



Select Committee on Economic Affairs

Corrected oral evidence: Employment and Covid-19

Tuesday 27 October 2020

3.05 pm

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Members present: Lord Forsyth of Drumlean (The Chair); Baroness Bowles of Berkhamsted; Lord Burns; Viscount Chandos; Baroness Kingsmill; Lord Livingston of Parkhead; Lord Monks; Lord Skidelsky; Lord Stern of Brentford; Lord Tugendhat.

Evidence Session No. 14

Virtual Proceeding

Questions 114 - 121

Witnesses

I: Rt Hon Andy Burnham, Mayor, Greater Manchester Combined Authority; Steve Rotheram, Mayor, Liverpool City Region Combined Authority.

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Examination of witnesses

Andy Burnham and Steve Rotheram.

Q114 **The Chair:** Welcome to the House of Lords Economic Affairs Committee. We are interviewing as witnesses Steve Rotheram, the Mayor of Liverpool City Region, and Andy Burnham, the Mayor of Greater Manchester, who will join us shortly.

Steve Rotheram, during the negotiations with the Government, were you able to measure the economic effects and the impacts on employment from the Covid restrictions?

Steve Rotheram: First of all, it is important to recognise that the discussions that we had were far from negotiations. We tried to get them on to the very issue that you have outlined—the economic impact of the restrictions for our area—but it was a difficult few days, in all honesty. Not only did the Government not provide us with any economic impact assessments, but we did not even get the scientific evidence for the restrictive package in our area.

If you will indulge me, I will run through the chronology, because it is important to understand; ours is different from what happened in Greater Manchester. We were called to a meeting with the Government, with No. 10, on the evening of Friday 9 October. They told us that the Government were going to lay orders in Parliament the following Monday to put Liverpool City Region into tier 3 restrictions that would come into effect on the Wednesday. That did not give us an awful lot of time either to absorb the enormity of the imposition of those restrictions or to look at the financial and economic consequences of that position.

In Greater Manchester's case, and for the likes of Lancashire and subsequently the other areas that have gone into the very highest tier, legislation had already been passed, so they had something to look at. We were just told that we were going into tier 3—no ifs, no buts. There would have been some justification if the argument was that those with the highest infection rates should be in the highest tier, but concerning as the spread of coronavirus in our area was, with the growing pressure on the NHS and our hospital admission rates, at that stage there was the very real prospect that we could have been overwhelmed in days. We asked for the economic impact assessment. We asked for the scientific assessment, and we are still waiting.

Of course, going into tier 3 meant that there was a huge strain on businesses in our area. Our role was to try, first, to save lives and, secondly, to try to save livelihoods. The starting point for the economic support that we got was clear. The Government told us that there would be a package. We said that because we were first, if anybody subsequently received a greater package of support, we wanted a parity clause, almost Barnett consequentials, if you like, for the Liverpool City Region. Because we were first, if anybody subsequently got a better deal than us, we should get an upgrade or a bump-up in our deal. That is

where we left things, which we concluded on the Saturday following the imposition of tier 3 restrictions on the Wednesday.

The Chair: Do you think that the Government did not give you an economic impact assessment because they did not have one?

Steve Rotheram: In all honesty, I think that at times they were just making things up as they went along. We asked what the economic assessment told them would be the economic detriment to the businesses in our area. If you know the Liverpool City Region economic make-up, you will understand that the visitor economy is a predominantly large section, worth about £5 billion, with about 50,000 jobs. It is hugely important.

We said that hospitality and the closure of hospitality would have a disproportionate impact. The people who work in those sorts of jobs in hospitality are all too often low-paid, with zero-hours contracts and minimum wage-type jobs. We wanted to protect those individuals with an increase in the 67% furlough-lite scheme that Rishi Sunak had announced. We wanted to take that back up to 80%, which we think would have been a fairer level to settle at.

The Chair: I find it quite difficult to understand how the Government would be able to come to a number that you needed in support without actually looking at the nature of your local economy, the number of jobs that would be lost, the number of people who were in low-paid jobs, et cetera. Were the Government just plucking a number out of thin air?

Steve Rotheram: The formula was predicated on £8 per head for the test and trace element. That was so that we could enforce the restrictions and support their enforcement. We got about £14 million on that, but the actual business support package of £30 million was on a negotiation, on round figures. There did not seem to be any economic basis for the agreements that came before us.

Lancashire got a deal, founded on the negotiations between Greater Manchester and London, where their package was £20 million, and then a further economic support package that took it to £60 million. Manchester was obviously after more.

The Chair: Andy Burnham, welcome to the Economic Affairs Committee. I know you have a lot on at the present time, and we are very grateful to you.

I have just been asking Steve Rotheram whether the Government provided an economic assessment of the impact of the tier 3 restrictions. One of the things that I find quite curious is the idea that the amount that was given should be the same per head of population, as opposed to being based on the economic impact of a lockdown on the various local economies. Did you have the same experiences as Steve Rotheram?

