

# PARLIAMENTARY DEBATES

HOUSE OF COMMONS  
OFFICIAL REPORT

Third Delegated Legislation Committee

DRAFT TEES VALLEY COMBINED AUTHORITY  
(ELECTION OF MAYOR) ORDER 2016

*Tuesday 12 July 2016*

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

*Chair: MIKE GAPES*

- |   |   |
|---|---|
| † Blenkinsop, Tom ( <i>Middlesbrough South and East Cleveland</i> ) (Lab) | † Morris, Grahame M. ( <i>Easington</i> ) (Lab)   |
| † Campbell, Mr Alan ( <i>Tynemouth</i> ) (Lab)                            | † Scully, Paul ( <i>Sutton and Cheam</i> ) (Con)  |
| † Chapman, Jenny ( <i>Darlington</i> ) (Lab)                              | † Smith, Julian ( <i>Skipton and Ripon</i> ) (Con)  |
| Cunningham, Alex ( <i>Stockton North</i> ) (Lab)                          | † Tugendhat, Tom ( <i>Tonbridge and Malling</i> ) (Con)   |
| † Griffiths, Andrew ( <i>Burton</i> ) (Con)                               | † Turley, Anna ( <i>Redcar</i> ) (Lab/Co-op)  |
| † Harris, Rebecca ( <i>Castle Point</i> ) (Con)                           | † Wharton, James ( <i>Parliamentary Under-Secretary of State for Communities and Local Government</i> ) |
| Haselhurst, Sir Alan ( <i>Saffron Walden</i> ) (Con)                      |   |
| † Kennedy, Seema ( <i>South Ribble</i> ) (Con)                            | Gail Bartlett, <i>Committee Clerk</i>   |
| † Mann, Scott ( <i>North Cornwall</i> ) (Con)                             |   |
| Mitchell, Mr Andrew ( <i>Sutton Coldfield</i> ) (Con)                     | † <b>attended the Committee</b>   |

## Third Delegated Legislation Committee

Tuesday 12 July 2016

[MIKE GAPES *in the Chair*]

### Draft Tees Valley Combined Authority (Election of Mayor) Order 2016

8.55 am

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

That the Committee has considered the draft Tees Valley Combined Authority (Election of Mayor) Order 2016.

It is a pleasure to serve under your chairmanship for the first time, Mr Gapes. I welcome the new shadow Minister, the hon. Member for Easington, to his place. I often attempted to entice him to contribute to these debates when he was a Whip, but I look forward now to hearing the contribution he has to make. At the outset, I should declare my interest in every sense in the draft statutory instrument, which is an important piece of legislation for the area that I represent and for the Tees Valley as a whole.

The draft order was laid before this House on 13 June 2016. If approved, it will create the position of Mayor for the Tees Valley Combined Authority, with the first election to be held in May 2017. It will also set the first mayoral term for a duration of three years, with the next election in May 2020 and subsequent four-year terms. The Government committed in their manifesto to

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

To give effect to that commitment, Parliament passed the Cities and Local Government Devolution Act earlier this year.

The order is a milestone in the implementation of the devolution deal agreed between Government and local leaders on 23 October 2015. It follows the establishment of the Tees Valley Combined Authority on 1 April 2016. As Lord Heseltine’s independent report stated, the Tees Valley Mayor will provide one voice and one direction for the area, and that enhanced leadership will help to accelerate growth. The order establishes a Mayor and sets the dates of elections and subsequent term lengths. It is laid before Parliament following the statutory process specified in the Local Democracy, Economic Development and Construction Act 2009, as amended by the Cities and Local Government Devolution Act 2016. As required, all of the constituent councils have consented to the order being made, and we now seek Parliament’s approval before making the order.

The order is about delivering devolution and empowering local authorities to set their own policy agendas. It provides enhanced local leadership in the form of a directly elected Mayor with a strong democratic mandate. The Mayor will work closely with local leaders, who will sit on the combined authority board. Together they will drive forward the economic opportunities presented by devolution, with the Mayor acting as chairman of the

combined authority and providing a single voice for the area that can be prominent nationally and help to drive the devolution agenda.

If the draft order is approved, it will open the way for full implementation of the devolution deal for the Tees Valley. It is therefore a significant milestone in the devolution journey, leading to greater prosperity, a more balanced economy and economic success. We are committed to that journey because there is a real opportunity for areas to assume powers and budgets, which will help places to achieve their potential and to take control of their growth and, importantly, have a positive impact on the lives of local citizens. The order will provide the Tees Valley with a strong voice and an effective leader who can deliver for the local area and help to rebalance the economy, including building and delivering on the northern powerhouse.

