

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT

Fifth Delegated Legislation Committee

DRAFT BARNESLEY, DONCASTER, ROTHERHAM
AND SHEFFIELD COMBINED AUTHORITY
(ELECTION OF MAYOR) ORDER 2016

Tuesday 19 July 2016

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The Committee consisted of the following Members:

Chair: MR JAMES GRAY

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| † Argar, Edward (<i>Charnwood</i>) (Con) | † Huddleston, Nigel (<i>Mid Worcestershire</i>) (Con) |
| † Borwick, Victoria (<i>Kensington</i>) (Con) | † Mak, Mr Alan (<i>Havant</i>) (Con) |
| † Campbell, Mr Alan (<i>Tynemouth</i>) (Lab) | † Morris, Grahame M. (<i>Easington</i>) (Lab) |
| † Champion, Sarah (<i>Rotherham</i>) (Lab) | † Percy, Andrew (<i>Parliamentary Under-Secretary of State for Communities and Local Government</i>) |
| † Cleverly, James (<i>Braintree</i>) (Con) | † Smith, Angela (<i>Penistone and Stocksbridge</i>) (Lab) |
| † Davies, Glyn (<i>Montgomeryshire</i>) (Con) | † Wood, Mike (<i>Dudley South</i>) (Con) |
| † Doyle-Price, Jackie (<i>Thurrock</i>) (Con) | |
| Dugher, Michael (<i>Barnsley East</i>) (Lab) | Glenn McKee, <i>Committee Clerk</i> |
| † Furniss, Gill (<i>Sheffield, Brightside and Hillsborough</i>) (Lab) | |
| † Hammond, Stephen (<i>Wimbledon</i>) (Con) | † attended the Committee |

Fifth Delegated Legislation Committee

Tuesday 19 July 2016

[MR JAMES GRAY *in the Chair*]

Draft Barnsley, Doncaster, Rotherham and Sheffield Combined Authority (Election of Mayor) Order 2016

8.55 am

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

That the Committee has considered the draft Barnsley, Doncaster, Rotherham and Sheffield Combined Authority (Election of Mayor) Order 2016.

It is a pleasure to serve under your chairmanship, Mr Gray, for my first draft order as a Minister. The order was laid before the House on 27 June 2016 and will, if approved, create the position of mayor for the Barnsley, Doncaster, Rotherham and Sheffield combined authority, also known as the Sheffield city region combined authority, with the first election to be held in May 2017. It will set the first mayoral term for a duration of three years, with the next election in May 2020 and subsequent four-year terms. As a proud Yorkshireman, it is very nice for one of my first acts in this role to be that of devolving power and some funding away from Westminster and up to Yorkshire, where it will be better dealt with.

The Chair: Order. Will the hon. Gentlemen who are not yet properly dressed please leave the room, get properly dressed and return?

Glyn Davies (Montgomeryshire) (Con): Do I need to wear my jacket?

The Chair: Yes, you do, and your tie—[*Interruption.*] And you will not complain about the Chair's order either. I am so sorry to interrupt, Minister.

Andrew Percy: 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, the Government passed the Cities and Local Government Devolution Act 2016. As set out to the House during the passage of that enabling legislation, the Government have introduced clauses to allow directly elected mayors for combined authorities. It is considered necessary that where major powers and budgets are being devolved, local people know who is responsible for decisions. Mayoral governance is one way of delivering that.

The order is a milestone in the implementation of the devolution deal agreed between the Government and local leaders in the Sheffield city region. I welcome the positive response to the proposal from many in the

region. The order follows the establishment of the combined authority on 1 April 2014, from which time the combined authority has been serving the Sheffield city region, bringing together across the area the closely inter-connected issues of transport, economic development and regeneration. As a neighbouring MP to the South Yorkshire region—including Doncaster, which I am very fond of—it is good to know that these great Yorkshire cities and towns are working together for the good of their people.

On 2 October 2015, the Government and the combined authority announced a devolution agreement that provided an offer of powers and budgets from Government on the basis that the area will deliver certain reforms and measures, including adopting a directly elected mayor covering the whole of the combined authority area. The agreement included that the mayor of Sheffield city region will be responsible for a consolidated, devolved transport settlement. There is a good history in South Yorkshire of local authorities working together on local transport matters.