Andy Burnham: Yes, I did, Chair. Essentially, Steve is right. We were arguing to have our particular needs taken into account, both from a

business point of view and due to the fact that we had been in tier 2 restrictions since July. That was the basis of the arguments I was putting to the Prime Minister at this time last week. Belatedly, it was accepted that we were entitled to backdated support as a result of being in tier 2, effectively since late July. The odd thing was why that was not communicated to me this time last week; it came out later in the week. That was one strange part of the discussions.

To pick up what Steve Rotheram was just saying, it was never put to us at any point that there was a formula for the business support. That emerged after the conversation. The following day, the Secretary of State said it was £20 per head, as I think you have just heard.

I would be very grateful if the Committee would take up that issue. I do not think that such a crude formula can be allowed to stand. With the best will in the world, neither of us is in the same position as Lancashire. There is a higher business density in Greater Manchester and the Liverpool City Region by virtue of having a city centre; more businesses are affected. A formula based purely on population will, in the end, be quite damaging, particularly to cities, if it stays in place and is not changed. It will now of course be the formula that is applied to all tier 3 areas. We think it will be a tool of levelling down, not of levelling up. When you put alongside that some of the national support, such as the two-thirds furlough scheme for the lowest paid in venues that are closed, again we do not feel that that is good enough. That is why we challenged what was being put forward.

The business support formula needs to be challenged. Population should be part of it, but clearly business density is important. I am pretty confident in saying to you and the Committee today that more businesses have been closed this week and in the last couple of days in Greater Manchester than in Lancashire, and even more proportionately as a result of population. Therefore, more staff are affected, so to have a crude formula that is population based in no way recognises the particular characteristics of cities. When we get through this, cities and city regions will need to be the engines of the recovery. If they have been so badly damaged that they cannot perform that role, UK plc will be in trouble.

The Chair: Did you do any work on what the impact assessment might be, looking for example at the high density of businesses in Manchester and what would be an equitable sum? From memory, I think you asked for £90 million. Was that based on your own impact assessment, or was it a guess?

Andy Burnham: It was a figure that we came to, looking at how many people we believed would be affected by the closure of their place of employment. We included the supply chain—the people who were dependent on the pubs and other venues that were being closed, as well as people who were self-employed such as those in the taxi trade or security; professions related to the night-time economy. The figure of £15 million was what we believed to be a fair support scheme, at 80% of income for both those groups. That was the £90 million that we put to

the Government; it was £15 million over the six months from October to the end of the financial year.

Of course, we were prepared to reduce that in discussions, but, as you know, those discussions never really entered a meaningful phase. The engagement with senior Ministers came all too late. It was clear that there had been a decision that they would not go above the figure of £60 million, which in time has turned out to be the formula of £20 that I was talking about a moment ago.

We do not believe that it was in any way driven by the needs of our economy or the needs of our people; it was an arbitrary figure which the Government were seeking to apply as a limit to tier 3 support. We think it is a problematic approach. In my view, they have underfunded tier 3. Economic damage will be sustained as a result of us being in tier 3. Steve and I will struggle to make the money that we have go round to support businesses and people through this.

The Chair: I understand. I was rather intrigued that the leader of Manchester Council, Sir Richard Leese, suggested instead that it might be more sensible to have a shielding fund to support people who were vulnerable, thereby allowing businesses to continue to operate. What do you think about that proposal, and what consideration was given to it?

Andy Burnham: I think it will be needed, not necessarily the shielding programme that we had earlier this year, but a more focused programme. We are certainly receiving representations to that effect from a number of national charities. I think it can be done in a different way, learning from what we went through earlier this year. It is clear to me that failure to do that will put extra pressure on hospitals.

More than that, we argued for a more targeted approach to venues. We asked for summary closure powers of all business premises that were not deemed Covid safe. I am not just talking about pubs and restaurants. There are large supermarkets in Greater Manchester that, in my view, have not properly implemented the requirements for face coverings. I will name one chain: Tesco. I do not believe it has taken a responsible attitude to the issue. It has said that it is not for it to enforce, but I think it is for organisations to enforce.

We have asked for targeted summary closure powers to be able to temporarily close venues that we believe are not adhering properly to the protocols. We think that would be a better approach than blanket restrictions that may or may not have the impact on the virus that the Government want. We have been under those restrictions for three months, so, together with Leicester, we probably have more experience of local restrictions than anywhere. Our view is that they may have dampened the number of cases, but they have not actually succeeded in turning the situation around. We think that the ability to act in a more targeted way, in both shielding and enforcement, would be a more sensible approach, and we put that argument to the Government—unsuccessfully.

Q115 **Lord Tugendhat:** What exactly are you proposing to spend the money in the extra support packages on? You have been talking about the lack of understanding on the Government's part, but can you explain how you know what is the best way to spend the money? To what extent do you co-ordinate your respective proposals for support packages with your regional opposite numbers?

Steve Rotheram: Our approach was very different from the Government's rather unsophisticated methodology of just giving somebody a lump of money and asking them to ensure that businesses could survive, and that those most affected by the potential risks of unemployment in tier 3 areas could be catered for as well.

