

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT

Third Delegated Legislation Committee

DRAFT GREATER MANCHESTER COMBINED
AUTHORITY (FUNCTIONS AND AMENDMENT)
ORDER 2016

Tuesday 13 December 2016

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The Committee consisted of the following Members:

Chair: MR ANDREW TURNER

† Argar, Edward (*Charnwood*) (Con)
 Benyon, Richard (*Newbury*) (Con)
 † Brazier, Mr Julian (*Canterbury*) (Con)
 † Chishti, Rehman (*Gillingham and Rainham*) (Con)
 † Coffey, Ann (*Stockport*) (Lab)
 † Davies, Glyn (*Montgomeryshire*) (Con)
 † Fovargue, Yvonne (*Makerfield*) (Lab)
 † Foxcroft, Vicky (*Lewisham, Deptford*) (Lab)
 † Heaton-Harris, Chris (*Daventry*) (Con)
 Leslie, Charlotte (*Bristol North West*) (Con)

Lewis, Mr Ivan (*Bury South*) (Lab)
 † McMahon, Jim (*Oldham West and Royton*) (Lab)
 † Miller, Mrs Maria (*Basingstoke*) (Con)
 † Percy, Andrew (*Parliamentary Under-Secretary of State for Communities and Local Government*)
 † Powell, Lucy (*Manchester Central*) (Lab/Co-op)
 † Stevenson, John (*Carlisle*) (Con)

Clementine Brown, Sharmini Selvarajah, *Committee Clerks*

† **attended the Committee**

Third Delegated Legislation Committee

Tuesday 13 December 2016

[MR ANDREW TURNER *in the Chair*]

Draft Greater Manchester Combined Authority (Functions and Amendment) Order 2016

2.30 pm

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

That the Committee has considered the draft Greater Manchester Combined Authority (Functions and Amendment) Order 2016.

The draft order was laid before the House on 21 November. If approved and made, it will provide Greater Manchester with new, devolved powers on planning, land acquisition and housing; transport; education and skills; and cultural events and entertainment. It also provides for supporting constitutional and funding arrangements.

This is a further significant milestone in fulfilling our manifesto pledge to implement the historic devolution deal between the Government and Greater Manchester and to devolve far-reaching powers over economic development, transport and social care to places that choose to have an elected Mayor. To put this matter in its wider context, I recall that we have now reached four historic devolution deals with Greater Manchester. This is the third order implementing devolution in Greater Manchester. Previously we legislated by order for an interim Mayor, and in March 2016 we legislated to establish the position of an elected Mayor who would take over the police and crime commissioner functions too.

With this order, we are for the first time conferring significant new powers on Greater Manchester. Some powers will be exercised by the Mayor, and others corporately by the combined authority. I can tell the Committee that there are more orders to come, conferring further powers on Greater Manchester, as devolution becomes an increasing reality for the area. This is the first time that we are using the powers that Parliament has given us in the Cities and Local Government Devolution Act 2016. They enable the Secretary of State to confer, by order, wider powers on public authorities, including powers exercised by public authorities in other areas, and other powers exercised by the Secretary of State. As required by the 2016 Act, we have in parallel with this order laid a report before Parliament that sets out the details of the public authority powers that we are conferring on Greater Manchester through the order.

In short, the order is a further step for Greater Manchester down the devolution highway. Councils in Greater Manchester have worked together closely for decades—they have a long history of co-operation—and since 2011 the combined authority has enabled Greater Manchester to work formally on the interconnected issues of transport, economic

development and regeneration. Manchester's experience and example is one to hold up for other parts of the country: that co-operation is very important.

In November 2014, the Government and Greater Manchester agreed a groundbreaking devolution deal, which has been followed by three others, as I stated. Under these arrangements, Greater Manchester will receive a devolved transport budget to help to provide a more modern and better connected network; new planning and housing powers and a £300 million housing fund to provide an extra 15,000 new homes over 10 years; extra funding, incentives and support to get up to 50,000 people back into work; and an infrastructure fund of £30 million a year for 30 years.

The statutory origin of this order is in the governance review and scheme prepared by Greater Manchester in accordance with the requirement in the Local Democracy, Economic Development and Construction Act 2009. Greater Manchester's scheme set out proposals for powers to be conferred on Greater Manchester and for associated changes to the combined authority's governance and funding arrangements. As provided for in the 2009 Act, the combined authority consulted on the proposals in the scheme. The consultation ran from March to May 2016, and the combined authority provided to the Secretary of State, as is required under the statute, a summary of the consultation responses in June.

