HOUSE OF COMMONS

# Housing, Communities and Local Government Committee

## Oral evidence: The Progress of Devolution in England, HC 174

Monday 30 November 2020

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**Watch the meeting**

Members present: Mr Clive Betts (Chair); Bob Blackman; Ian Byrne; Paul Holmes; Rachel Hopkins; Ian Levy; Mary Robinson; Mohammad Yasin.

Questions 149 - 195

### Witnesses

**I:** Jamie Driscoll, Metro Mayor, North of Tyne Combined Authority; James Palmer, Metro Mayor, Cambridgeshire and Peterborough Combined Authority.

**II:** Amy Harhoff, Corporate Director of Regeneration, Economy and Growth, Durham County Council; David Williams, Leader, Hertfordshire County Council.

### Examination of witnesses

Witnesses: Jamie Driscoll and James Palmer.

**Chair:** Welcome, everyone, to this afternoon's session of the Housing, Communities and Local Government Select Committee. We are continuing with our inquiry into progress on devolution in England. We have two panels of witnesses today and we will introduce our witnesses in a minute. To begin with, the Committee members who have a particular interest that may be relevant to this inquiry should put it on the record. I am a vice-chair of the Local Government Association.

**Bob Blackman:** I am a vice-chairman of the Local Government Association. I employ a councillor in my office and I am a former member of the Greater London Assembly.

**Ian Byrne:** I am still a sitting councillor in Liverpool.

**Rachel Hopkins:** I am a sitting councillor in Luton, a vice-president of the LGA, and I have just started employing a councillor.

**Mary Robinson:** I employee a councillor in my staff team.

**Ian Levy:** I believe the only thing I have to declare is that I employ a parish councillor in my London office.

Q149 **Chair:** Thank you very much. We can then move on to our panel of witnesses today. We have two witnesses in each of our sessions. I will ask them to introduce themselves and say who they are.

***Jamie Driscoll:*** I am Jamie Driscoll, the North of Tyne Mayor. For those who do not know, the North of Tyne covers from Newcastle all the way up to Berwick and over to Haltwhistle. It is a very large area geographically but is the northern half of the Tyneside conurbation.

***James Palmer:*** Good afternoon, everybody. I am James Palmer. I am the Mayor of Cambridgeshire and Peterborough.

Q150 **Chair:** Thank you both for joining us this afternoon. To begin with a general question, you have both been mayors now for a time—I think James for a slightly longer time. What is the greatest challenge that you have faced so far?

***Jamie Driscoll:*** In the first instance, it was setting up a brand-new organisation from scratch. That is inevitable. English devolution is in its infancy. Perhaps the things that the Committee is more interested in are the challenges to do with devolution. There has been terrific disruption caused by Covid, general elections and Brexit, as we would expect. Directly engaging with Ministers has been particularly difficult. Some Departments are very good, others much less so. At the moment, because devolution is so dependent on working with the centre, we do not actually have devolution. We have decentralisation or elements of it. I would say that that is the No. 1 barrier to getting things done.

Q151 **Chair:** You have really trailed that some Departments are better than others. Do you want to tell us which Departments are not as good as others?

***Jamie Driscoll:*** Well, let us have a look see. In our devolution deal was a schools challenge to be worked through with the Department for Education. That is something that even getting engagement on has proved particularly difficult. On others, for example transport, it is fair to say that the whole transport team has been very good, taking meetings, talking, advising, working things through and trying to find good win-win solutions.

Q152 **Chair:** That probably does not surprise some of us who have looked at these issues in the past. James, what are your challenges?

***James Palmer:*** It is very interesting, because Jamie and I have not had a discussion in advance of this meeting, but you will see that the challenges and issues we face are very similar. We are both mayors of areas that are rural and have cities. Both of us have had to set up a command authority from scratch. There are significant challenges in setting up a brand-new organisation. I also had the challenge in Cambridgeshire and Peterborough that Government had stopped funding

the LEP and frozen its assets. I had the challenge of absorbing that failed organisation into a brand-new organisation, which is not something you would choose to do if you were setting up from scratch. That is what we had to do and we have done so, I believe, extraordinarily successfully.

The engagement with Government has changed significantly because of two factors. In the three and a half years that I have been mayor, two issues have absolutely dominated the political scene. They are Brexit and Covid-19. In exceptional circumstances, such as the ones that we have been seeing, the political drive for devolution has been affected by the civil servants' control of the agenda because of these major instances. There is always a fight within politics. There is a fight for power that goes on in this devolved area, in that there are certainly civil servants who are negatively affected by devolving power into the regions. I think we have seen a kick-back on that because of these two major national issues.

Q153 **Chair:** In passing, you mentioned the LEP and the particular circumstances there. Has it eventually proved to be of benefit that you have the LEP as part of the combined authority, rather than something separate?

***James Palmer:*** Without any shadow of a doubt. We have rebranded the LEP as a business board but we share the same governance and the same staff. Our decision-making process has been exceptional because of that, particularly in our Covid response. We were able to invest directly into the businesses that were just missing out on the Government schemes. We put almost £6 million into small and medium businesses across Cambridgeshire and created over 240 jobs during the first lockdown. That was because we were able to act very quickly, due to the absorption of the LEP into the combined authority.

Q154 **Chair:** The term "mayoral combined authority" very much implies and means the mayor working with other councils. That has not always been plain sailing, has it?

***James Palmer:*** No, it has been really, really tough. The toughest job I have had is trying to form any kind of relationship with the Greater Cambridge Partnership. It has been almost impossible. They have not accepted the role of the mayor, nor of the combined authority as a transport authority. We effectively have two organisations working in the same space. That has been really, really tough.

The engagement with individual councils has been very good where those councils have wanted to engage. We have managed to achieve exceptional things in Cambridgeshire. The new university at Peterborough had been going nowhere for over 20 years. We already have space in the ground to begin the building and we have received second-phase funding from Government. There are extremely good examples but people need to be willing in order to work. In recent times, we have helped with funding into Cambridge city centre with Covid response. Our relationship with the city centre team has been very positive. I hope we will see more

positivity going forward when councils see the benefits that can be reached by working together.

Q155 **Chair:** Are there any lessons that ought to be learned in terms of powers or structures for the future to avoid getting stand-offs that cannot be resolved?

***James Palmer:*** Yes. When the combined authority in Cambridgeshire and Peterborough was set up, it was the only combined authority in the country that still had an active city deal. All the other city deals were absorbed into the combined authority. I have no idea why the Cambridge one was not, but it just seems to me to be a massive waste of money and resources to have two organisations working in the same area. It is absolutely bizarre to me. The problem I have is that, every time I have challenged that structure, I have had massive kickback from civil servants in London.