We have always had evidence-based plans on where we wanted to take people, and that formed part of our local industrial strategy and then, when Covid came along, our recovery plans for the area. For instance, in the visitor economy that I mentioned before, there are 50,000 people massively under pressure because of tier 3. We have specifically put packages together for some of those areas. Those support packages are designed to help those most affected. By the way, that includes self-employed people and freelancers, who have been left behind for far too long in the Treasury announcements of Rishi Sunak.

We looked at support packages that we had already identified that we wanted to introduce. I and the leaders of the six districts came up with an emergency fund of up to £40 million. That was to protect hospitality and leisure businesses, and to enable businesses in the supply chain to continue trading. It was to prevent job losses by safeguarding jobs. I have always believed that the best way to secure the economic viability of businesses is to protect them now so that they can survive in the real world today.

We have put in a comprehensive funding package for the wider economy—for instance, for some of the sectors that would be impacted, although not directly, by closures. Obviously, hospitality and bars would close, but there are people who provide goods and services to those services. Again, we had a very clear itinerary for what we believed needed to be done, but the Government did not even ask us for that. All they wanted to do was to go for a chunk of money and see whether that would buy off individual areas.

Andy Burnham: I very much agree with what Steve has just said. We believe that our funding will be more than £65 million. We have the £60 million that the Government are putting in via our councils. We do not think that the tier 2 backdated funding, which the Chancellor committed to on Thursday, was on the table until it was pointed out to the Government that Manchester would not be happy if Birmingham and London were getting tier 2 money when we had been in it for three months. That was the argument I put to the Government last week.

I think it was belatedly acknowledged that that argument was correct. We think that we will have at least £65 million. We think it will be more than

that, but we are adopting exactly the same approach as Steve Rotheram, which is looking at the industries that will be impacted by tier 3. Those that will be directly closed will need help. We are looking at a support package whereby, when we make commitments to those companies, we ask them, hopefully, as strongly as we can through the terms of the funding agreement, to pay their staff at 80%. We still think that is what we should be doing, given that they are very low-paid staff and will struggle to live on two-thirds of their wages.

We are also looking at the wider industries that will be affected by tier 3; I mentioned the taxi trade and security. That is the approach that we will be adopting. It is all dependent on flexibility from central government. It was never just a sum of money that we were arguing for; we were arguing for a flexible approach in deploying that funding in our city regions. The aim is to protect people and jobs, as well as ensuring business viability and minimising the impact of tier 3. I have to say that it will be damage limitation; tier 3 will cause damage to our economy, and the funding we have secured will not be enough to prevent its being a net loss to our economy.

Lord Skidelsky: I am interested in how much flexibility you have in spending the sums you are being allocated. When you talk about the businesses that have been closed down, have you thought beyond providing money to sustain the workforce, or have you thought at all about providing alternative employment for those who have been laid off? Would you have enough discretion to do that, if indeed you have thought about it?

Steve Rotheram: On the specifics of flexibility, we are still waiting for some of the details two and a bit weeks from the agreement that we reached with government for the package. We have already identified that we need a number of flexible funds. It is not just about the immediacy of the jobs that are put in danger in tier 3, but about trying to look at what recovery might look like. This could last a month or two months. Who knows?

One of the big things that Andy Burnham and I have asked for, when you go into these things, is: what is the exit strategy? If we understand that, we will know that we have a quantum of money and a timeframe, and we will know how far we can stretch that funding. For instance, our future innovation fund will help SMEs adapt and innovate in the wake of the pandemic. That is going ahead. You have heard what we are doing in hospitality and leisure with our support grant.

We have a programme called Sustain, which provides business leaders with the practical strategies and tools that they will need to boost both their individual resilience and that of their companies. We have a programme called Kindred, which ensures that as many social trading organisations as possible are sustained through the pandemic. We also have individual packages that we are looking to offer for different sectors and those most impacted.

The main thing is that the Government seem to give pots of money and then add a number of restrictions that tie up the money, or they increase the amount they want by adding other things. That cannot be allowed, because it will hamper our ability to do what we need to do, which, as you just heard from Andy, is to get through this next period without losing the ability, because of business loss, to get to the other end of coronavirus and have an economy to call on and take forward at that stage.

Andy Burnham: Lord Skidelsky is on to an important point about not allowing people to lose work and end up in a position where they might lose morale and hope. We have been there before in the 1980s, and we do not want to go back.

The problem at the moment is that we are not joining up the response phase of the pandemic with the recovery that will come after. There are people who perhaps are not able to continue working and are being made redundant, or are about to be. We have had the second highest number of redundancies, only behind London. Already lots of people have been made redundant.

It feels to me that there are industries that can be expanded coming out of this. I am thinking of the green economy, where Steve and I have very significant plans. We are talking about the retrofitting of properties, which absolutely will need to be done. We should now be getting funding into schemes that will scale up the training programmes, so that people can shift from the industry they have left to a growth industry, but I do not yet see a join-up between response and recovery. It feels as though we are still doing the sticking plaster bit, and not particularly well. Some people are not maintaining their jobs, and we are not yet helping to open up the new opportunities that will be there for people. We will be recruiting some people to do contact tracing. Like Steve, we have had funding to do that, but obviously that is not enough in any way, shape or form.