Before laying the draft order before Parliament, the Secretary of State considered the statutory requirements of the 2009 Act. He considers that conferring these functions on the Greater Manchester combined authority is likely to lead to an improvement in the exercise of the statutory functions. In considering it appropriate to confer local authority powers on the combined authority and make constitutional changes, he has also had regard for the impact on local government and communities, as we would all wish. As required by statute, the 10 constituent councils and the combined authority have each consented to the making of this order, and it now gives effect to many of the proposals in Greater Manchester's March scheme.

I will briefly outline, in a little more detail, the powers that will be conferred. If approved, the order will place a duty on the Mayor to prepare a Greater Manchester spatial development strategy, enabling an integrated approach to spatial planning. It will confer land acquisition, disposal and housing powers, including a compulsory purchase power, on the Mayor. Those are the same powers as the Homes and Communities Agency and the councils have. They will enable Greater Manchester to take a strategic approach to driving development and regeneration and stimulating economic growth, support effective use of the £300 million devolved budget and to deliver the 15,000 new homes. It will also build on current transport functions. The draft order provides powers over road safety promotion, as well as road improvement and maintenance powers that are to be devolved, and for the Mayor to pay grants to bus operators. That is in advance of the proposals for bus franchising envisaged in the Bus Services Bill, which is currently before Parliament.

The draft order also confers new powers to reshape and restructure skills provision—I know the Greater Manchester combined authority is passionate about that—with the aim of tackling the authority's most important labour market challenge: youth unemployment.

It also builds on the combined authority's education powers. It will support young people participating in education and training, and also enable the combined authority to take strategic leadership of the former Connexions service. The order will allow the combined authority and the Mayor to promote cultural events and entertainment, and also provides for constitutional and funding arrangements.

In conclusion—you will be pleased to hear, Mr Turner—the Government are making great progress in implementing devolution to Greater Manchester. The draft order that we are considering is a further significant milestone, and as a Government we hope, as does the combined authority, that it will contribute to greater prosperity for Greater Manchester, open the door to a more balanced economy and ensure economic success across Greater Manchester, more broadly across the northern powerhouse and across the country. As a northerner, I am very proud that we are a Government who are devolving more powers to be determined by northerners, because I for one know that when we make these decisions ourselves, we make them a lot better. I commend the draft order to the Committee.

2.38 pm

Jim McMahon (Oldham West and Royton) (Lab): May I refer you, Mr Turner, to my entry in the Register of Members' Financial Interests? I am a serving member of Oldham Council, which is part of the Greater Manchester city region.

First, this is a welcome step if people believe in devolution and in taking power away from the centre and giving it to communities. The order is quite an important step for that. It will establish an enhanced city region with a directly elected Mayor and the additional powers that come with that. We could spend time talking about where the gaps are, but most of us accept that devolution has never been, and will never be, a big bang in England; it is about making incremental gains in that journey.

I will refer to the consultation that has taken place. In a conurbation of 2.7 million people, we would expect that devolving power from the centre into the hands of the many among those 2.7 million people would elicit some kind of response. The fact that just over 200 people responded perhaps exposes a fundamental flaw in the Government's approach. This is very much devolution being done to people, rather than devolution being done with people co-producing the answers for their local areas. Interestingly, of the people who responded to the question, the majority did not support the idea of a directly elected Mayor, which is part of the requirement in this statutory instrument. That is not to say that this is the wrong thing to do, but sometimes we can do the right thing in the wrong way and not bring people with us. It is really important, for Greater Manchester and for other areas, that we start to involve the public in the debate about where power sits, particularly here in England.

On the funding of the combined authority, Greater Manchester has a number of precepts and levies in place to fund the activity of its outside bodies. For instance, the police and fire services are both funded through a precept, while the transport and waste disposal authorities are funded through a levy that is passed on

to each local authority in that area. It is proposed that the combined authorities should be funded jointly by the 10 authorities through a fee distributed per head of population.

In the spirit of democracy and holding authority to account, so that local people can see what the Mayor is doing and spending, it makes sense to look in a more active way at rolling up the precepts and levies that are already being charged and passed on to Greater Manchester taxpayers, and seeing which can be better used to fund the Mayor's activities across Greater Manchester. In that way, local people will see the charges on their council tax bill, they will know exactly what the mayoral function in Greater Manchester is costing, and when they go to the ballot box they will make a judgment on whether that money is being spent to the best effect.