8.58 am

**Grahame M. Morris** (Easington) (Lab): It is a pleasure to serve under your chairmanship, Mr Gapes. It is an honour to represent the Opposition and the Labour party in this role. I served for 16 years as an elected councillor on Easington District Council. I served in the Whips Office. In a previous capacity, I provided support on communities and local government and on housing. I pay tribute to the valuable work carried out by my colleagues in the previous shadow team, my hon. Friends the Members for Hemsworth (Jon Trickett) and for South Shields (Mrs Lewell-Buck), who led on devolution for the Opposition.

As the Minister indicated, today’s draft order is very narrow in scope, converting the Tees Valley Combined Authority into a mayoral combined authority and setting the date for the election. That is the next step in the process towards the devolution deal. However, I challenge the assertion made by the Prime Minister quite recently that it is “devolution by consent”, and I have some questions to put to the Minister about the imposition of mayors.

Local leaders have not welcomed the imposition of a Mayor for the Tees Valley Combined Authority, but they have accepted it, reluctantly. In evidence to the Select Committee on Communities and Local Government, Councillor Sue Jeffrey, the leader of Redcar and Cleveland Borough Council, said:

“It is a price we are having to have, so we will make it work...We have to take what is on offer and do what we can with it.”

I commend the pragmatic approach adopted by all five councils and their leaders in the Tees Valley area in defence of their communities. The Opposition want it to be clear that we support the principle of devolution, but would do things rather differently, particularly in relation to governance arrangements.

Having been through previous local government reorganisations—I was a member under the old committee system, chaired a number of committees and saw the transition to the executive-scrutiny split—I am concerned that, if the Government adopt a one-size-fits-all, top-down approach, with the imposition of mayors as a prerequisite for the devolution of substantial powers, that will be a detrimental step. We need to look at the evidence from previous reorganisations and impositions of this type.

**Jenny Chapman** (Darlington) (Lab): My hon. Friend used the phrase “one size fits all”, but I understood that some combined authorities or devolved areas were not having an elected Mayor imposed.

**Grahame M. Morris:** I am grateful to my hon. Friend for her intervention. I was going to come on to that point in a moment. A number of members of the governing party have expressed concern about imposition as a precondition, and I hope that the Minister will address that. If the Government are making an honest and true attempt to promote economic growth and rebalance the economy, that should not be a precondition. I am sure that the Minister is aware of concern in his party. From my perspective, and in the light of the remarks by my hon. Friend, that is a key point.

The Government’s approach has been rejected by local government leaders negotiating the deals and by a number of leading organisations, including the Local Government Association, the National Audit Office and the Select Committee on Communities and Local Government, to name just a few. I had the opportunity to visit the LGA conference in Bournemouth last week. A number of local authority leaders—not just Labour ones—expressed concerns about the imposition of elected mayors. I hope that hon. Members are aware of the National Audit Office report, “English devolution deals”, which sets out the various packages on offer to different areas. It is clear that there is wide variation, and it seems that the Minister has accepted that the imposition of an elected mayor is not necessarily a requirement before powers can be devolved.

There have been concerns about the creation of a fourth or even fifth tier of local government creating the potential for a complex, over-bureaucratic and costly system of representation that is also potentially unaccountable. The Communities and Local Government Committee has warned the Government that such a system, leading to low turnouts at mayoral elections—as has happened—will have implications for the democratic legitimacy of elected mayors.

In case there should be any confusion, I stress that my party, and I personally, are not opposed to the concept of mayors. In many cases they can provide visible leadership and accountability. However, devolution should mean, if it means anything, that people and communities are free to choose the most appropriate model of governance for their community. The imposition of mayors risks undermining that process and public confidence in it.

I would like to pose a few questions to the Minister. In view of today’s order, I am not anticipating, although I am an eternal optimist, that he will announce any radical changes at this eleventh hour. However, are there any circumstances where he would acknowledge that an elected Mayor might not be the best model of governance? I refer him to examples in the National Audit Office report, where Cornwall and, I believe, Leicestershire have been allowed to proceed without the imposition or precondition of an elected Mayor.

Does he acknowledge that an elected Mayor might not be the best model of governance? If so, although I appreciate there is an eight-week consultation period, will he commit to working with local leaders, at whatever stage they are at, towards a devolution deal, and consider

the merits of alternative governance models, where it can be demonstrated that the mayoral system may not be the most suitable, given local geography and circumstances? Unfortunately, without that flexibility, authorities and communities are effectively held hostage, with those opposing elected mayors locked out from accessing substantial devolved powers.

