

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT

Sixth Delegated Legislation Committee

DRAFT TRANSPORT LEVYING BODIES (AMENDMENT) REGULATIONS 2018

Tuesday 24 April 2018

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The Committee consisted of the following Members:

Chair: SIR HENRY BELLINGHAM

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| † Bridgen, Andrew (<i>North West Leicestershire</i>) (Con) | † Hayes, Helen (<i>Dulwich and West Norwood</i>) (Lab) |
| † Brokenshire, James (<i>Old Bexley and Sidcup</i>) (Con) | † Heald, Sir Oliver (<i>North East Hertfordshire</i>) (Con) |
| † Churchill, Jo (<i>Bury St Edmunds</i>) (Con) | † Hughes, Eddie (<i>Walsall North</i>) (Con) |
| Cunningham, Alex (<i>Stockton North</i>) (Lab) | † Johnson, Joseph (<i>Minister of State, Department for Transport</i>) |
| † Foxcroft, Vicky (<i>Lewisham, Deptford</i>) (Lab) | † Maskell, Rachael (<i>York Central</i>) (Lab/Co-op) |
| † Fysh, Mr Marcus (<i>Yeovil</i>) (Con) | † Morris, Grahame (<i>Easington</i>) (Lab) |
| † George, Ruth (<i>High Peak</i>) (Lab) | † Rashid, Faisal (<i>Warrington South</i>) (Lab) |
| Glindon, Mary (<i>North Tyneside</i>) (Lab) | |
| † Green, Chris (<i>Bolton West</i>) (Con) | Mike Everett, <i>Committee Clerk</i> |
| † Hart, Simon (<i>Carmarthen West and South Pembrokeshire</i>) (Con) | † attended the Committee |

Sixth Delegated Legislation Committee

Tuesday 24 April 2018

[SIR HENRY BELLINGHAM *in the Chair*]

Draft Transport Levying Bodies (Amendment) Regulations 2018

2.30 pm

The Minister of State, Department for Transport (Joseph Johnson): I beg to move,

That the Committee has considered the draft Transport Levying Bodies (Amendment) Regulations 2018.

The draft regulations that we are considering today, if approved, would enable Cambridgeshire and Peterborough Combined Authority to collect appropriate levies from its constituent councils to meet the costs of carrying out their transport functions. As only the upper-tier authorities—Cambridgeshire County Council and Peterborough City Council—have transport functions, the levy will fall solely on these authorities.

The seven constituent councils of the Cambridgeshire and Peterborough Combined Authority—the administrative areas of Cambridgeshire County Council, the City Councils for Cambridge and Peterborough and the District Councils for East Cambridgeshire, Fenland, Huntingdonshire and South Cambridgeshire—have led a local process to improve their governance arrangements, which culminated in this House and the other place agreeing orders that saw the establishment of the Cambridgeshire and Peterborough Combined Authority in March 2017.

This order gave effect to the desire of the local authorities in these areas to improve their joint working, including on transport matters. An order has since been made which provided for a Mayor to be elected in May 2017 to the Cambridgeshire and Peterborough Combined Authority. The elected Mayor is the chair of the Combined Authority. Combined authorities are designated as levying bodies under the Local Government Finance Act 1988. Under that Act, the Secretary of State is able to make regulations in relation to the expenses of combined authorities that are reasonably attributable to the exercise of its functions, including those relating to transport.

The upper-tier authorities—Cambridgeshire County Council and Peterborough City Council—will need to consider how they fund any levy issued by the combined authority as part of their budget process. They will need to take into account the impact of council tax levels in their area, including when determining whether any council tax increase is excessive.

These draft regulations have to establish how any transport levy would be apportioned between the upper-tier authorities if the combined authority could not reach agreement. In the event that they cannot agree, the combined authority will apportion the levy by taking into account previous levels of transport expenditure by the authorities. The regulations help to facilitate the provision of transport arrangements as part of the combined authority's wider governance changes, and I commend them to the Committee.

2.33 pm

Rachael Maskell (York Central) (Lab/Co-op): The Cambridgeshire and Peterborough Combined Authority was constituted in 2017, and has responsibility for some transport functions. However, it is these regulations which need to determine how these functions will be paid for.

As two upper-tier authorities are involved—Cambridgeshire County Council and Peterborough Council—the regulations seek to levy revenue from these in the proportion of the previous year's spend for the subsequent year. This sum will then be adjusted for the following financial year based on actual spend. The funding can be drawn from council tax or Government grants, while they exist.

There are a couple of issues that strike Labour concerning these arrangements. First, there should be a strategic transport plan which sets out a detailed plan for the Combined Authority. This should be budgeted and should articulate where year-on-year spend should occur. This could be significantly different from the approach being taken where there are assumptions of equivalence to previous activity. The proposed process risks reinforcing a previous year's pattern of expenditure, and/or could result in an end-of-year readjustment where one council will owe, possibly a significant resource, to the other council. This does not appear to be a sensible or logical mechanism through which to determine expenditure, and will increase administration at the end of each year and possibly have a significant impact on other budgets.

Could the Minister say why the combined authorities do not just create a strategic plan, budget for such a plan and then determine the year-on-year levy from each local authority on the basis of that plan? While there may still be need for minor adjustments at the end of the financial year, it would result in less significant variances, and be more in tune with real-time, actual expenditure.

Secondly, it seems that the way transport devolution is being determined is leading to further fragmentation of the transport system, not least the absence of a guiding mind over the transport system. Areas of the country now have a complete spectrum of different powers, if any, and mechanisms for funding them. This is not only creating much confusion but is not leading to an improved transport system. When will the Minister bring forward a strategic plan for the transport system, which is long overdue?

Labour believes that transport demands long-term plans, good governance requires full budgeting processes, and the people of our country need to have greater certainty as to where their taxes are being spent. Labour will not be dividing the House over these regulations, but does want the Minister to respond to the concerns raised in this debate.

2.35 pm

The Minister of State, Department for Transport (Joseph Johnson): I shall try to answer the points made by the hon. Member for York Central about the need for a strategic plan. She asked how the levy would be spent and what sort of decision making would be required as the combined authority determined its transport priorities. The starting point is that the total levy that the combined authority requires will be determined annually by the

authority, and will be subject to its agreed voting arrangements, which as the hon. Lady may know, require a two-thirds majority vote, subject to that majority including the votes of Cambridgeshire County Council and Peterborough City Council. So there would be democratic oversight of the funding requirement that the combined authority sought.

The hon. Lady asked about fragmentation of the system and what she saw as the lack of a guiding mind and therefore the potential emergence of confusion in the system. The Department and the Government as a whole take a bottom-up approach to devolution, recognising that local groups and communities are best placed to determine their specific needs and identify the kinds of benefits that they seek from the transport system. That approach means that, where places choose this approach, we will support them. The transport plan will inevitably be part of devolution deals with any combined authority such as the Cambridgeshire and Peterborough Combined Authority. We would expect to see a transport plan forming part of any devolution deal and settlement that is granted.

The levy will initially be set by agreement with the local authorities, and this power provides a fallback in the event of disagreement to ensure that the combined authority can continue to deliver transport functions into the future. The provision of these powers to the Cambridgeshire and Peterborough Combined Authority is, I hope the hon. Lady agrees, an example of this Government's commitment to devolving to metropolitan Mayors, which will result in improved delivery of local transport.

The placing of this funding stream from two of its constituent authorities in statute will strengthen the ability of the combined authority and its elected Mayor to raise a levy and use this funding to take strategic decisions on transport investment across the region. I commend the regulations to the Committee.

Question put and agreed to.

2.39 pm

Committee rose.

