably the political adviser whose appointment the Bill prescribes, unless the Secretary of State orders otherwise.

These concerns are, in my submission, substantially augmented by the possible transfer of the police and crime commissioner role, established with such a fanfare by the Government three years ago and treated by the electorate with unparalleled indifference when it came to voting for them at the ballot box. Such a concentration of power in this sensitive area is highly questionable. The very suggestion underlines the concern that many of us share about the degree to which this single individual could be accountable, especially in areas which are not natural entities but which comprise distinctive communities. It is not for me to comment on other areas but, as the person who suggested the formation of the Northern Regional Councils Association, now the Association of North East Councils, in the 1980s, I have some experience of the sensitivities. To progress the idea, I circulated a paper anonymously through the medium of the then leader of Northumberland County Council, knowing that if the idea had been seen to be conceived in Newcastle, other significant councils in the area would be much less likely to support it. This, after all, was the area where the leader of Gateshead Council in the 1960s said of the prospect of local radio being established in Newcastle that nobody in Gateshead would be interested in listening to it.

Happily, such extreme manifestations of tribalism are now much rarer. However, the North East Combined Authority extends from Berwick on the borders to the boundaries of Darlington and Teesside—a distance of approximately 85 miles—and from just east of Carlisle, in the west of the region, to the North Sea coast. It comprises five metropolitan districts and two counties—

one of them, as we have heard, led by the very able son of the noble Baroness, Lady Henig—with substantial rural areas. It has a population the size of that of Northern Ireland and two-thirds the size of that of Wales. The notion of accountability vesting in a single pair of hands for such an area is unreal and unacceptable. One wonders whether the siren voice of Nick Boles, who proclaimed that elected mayors were the only route back for the Tories in Manchester, has influenced the Government’s approach, especially in the light of the rejection of the concept in all but one of the cities which, as we have been reminded several times today, were subjected to referendums only three years ago.

There is no reason why the mechanism of combined authorities, backed up by well-resourced scrutiny and the active participation of public sector partners and their private and community sector counterparts in appropriate policy areas, should not operate effectively and accountably. They should have their own audit committee, or public accounts committee, independently chaired. I must say in parenthesis that I regret even more in this context the abolition of the Audit Commission, an egregious act of spite by the former Secretary of State.

Mention of the Audit Commission brings me to the contribution of the noble Lord, Lord Heseltine. It is such a great pleasure to see him in his place today. Neither of us may be too happy to admit it but we go back a long way. Newcastle under my leadership was one of the first councils to be penalised by the Conservative Government, within weeks of the 1979 general election, but that did not prevent our working with that Government when it could benefit the city—notably during the noble Lord’s two terms as Secretary of State for the Environment. On two occasions, I received invitations from him. The first was when he invited me to join the Audit Commission as a member. I declined because I did not think that this was compatible with my position as the then chair of the Association of Metropolitan Authorities. The invitation was useful, however, in helping me rebut charges of profligacy by Conservative members of Newcastle City Council. The second invitation I accepted with, I must confess, some trepidation. It was for dinner in the Tower of London. It was not held in the Beauchamp Tower but it included the noble Lord, Lord Levene, and the late and much lamented Sir Peter Hall. I remember that it was a very useful discussion about local government.

The noble Lord, Lord Heseltine, has of course long had a serious and constructive interest in local government and the problems and potential of our cities in particular. He was, as we have been reminded today, much moved by the plight of Liverpool in the early 1980s. He engaged with the inner-city partnership programme and launched City Challenge in the 1990s. More recently, he produced the seminal report on cities, which again has been mentioned several times today.

There is perhaps one lesson, at least, that we can learn from City Challenge—a programme which, in Newcastle, brought about £30 million to the city in its six-year life—which is that extra one-off resources, although welcome, will never be adequate if at the same time financial support for existing services is cut. The city lost more in grant during that period than we gained from that useful programme, welcome though

it was. My noble friend Lady Donaghy made precisely the point that we cannot look at structures and financing without looking at the position not merely of capital investment and the like but of the revenue requirements of authorities, and the degree to which they are fairly funded by government.