I hope that the Minister is aware of concerns expressed by the Centre for Public Scrutiny. It has warned that

“requiring elected mayors and overview and scrutiny committees may lead to combined authorities approaching governance as a ‘matter of compliance, where no further thought is required’.”

That would be as a sort of tick-box exercise. I believe there should be an opportunity to bring powers and decision making closer to the people. However, the imposition of mayors is a contradiction of the meaning of devolution.

I must also take this opportunity to ask for some assurances from the Minister about the implications of the Brexit vote. A key benefit of the Tees Valley deal was control over EU structural funds. That is absolutely a key issue. Not without justification, the Tees Valley has been a long-term beneficiary of European funding and has secured a commitment of £169.8 million over the current EU funding period.

It is a matter of record that the Minister was a leading advocate for Brexit. During the campaign, the Leave side—

**The Chair:** Order. May I ask the hon. Gentleman to get back to the actual wording of the motion before us today, rather than open up a general debate about Brexit?

**Grahame M. Morris:** I am grateful for your advice, Mr Gapes, but—

**The Chair:** Please.

**Grahame M. Morris:** Yes. I am seeking assurance, Mr Gapes, that, should we go forward with an elected Mayor, the Minister will give a pledge and cast-iron guarantee that the EU structural funds in particular will be made good. That is key to the deal.

**Anna Turley** (Redcar) (Lab/Co-op) *rose*—

**Grahame M. Morris:** Do you mind, Mr Gapes, if I give way to my hon. Friend?

**The Chair:** That is a matter for you.

**Anna Turley:** There is an important point here, which is related to the devolution deal. The combined authority was going to control the EU funding. We are seeking assurances, if we are to lose that money, of what that means in the longer term. We want clarification on the instability over inward investment that we are facing at the moment.

**Grahame M. Morris:** I am grateful to my hon. Friend for her intervention. That is precisely the point I was trying to make in a rather laboured way, for which I apologise. That is key to whether the deal can go

[Grahame M. Morris]

forward. The control of EU funding is an essential part of the devolution deal. We seek reassurances from the Minister to the Tees Valley Combined Authority that expected levels of funding, including those expected from the EU, will be maintained, not just in the short term—without second-guessing the Minister's answer—of the next two years, but in the longer term. We seek assurances that there will be local control of these funds.

In the light of the Brexit vote, there are understandable concerns about the impact on inward investment. Can the Minister offer some comments about how the Government are going to address potential instability and uncertainty on inward investment? That is key to the Tees Valley—as the Minister well knows having a constituency there—given the importance of the chemical industry cluster and the associated manufacturing industry.

I commend the work of the five councils in the Tees Valley Combined Authority and their efforts in seeking to secure the best deal possible for their area and their communities, despite the constraints placed upon them by Government. The £15 million devolution deal—that is £15 million a year over 30 years—can never fully compensate for the devastating cuts to local government. The Tees Valley area has already seen cuts in excess of £240 million per year since 2010: a huge sum of money to lose from local authority budgets. I appreciate the concerns about the Government's commitment to investment, not only in the light of the referendum, but in view of the gross disparities between infrastructure spending in the capital compared with the regions. I ask the Minister to say a few words about how we are going to address these huge regional disparities.

The commitment to devolving education and transport can ring hollow when considering recent announcements regarding academies and the Bus Services Bill. I know we are not dealing with that here, Mr Gapes, but it is relevant to the package of the powers the elected mayor and the combined authorities will exercise.

I recognise that we are at the start of the devolution process and when the deal is complete, it will only be the first stage. While I am in post, I will support—

**James Wharton:** Very good, Grahame.

**Grahame M. Morris:** Thank you. While I am in post, I commit to supporting local areas in securing the deals that they want, that best suit local circumstances and that will best help them to meet the challenges they face in supporting and sustaining their local communities.

9.12 am

**Jenny Chapman:** It is an honour to serve under your chairmanship, Mr Gapes.

My constituents in Darlington are perplexed by all of this. The awareness of the combined authority is starting to grow and there is a growing understanding in my constituency about what is happening. I must say, however, that the idea of an elected Mayor for somewhere called the Tees Valley leaves many scratching their heads, because they know we had a referendum in Darlington on the subject of elected mayors and the idea was roundly rejected. They also rejected wholesale the idea

of a north-east assembly. Their appetite for this kind of change and an extra layer of democratic accountability—they would say bureaucracy—is not great. When we have a group of local authorities that have proven they are able to work together over a very long period, collaborate and get their combined authority off the ground with minimum fuss and trouble—and they have worked with Governments of all colours—they question why they need this extra supervision above them for a place that, in my constituency, they do not recognise as legitimate.