Q156 **Chair:** Jamie, one of the issues you have had is the fact that the devolved area you are responsible for as mayor is not the initial proposal. The authorities south of the Tyne have decided not to be part of you. If devolution is going to work, it has to address the economics of an area, travel-to-work areas and those sorts of things. That must be very difficult to do in the way that your devolution deal has eventually been structured.

***Jamie Driscoll:*** Yes, you have summed it up beautifully there, Clive. For historical reasons that I am sure the Committee will not be interested in, the four large authorities south of the Tyne and the three large authorities north of the Tyne were due to come together. That deal fell through and the north decided to set up its own deal. Because of the Tyne and Wear Metro system, which is by far the biggest asset and covers both north and south of the Tyne, it was necessary that transport powers had a joint transport committee as governance.

Certainly since I have become mayor, we are more united than ever. We are working better together. I frequently end up advocating on behalf of the south of the Tyne, when it comes to, for example, national rail improvement schemes that affect the whole region. We have developed a very effective working relationship, to the extent that we have now been working through with HCLG and have agreed to start to put together the basis of coming together as a wider authority, covering the whole LA7. It is not done but we are working together on that, which is fantastic news because, exactly as you say, it has to work on the basis of functional economic area. There are a large number of powers that there is no point me even engaging with because we do not have the legal and governance systems to take them on, such as transport.

When it comes to that functional economic area, the LEP, the chamber of commerce and the CBI cover it. There are four large universities in the region. Over Covid, we came together. We produced a single economic plan for how we get out of the economic situation that we are all facing

across the country, but which is particularly acute in the north-east. We have brought everybody together. A significant role of that is the convening power of the mayor. Not to blow my own trumpet, it is a function of the position that, where you have one individual with a clear mandate, it helps to mitigate a lot of the problems that James is referring to about clear lines of authority: "Why are you talking about this on behalf of us?", et cetera. You can say, "Well, because everybody voted for me to do it". That is a significant part of devolution.

If we look at the last 40 years, there have been 52 separate attempts at local growth schemes. The National Audit Office has published a graph on that. I do not have it in front of me right now but it is only when you have political legitimacy—a direct mandate—that you can drive a lot of these things in an effective way.

Q157 **Chair:** Looking to the future, should the economic integrity and links in an area be the basis on which devolution deals should be done, even if some of those cut across conventional historical boundaries? It may be in conflict with where some people think they inherently relate to, but perhaps the economic links are more important. Are they? I do not know. You tell me.

***Jamie Driscoll:*** There is no easy answer. If there was, someone would have found it, I am afraid. You have to look at what you are trying to do. Form follows function. Given that the objective of these things is about primarily economic prosperity rather than necessarily delivery of public services, I would tend to go with the functional economic area. I can speak with authority on behalf of the north-east, where we are in effect an island. There are mountains to three sides of us and a sea to the other side. It does actually work as a fairly neat and tidy area. I appreciate it is more porous than that in parts of middle England.

***James Palmer:*** Geographically, our area works pretty well. We had an independent economic review. It told us we have three clear areas of business pipeline, which is understandable. We have engineering, manufacturing, et cetera, in the Peterborough area; the fens are very much agricultural; and then Cambridge has incredible technology and life science. Our business growth area matches pretty well the levelling-up agenda that we have been able to perform through the combined authority, already creating better opportunities for adult education in those left-behind areas in the north of the county. There is an ambition to link the north and south with better public transport to try to spread the wealth and opportunity of the south to the north. These things are much easier to deliver through the mayoral combined authority than they were before. The problems had been unsolvable through the system.

When you are setting up devolution deals for other parts of the country, which inevitably you will, there needs to be clarity over the strategic powers of combined authorities not getting in the way of delivery of services, exactly as Jamie said. I see our role as business growth, transport, housing development, education and higher education. We are

a two-tier system, plus the combined authority. If there is not absolute clarity on the roles of individual councils and what the combined authority does, it leads to a blurring of lines and conjecture over who should be representing the area in what particular terms.

Jamie is spot on. Look, I was elected under policies to deliver an agenda for Cambridgeshire and Peterborough. That is not always accepted by other parties in the county and yet it is a pure democratic role. I stand for election and I tell people what we want to achieve, but the system does not often allow that to be easily achievable.

Q158 **Bob Blackman:** You have talked about decentralisation versus devolution. There is a debate currently going on about having a framework for devolution, which might be a sort of a la carte menu of what things will go in and which things do not. Do we need a framework like this? Do we need a common framework? Do we need what is currently going on with deal by deal? What should we be aiming at achieving here?

***Jamie Driscoll:*** I would go very much for the framework. It does not need to be a telephone directory-thickness framework, but it would be very useful if you could avoid the first three months to six months of negotiations about these things, clarifying what is and is not possible. That is what a framework will get you. You might say, "Health is out; we have tried it in Greater Manchester and it did not work" or, "We have tried it in Greater Manchester and it is brilliant; it is in". Then we know, without having to go round the houses.

If we are going to make a difference, though, it is going to require significant fiscal devolution. The reason we have been through this loop many, many times, with RDAs and all sorts of things, is because the funding, the criteria and the objectives continue to be very centrally controlled, with the planning very local. You have this mismatch. We will have devolution when we first see mayors delivering on the priorities they were elected for without having to clear it with the Secretary of State first. That is going to require significant devolution. We have a massive tax base difference throughout the country. In my area, the tax base per person on business rates is £300. In London, it is £940; it is less than a third. It is going to require fiscal innovations about how we get money to create wealth.

**Bob Blackman:** We are going to come on to fiscal devolution in some detail a bit later. I will park that for the moment.

***James Palmer:*** The question, really, was on the framework: should you have a framework? Absolutely, you should. There is no doubt about that. Going back to what I said earlier, it would be very, very helpful if there was more clarity on definition of roles for combined authorities and original or historical councils or structures. I have county councils, district councils, a unitary council, a Greater Cambridge Partnership city deal and a combined authority. That is a lot of government for one county.

Ultimately, people will say, "There is so much waste in the system". There is. There is no doubt about that. We are a county that pays around £5 billion net into the Treasury and yet we have, in my view, probably about £20 million worth of government more than we need. That is frustrating for me and, more than anything, it is frustrating for the general public. I know what the council does because I am in the system. If I was not in the system, I would have no idea who to go to or clarity over who is in charge of certain areas. It is a massively muddled situation that could easily be solved if there was the will to do so within Westminster.

Q159 **Bob Blackman:** You are both directly elected mayors. As you both said, you stood on particular agendas. You made clear what you were going to do and would not do, I suppose. Does a devolved area require a mayor? Can it be done through a combination of authorities coming together?