We need now to start to lay plans for the recovery and identify the sectors of the economy that could be major sources of employment. A retrofitting programme could employ thousands of people across a geography like Greater Manchester's. We should be using this time, working with our colleges, to give them the new skills that are needed, and yet that is not happening. I encourage this Committee to help us by saying to the Government, "Let's start laying the foundations for the recovery now". If we do not, we will make it longer and deeper. It will be tougher to climb out. We need to do more now to get ready for recovery as soon as it comes.

The Chair: We hope to help with that, and it is a very neat segue to Lord Stern.

Q116 **Lord Stern of Brentford:** Thank you both very much for being with us. My question is less about the total quantum but more about the design and implementation of packages, including the points that you were just

stressing, as we move from rescue to recovery. I think you would expect that support packages and the design of support packages—rescue, recovery and beyond—would be something that regional and local governments would be better informed about than the centre, even though you would need overall centre schemes.

It sounds as if you have been working on those kinds of packages. Could you confirm that you have been working on the detail of packages and whether you have shared that with the Government so that they had something in mind as to how you were going to move forward, both in design and implementation?

The Chair: Let us go first to Steve Rotheram, who was nodding vigorously as you were talking.

Steve Rotheram: Thank you, Lord Stern. I was nodding vigorously, because I had just referred to exactly what you were highlighting in the question, which is: what have we been doing ourselves? We cannot just wait for the national government to do it with us, for us or to us. What have we been doing?

We have been gathering evidence for a couple of years about the performance of our local economy. That was going to be in the local industrial strategy, but as soon as Covid came along we turned our attention to what our recovery strategy would look like and the plans for that. A lot of what you said is in that. We put a comprehensive support package to national government, genuinely with national UK plc opportunities for investment.

We were not asking for handouts. We were saying that we can stimulate the economy by doing X, Y and Z, putting those individual projects into an overall package and making it really attractive to the Government. We identified £1.4 billion of support, but the return on that was £8.8 billion for the UK economy. We would benefit locally, but of course nationally so would the Government.

Do not forget the importance that the Liverpool City Region will have for UK plc in a post-pandemic and post-Brexit world, where a western-facing port will become much more strategically necessary and important for the whole economy. We were trying to tease out sector deals, for instance, with government and for individual projects.

Andy Burnham: We are going to widen the Manchester Ship Canal and take it all down there.

Steve Rotheram: We are going to build a wall across it and then charge you.

Lord Stern of Brentford: Could I follow up with one or two specifics—

The Chair: I am sorry to interrupt, but can you let Andy respond to your first question?

Lord Stern of Brentford: I am very sorry, Andy. Please go ahead.

Andy Burnham: No problem, Lord Stern. I will be brief and pick up what Steve was saying. A couple of years ago, we all did a lot of work on local industrial strategies. Localising industrial policy was absolutely the right way for the UK Government to go. Obviously, what follows from localising industrial policy is that you localise skills policy, if you build a talent pipeline to the sectors that you prioritise in your industrial strategy.

It is a frustration to Steve, me and other mayors that that really felt as though it was an agenda of the previous Prime Minister. I would say it has stalled since the change, but it has to be the right way to go. If you are talking about levelling up, you cannot level up top-down. You have to empower people at our level with the things we need to do to get ourselves ready.

Steve and I both now have the adult education budget. It has been interesting for us to look at that budget, because I think it was largely ignored by Whitehall. It was not particularly work-related, but we have hold of it now and are starting to use it more for conversion courses for adults, such as digital conversion or green construction conversation.

We have an element of DWP devolution in Greater Manchester for those longest out of the workplace. The future is devolving that, so that you bring the DWP and education side of things together and create more bespoke routes into employment for people. That was very much what we had put into a major bid to the Government for the spending review. It is really frustrating that the spending review is delayed indefinitely, or it feels as if it is at the moment. We need to start laying the foundations for recovery. Those foundations are, yes, in big infrastructure projects, but levelling up has to be about people and equipping people with the skills to make headway in the new economy. I guess that we are both feeling frustrated that we are not getting the early buy-in.

Let us be clear: the Department for Education remains a problem, because it does not buy into the devolution agenda. It sees things being decided top-down when it comes to education. You might argue that on the academic side of education—

The Chair: I am sorry to interrupt you, but Baroness Kingsmill will pick that up later.

Andy Burnham: Sorry, Chair.

Lord Stern of Brentford: Clearly, you are being creative about the kinds of ideas that you bring to the table. Would you agree that the more you surface those ideas in general public discussion, the more likely they are to get support? On the specifics of retrofitting, if you could get your local financial institutions and your energy companies together with skill training and local authority support, you could do something pretty powerful pretty quickly, which in large measure would be private sector based. You would need some support, but is getting those different groups together the kind of thing that you are pursuing?