I challenge the Minister that in the first three or four years of his role as MP for Stockton South, he led the campaign to get rid of the Tees Valley and replace it with Teesside, which does not include Darlington. Now he says we must have a figurehead for the Tees Valley, a place he did not previously think ought to exist at all. I had some sympathy with his campaign back then; maybe he should have stuck with that.

My constituents are also very concerned as they are seeing the decimation of their local services: libraries, sports facilities, children's centres, support for families with disabled children and advice services. They are asking me—so I ask the Minister—how much is this going to cost? What will this election cost and how much will the salary of the elected Mayor be? They want to know this as sums of £90,000, £100,000 may not seem like very much to the Minister when he looks at this, but that would keep important services in our constituencies going for a very long time. He needs to think about how this is going to look to residents who are seeing their services removed from under their feet, to be replaced by a figurehead they do not want for a place they do not believe exists, and actually, nor does he. The idea of there being a single voice for the Tees Valley is naïve at best. I can see why the Government would like a single voice for the Tees Valley—it makes their lives much easier if they have one person to deal with from the Tees Valley. As he well knows, we are a collection of towns and we have many shared aspirations, but we have things that identify us separately too.

We want to keep having that direct dialogue with the Department for Transport and the Department for Communities and Local Government, because sometimes there are things that we do not always exactly share on every level. It may make life easier for the Government but it will disguise many of those wonderful things that are unique to the identity of different towns within the Tees Valley. It would be a real loss if we pretended that the Tees Valley is a single place with one identity when we all know—and certainly the people who live there know—that that is not the case. They are fed up with being told that the place where they live, grow up and work has a different name, “We're calling it this now, we're calling it that now.” They are sick of it. My constituents live in Darlington and they are proud to live there. They do not want to have to elect somebody who is responsible for Hartlepool.

9.16 am

**James Wharton:** I will seek to address the questions raised by the shadow Secretary of State. I welcome the tone of his comments, although clearly there are areas of disagreement in terms of policy and the approach that the Government are taking. I have noted down the

most salient points that I am to formally address. I will do my best to address them, but I am confident that he will intervene if there is anything that I have missed. The circumstances in which a Mayor might not be the best model—whether a Mayor is appropriate or not—seem to be the focus of much of his comments.

The Government have been quite clear. We have imposed a devolution deal on nobody. The Cities and Local Government Devolution Act 2016 gives the Government no power to impose a devolution deal on anyone. A deal is a two-way process where there are things that the Government want to see and tests and robustness that they want to be assured of, but where local areas are able to ask for the powers that they believe they can best use. That process of discussion takes place in each area, based on geographies determined by that area. This is an issue that I will revisit when speaking on the points made by the hon. Member for Darlington, but it is a bottom-up and bespoke process.

**Grahame M. Morris:** I have heard the Minister's comments in response to the first question. I am not suggesting that he has been disingenuous but is not the truth of the matter that, in these discussions, which he has referred to as a bottom-up process, not a top-down process, there has in essence been a precondition that unless the combined authority accepts an elected Mayor it will not go any further? I am aware of discussions and reports of discussions with other combined authorities. We should be clear that it is the Government's intention—by whatever method—to ensure that there are elected Mayors leading these combined authorities. If that is not the case, perhaps he might make it clear that combined authorities are at liberty to come up with another model and will still be able to have devolved powers, as set out in the order.

**James Wharton:** The Government will of course consider any proposal that comes forward from a combined authority, but we have been clear throughout this process that, where areas want a significant package of powers, there is an expectation that that comes with the clear and sharp democratic accountability of an elected Mayor. I will not try to use words to avoid the reality of this—I have been very clear about it. We cannot force any area to accept a deal, and we cannot force any area to accept a Mayor. The Government's position is that, where areas want significant deals, we expect a Mayor to be part of that package. It may be an issue on which there is disagreement across the Floor of the House, but it is one on which we have been clear throughout this discussion and debate.

The shadow Secretary of State also raised the issue of Brexit, but specifically with reference to European funding. He referred to control over European funding being part of this devolution deal. It has been agreed that intermediate body status will be delivered. That issue was also raised by the hon. Member for Redcar. I give what assurances I can, in that at least for the time being we remain a member of the European Union, so nothing will change until exit is agreed. We of course must see how the process evolves and unfolds.