Following the introduction of the necessary primary legislation, the mayor will be responsible for the franchised bus services, which in turn will support the combined authority's delivery of smart and integrated ticketing across the constituent councils. She or he will take on responsibility for an identified key route network of local authority roads and for strategic planning, including the responsibility for creating a spatial framework for the city region. In turn, the combined authority will take on the devolved funding of £30 million a year over 30 years to Sheffield city region. The combined authority will also have control of the devolved 19-plus skills funding.

Sarah Champion (Rotherham) (Lab): Will the Minister give way?

Andrew Percy: Of course, I would be delighted.

Sarah Champion: On the £30 million a year, will the Minister confirm whether that is new money or coming from already ring-fenced local authority money?

Andrew Percy: This is gain share funding, so it will be a mixture of capital and revenue devolved from central Government. There are opportunities for other funding to be devolved in future, whether through the bus service operators grant or other areas of budget.

As well as control of the devolved 19-plus skills funding, the combined authority will also have joint responsibility with the Government to co-design employment support for harder-to-help-claimants. I know that will be welcomed in the region. We also want to see a devolved approach to business support from 2017 to be developed in partnership with Government. In addition, the Government have agreed to a pilot scheme in the Sheffield city region combined authority that will allow the area to retain 100% of any business rate growth beyond that forecast.

In delivering the full range of commitments in the devolution deal the Secretary of State intends, subject to statutory requirements and parliamentary approval, to make further orders to implement the deal. Subsequent orders will include the transfer of budgets and powers in planning, transport, education and skills.

Gill Furniss (Sheffield, Brightside and Hillsborough) (Lab): As a Sheffield MP, it is only right that I pay tribute to the council leader, Julie Dore, who secured a very good deal for Sheffield through very hard-headed negotiations. I would like to ask the Minister about the €200 million European structural funding. Since the Brexit vote the other week, things are very uncertain. Can the Minister guarantee that the replacement of such funding will be in place if European funding is withdrawn?

Andrew Percy: I thank the hon. Lady and welcome her to the House. As we give effect to the will of the people of Sheffield—indeed the whole of South Yorkshire voted quite heavily for Brexit—it will be for the new Prime Minister to trigger article 50 at the appropriate time and begin those negotiations. Working with colleagues across Government, we are very keen to get that certainty about what happens to structural funding—the European regional development fund—in future. We are working on that and hope to be able to give guarantees at some point in the future. This is UK taxpayers' funding, which goes to the European Union and comes back and is a portion of what we receive.

The Chair: Order. I am sorry to interrupt the Minister. We are drifting very far from the statutory instrument we are discussing today. Perhaps the Minister can turn to the SI itself.

Andrew Percy: I am always happy to talk about the European Union and the decision of the people of South Yorkshire.

The Chair: But not at this Committee.

Andrew Percy: But not at this Committee, I accept. But we will seek to get those guarantees.

The draft order establishes a mayor for the city region, sets the dates of elections and the first and subsequent term lengths. As required, all the constituent councils have consented to the order being made and the Government have laid the draft order, having had consideration of the statutory requirements. As required, we are now seeking Parliament's approval before making the order.

Let me make a couple of points about the role of the mayor, although I do not wish to detain the Committee much longer. The order is about delivering devolution and empowering local authorities to set their own policy agendas. Before becoming a Minister somewhat surprisingly at the weekend—I was no more surprised than some of my colleagues—I always tried to champion more devolution to our regions. Other members of the Committee have also played an important role in that, so I welcome the creation of this new role in the combined authority.

It is important to emphasise the mayor will work closely alongside local council leaders. The hon. Member for Sheffield, Brightside and Hillsborough mentioned an excellent leader in Sheffield. They will sit together on the combined authority board and drive forward the economic opportunities presented by devolution for South Yorkshire, 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.

There has been a robust debate about the role of mayors, not just in South Yorkshire but elsewhere in the country. It is important to note that no one area has been required to adopt the mayoral model. The Government's position is that if an area is to have a mayor, it will be because that area, through its democratically elected representatives, has chosen to have one. It is important to stress that devolution deals are a two-way process.

Angela Smith (Penistone and Stocksbridge) (Lab): I congratulate the hon. Member on becoming a Minister and hope that he enjoys his new role. Surely the devolution deal on the table was available only if we accepted an elected mayor, so it was not exactly a choice. We had to have a mayor before we could have the money.

Andrew Percy: I take the hon. Lady's point. As I have said, we have made it clear that this is a two-way deal. As such, the Government's view is that the accountability offered by a mayor is desirable and this forms part of the devolution deal. It is right that a mayor forms part of the deal—as I say, it is a two-way process—but nobody is forced to accept that. If the local authorities had decided not to adopt this devolution deal, they would not have required a mayor, but I take the hon. Lady's point.