Andy Burnham: Absolutely. I have just agreed with Electricity North West that it will support Greater Manchester's ambition for a zero carbon city region by 2038. We think that we are the first city region in the country to enter a formal agreement of that kind. It is not formalised yet, but we are working to make it a formal agreement. That is how devolution can benefit UK plc. We can be the places that go further and faster. We can make all the necessary changes to workforce and pioneering new technologies. It will help the country to hit 2050 if we have been freed up to go first.

The energy part of that will be done very much in collaboration with Liverpool City Region, because we are both looking at a hydrogen scheme that we both might be a part of. It is about freeing us up, but I will finish on this point, Lord Stern. Does the UK want this or not? Is it ready for devolution or is it not?

I go back to my experience last week. Devolution cannot be begging-bowl devolution, where we constantly go on bended knee, saying, "Can we have a bit of money for this? Can we have a bit of money for that?" I do not think that is devolution. We have to move to substantial, devolved, flexible funding that Steve and I can use to build a skills system and an infrastructure pipeline that allows us to move at scale and at pace. If we are honest, we are nowhere near that at this moment in time.

I read in one of the Sunday newspapers that, because I had said what I said and was not accepting what I considered an underfunded tier 3 deal, mayors were completely off the table now because Whitehall did not much like being challenged. That would be entirely the wrong response. The hoarding of money and power in Westminster and Whitehall has given us quite a divided country, because it is so far away from the parts of the country that Steve and I represent and it does not really understand them. It has never really looked out for their interests. There is a moment now: do we want this or do we not?

Both of us left Parliament because we were fed up with the ways of the world down there. We think that when you build politics based on place rather than party, which is what devolution allows, you get a much better approach to things. It is a more unifying approach to the issues that we are dealing with. We appeal to you all as a Committee to add your authoritative voices, individually and collectively, to the need for a proper devolution settlement for England. The country is in danger of losing its sense of unity at the moment. Devolution can help bring it back together.

The Chair: Steve, I guess you do not disagree with that. Is there anything you want to add?

Steve Rotheram: No.

Q117 **Lord Skidelsky:** What Andy Burnham just said reminded me of all the discussions and proposals for local income tax that were around in the 1980s and 1990s, and dropped out of circulation.

Why were the Government so reluctant to introduce targeted support

measures until last week? Did the negotiations reveal a level of complexity that prevented such an approach? Was there a fear that the targeted measures would be unfair to some groups and businesses, and that it was easier just to have block lockdown measures, instructions and regulations? Is it a very complex question to get the kind of targeting that you want? Is it easier for the Government just to say, "No, this will apply in a uniform way to everyone"?

Steve Rotheram: Lord Skidelsky, I think you have hit the nail on the head. I wish the Government had approached it in a much more sophisticated, perhaps even sectoral, way, so that we could split the economy up and have support packages that fit an individual area instead of the one-size-fits-all approach that they took.

In our area, targeted sector deals would have a key role in longer-term economic recovery. It is not just the culture and visitor economy in the Liverpool City Region; Andy touched on the green industrial revolution. If we got a deal with the Government that said, "Here is a chunk of money", we could then decide on what we thought was in the best interests of the 1.6 million people in the Liverpool City Region, for instance.

We are developing great schemes around the hydrogen sector. We can take that forward on behalf of the whole country. I know that one or two other areas are also looking at it. We are looking at a tidal project. Believe me, tidal energy's day has come. It will be looked on as wind power was a few years ago: can you make it work? It is everywhere now. We will make tidal power a reality. Not only that, we want to harness its IP. We want to modularise it, working with one of our fantastic local companies. We then want to export the technology around the country and the world.

If we got a single pot of money, it would give us more flexibility to do those sorts of things. Our economy desperately needs the Government to work with us. There are things like the National Packaging Innovation Centre proposals that were put forward—over the water, as we say—in the Liverpool area rather than in the Wirral. That is working with Unilever. We are working with major blue chip companies, and the Government need to work with us to bring some of those projects on stream.

As Andy was saying, we can align supply and demand. We can get people job-ready, working with our provider base and our fantastic colleges and universities.

The Chair: Andy Burnham, do you want briefly to add something? I am very conscious of the time.

Andy Burnham: It feels to me as though we have gone from a national approach, where it was, "Whatever it takes", to a regional approach that is, "You'll get what you're given". That is how it has felt in the discussions about tier 3.

We have a block of money, but it is probably not enough to prevent damage to our economy, and we do not yet have flexibility, so it is not necessarily fully devolved. I think we will be bound up in red tape about what we can use it for and what we cannot. That will perpetuate the sense of some individuals and some businesses getting help but others being missed. It is dangerous for us if that is localised. Steve and I want full flexibility and to take on responsibility. We hope for a decent amount of money, but, if not, at least give us the flexibility to spend it. I am not so sure we will even get that. We will get quite a bit of red tape.

In my view, the regional lockdown approach will work only if you back it properly with the right level of funding and trust in people at local level to understand their communities and carry their communities through this. I am not sure that we have either of those things at the moment.

Lord Skidelsky: May I ask a supplementary?

The Chair: I am sorry, Lord Skidelsky, but we are very short of time. We need to move on.