***James Palmer:*** You would expect me to say this, but of course I think it needs a mayor. It needs leadership. It needs drive and it needs ambition. We have had examples of a system in Cambridgeshire where the county council did not work for the whole area, so Peterborough split away in the late 1990s. As I have said, you have a number of districts. You have the city council in Cambridge. There is not any wider leadership. It is unbelievable that we have, just in our county, a 10-year difference in life expectancy between the north-east and the south. That is an example of where the system has absolutely failed because there has not been county-wide leadership.

Jamie will find the same: whatever you do in one area, you get people from other parts of the county asking, "What about me?" and vice versa. That is understandable but I just feel that, for the system to work properly, you have to have somebody who is prepared not only to take the brickbats, the stick and the flack, but to set the vision and the ambition for the area. Going back to my earlier point, if the old way of working was working, you would not have needed mayors in the first place.

Q160 **Bob Blackman:** Are you still getting confusion among the public, who are going, "Whose job is it? Is it my district council's or is it the mayor's? Is it the Government's? Who is responsible here"?

***James Palmer:*** Yes, but, then again, that is where we need clarity from Government on exactly where the roles and the lines are. We do not have that. I mentioned the Greater Cambridge Partnership city deal in Cambridge. Nobody in Cambridge knows who is in charge. I do not even think Whitehall knows who is in charge, to be honest with you. The general public do not know. I get blamed on social media for decisions that have been made that I have not even been consulted on. That is the mess in the system at the moment.

***Jamie Driscoll:*** James has put it very eloquently. There are a couple of structural issues with not having a mayor if you are going to work on a

functional economic area. How is it that somebody who nobody has had the opportunity to elect is making a decision for people for the rest of the area? That is a fundamental democratic deficit. You could, in theory, have regional assemblies. I am not sure that that is necessarily a route that we want to go down. It would delay everything. I am not sure what additional benefits you would get. There is always more than one way to skin a cat.

The other clear advantage you get is advocacy: somebody to speak on behalf of your region. For the things that we have been able to do and the way that we have been able to pull people together, we have the trade unions, the CBI, the Church of England and the universities all arguing for the same things on behalf of the region. That requires, for want of a better phrase, a centre forward. That is what a mayor will give you. You do not necessarily tell everybody what to do. You are there as the person to provide leadership.

Q161 **Rachel Hopkins:** Does the scrutiny of metro mayors need improving?

***Jamie Driscoll:*** Our colleague Steve Rotheram says frequently, "We are the most scrutinised politicians anywhere". There are seven people in my cabinet, including me. There are 38 members of various scrutiny bodies and 41 people on various panels that we run. We are really quite heavily outnumbered. That is in addition to scrutiny officers, assurance frameworks, investment panels, technical officers groups and, inevitably, auditing. The short answer would be that it works very well. Perhaps to quote Eliot, people spend their times dreaming of systems so perfect that nobody has to be good. Scrutiny only works if people engage with it anyway.

***James Palmer:*** It is a really interesting question. I totally hold with the point Jamie just made about us being scrutinised more than any other politician. I have a number of publications, plus social media, et cetera, where I am held to account, as you would expect. It is entirely right, but the scrutiny process and the audit process allow local politicians to have their say as well. The scrutiny committee has been, at some stages, a forum for attacks rather than scrutinising the system.

Our scrutiny has improved. Our chairman is a good chairman now. She has done very, very well, but the scrutiny committee is still seen by many as a way of attacking politically, rather than questioning how better practice could be delivered. That is just me from the inside looking out, I suppose. I am very happy to be scrutinised. It is imperative. If you have the role of an elected major, without proper scrutiny you could go rogue and becoming unreachable. Scrutiny brings you back down into that responsibility for what you are trying to achieve. It is important to me that it is not used as a political football.

***Jamie Driscoll:*** Scrutiny in itself has a specific legal and governance function, but effective governance is the goal of scrutiny. The design of mayoral combined authorities is such that we are the only people who

have no choice over who is in our cabinet. If you are mayor of a local authority, you get to choose. If you are the Prime Minister, you get to choose. We have to work with the leaders and deputies of our constituent authorities. By nature, it is collaborative and everything we are doing is by co-design anyway with the business community, local authorities, universities, schools or whatever it might be, depending on the work programme. From that point of view, it is baked in that it is collaborative, open and transparent.

Q162 **Rachel Hopkins:** Other authorities have different models of scrutiny, such as the London Assembly or the West Yorkshire approach. They have three additional members elected to replicate the different political make-up of the authorities. Do you want to run through the strengths and weaknesses of these different systems with your experience as well?

***Jamie Driscoll:*** The London system is very, very different, in that the mayor there—it is Sadiq at the moment, but whoever it might be—in essence gets to appoint deputy mayors to do it, whereas our cabinet system is one that is given to us. I only have three local authorities at the moment. Perhaps that will get more complicated as it grows, but the relationship building is absolutely key to the role of mayor. That works, but it takes two to tango and perhaps I have been very lucky. Perhaps I am wonderfully charming. Who knows, but it is working in the north-east and I hope that it would continue to work if and when we expand.

I have read through the West Yorkshire deal. It strikes me as wonderfully ambitious but there are an awful lot of committees and an awful lot of people involved. I wonder whether you are going to get the engagement, because there is no point in having a committee if people turn up and have not read the papers. Let us be honest: scrutiny requires a significant amount of hard work. Done is better than perfect, in my view.

***James Palmer:*** The mayor model in London is the best example of getting the job done in many ways, I suppose. The ability of Sadiq to appoint deputy mayors and give them control over areas is the way that we should be looking at devolution across the country. When we started, I had seven portfolio holders from leaders of different councils. That did not work, really.

First, the way that our system is with our combined authority, the leaders are already hugely, hugely busy. If you are the leader of a unitary authority or a county council, it is a full-time job anyway. The combined authority then takes up significant portions of time on top of that. To expect one of those members to have a significant portfolio is not really realistic, if I am honest.

Secondly, we did move to creating committees for housing and for skills. That opens the debate to more individuals across Cambridgeshire. We have members from constituent councils who are not leaders but are on those committees. We have a transport committee as well. That creates a much better debate and more transparency, in my view. As well as the

scrutiny committee, we have our other committees. I would expect, if I am lucky or fortunate enough to be re-elected, I will also create a committee for finance.

As I said, the London mayor model where you can appoint individuals to certain areas is far and away the most eminently sensible way to do things. I would not expect to need the nine or 10 that Sadiq has. Three or four would be plenty in Cambridgeshire but it would produce better quality.

Q163 **Rachel Hopkins:** Building on what you have just said, the Centre for Public Scrutiny and the UK2017 Commission for enhancing the scrutiny of combined authorities have made a suggestion that local public accounts committees could be introduced. What do you think to that? Is that what you are referring to?