In conclusion, if the draft order is approved, it will open the way for the full implementation of a devolution deal for the Sheffield city region across South Yorkshire. It is therefore a significant milestone on the devolution journey, which we hope will lead to greater prosperity, a more balanced economy and economic success across the Sheffield city region and the country. As a Yorkshire MP, I welcome the transfer and devolution of powers to South Yorkshire. I hope this is the start of a continuing process of more powers and more funding for our region.

We are committed as a Government to this journey, because there is a real opportunity for areas to assume powers and budgets that will help places achieve their full potential, hopefully take control of their growth and, importantly, have a positive impact on the lives of local citizens, in this case across the whole of South Yorkshire. I commend this draft order to the Committee.

9.6 am

Grahame M. Morris (Easington) (Lab): It is a pleasure to serve under your chairmanship, Mr Gray. I welcome the new Minister to his post. We were both elected at the same time in 2010 and served together on the Select Committee on Health, so we are old adversaries. With the inside knowledge that he is a first responder in his spare time, there could not be a more appropriate subject for his first response than devolution to the regions.

I know this is a narrow order, Mr Gray, so I am not going to test your patience or that of the Committee by straying beyond its very narrow focus, which, as the Minister has indicated, relates specifically to the elected mayor for the Sheffield city region and the date of the election. There are, however, some questions I want to put to the Minister and a couple of points relevant

[Grahame M. Morris]

to the order in relation to resources and securing European funding for the period when the mayor is in office. I do think that this is relevant.

The Chair: The hon. Gentlemen will have to be very ingenious to get that in, but he can try.

Grahame M. Morris: I have been called many things, Mr Gray, but rarely that. However, I am grateful for the advice.

The names of the regions in these devolution packages are often a misnomer. The Sheffield city region covers diverse areas, all with unique identities. This very narrow order will affect nine areas: Barnsley, Bassetlaw, Bolsover, Chesterfield, the Derbyshire Dales, Doncaster, North East Derbyshire, Rotherham and Sheffield. I understand those named on the order are currently full members of the combined authority, with the other five as associate members that will not participate in the election of the mayor. I ask for some clarification on that point. I appreciate that the Minister is brand-new in post, so if he cannot give the answer now, perhaps he can clarify by letter.

I am advised that Chesterfield and Bassetlaw are seeking full membership of the combined authority. Will the Minister outline the implications of today's order? If these two areas become part of the combined authority, would they automatically form part of the electorate for the mayoralty?

The Sheffield combined area is home to more than 1.8 million people, with 55,000 businesses employing some 700,000 people and an economic output of more than £30 billion a year. The Opposition welcome any investment from the Government to our regions—including the Sheffield city region—and that includes the £30 million a year as part of this devolution deal. However, as my hon. Friends the Members for Rotherham, for Sheffield, Brightside and Hillsborough and for Penistone and Stocksbridge have indicated, our concern is that this is new and additional money, and not simply a rebadging of existing resources.

Returning to the issue of resources, this must be put into context as regards directed cuts to the councils that make up the new city region. Local authorities in the area have had to deal with around £635 million of cuts. I am confident the Sheffield city region will use the new powers over education, skills, business support, transport and planning that the Minister outlined to boost economic activity in the region. However, there are serious difficulties with politically empowering a directly elected mayor while financially impoverishing local government.

The Minister's predecessor coined a phrase—or we discussed it in Committee on the last statutory instrument on these matters—that this is a process rather than an event. However, if the mayor, who according to the order is due to take up office in 2017 for a three-year term, is not empowered financially and the local authorities he is working with in the combined authority are not, that will cause huge problems. This is only the start and I know that local Members of Parliament and the Sheffield city region are eager to go further and faster when it comes to devolution. I hope that further devolution, along with the finances to give it real substance, can be achieved in the not too distant future.

I do not want to sound like a broken record, but I think that it is important to point out for the record that I, on behalf of my party, must restate my opposition to the imposition of mayors in return for devolution deals. The public have had the opportunity to express their views on directly elected mayors. I point out to the Minister that in 2012 the Government held a referendum in Sheffield on this issue and 65% rejected the idea. However, I also acknowledge that on the same day Doncaster held a referendum on whether to retain its directly elected mayor and 61.7% supported that proposition. The Opposition neither oppose nor support directly elected mayors; we believe that, as we have seen from previous referendums, local communities are best placed to organise and arrange the systems of governance that are most suited to their needs. I have discovered from 16 years in local government that if you try to be prescriptive and, in particular, to apply models that work in the metropolitan areas in London to the regions, they do not necessarily work. We have to have the local flexibility to apply models that work in particular areas.