The Minister commented on the exercise of skills powers, which is absolutely welcome because we have seen a fragmentation of skills in Greater Manchester. However, there is real concern about the review of post-16 education and the funding of local colleges. Although the Government have been pushing the agenda of a review of the colleges in each of the localities, there are still well over 300 skills providers in Greater Manchester that have not been subject to review and that are spending public money with questionable outcomes. It would be far better to give full power to Greater Manchester, rather than simply getting it to enact the cuts that are coming through the system.

That brings me to some of the other consultation responses about academies and education. It is absolutely right that we devolve power for post-16 education, because it is better that local people determine how that money is spent. However, it feels contradictory to tell the very councils that we are trusting with additional money for skills, employment and infrastructure that they are not up to the job of running local schools or dealing with education provision. We are giving skills powers away with one hand and taking education responsibilities away from local schools with the other. At the same time, we are telling councils that they do not have a role to play in running those schools or even in giving leadership to those localities. If devolution in Greater Manchester is to mean anything, the Government should move forward with devolving education responsibilities to the combined authority and the component councils.

On health and social care, this is absolutely where the country needs to go. We understand that the fragmentation of health and social care does not give a good service to the people who need it most; it is also a very expensive way of doing it. The devolution package for Greater Manchester is welcome, but we need to put on record our concern about the £2 billion funding gap in health and social care predicted between now and 2020. We also question how much is being devolved. For instance, a number of weeks ago, we debated community pharmacy funding, which is being cut in local areas. For the Oldham area, that means a potential loss of 16 pharmacies. We asked whether that power would be devolved to Greater Manchester, since all the health services are being devolved and the social care system is being brought in. The Government's answer was that that service and responsibility were not being devolved. I question whether they intend genuine devolution on health if the 10 authorities cannot even stop the community pharmacies closing in those areas.

[*Jim McMahon*]

The biggest challenge for a Government who are trying to demonstrate that they are letting go is the small print. The small print in this case does not say that the Government are letting go; it says that they are commissioning at local level responsibilities to deliver services, but that they want to do so in a tightly defined framework. For instance, for the Government to impose a requirement in a statutory instrument that restricts the Mayor of Greater Manchester to one political adviser must be almost unique. That is not devolution and it is not localism. We will not have an empowered Mayor if they are told by the Secretary of State how many people they can employ in particular posts.

We welcome the order with caution and concern about the framework for devolution and the funding that is being devolved, but we accept that this is another step on the journey of devolution in England.

2.44 pm

Yvonne Fovargue (Makerfield) (Lab): I have a few brief comments about the spatial framework, which may be too much detail for the Minister, although not from a Greater Manchester point of view. I am in favour of devolving power to the people, but the measure says that the decision must be unanimous among all 10 leaders of the Greater Manchester authority. There seems to be some doubt about whether the spatial framework needs to be discussed at all by the relevant councils in the area, so where there are huge numbers of objections to certain parts of the spatial framework, how will local councillors representing their constituents be able to comment? Do they even have a voice, or will it be solely the leaders of the combined authority, who might not even have to go to cabinet on the issue?

Another problem with the spatial framework is that although Greater Manchester is one place with 10 constituent authorities, we in the outer boroughs are also affected by what our neighbours in other regions do: in my case, for example, St Helens. Will the duty to consult in the spatial framework be rigorously examined? I fear that the localisation of business rates, which leaves some councils net losers, will lead to a race to the bottom, with all the areas next to the motorways covered in large warehouses.

2.46 pm

Ann Coffey (Stockport) (Lab): I have two or three questions. Greater Manchester is being provided with a great opportunity for better commissioning. At the moment, commissioning social care places in adult, care or children's homes is done by individual authorities, and across the conurbation, we have ended up with an oversupply of places in children's homes and an undersupply of provision in adult social care homes, which has led to a great deal of the problems that we are experiencing in adult social care.

What planning powers will be devolved to Greater Manchester? If we are to have effective commissioning, we need planning powers that consider applications for children's homes in our areas, for example. Over the years, there has been a lot of debate, but no clarity, about whether an application for change of use to a children's home must go before a local council and

whether it constitutes C1 or C2 use. With the devolution of planning powers, will more power be given to the Greater Manchester combined authority to make planning decisions in respect of children's home applications in the area? I would be grateful for the Minister's comments on that.

I agree entirely with my colleague the hon. Member for Makerfield about who makes the decisions. The question of whether powers are vested in the leader of the council, the executive of the council or the council when it meets in its entirety is an important one. The Minister will be aware that in Stockport, we have no overall control in the council, so it is important to know who will make those decisions.