***James Palmer:*** I am not sure whether that would be entirely necessary. I would not be opposed to it. I am never opposed to scrutiny of any type, but it may be overdoing it. We have our audit and governance committee. It is robust. We are also externally audited, as you would expect. We are very, very confident and happy with the way the authority is shaping up through that scrutiny. I do not think it would need to go any further than that but, equally, other people look at these things from a wider perspective than I do. I am only really looking from within my own combined authority. I would have to look more closely at that to see what benefits it would bring and whether it would be tangible to bring that system in. I am open to new ideas at all times. I think it would be worth looking at.

***Jamie Driscoll:*** You would have to balance the benefits you are going to get against the cost and effort of implementing it. Exactly as with James, we have an audit and scrutiny committee. We have external auditors. We have just had ours signed off with a 100% clean value-for-money judgment on it. If you had the mayor being closer to the London model, and possibly various models across the world, where they had true executive power, yes, you would have to beef up scrutiny. We do not have anything like it. In fact, I have no executive power whatsoever. What would be the point of a public accounts committee to look at that? What would it actually be looking at?

Q164 **Rachel Hopkins:** To add to stuff you have already said, how are you embedding a culture of scrutiny in your combined authority?

***James Palmer:*** By moving away from individual portfolios into a committee system, that opens up decision-making to be scrutinised and public. That is very, very important. I attend scrutiny whenever I am asked. My staff are open to be interviewed, et cetera, and work very closely with scrutiny. It is significantly more important in a mayoral combined authority than in a standard council in many ways, because more decision-making is with fewer people. It is a hugely, hugely

important part of what we are doing and it is central to our openness and transparency objectives.

***Jamie Driscoll:*** As with all scrutiny, it works well if the relationships work well. I have a monthly hour-long conversation with the chair and vice-chair of Scrutiny. We have three functional large boards at the moment, our inclusive economy board, our housing and land board and our growth board, all of which have members from various constituent authorities as well as lots of co-partners. I do regular mayor's question times. Every week, I publish a video saying what I have done. It is things like that. Now, does that get to the nitty gritty? Is it forensic? No, but it is communicating with the people you represent.

Q165 **Mary Robinson:** I want to ask another question on scrutiny, regarding the political aspect of it. James, I was quite interested to hear you say that it is more like a political football and scrutiny could be attacking politically rather than getting to grips with any issues. Does it matter, then, just what the political make-up is of the combined local authorities? For instance, would the mayor of Greater Manchester with nine of the 10 local authorities being led by Labour, his own party, be more likely to have an easier time than somebody who was being scrutinised by other political parties? Is that a consideration?

***James Palmer:*** I would have thought very much so, yes. I cannot speak for Andy and nor would I purport to, so you would have to ask Andy that question in Manchester. I can only speak from the experience I have. We have a very politically balanced scrutiny committee and individuals will use it in the way they want to. They will use it either to scrutinise the work the combined authority is doing or to politically attack the individual who is in charge of the organisation. That is politics, I am afraid. You guys in Westminster are no different to local politicians in that aspect.

**Mary Robinson:** Yes, and of course it all depends who gets elected to all these positions.

***James Palmer:*** Of course.

Q166 **Mary Robinson:** To go on to additional powers and what additional powers you may want, the *Local Government Chronicle* has reported that Government have pulled back from their previous plans to level up powers across the existing combined authorities. Have you had any indication as to whether further powers would be available to you?

***James Palmer:*** Not really. We have fed into the devolution White Paper. I never looked at the levelling up of powers as being the most important thing. I thought the powers that are necessary for my individual authority were more important, rather than just having what Manchester has because that is what Manchester has. Manchester is an urban combined authority. Its needs are very different to the needs of the Cambridgeshire and Peterborough Combined Authority. Consequently, just a blanket levelling up is not really necessary.

I do not really want to use this as a forum to publicly say what I think is right for my authority, because I am a coalition of many councils. Although I am the mayor of the combined authority, I could easily say to you, "Well, I want health", and the leader of the county council would say, "No, you damn well do not". I have to be mindful of the political process that we are in.

Devolution has allowed us already to deliver projects in Cambridgeshire that were completely impossible to deliver and to do things in Cambridgeshire and Peterborough that the old system did not. I alluded to this before. That is because it allows for innovation. It allows for positive disruption. I proudly called myself a disruptor. That does not please everybody all the time, but sometimes you need disruption in the system to try to move things on in a progressive way.

There is massive scope for devolution to deliver far better politics in the UK. What I mean by that is that politics is only relevant if it improves people's lives. Everything else around politics is secondary, in my view. The only reason I am here in this Committee is because that is the ambition and drive I have had: to improve people's lives in the area I live in. Usually bureaucracy and politics get in the way of that. If you can slim down the bureaucracy and the politics, you can do better for the people.

***Jamie Driscoll:*** Perhaps similar to James, what I want is the tools to do the job. It is not altogether clear what devolution's purpose is. You can talk about economic growth. For me, I would translate economic growth, particularly in an inclusive economy, to eradicating poverty, for example. Is it also about delivering some public services on behalf of Whitehall because the closer you are to the ground, the better the quality of the decisions you are going to make? There is an element of both of those. For example, the latest further education one announced from central Government, the opportunity scheme, has now been centralised back into the Department for Education despite the fact that we all have devolved adult education budgets. To me, that is a bit crazy. Why would you devolve something and then centralise it the next wave out? That needs sorting out. We have all made the case for it.

For us, as I outlined earlier, we do need transport powers. Transport is a key part of anything that you are going to do in an area. By definition, it is place-based. You cannot have non-place-based transport. That is in line with the objective of coming together as a region.

Beyond that, it has to be those things that will make a difference. If we look at strategic road networks and Highways England, there is a scheme going down the western bypass in Newcastle that is going to cost between £140 million and £180 million. Its purpose is to go from two lanes to three lanes in the same space to reduce local traffic congestion. Why is that not integrated into local public transport provision?

That is the sort of thing we need, whether it is National Rail or Homes England. Where we, as taxpayers, are spending billions and billions

across the country, why can they not be integrated into proper regional plans? I do not want the power to control the regional strategic road network where it goes through the region. I want a mandatory duty to work together, to sign off even, as opposed to someone else I kind of have to consult with. As we all know, consultation requires good will. I am not saying there is any ill will but, simply because you are another person on the list to consult with, frequently you do not necessarily end up with joined-up schemes. It does not work for anybody.

Q167 **Mary Robinson:** You will be having conversations about additional powers, I assume, or at least you will be hoping to have them in the future. We took evidence about health devolution. Given that the model exists in Cornwall and in Greater Manchester, would you like a similar model and arrangement for your combined authority area?