Q118 **Lord Monks:** Do you think greater financial support would have been provided if London and the south-east had been in the same position as Greater Manchester and Liverpool City Region as far as Covid is concerned? Do you think that greater favouritism would have been shown to London and the south-east?

That is linked to the levelling-up and levelling-down debate. To what extent have regional inequalities grown in the UK? You might add a postscript about inequalities within Liverpool City Region and Greater Manchester City Region as well. There is a bundle of points in those questions.

Andy Burnham: I think the answer is very clearly yes. We were in tier 2 restrictions—before it was called tier 2—from late July/early August. Within that, Bolton’s hospitality was closed down almost overnight, with a minimal level of support for the businesses and the people affected. None of that was recognised. The aim of tier 2 restrictions is to reduce footfall to businesses, but there was no support.

I have nothing against the businesses or people of London, by the way, and I have said that to Sadiq, but all of a sudden, when London went into tier 2, a debate was growing about tier 2 needing support. It was never even suggested for the three months that we were in it. That was part of my argument to the Prime Minister last week. Our businesses were downgraded as a result of three months in tier 2, and that needed to be recognised in the financial package for tier 3. It was not, and, lo and behold, when the Government briefed the *FT* that London and Birmingham would get tier 2 support, I think somebody in Whitehall thought, “Oh my goodness, that means we’ll have to backdate it for Manchester”, and that is what happened last Thursday.

We were in it for three months. There was never any suggestion of help. It was only when it came closer to SW1A 0AA that people thought about

its impact on footfall in bars. That is the way it always is. That is the way the country works.

As to the inequalities, Lord Kerslake laid them bare earlier this year. We are the most regionally unbalanced and politically overcentralised country in the OECD, as he said. Those two things are connected. Covid will probably widen those divides and level us down even further unless there is some real change. I was encouraged that a number of Conservative MPs have stepped forward and written to the Prime Minister about that very topic in the last 24 hours, because we need to maintain a cross-party approach, in the north at least, in arguing for the fairness that Steve and I have been calling for.

Steve Rotheram: Because we support our areas, it is not that we believe that London should be levelled down. I do not want anybody to think that the arguments of either of us are about London having the same sort of detriment that has been forced on us. I have to ask all of you this question: do you genuinely believe that it was just coincidence that London was offered a tier 2 package as it was going into restrictions, when large sections of the north had been in similar tier 2 restrictions without any package of support at all? I do not believe that is a coincidence, in all honesty.

Regional inequalities exist and have been brought into sharp focus by Covid. If we look at health inequalities, mental health issues are disproportionately high in many northern working-class areas, it has to be said. We will face a mental health pandemic, certainly an epidemic, in this country in the coming months and years. In education and in skills and training, there were disparities that existed before this. If you look at investment in public transport, and what the south gets and what the north gets, there is huge disparity. In employment, between March and September this year, 35,000 more people were claiming unemployment benefit in our area. It has had a huge disproportionate impact on 16 to 24-year-old low-paid people. Even in philanthropic giving, the south, London specifically, always benefits disproportionately. I could go on to housing, digital support, income structures and people in low-paid jobs.

We have suffered for many years—decades—in the north. Devolution is our opportunity to try to put right some of those wrongs. I believe that the Government, despite what you read in the newspapers, cannot go cold on this now. All that will do is exacerbate the regional inequalities, the economic imbalance in the country, and we will never, ever level up.

The Chair: We move on to Lord Livingston, who probably, like me, regards Liverpool and Manchester as being in the south.

Q119 **Lord Livingston of Parkhead:** We could make some comments about that. I lived for three years in Manchester, in Moss Side in the first year, so I know both areas pretty well. I want to move away from the immediate support package that we have just been debating to the wider support packages.

If we were in an alternative reality where you two were in Cabinet, what would you be doing to try to align the support and rescue packages with the wider agenda you have talked about—the green economy, the levelling up and looking forward? Was it just a matter of rescue, or do you think we have missed an opportunity, and we are still missing an opportunity over and above that? You made the point very well about further devolution.

Andy Burnham: I think we are missing an opportunity, as I said to Lord Skidelsky, in constantly delaying the spending review. Now is the time to do a comprehensive spending review and empower city regions like ours with substantial devolved flexible funding—to start to work with our education providers, and to work with our housing providers on the city region-wide retrofit programme and to start a housebuilding programme. Surely now is the time to build a new generation of zero-carbon homes for social rent. There are things that we could do if we were freed up to do them. We have transport projects that are ready to go. We should be laying all those plans now.

Rather than its just being a whinge at the Government, I want to reassure you, Lord Livingston, that we are moving on with the things we think will speed up the recovery. This week, we published the Greater Manchester spatial framework, which is our city region-wide planning framework that identifies sites across the city region that we believe could be the location for high-value employment. We have recently opened a consultation on a clean air zone for Greater Manchester, which will be the largest in the UK, covering all 10 of our boroughs. Again, that is potentially an economic stimulus, if it is done in the right way.