On the greenbelt, if a council, leader or whoever decides that they will not agree to the spatial strategy or to the designation of that amount of land in their council area as part of the offer to developers, what will happen if the council refuses and the developer then comes along and applies for houses to be built in that greenbelt area? Does the council still have the current level of protection offered to us through greenbelt policies, or will the fact that it has not agreed to the spatial strategy mean that developers are more likely than they are at the moment to get permission for development in the greenbelt area?

2.49 pm

Andrew Percy: There are a few issues to address. Not all of them relate directly to the order, but I will try my best to answer anyway.

I congratulate the shadow Minister, the hon. Member for Oldham West and Royton, on his appointment. This is the first time that we have faced one another across the aisle since his elevation, and it is good to see him here.

The hon. Gentleman mentioned gaps in the measures, but we have to accept that the process of devolution is incremental. We have been clear about that from the beginning. The fact that Greater Manchester has been through so many rounds of devolution and is so much further down the road than anywhere else in England is something we should recognise, accepting that this is a substantial devolution of powers and cash from Westminster to local people. Manchester is lot further on than other parts of the country—sadly, in the case of some.

Consultation was a matter for the combined authority, which tried hard to engage people in the process. I have to be honest with the hon. Gentleman: local governance structures do not always excite people. I do not doubt that when people in Manchester and across the north of England are asked whether they want more powers and decisions to be exercised locally rather than at Westminster, they express strong support for that, but we should not delude ourselves that people will rush out in their thousands to take part in a consultation about the governance structures of combined authorities and mayoralities. It can be a challenge to engage people on such subjects.

The hon. Gentleman mentioned his feeling that devolution was being done to people in Greater Manchester. I do not share that view. I have met Greater Manchester's interim Mayor and various members of the combined authority and I find that they are quite proud of what

they have negotiated. The process has been very bespoke, which is why Manchester has been able to negotiate things that other areas have not. Only the other week, Sir Richard Leese was in to talk to me about some of his exciting ideas about further devolution of education. I am not promising anything on that, because it is a challenging area given the complexities of having a local approach as well as a national approach, but that indicates that the devolution has been delivered very much from the bottom up, in line with demands on and requests from those in Manchester. Each devolution deal—Tees Valley, Sheffield city region, Liverpool or Manchester—is different, which demonstrates that the process is bottom up rather than top down.

I thought long and hard about the elected mayor requirement over the summer. As I have said in previous debates, the fact is that when someone is exercising powers over a large geographical area from which no one else involved in the decision making has a mandate, we have to have someone whom the public throughout that entire region can hold accountable. No individual council leader, MP or anyone else has been elected across that area, but someone has to be accountable to the public for making decisions and spending cash across the area. That is why an elected mayoralty is the best option and the best way to deliver direct accountability. I have thought about other ways in which it could be done, but I have not been able to come up with one that gives such direct accountability.

The hon. Member for Oldham West and Royton also talked about the area-based reviews for his local colleges, but I cannot go into any detail because they do not form part of my policy area. I am aware of what is going on in my own area, of course. He also mentioned academies, but they do not form part of the draft order either. I merely state that many people would argue that academies are anyway a devolution of power to the local level, in a policy introduced by his party. Admittedly his party has gone through a few different guises since the glory days of the Blair years, but it was a Labour policy.

Similarly, health and social care are not part of the draft order, but we continue to work closely with Greater Manchester to implement what we think is quite an imaginative devolution of health—the first in England. From the outset, we have always been clear with Manchester that we expect future health decisions to be taken with Greater Manchester's input—in partnership, rather than against it.

The hon. Gentleman talked about precepts. The mayoral precept will be treated as are all major precepts, so people will be able to see the amount of it when they receive their council tax bill. The police element will be different and accounted for separately.

Jim McMahon: May I have clarity on that? As the Minister knows, a precept is an amount of money added on top of the council tax bill. The draft order reads as though the precept is a levy that forms part of the council tax, but is not separated out in the council tax bill.

Andrew Percy: The mayoral precept will be treated in the same way and should be identifiable on the bill in the same way as the policing element, but I will check on the wording to be clear with the hon. Gentleman.

As I said, the Government are well aware of the challenges in health and social care at the moment, which is why we have pumped in extra money, but that is not a matter for this order so I will not say anything more about it. The hon. Member for Stockport also mentioned health and social care—

Ann Coffey: And planning.

Andrew Percy: I will come on to planning in a moment.

On the point that the hon. Member for Makerfield made about the spatial framework, we are very clear in the order, which was drafted in agreement with the combined authority, that the spatial framework must be agreed by the Mayor and have the unanimous agreement of the combined authority. Combined authority representatives are all democratically elected in their local area. Local planning decisions will remain a matter for each local planning authority. The council's local plans will still sit beneath the spatial framework, and they must align with the mayoral spatial framework in the same way as they do in London. Local decision making will still be for each local planning authority.