***Jamie Driscoll:*** The short answer to that would be not yet. We have only been here 18 months. I have been mayor for 18 months. It is a very new organisation. Going back to the earlier question, that is where the framework for devolution comes in. If you have a deal, you are time limited and there is this temptation to grab everything. I would far rather say, "Can I have it when we have finished all of this and it is bedded down?", rather than take on too much and everything fail. Plus, we have some excellent hospitals in the north-east anyway.

Q168 **Mary Robinson:** The thinking is that devolution will be driven by you locally, not imposed from Government. That does fit. James, what is your view on extra powers and perhaps health as well?

***James Palmer:*** To deliver devolved health in Cambridgeshire would be achievable because it is pretty much coterminous with our boundaries. That is the first thing that makes life slightly easier if you want to do that. However, I do not think it would be possible within the governance structure of the combined authority as it sits. We would have to have a separate chief executive and almost a whole separate staffing system to allow that to happen.

What we are going to see from the Covid analysis, once we have moved through this horrible period that we are in, is that the health service will be restructured in some way, shape or form. We cannot be in a situation where we are perpetually in lockdown because of capacity issues within the NHS. We have been pouring money into the top of the NHS forever and it might well be that the system is the issue rather than the money. There is a long way to go on the health service and I do not think I would want to jump in now and say, "Well, this is what needs to be done", ahead of analysis from Covid.

One thing I would say about the health service, which is quite strange, to me anyway, is that the only political figure who is responsible for health is the Secretary of State for Health. It is either our biggest or our second-biggest spend nationally from Government, yet the political accountability locally or nationally is very, very minimal, bearing in mind

how much public money goes into it. It always made me smile as a local farming guy in East Anglia that, if you are elected to a local council, you are immediately then asked to go on to drainage boards to scrutinise the cost of drainage boards in the UK, but no politician is ever asked to go and scrutinise the spend or the way that the NHS works. I always think that is a strange anomaly.

Going back to your question, are we ready for it? No. Is there a way it could be done? Potentially, but it would need to fit in with a national restructuring and reimagining of the way the NHS works.

Q169 **Mary Robinson:** Staying with that interaction between the mayors, the local and the national, last year Greater Manchester wanted to paint zebra crossings without Belisha beacons against the objections of the Department for Transport. There have also been calls for London to set local allowances for housing benefits and a local minimum wage. There are examples of metro mayors wanting to exercise regulatory powers in their areas. Should you have those powers or would it lead to a postcode lottery in regulations? Jamie, you mentioned something about transport and highways that ties into this.

***James Palmer:*** I would not want to see combined authorities become councils and have similar powers to councils. There needs to be a separation. The job of a combined authority is to act in a strategic way to deliver across a wide geographical area and have a focus, as our devolution does, on business growth, job creation, education, attainment and housing delivery. That works well in that area.

I do not really want to become a quasi-county council or district council. There are defined roles. I would steer away from that kind of thinking but I will go back to an earlier point I made: there just needs to be clarity on what roles there are for these individual councils.

**Mary Robinson:** Jamie, would that appeal to you?

***Jamie Driscoll:*** Some would—that is the short answer—but it would depend what it was. For anything that involves the power to enforce the law, you have to be very careful about creating anything that is going to vary. You cannot have someone who, once they have travelled over the River Tyne, is facing a different legal framework all of a sudden. We manage perfectly fine when you go from Berwick to Scotland, by the way, so we can do these things. When most people are reasonably sensible, it never becomes an issue anyway.

On the specific example of the zebra crossings that the Greater Manchester walking and cycling commissioner advocated, that is the sort of thing where I think, "Yes, why not?" You are going to have to bring councils together. It is bad enough if you are going from England to Scotland, and you certainly do not want that when you are crossing the street, but that is the idea of a combined authority. It would require a governance model, which we already have, where they have to agree,

"Yes, we are all up for this", or it is not going to happen. That is the benefit of a combined authority because it allows you to do things on a scale where a local authority simply cannot. The leader of North Tyneside cannot suddenly talk to the leader of Newcastle and say, "I have this plan". There is no mechanism for that. There is no structure for it.

We do not want to end up with a race to the bottom. I would be very loth to accept anything that allowed incentivisation that eventually someone else was going to have to pick up the bill for.

Q170 **Paul Holmes:** Good evening, both. I wanted to start with a very generic question. We have heard this slightly in the earlier conversation, but would you support the devolution of tax powers to your authorities?

***James Palmer:*** Jamie jumped on to this train very early in the conversation. If you speak to any major, the only way you can really get proper devolution is through fiscal devolution. At the moment, for everything that we do, we have to go to teacher and ask if it can be done first. That means that the power is not really devolved at all. It means that the power is still within MHCLG in particular, because it holds our purse strings. Effectively, it can manipulate when we get any money or whether we get any more, et cetera. That makes it really difficult to plan ahead and to deliver across a wide remit of exceptional challenges. Fiscal devolution is key to successful devolution. I do not think you would find that any of the nine mayors in England would challenge that.

**Paul Holmes:** Jamie, I know you said something about it earlier. Did you want to add what you were going to say?

***Jamie Driscoll:*** Yes, I am quite happy to go on record to say there is no chance of devolution working unless fiscal devolution comes with it—none whatsoever. We are all in our early stages. We are all still enthusiastic. The press is still interested but, if we are here in 10 years' time, you will find that we are RDAs with an elected mayor. RDAs did not deliver what we need.

Tax-raising powers are part of fiscal devolution, but we need to be much more innovative about this. There are three things that we have already put forward for our CSR submission, one of which is the power to borrow at base rate for a regional wealth fund so that we can invest. When you invest in economic growth through small firms, you can embed things like good environmental and employment standards, and hit your economic and social outcomes at the same time. One is land value uplift. At the moment, for example, we are hopefully going to get the Northumberland line signed off with £180 million. The value of the land around it is going to go up by more than that. If we had had the power to put a charge on the amount of increase—so nobody is going to lose out—we could have funded that up front instead of waiting for 15 years, with all the economic and environmental benefits that go with it. That is a key power that we need.

We then seriously need something about invest-to-save and public service reform. We are hearing about changes in the Green Book but I do not think this is going to cover it. We know that obesity is going to cost £50 million a year by 2050. The best way to deal with that is better, more integrated, cheaper public transport but, at the moment, there is no mechanism where you can shift one to justify the other. These are the sorts of power that allow us to join things up in the local area that will make a difference to people's lives. Do you know what? It will not cost any more money because it will generate the wealth. It will generate the health that we need.

Q171 **Paul Holmes:** You just listed a few, Jamie. I just want to delve down into a couple of detailed sections. First, the Government have continued the 100% retention of business rates for combined authorities. We have heard concerns from some people that such retention entrenches regional inequalities. Do you support such retention?