We have a plan for a London-style public transport system, whereby we could invest now to change vehicles—buses, taxis, vans—and bring them together in an integrated regulated London-style system. We want to make progress on that, too. We have been working on plans. The constant delay to the spending review is, in some ways, holding back the recovery. It is pushing it further out. We should be laying all those plans right now. I think all the mayors in all our different cities feel frustration about that.

Baroness Bowles of Berkhamsted: This is a general question that you might be able to work into the rest of your answers. It is always very inspiring to listen to local leaders. Well done. I find you inspiring.

Steve, when you were giving figures about the recovery strategy that you had, it was a very high multiplier. It was good bang for your buck. Because there are so many pent-up unfunded things in the north of England, will you generally always potentially have a larger multiplier than similar projects pursued further south? Could you stand that suggestion up?

Steve Rotheram: It is a double-edged sword. We have to work to Green Book methodology. If the Government were serious about levelling up, with one swipe of the pen they could achieve the levelling-up agenda. We

have to compete on business cases on Green Book, and that will always favour the south and south-east. If they were to change the formula and include deprivation, for instance, or stuff on climate emergency or other things that we could tackle in a northern context, we would be able to compete on a more level playing field.

The Government have massive opportunities in our area. If they really want to do something, there is all the stuff I mentioned. Life sciences are hugely important to the country and we can do an awful lot more on that. We have a detailed recovery plan, which includes a green industrial future for our area. It just needs the Government to want to work with us so that we can get it delivered.

The Chair: Lord Livingston, do you want to come back?

Lord Livingston of Parkhead: Steve answered both questions at once, so, unless there is anything to add, I am fine.

The Chair: Deftly done, thank you.

Q120 **Baroness Kingsmill:** Recently, this Committee did a very good report on post-school education, lifelong learning, apprenticeships and general employment support. It is pretty clear to me that the labour market will not look the same post Covid as it did before.

Do you consider that the Government's raft of new measures relating to skills and training policies is properly aligned with the way in which the labour market will change? That is the first part of the question. The second part is about what you would do. What do you think are useful measures that could be introduced to assist all that? It is a big question. We have to hope that we come out of this sooner or later, and I am sure that recovery issues occupy your mind immensely.

Steve Rotheram: Could we have another session where we tease out that question? It is absolutely fundamental to everything that we put forward to the Government. I have always believed that we can do a number of things. We need to retain people first. We then need to retrain, upskill and reskill. If you get those four elements right, you would be able better to align supply and demand issues in the economy locally. National government cannot do that for us.

I used to work for something called the Learning and Skills Council. Some of you are old enough to remember that.

Andy Burnham: You have just offended half the Committee.

Steve Rotheram: I am rowing back just in case anybody thinks I am being critical.

As a business manager, I saw how you can use funding better to ensure that your local economy has the workforce that it needs. We have to stop training people for training's sake. We have to give people hope and train them for the jobs of the future. If we have the responsibility for the economic direction of our own areas, which we do, we need the levers to

ensure that we have the skills base and the pipeline whereby people can walk and move and transfer to those jobs as we create them. We have only half the pack of cards at the moment. We are happy to work with government, but we need it to trust us.

The Prime Minister once said to me, and to Andy, I think—I do not know whether anybody else was there—“We’ll give you more power, but with it comes accountability”. Bring it on. I said that to him at the time in private and I will say it in public. Bring it on. We will be held accountable for that. Give us the tools to do the job and we will do it better than national government can ever do it.

Andy Burnham: There are many benefits of devolution. I mentioned one: a place-based approach to politics. Another is that we can join the dots between the Whitehall silos, which they cannot do at their level.

To answer the question, if we were given flexible devolved infrastructure funding that I could use to make GM 2038 zero carbon—decarbonising energy, buildings and transport—we would of course build a skills system to deliver the people who could take up those opportunities. I am afraid you just do not get that join-up from Whitehall. You get resistance from the Department for Education.

You asked whether we had been involved. The answer is no. There is a scheme called Kickstart, which focuses on younger people, but it is very much national government straight to businesses, and it bypasses almost completely combined authorities of the kind that Steve and I lead. I am not saying that it is a bad scheme, but it would be more likely to succeed if it was working through the knowledge that resides in our organisations.

Baroness Kingsmill: I always feel that the provision of childcare is an essential element to developing new economies and new skills. Women and families need that support, and I would like to hear whether you agree, and how you would mesh it with the things that you have just been talking about.

Andy Burnham: I very much agree with that. We are the only place with a degree of health devolution and we very much take a “one public services” approach. We are thinking very differently about how we provide public services. Early years is a very big part of that. We want all kids to be school ready in Greater Manchester. We want our early years providers to be part of a much more whole child-whole family approach.

Alongside childcare, you could look at social care. I dread to think what will happen if we as a country do not do something about social care as we come out of this. If we do not, it will be the biggest shame on us all, because of what we have seen exposed in front of our eyes with regard to the low standards, not because of the workforce but because of the way it is funded. It is a fragmented, broken system.