Ann Coffey: May I have some clarity on this? When the Minister says that the decision is going to be taken by the combined authority, will it be taken by the leader of the council, the executive of the council or the council as a whole? That is a really important question and I would welcome an answer on it.

Andrew Percy: It is for each local authority that is represented at the combined authority to determine its decision making behind that representation. If they wish it to be a vote of the full council or a decision of the council's executive, that is a matter for them. When they are at the combined authority, they must act in unanimity. They are there representing their local authority. It is the same for any other decisions they take at a combined authority level. Decisions taken at the combined authority are not referred back to the local council for a vote on every single occasion. It is for each local authority to determine its processes.

Jim McMahon: This is a really important point. For the 10 local authorities in Greater Manchester, the policy framework is a full council decision; it is not devolved to the executive or the council leader. The difference here is that the component councils, not the combined authority, are the decision maker. If it is not in the order, will the Minister at least give us comfort that a letter will go out to the 10 authorities setting out very clearly that the expectation is that each of them will, at their full council meeting, have a vote on the spatial framework? That is really important to give local people confidence in the process.

Andrew Percy: On the one hand, the hon. Gentleman is telling me that the Government should not be telling local authorities in the combined authority what to do, and on the other he is telling me that I should be telling the combined authority members what they should do. We believe in local decision making, so it is for each local constituent council member at the combined authority to determine what its arrangements are for involving

[Andrew Percy]

the broader council on that matter. The leader of the council is there as the elected leader of the council. Behind their individual authority, it is for them to determine their own process. It is certainly not for me to write to each of the constituent councils telling them that they should exercise this function in a particular way in their authority. It is for each council to determine that.

I think I have dealt with most of the points about where the spatial framework sits. It does not supplant the local plan; the local plan must conform to it, in the same way as it has to in London. This is very much about trying to provide a system in which people are collaborating across a broader geographical area so we can make good on the pledge and deliver more homes for people in Manchester, which we all agree about, and a more integrated approach to planning across this strategic area.

Ann Coffey: I would be grateful if the Minister answered the questions that I have asked specifically about planning powers, which are in the remit of this order. I am sorry the Minister is sighing, but this is an important issue. For example, in relation to children's homes, the National Planning Act used category C1 and C2 which has created a lot of confusion over what children's homes applications can be accepted or not. Will that devolution of planning powers continue under the present Planning Act?

The second question I asked, which the Minister has not answered—

The Chair: Can we have one question at a time?

Ann Coffey: I will ask it again, then.

Andrew Percy: I thank the hon. Lady for intervening before I sat down. I have been absolutely clear in responding to her. This is a strategic framework. It is the model we are broadly operating in London. Local planning decisions of the nature to which the hon. Lady refers will be taken by the local council in the same way as they are taken at the moment. The local plan, which has the particular detail in it below that strategic overarching level, will set out the framework for each individual borough. The decision will be the same as it is now, with the example the hon. Lady has highlighted.

Ann Coffey: Can I ask a further question?

Andrew Percy: Because I am such a generous young man, I will give way one more time.

Ann Coffey: It is not a matter of generosity on the part of the Minister. These Committees are quite important in enabling the scrutiny of secondary legislation, so it is not a question of generosity.

In relation to the green belt, I asked a very simple question. We have a green belt strategy nationally. For example, a developer applied to build on green belt in Stockport and the council refused permission. If that developer then appealed against the decision to the Planning Inspectorate, it would not be granted permission because of the local plan. Is that going to be altered by the devolution of powers to Greater Manchester, and if not what is the point of a Greater Manchester strategy?

The Chair: Order. The Minister is quite generous, but the hon. Member for Stockport went on a bit.

Ann Coffey: I did—I fully accept that, Mr Turner.

Andrew Percy: I have answered the hon. Lady's point a couple of times already. It is set out in the explanatory notes with this order that the issue of local planning decisions is unaffected and the devolution policy, as is also very clear in any of the background papers, makes no change to green belt policy. The protections that exist today will remain, and they are very high protections, as the hon. Lady will be aware.

If the strategic plan wishes to make any changes, as the emerging plan appears to do so, it is, of course, a matter for the local decision makers in Manchester to determine that. However, the protections that exist across the rest of the country will remain unchanged by this order. I commend the draft order to the Committee.

Question put and agreed to.

Resolved,

That the Committee has considered the draft Greater Manchester Combined Authority (Functions and Amendment) Order 2016.

3.4 pm

Committee rose.