***Jamie Driscoll:*** If you get anybody in private, they will admit that the current system is broken. I have never heard anybody say, "No, it works perfectly". We all know it was introduced in a hurry in the early 1990s as a temporary measure. The only way it is going to happen is if we separate land from property when it comes to, say, taxation of property, which is what we are talking about. As a result of being the centre of a global empire for 300 years, land values in London are massively high. Land values in the north-east are much lower so we should have a national flat redistribution of something like land. In order that there is that incentive and to make sure that we are making the best use of our land, we would have the land value tax aspect but you would say that local property taxes are up to you. "You get on. You decide. Work it into your regional spatial plan".

***James Palmer:*** I will just give you a clear example of where we could make a huge difference. In Cambridgeshire, we are planning a metro system. It is unique for a rural area with relatively small cities to deliver world-class public transport. It is seen as something that cannot be done. My view has always been that, because of the strength of the economy and the value of land in Cambridge and Cambridgeshire as a whole, we could raise that money almost entirely through the Cambridge economy. There is no doubt about that.

Jamie mentioned land value capture. We are working on a system of agricultural land at 10 times agricultural rate. If we buy that, we can use the uplift in value of that over the course of building out new towns to help pay for the metro system. The other way is tax incremental funding, which you will probably be aware from the Northern line extension, of course, but it is used extensively across the United States in particular. Tax incremental funding and ring-fencing the business rates over the growth of a 30-year to 40-year period would allow us to raise billions of pounds in finance in the Cambridge area alone.

At the moment, we cannot do either of those things because there is no fiscal devolution. I can go to Treasury and say, "I can build you an exceptional public transport system and the cost to the UK Treasury is going to be a base of maybe £150 million to £200 million. We can raise the rest of the finance locally". The system at the moment does not allow that to happen and that is a massive negative for the UK economy. Why should it be that every single transport scheme in the UK is paid for in its entirety by taxpayer money? It should surely be the other way round. it would be beneficial to everybody. I am talking about a £4 billion to £5 billion transport scheme that can be funded in Cambridgeshire. If you were to replicate that across the UK, it is just a different way, I know, but it is a better way of delivering.

Innovation has to come. The Government need to look at these opportunities, because these are massive opportunities that we have in this country to transform the way that we deliver major infrastructure. It is entirely achievable.

Q172 **Paul Holmes:** It has been suggested in the past that local councils in Wales would have an increased role in the new UK shared prosperity fund. What role do you think that combined authorities should have in this?

***James Palmer:*** It is something that we have discussed as mayors together. I know my fellow mayors are very keen on it. It makes perfect sense to devolve the UK prosperity fund into combined authorities and use that avenue to invest into the economy. As I said, in our situation we have the LEP as part of the CA. It allows us to make decision-making very close to the people and very quickly. It works really, really well. I would very much welcome that.

***Jamie Driscoll:*** Mine is essentially the same answer. We know that a lot of the European funds have had really quite onerous strictures on getting the money through the door. We have partnered with a number of things in order to provide the match so that the money can be spent. Just give it to elected mayors in their areas and make sure that other people get it in areas where there are not MCAs, of course, but just let us get on with it. We will actually get the stuff delivered more quickly.

Q173 **Paul Holmes:** Thank you—heard loud and clear. Mayors have been described as grant chasing. We were told earlier in this inquiry that there is bidding fatigue among mayors. The Government have just announced a new levelling-up fund, which has been much trailed after the spending review. What is the impact of this type of funding on long-term financial planning within combined authorities?

***Jamie Driscoll:*** That has hit on the No. 1 problem, which is the lack of the ability to plan strategically. It should not need any explanation that strategic planning is the foundation of better education, health, housing, transport and just about anything else you can name. To give you an example, think of the transforming cities fund. We, because we did not

have an MCA at the time, had to go through a bidding process that took about three years. The bid then came in and you have to spend it in three years. You do not know what is going to follow it. You cannot plan on that basis. If you add up the cost of all the bids, including the unsuccessful bids, the officer time and the strategic thinking time on these things, it is really expensive.

***James Palmer:*** I would use almost exactly the same words as Jamie has used. As I said earlier in the piece, you probably will not see a great deal of difference between our views on many, many things because, ultimately, it does not matter politically where you come from. You are finding the same barriers to delivering in the area that you need to. Just relying on grants from Treasury, which could be a lot or a little bit of money—you just do not know—does not allow you to set that strategic vision over a five, 10, 15, 20 or 30-year period. That leads back to that fiscal devolution point.

**Paul Holmes:** Thank you—what a harmonious section.

Q174 **Chair:** Just to challenge you both, you are not going to have to bid for grants from Treasury. Where are you going to get your money from?

***Jamie Driscoll:*** We should have the power to generate our own money.

Q175 **Chair:** How?

***Jamie Driscoll:*** That comes from the power to borrow at base rate so we can have a regional wealth fund that actually brings money back in, the power to do land value uplift and the power to do public service reform through invest-to-save. That is the basis for central, core, stable, long-term funding, and all the money that is already spent in our regions is weaved into the strategic plans, whether that is National Rail or Homes England.

***James Palmer:*** The only money the Treasury has is public money. It is individuals' taxation money. It would be the same, but just in a devolved way. We would be able to raise those taxations through current systems.

Q176 **Chair:** How?

***James Palmer:*** There is no reason why you could not devolve the way that income tax or business rates are taken. There is no limit to how you could do it. These things are all achievable, but it means a transition of power, effectively, into devolution.

There are mechanisms to allow for these things. I do not expect or want the combined authority in Cambridgeshire and Peterborough to replace Government by any stretch of the imagination. In the areas where we are active, if we are able to account for fiscal devolution over a period of delivery scale, our ability to impact positively on the UK economy will be absolutely massive. We have already seen, in our area, pre-Covid growth over and above the expected levels in Cambridgeshire because of the

interventions we have made. I expect that, with fiscal devolution, we will be able to perform even better for UK plc.

**Chair:** Thank you both very much indeed for coming to give evidence to the Committee this afternoon. That has been really helpful to us. There are some interesting ideas for us to think about and look at when we come to do our report eventually. Thank you both very much.

## Examination of witnesses

Witnesses: Amy Harhoff and David Williams.

Q177 **Chair:** We have two more witnesses here from local authorities. I should ask you to introduce yourselves.

***Amy Harhoff:*** Good afternoon, Chair. I am Amy Harhoff. I am the corporate director of regeneration and growth for Durham County Council.

***David Williams:*** I am David Williams. I am the Conservative leader of Hertfordshire County Council. I am also the chair of the County Councils Network.

Q178 **Mohammad Yasin:** How would you assess the impact of combined authorities and devolution deals on your area? In your view, are neighbouring places losing out?