Coming out of this, we should be looking at where there are opportunities to improve work for people and to create work, with childcare, yes, but

certainly social care. We should be building a single workforce that works across social care and the NHS, with much higher standards and much more respect as regards levels of pay and training. We will have been going through this pandemic with our eyes closed if we do not substantially invest in the social care workforce coming out of it.

The Chair: The Committee did a report on social care, which advocates all the things you have just mentioned. We await a response from the Government, more than a year later.

Q121 **Viscount Chandos:** You have both spoken very powerfully about wanting greater flexibility and discretion in how you spend whatever money there may be. Do you think the combined authorities have the right powers to protect and create jobs, including financial powers, and, if not, how would you like to see that addressed, both in the short term and the medium term?

Andy Burnham: It goes back to what I was saying before. We have to move away from the begging-bowl approach to funding. If Whitehall holds all the funding and just gives it out in little pots, that will not be devolution. We have a more substantial devolution deal than anywhere else in England because of Greater Manchester's development over the years. I would love Steve to have the same as we have, but I would like a change as regards financial devolution.

I see it as a journey. The first stage of the journey is much greater control over the public money that is currently spent in Greater Manchester: money spent by the Department for Work and Pensions and money spent by the Department for Education. The more you break down the silos between that funding and see it as a "one public service" budget, the more you will get better delivery of public services.

The next phase would be more trust around borrowing, so that we were allowed to borrow to build. Housing is an obvious example, but there are other areas, where, if we had greater borrowing freedom, we would make more progress, rather than always working through the Green Book, as Steve said, or the constraints of the Treasury. We have built the largest light rail system in the UK very much on our own efforts. It is proof that Greater Manchester can deliver.

In the long run, we look towards fiscal devolution. You could look at early forms of taxation such as a workplace parking levy or a tourist tax. Lord Skidelsky was talking about greater levels of local taxation; that is when the true accountability comes, which Steve was talking about a moment ago. You need a financial pathway to full devolution. That is when it would become real. Other countries do it, and they have a much more mature, balanced and proper set of relationships between local, regional and national government. It is time for us to have the same.

Steve Rotheram: As we all know, government works in departments, and those departments, unfortunately, bring with them their silo mentality. Sometimes that is transferred into the way we have to work

locally. We want to get away from that compartmentalised approach and work holistically across things. In limited instances, we can demonstrate that we have been able to do that and it works better than national government. On the adult education budget, as Andy just said, we have something called Households into Work where, instead of taking the Government's approach of trying to force people to do certain things, we have more of a carrot approach than the stick. It has given the Government greater returns than they have with sanctions, so I think that is a better way of going about things.

We can develop and even co-produce our programmes locally with national government so that it has some confidence in what we do. Everything that we do has to go through something called an assurance framework. The Government are guaranteed that the money they give us is spent appropriately. I would love more powers on, for instance, employment and skills, so that we can extend our current delivery arrangements, and give holistic oversight of the skills that we need locally. That is just one example of where, if we had further power, if we had fiscal devolution, we would be able to take those decisions for ourselves. I would rather any decisions be made more locally, in all honesty, than by DfE.

The Chair: We have run out of time, but I am tempted to ask if Lord Burns wants to ask any questions. Listening to the list of things that you want, I could hear the old Treasury ringing in my ears, and I wondered, Lord Burns, if you have any questions or points you want to make, with your vast experience in that area.

Lord Burns: I was not expecting that. To what extent is the problem dealing with Treasury, and how far is it dealing with the departments of state? I am only too conscious that the Treasury has the problem of trying to bring together the hopes and wishes of departments. I am not always sure how closely what the department is after is aligned with what, in fact, you need. Where is the obstacle? Is it with both of them?

The Chair: There is a free hit, Mr Burnham.

Andy Burnham: I have nowhere near Lord Burns's experience, but I have a little as Chief Secretary. I do not think it is necessarily with the Treasury; certainly under George Osborne it bought the argument that, if you devolve and break down the silos, you can get greater public service efficiency. It recognises that you can get more speed in the delivery of infrastructure. I have never particularly felt that the Treasury is implacably opposed.

The forces of small "c" conservatism on devolution come more from the Department for Education, and possibly more now from Downing Street, where our experience of the pandemic has been a very centralising approach to things rather than a localised approach. It varies with the characters, the personalities in positions. Certainly, Sajid was bringing back a more pro-devolution agenda to the Treasury. I always felt the

Treasury was half persuaded about it anyway, because it could see it might be a better way of doing things.

It feels to me that there is scepticism about devolution right across Whitehall, and people do not really want to let go. Why would they? They have the power and they have the money. Why would they want to change? They should, because the system of government that we have had has created a very divided country. I do not think we will solve 21st-century problems by carrying on in the way we are.

It is hard to put your finger on an individual or a single department, but I have found that the Treasury can sometimes be one of the more enlightened forces when it comes to devolution.

The Chair: I think that was the answer Lord Burns wanted to hear. I conclude by thanking both you, Andy, and Steve for what I certainly found a really useful and very helpful session. I am sure I speak for the whole Committee in wishing you well in the enormous challenge you will face over the next six months in trying to do your best for those you represent. Thank you very much indeed.