This matter of a needs-based local government finance system is critical if the Government's proclaimed aspirations are to be realised. I repeat that devolving tax-raising powers of itself is insufficient, given the variability, and vulnerability, of the local tax base. By all means devolve those powers, but recognise that there is still a need, in addition to the fiscal devolution—to which a number of Members have referred, including in particular the noble Lord, Lord Shipley—to have ample financial resources available. Fiscal devolution, like patriotism of itself, is not enough. I was very taken with the suggestion from the noble Baroness, Lady Wheatcroft, about municipal bonds, an idea that has been floated from time to time. No Government have yet reacted positively, but it is time to reconsider that, particularly in the context of strategic authorities, whatever their precise mode of government may be.

I conclude by joining others in urging the Government not to make a fetish of the mayoral system as a condition of empowering and working in partnership with combined authorities, or with other authorities and groups of authorities, because we are not, as the Minister made clear earlier, just talking about combined authorities. There may be opportunities in particular for counties and others to have some form of involvement with the provisions of the Bill. At the very least, any structures should be backed by public support and secured by argument and debate, and not by the threat of withholding much-needed investment and the advantages of joint working. With that qualification, I and the Opposition welcome the Bill. We will seek to try and improve it and we look forward to local government and government together being able to go forward in a mutually respectful partnership which enhances and retains local accountability in a system in which, as I say, on the financial side in particular, the whole basis is one of need.

8.03 pm

Baroness Williams of Trafford: My Lords, I thank all noble Lords who have taken part in today's debate. It has been an excellent one and I thank noble Lords from all sides of the House for the good will that they have shown towards the Bill. It is indeed a privilege to have heard from not only two former Deputy Prime Ministers but, as the noble Lord, Lord Beecham, pointed out, nine former council leaders. I have listened to what has been said and have got a good feel from some of the contributions that have been made. I see support from all sides on the need for further devolution, and the desire to see all parts of the United Kingdom benefit from greater devolution of power and achieve their economic potential in this way. The Bill will deliver the devolution of powers and resources so that our cities, our towns and our counties can become their own economic powerhouses.

The noble Lord, Lord Tope, made a point about London. London boroughs are absolutely not precluded from coming forward with their ideas for devolution,

albeit they have a mayor in place. Just as an aside, he made the point about people thinking Boris Johnson is the Prime Minister—but people think Churchill is a dog.

I will not answer every single question but I will go through the pertinent points made this afternoon. The noble Lord, Lord McKenzie, made the first, crucial point by confirming that devolution under the Bill does not just cover cities. He was absolutely right: it enables proposals to come forward from counties, groups of authorities and certainly from rural areas. Although we have been quite tied up with the concept of the northern powerhouse, there are great counties, such as Cornwall, which will be very keen to put forward some of their proposals, and the Government are very keen to have a conversation with them. He also asked about the delivery strategy; in other words, how the counties will catch the Chancellor's eye. Will smaller proposals be left behind? Not at all. The Government are keen to hear from all areas that have proposals. That will follow a discussion with the Secretary of State and the Government. He also asked where the buck ultimately stops. In this country, the buck always stops with the electorate—they will be the ones who ultimately decide—but there is also an agreement between the combined authorities and government in terms of what government will expect.

Many noble Lords asked whether a city can have all the powers without a mayor. The Chancellor said:

“We will transfer major powers ... to those cities who choose to have a directly elected ... mayor”.

That does not preclude any area from coming forward with proposals, and a conversation taking place between those areas and government.

The noble Lord, Lord Shipley, talked about this being an enabling Bill, as did many noble Lords. It is, and it does recognise that one size does not fit all. It recognises that Manchester is different from Birmingham, which is different from Leeds, which is different from Cornwall, which is different from Norwich. It also recognises that medium-tier cities will have their proposals, which will be different from those from other places, and it is very keen on those. I am personally looking forward to the proposal from Norwich, which the noble Baroness, Lady Hollis, mentioned several times. Norwich has its part to play.

The noble Lord, Lord Shipley, talked about democratic legitimacy through referendums, as have several noble Lords. I said in my Answer at Question Time today that there are local authorities that have mayors without having had to go through a referendum. I can name two of them: Liverpool and Leicester. As I said today, the Local Government and Public Involvement in Health Act 2007 provided that if local authorities wanted to go straight to a mayoral model, they could do so. This is a multiplication of that provision. It is writ large and absolutely clear in the Government's manifesto that they wish for this to take place. In that context, I am sure noble Lords would be willing to support that.