***David Williams:*** I am the leader of a council and responsible for a geography that has a population of 1.2 million residents. We are the sixth-largest economy outside London. We had a GVA, pre-Covid, of over £40 billion a year. We have some real strengths in life sciences, film and entertainment, and advanced manufacturing.

I am very envious when I look to the south and see the Mayor of London, and then look up to the north-east, where I see James Palmer as the Mayor of the Cambridgeshire and Peterborough Combined Authority. I am very envious of the powers that they enjoy and am very concerned that authorities like mine can have those same powers. It is fundamental in providing local leadership that we have those powers across transport, skills, land and housing, public services, and potentially some fiscal freedoms as well.

***Amy Harhoff:*** In our case in County Durham, we are not under a mayoral devolution deal, albeit if we consider devolution in its broadest sense, and things like local growth funding and certain transport funding, we have been a beneficiary of those. In terms of how you measure the success, it comes to back to clearly asking and answering the question: what is devolution there to do? My take is that devolution is there to ensure delivery at the right level and on the right issues.

It is about asking and answering the question: what was devolution to achieve? Did we deliver more? Did we do more than we otherwise would have done at a local level than would have happened centrally? Were they the right things, and hence did they deliver the outcomes we were seeking to achieve? For example, where I am from in the north-east, did we start to close the significant output gaps that exist between us and the south of the country? Did we create more growth, more homes and more jobs as a consequence of that devolution?

Like David, we are of the clear view that, with more devolution, particularly in terms of long-term certainty of investment funds at a local level, we would certainly be able to do that. This is partly because of our track record and institutional fabric, but also because of the in-depth knowledge and ability that you have at a local level to drill down into the challenges and the opportunities that exist at your local authority level.

Q179 **Mohammad Yasin:** In your view, how has Covid affected the prospects of devolution?

***Amy Harhoff:*** It will be quite important, particularly when we look to the recovery of the pandemic, that we have the types of powers, but also the levels of funding equivalent to the challenge that has been created by the economic impacts of the pandemic. It will be incredibly important to have local control on those aspects, but also local certainty over the medium term.

In that regard, I welcome the funding that is currently available: things like the levelling-up funding, the towns funding or the various aspects that are out there from Government. A big push from our county would be to ask, "Could we do more by having those funds a little more collectively and having them devolved, rather than going through some of the competitive processes, particularly where they are targeted in quite a specific way at economic recovery and levelling up?"

***David Williams:*** Politically, there is a question mark now as to whether devolution has stalled. Before the last general election, the Conservative Party made very clear in its Queen's Speech in October that it wanted to bring forward a devolution White Paper. It was part of the manifesto and the second Queen's Speech. We were anticipating it in June, then September, then October. I am hoping that the devolution White Paper will come forward after the elections in May, but I am really concerned that the wind has been taken out of the Government's sails on this.

It is a bit of a challenge for some of our MPs locally, who tend to associate and affiliate to smaller geographies than we would see across a mayoral combined authority. My council could become a large unitary council as a stepping stone towards a mayoral combined authority or an elected leader model. I am concerned that that agenda has stalled. I am very keen that the Government pick it up again and deliver on their commitment to bring forward a local recovery and devolution White Paper in June. As Amy has said, a significant element of this is about local

recovery, economic growth and getting ourselves out of the challenges that Covid has brought to our local economies.

Q180 **Mohammad Yasin:** Amy, I know you have loads of experience of working with different local authorities. In your view, how should we evaluate the success of devolution?

***Amy Harhoff:*** First, we have to reflect that, although each deal tends to follow a broadly consistent menu of things, with the exception of Greater Manchester, which is a little different because of its health aspect, the nine areas are all different. They are different economically and geographically, from some very urban areas with quite monocentric geographies to some that have a very different economic outlook.

It is back to an analysis: what in the deals did those areas say they would achieve? Have they had the tools to achieve those things? How have they performed? That is the case in terms of the speed and pace of delivery, but also whether the projects have delivered against economic outcomes, transcended their economic trajectory and improved things for their residents, which is ultimately what they are there to do.

Q181 **Ian Byrne:** Have the Government changed their approach to devolution compared to the first round of negotiations back in 2015 to 2017?

***David Williams:*** It is difficult to know until we see the devolution White Paper, to be honest. I know that the Prime Minister and senior Ministers were very keen that devolution was the way forward. We are obviously familiar with the fact that the Prime Minister was a mayor himself. He recognises the importance of accountability and the elected mayoral model does provide a degree of accountability.

Who is the person you pick up the phone to if you want to speak to Liverpool City or Liverpool City Region? You and I, Ian, know the answer in both those cases. We need to wait until we see the devolution White Paper. I am concerned that the agenda has lost a degree of pace. Historically, this has been done on a deal-led basis and the message has been that there should be locally-led solutions.

Candidly, I would be happy if Government were just a little more directive about this to say, "We expect to see an elected leader or an elected mayor in Hertfordshire or the area to the north of London". I just wish that we were rather more directive about it.

Q182 **Ian Byrne:** David, just to interrupt, the LGA has said the engagement with ministerial Departments has fragmented since 2015. Just last week we had the Prime Minister saying devolution to Scotland was one of the biggest mistakes. There seems to have been a shift from the idea of devolution. That seems to be coming through as a narrative, certainly from the LGA and the Prime Minister's own mouth last week. Would you agree with that?

***David Williams:*** I will tell you after June, Ian, when we see the devolution White Paper. Rob Jenrick and Luke Hall are very committed to this agenda. It remains to be seen how committed the wider Conservative Party is to it, candidly.

**Ian Byrne:** Alright, that is fair enough. We will wait for the White Paper and see. That is fair play.

***Amy Harhoff:*** If you look back at the nine deals that are out there, there is a fairly set menu of what is available within the devolution deals themselves, with a bit of a specials board on the side where each area might have some nuanced aspects. For example, we have already mentioned Greater Manchester with health reform, which was quite a big difference. If I take the Leeds model, which is probably the most up to date, it has an aspect around culture, which is new, albeit it is a fairly modest part of the deal.

In answer to your question, it has remained fairly consistent. The unquantified bit of that is that the devolution deal is probably the first bit of devolution. What then happened subsequently, and differently at different levels, is the platform that happens with devolution, where those areas have perhaps been able to negotiate differently on different projects: things like the transforming cities funding or, most recently, the brownfield funding. It is a fairly consistent set of priorities that areas are given. Within those priorities, there is not always a lot of flexibility. When we look at the devolution of skills, it is quite a focused set of skills funding and there is not necessarily room for negotiation.

I agree that clarity on the White Paper is helpful. From my own perspective in local government, we are all very focused at the moment on the task at hand, of supporting the recovery and supporting on Covid. We welcome Government taking their time to get that right. We would also welcome engagement throughout that process with the local authorities so that that White Paper becomes a genuine consultation and a two-way process.