Sarah Champion: Does my hon. Friend agree that the deal on the table is very much like the ones that my schools are being presented with: they either become an academy or we will make them an academy? The sweeteners seem to be real, but when it comes to the detail it is not new money at all.

The Chair: In the context of this SI.

Sarah Champion: In the context of this SI.

Grahame M. Morris: That is a very real concern, which I hope the Minister will address. It is a feature of this specific SI and the resource period that we are dealing with, given the elected mayor's term of office from May 2017 to 2020.

In conclusion, will the Minister explain why the Government chose to consult the electorate on mayors in 2012, but will now insist on them as a precondition of these devolution deals? I believe the Minister should trust the electorate and if he believes in elected mayors so passionately, he should make the case to the public rather than reaching agreements with the exclusion of the public.

9.13 am

Andrew Percy: It is a delight to have the hon. Member for Easington as my shadow Minister today. We did, as he said, serve on the Health Committee together. I think we got on all right. I will not sully his career any further by saying that we agreed on things. I am not sure that would be welcome in today's Labour party, but we did get on very well and it is a pleasure to see him across the room today.

I will not deal with the issue of EU funding again; that would be straying, Mr Gray. I think I was quite clear on that. We are still a member of the European Union and until we leave, nothing has changed. In terms of the consultation, we have been quite clear that it is for local authorities themselves to determine how they engage with the public on these devolution deals. They are the democratically elected representatives of their areas. If they wish to adopt a devolution deal on

this model, including an elected mayor, that is for the local authorities to determine.

I spent 10 years as a councillor on Hull City Council in Yorkshire. One problem with accountability and responsibility as a city councillor is that we did not have anybody speaking for our city as a single voice, and there was a weakness in that. I take the point that not every model necessarily works everywhere, but I want to see regional faces more involved in policy making down here and in policy development. Our traditional local authority structure sometimes makes that difficult. Leaders come and leaders go; they do not always speak for the whole of their council and authority. Having somebody who is a name with specific powers can be positive although, of course, there are always arguments on both sides. The more we can get people whom the public can see are clearly accountable, the better. That is something I always believed when I was a councillor.

I also welcome the shadow Minister's tacit support for more devolution.

Grahame M. Morris: May I clarify? It is not tacit support. For more years than I care to remember, I have been an enthusiastic proponent and supporter of devolution, but it needs to be real devolution. On the issue of a precondition of an elected mayor, I know the Minister is honest and sincere, but the truth is that that has been a gun held to the heads of local government leaders: if they want this deal, they must accept an elected mayor. I think that is fundamentally wrong.

Andrew Percy: I have dealt with the mayoral issue as best I can. On devolution, having served as a local authority councillor for 10 years, I think the Government are doing a great deal more than previous ones to devolve powers. I sat in a local authority where we were constantly told what to do by central Government.

We were repeatedly told we were being given powers and some funding. Occasionally that funding would appear for two or three years and then disappear. We would take on all the responsibilities and get none of the resources.

This Government have gone much further than any in recent history to reinvigorate local government and communities through this devolution package, which local authorities are free to accept or decline as they see fit for their area.

We will not stray into local authority funding today but the budgets have been broadly flat. Many local authorities in this particular area receive a lot more per head than those in other areas, including mine. On expansion, I can confirm to the shadow Minister that there is a consultation out at the moment to expand the area, including Chesterfield, Bassetlaw and other councils in Derbyshire and Nottinghamshire. I spoke to my parliamentary neighbour the hon. Member for Bassetlaw (John Mann), one of the shadow Minister's colleagues, last night. He is a big supporter of this, as are many people in the region. We would have to table an order to extend the area and we would expect that to happen later this year. Those areas will be included if they choose to join the mayoral model before the elections. Their electors will then take part in the mayoral elections next year. It would be wrong to include them after that, in my view.

I think I have dealt with the shadow Minister's points. I welcome his enthusiastic—not tacit—support for devolution. I commend the order as the start of an exciting process for South Yorkshire, north Nottinghamshire and north Derbyshire.

Question put and agreed to.

9.19 am

Committee rose.