The noble Lord, Lord Shipley, also talked about an assembly. Greater Manchester has been very clear that it does not want additional tiers of government, and I

[BARONESS WILLIAMS OF TRAFFORD]

am sure other local areas would feel the same. An assembly has not been considered because we want to minimise the risk of creating more bureaucracies.

The noble Earl, Lord Listowel, made a very interesting point about social housing and addressing housing issues, very neatly followed by my noble friend Lord Heseltine talking about all the funding streams that existed, meaning that it was difficult to get one co-ordinated housing plan. The Bill would help with that disparate approach to things such as housing need. Of course, going back to Greater Manchester, there is a housing investment fund of £300 million.

As my noble friend Lord Heseltine said, the Bill is dependent on detail. It is a framework, a mechanism for powers to be brought through in secondary legislation. A lot of questions were asked this afternoon about what those powers are. The Government do not want to dictate to local authorities or groups of local authorities what those powers might be. We want to hear from them. I know that that is a bit of an about-face after all the years of centralisation, but Government really want to hear those proposals. This is a partnership between Government and local authorities.

The noble Lord, Lord Prescott, talked about the *Northern Way*. I remember that well; it was the subject of many a document. In terms of what it delivered, I do not think it delivered anything but it certainly sowed the seeds of what we now talk about as the east-west links between Liverpool and Hull. Those links are crucial and in no way less important than HS2—HS2 and HS3 are all part of the jigsaw. I declare an interest, as one noble Lord said earlier, as a former chief executive of Atlantic Gateway. The super-port in Liverpool has significant benefits in terms of the economy and transport logistics, and really could be a game-changer in all this and for Hull.

The noble Lord also asked what the proposals from Hull look like. I know they are working on proposals there, but I do not think anything has yet come forward to government. I am sure the noble Lord would like to be part of the conversations with Hull. Leeds also has a devolution deal with government that is quite far advanced, looking at West Yorkshire. He also asked how long this takes. It takes as long as it takes for those local authorities to agree and come forward to government with their proposals and for an agreement to go forward. It is a bit like a piece of string, really. Of course, Greater Manchester has been first off the blocks here.

The noble Lord, Lord Teverson, asked about a specific road map. Whatever proposals come forward will be considered and no one proposal will take precedence over another because of size or scale of ambition. The Government are keen to hear from everybody and every group of local authorities.

The right reverend Prelate the Bishop of Derby talked about the unevenness needing to be addressed. This is actually at the heart of what the Bill does in allowing areas outside London to unlock their potential. I do not in any way, in any of the discussions we are having, want to do down London. London is an incredibly important powerhouse, but the north and other areas outside London, such as Cornwall, are capable

of so much more. That is what we are trying to promote. He talked about the benefit from the international economy in London. Of course, we have benefited from that but places such as Greater Manchester want now to be net contributors to the Exchequer. We want to punch above our weight.

My noble friend Lady Wheatcroft talked about clusters of businesses. Clusters of businesses and the links between them are absolutely crucial. This effect of agglomeration is crucial to local and regional economies, as is creating this idea of a single labour market, with some connections so good that people are closer together in terms of getting to work and seeking employment. She also asked—as did the noble Lord, Lord Beecham—about the idea of a municipal bond. The Government are open to suggestions as to how financing might be raised. We look forward to any suggestions being brought forward. She also asked if the mayor will be fun and ride bikes. The answer is that I do not know. I hope that the mayor will be fun, whoever that is in whichever authority.

The noble Baroness, Lady Hollis, talked about the unhealthy dominance of London. It is dominant and in many ways that has been healthy for our economy. However, outside London we are capable of so much more. That is a point I made before. As she said, the Core Cities will be sorted but what about the others? I think I answered that point in terms of the mid-tier and other smaller groups of authorities.