The truth is that we are a significant net contributor to the European Union and so, on exit, will have the opportunity, taking control of money that Europe currently decides how to spend, to spend it in accordance with the

interests of this country and, indeed, under the direction of its people and Government. My intention will be to advocate very strongly indeed the continuation and, indeed, improvement of funding to the regions from within Government, but nothing is going to change in the near future. I encourage local areas to continue to pursue economic growth and to make a positive case for the projects for which they want support. Indeed, I support the Tees Valley in doing that, and in continuing to deliver the letter and the spirit of the deal agreed between its local authority leaders and central Government.

There has been a welcome rise in inward investment across the north of England in the past two years. It is up significantly, and we want to continue to encourage the process. I have no doubt that stability is something that drives decision making, and that those who choose to invest look for it. That is why I welcome the decisions that have been taken in my party to offer the country stability in recent days. I hope that for Her Majesty's Opposition that process will also be brought swiftly to whatever its conclusion will be.

The Shadow Secretary of State also said—rightly; this is an issue on which we agree—that the process is at its start. Agreeing the devolution deal is not the sum total of what will be done. The Government's ambition, which I hope is shared by local areas, is for devolution to continue; they want additional powers to be devolved and the areas in question to identify additional opportunities, which, in discussion with the Government, can be delivered into local hands to drive economic growth.

**Anna Turley:** I appreciate the Minister's point about the process being an ongoing one, but is not there something odd about the fact that the Committee is here to agree a statutory instrument about a Mayor when we do not really know what powers there will be? There will be a further statutory instrument in the autumn. I know there is a consultation document, but it seems we are putting the cart before the horse in agreeing to a Mayor before we even discuss their powers.

**James Wharton:** I do not agree. There is a deal document that is very clear about the powers that the Mayor will have. I am saying that there will be an opportunity for the local area and leaders to ask for further rounds of powers, if they want to. The measure is about establishing the framework through which they can be delivered, and about a process that is taking place—and has taken place—in all the areas that have agreed to such deals. This week, as I have done in previous weeks, I will be dealing with other statutory instruments of this type. If we do not put the mechanism in place, there will be nothing to which to devolve further powers. We know what is in the deal now. We know that there is ambition to go further, and I welcome those discussions. We know the agreed mechanism by which that can be done. That is entirely the right approach.

The hon. Member for Darlington asked about the Tees Valley and she is right; I would tend to use the term "Teesside". But of course that does not include Darlington, as I know she is aware, and we are talking about a devolution area which was proposed by local authority leaders, not Government, and which does include Darlington. Therefore, the label that applies is Tees Valley, whether people like it or not. However, I want to

[James Wharton]

make it clear to her that I maintain the view that the local airport should be named Teesside airport rather than Durham Tees Valley. It is a campaign with which I had rather limited success; however, I should welcome her support for that if she were minded to offer it.

The hon. Lady also asked about the Mayor's salary and the mechanism for it. The Mayor's remuneration would be a matter to be devolved locally. The local combined authority would take advice, of course, from the independent body on those matters, as happens for councillors' allowances, but that would be for local determination. It will, I have no doubt—although I do not want to prejudge what it might be—be significantly less than the £15 million a year that will be brought to the area as a result of the deal, and if it were not I would join her in protesting about the proposed level of remuneration. I think it is unlikely to be of such a scale, or anywhere near it.

The hon. Lady also raised concerns about a single voice for different areas, and I do not think there is great disagreement between us on that, at least as far as recognising that many different communities and identities are contained in the area described as the Tees Valley.

What we are doing is not about overriding or diluting those identities; it is about recognising that there are some things that are better done at a broader level, looking at the local economy and economic factors as a whole. The Tees Valley is a sensible economic area and was determined by local authority leaders. When the Government examined it, it stacked up and made sense, and met the criteria that we would expect, to be suitable for devolution. That in no way undermines or replaces pre-existing local identities, whether towns, villages, boroughs or other levels in the communities that make up the area.

What we are considering is an important step for the Tees Valley. It is a significant opportunity to transfer powers to local people to determine their economic future. I welcome it. We have had a helpful and broad-ranging discussion about the order's implications and I hope that the Committee will support it.

*Question put and agreed to.*

*Resolved,*

That the Committee has considered the draft Tees Valley Combined Authority (Election of Mayor) Order 2016.

9.25 am

*Committee rose.*