The noble Lord, Lord Goddard, who is not in his place, talked about the journey of Greater Manchester. I was with him on that journey. One thing I would say about that journey is that that combined authority grew in maturity over the 30 years that it worked on a voluntary basis. Also, one thing that you could point out about Greater Manchester is that the leadership was very strong. I do not believe that these things will get through or work effectively without strong local leadership, whatever that leadership might look like. He also asked about borrowing—there are clearly provisions for prudential borrowing in there for the combined authority—and fiscal devolution. Some noble Lords will have seen some of the proposals in terms of retention of business rates and the “earn back” model that Greater Manchester seeks.

The noble Lord, Lord Wigley, welcomed the Bill but asked about Wales. It is an entirely devolved Administration; the reference to Wales in the Bill was to Wales as a jurisdiction, rather than its relevance to this Bill—so I hope that that answers the question.

My noble friend Lord Moynihan talked about sport and recreation and perhaps raising funds through a precept. Should a group of local authorities wish to come forward with proposals—a mayor may wish to take a focus on sport and recreation—it is something that the mayor could put to the combined authority in terms of the precept that they raise.

The noble Lord, Lord Woolmer of Leeds, again, talked about fiscal devolution, and I hope that I have in some part answered that question. He asked why we needed a mayor. We need maximum accountability for maximum powers devolved. He talked about HS3, and I think that I have covered that, but he also asked, “What is the northern powerhouse?”, which got me

thinking. For me, the northern powerhouse is the ability of some of those great northern industrial places to reignite their greatness again. That is what I understand it to mean. Of course, we have the northern powerhouse but we also have county authorities that wish to institute growth in their areas. The northern powerhouse might mean a certain thing in terms of cities, but we do not forget our counties in all this.

The noble Baroness, Lady Pinnock, talked about resources and said that it was our money. Of course, all money raised is our money, because we are the taxpayers. In terms of the devolution of powers and funding, it gives us the chance to be masters of our taxpayers' destinies in a more effective way and to get economic growth.

There has been a lot of talk about single-party states. No combined authority would be formed without the explicit agreement of each of its constituent parts. My noble friend Lord Sherbourne also asked about the scrutiny and accountability, and asked how you ensure effective scrutiny when a scrutiny system cannot overturn but can challenge the decision of the mayor in question. Our view is that overview and scrutiny committees for combined authorities should be chaired by a person who is not actually a member of the majority party represented on the combined authority. I hope that that gives the noble Baroness and my noble friend some sort of comfort in holding a mayor to account.

The noble Baroness also talked about some of those non-constituent parts of a combined authority. It is a very important issue, which we want to consider carefully. There are provisions in a draft legislative reform order before Parliament which would, if enacted, give greater flexibility as to what can constitute an area of a combined authority. As we take the Bill forward, we will look carefully at how best to provide that flexibility so that the governance structures, including that of a metro mayor, can provide the accountability and transparency of the decision taken.

I shall gallop through the last two pages of questions, because I am coming up to 20 minutes. My noble friend Lord Horam made some lovely points about industrial Lancashire and the cotton industry, and I think that my noble friend Lord Ashton of Hyde's forebears' names might have been there somewhere. He talked about leaders having to beg for funding in the old days and feeling almost embarrassed; the time has gone to feel embarrassed. Government is now reaching out to local authorities and local areas to ask what they want.

The noble Baroness, Lady Donaghly, talked about powers being ceded by consent. The answer is yes to that. She also asked what powers may be included. I think that I answered that previously in saying it was about what powers local areas would want included.

The noble Baroness, Lady Eaton, made the point about counties, and I hope that I answered that in saying that we really do want to hear from counties that might be attached to cities, and so on, and so on.

The noble Lord, Lord Snape, asked whether the orders would go through on a negative resolution. No, they would not—they would go through on an affirmative resolution. He talked about transport needing primary legislation. That is absolutely correct and we hope to bring it through later this year.

However, I cannot finish without mentioning the noble Lord, Lord Lyell, and his love of Liverpool and the port. He is absolutely right about what a difference that port will make.

I hope that I can allay some of the cynicism expressed by the noble Baroness, Lady Henig, about Whitehall trusting local government. We shall see as time goes on. I thank all noble Lords who have taken part in this excellent Second Reading debate and look forward to continuing the arguments or debate in Committee.

Bill read a second time and committed to a Committee of the Whole House.

House adjourned at 8.24 pm.

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