Q183 **Ian Byrne:** I will not ask you if the kickback from the mayors locally would have caused an issue regarding the Government's approach to devolution. I will not put you in that difficult position.

Would you support a framework for devolution or should every deal be bespoke? You have just touched on that, Amy.

***Amy Harhoff:*** We completely understand that, for practical reasons, Treasury needs to keep this in a manageable order. It is fair to have a set of consistent themes. However, given that the premise of devolution is about local leadership of economic growth and prosperity, the framework has to lend itself to that. Yes, there needs to be some flexibility. That flexibility probably needs expanding beyond that current menu that exists with Government.

***David Williams:*** The thing that keeps me awake at night is funding the infrastructure we need. I would focus on fiscal issues in relation to either land value capture or local CIL supplements. The powers that the mayor has in London, some of which I think Manchester has, can underpin the delivery of infrastructure locally, which at the moment is such a challenge to CIL funding, as you heard from your previous witnesses.

Q184 **Ian Byrne:** Should every council in an area have to agree to a proposed reorganisation or combined authority?

***David Williams:*** One of the stepping stones we need accept is that, in those areas where we have two-tier local government, it must be a requirement that you move to unitary local governments before moving towards a mayoral combined authority. James has it in Cambridgeshire. He has partially unitary, partially two-tier, and that to me is a difficult thing to manage. It was part of the issue over the summer that the Government were encouraging authorities in two-tier areas to think about and progress the unitary agenda. I share the view that that needs to happen first before you can consider either a local elected mayor model or a mayoral combined authority model.

***Amy Harhoff:*** I come from a council where we have been through unitisation. County Durham, just to put a context to the scale, has upward of 540,000 residents. It is a very rural county, but also has the well-known city centre of Durham.

It has ultimately been a positive for County Durham. It has allowed us to co-ordinate our economy and resources. We have just adopted a first unitised local plan where previously we had 12 district plans. That is incredibly helpful to manage planning, but also to give certainty and clarity to developers. I can only fairly speak from our perspective, which is that it has been a positive thing.

We always still have to respect social identities. While we are one council, we are the seventh-largest authority in the country. I am also clear that, if you are from Bishop Auckland or the city of Durham, you will see yourself as being from there. You can work with both things. That institutional fabric is different to cultural identity and we can manage both things.

Q185 **Chair:** I will probably ask David here because it is a political issue. You have some struggles going on about reorganisation or potential reorganisation. In order to reorganise, does every single council in the proposed area have to agree for reorganisation to go ahead?

***David Williams:*** It is not a technical requirement. At the moment, as you are probably aware, three areas are taking forward unitary proposals. Somerset and Cumbria are bringing forward their proposals. It is not a requirement that there is unanimous agreement in order for the Secretary of State to progress those if he wants to move towards a new unitary authority.

Q186 **Chair:** I agree that that is the technical issue. Is it the right position that reorganisation can go ahead with one council not being able to veto it, effectively?

***David Williams:*** Yes, absolutely.

**Chair:** Fair enough, thanks.

Q187 **Ian Levy:** Amy, in your opinion, does every part of England need devolution, or would it benefit from devolution? Should it be different in different areas, whether they are rural, coastal or urban?

***Amy Harhoff:*** It is a two-part answer from me. Every local area in England should have the opportunity to have funding and powers at the right level. Devolution, for the reasons that we have talked about around certainty of infrastructure and local autonomy, shows itself to have benefits. One challenge that we have at the moment is that devolution as a word is automatically associated with a particular set of constitutional arrangements. We should focus more on our institutional requirements to take those things forward.

In answer to your question, Ian, yes, on the right aspects, devolution is a good thing. It is not just about the power or the funding going locally, but it is about the longevity of funding, and securing investment and powers over the long term to give assurance to the market as well as to our own planning.

Q188 **Ian Levy:** Lovely, thank you very much. David, would you say that there is an appetite for devolution in areas that are closer to London?

***David Williams:*** Absolutely, yes. Just building on what Amy was saying, there may be alternative models to the mayoral combined authority. Elected leader is one model. To stick with large unitary councils is another model. I have to say that I feel very accountable as the leader of a large local authority myself. Government need to come to a view as to whether they want to replicate mayoral combined authorities across the whole of the country. There are other ways of skinning the cat, while still being able to devolve powers and have an appropriate level of accountability.

Q189 **Ian Levy:** You have kind of answered my next question. I was going to follow on with that and ask, "Should devolution deals require directly elected mayors?" You have kind of covered that.

***David Williams:*** There is an alternative approach, but that is for Government to decide. I would love for there to be some clarity one way or the other when we see the White Paper in June.

Q190 **Chair:** David, people have quite an affinity, very often, to historic county boundaries and district boundaries. Sometimes the economic realities are slightly different about where people live, where they work and travel-to-work areas. What should devolution be based on? Should it respect old historic boundaries or should it look at future economic links?

***David Williams:*** I would certainly start with the historic ceremonial boundaries. They are there, they are recognised and people understand them. To the north of the country, we have a number of city regions where there are cities that dominate the local economy. If I was thinking about an approach in the east midlands, I believe the local authorities have concluded that Derby and Derbyshire, Nottingham and Nottinghamshire, Leicester and Leicestershire would make a really powerful, strong east midlands combined authority. That combination of city and hinterland works very well.

When you look around London, in my own area, for instance, we have what I would describe as a polycentric settlement pattern. Nowhere is bigger than Watford, with a population of 90,000. You do not have the same pull in some of these areas. The ceremonial boundary might be more applicable. If I look to Paul's neck of the woods and down to Hampshire, I see Southampton and Portsmouth surrounded by Hampshire. It is very interesting to reflect on what the right approach there for devolution is, and whether you stick with Hampshire, and stick with Portsmouth and Southampton. You can argue it both ways depending on how the economic geography and the ceremonial boundaries work.

Q191 **Chair:** It is interesting that you mentioned Derbyshire there. There is a challenge there because the north of Derbyshire is adjacent to Sheffield. I look outside my window in Sheffield now and I look across to the villages in northern Derbyshire. People's links there economically are into Sheffield, not Derby. But Derbyshire got very upset when Chesterfield, for example, wanted to go into the Sheffield City Region. There are some real difficulties about how you get that right.

***David Williams:*** There are, yes. You may just have to make a call at the end of the day.

Q192 **Chair:** We have talked a bit about economic devolution and the changes that have come through the deals that have been done. But should there not be a wider sense of devolution to local government as a whole, just to existing authorities?

One area I think about has not been touched on at all. The previous panel talked about the Department for Education not really wanting to engage. Do you feel frustrated, as leader of a county council, that you have little influence over your education system now? The public thinks that you run it, but you have no control over academy schools. Are those not the sorts of responsibilities back to local government that you should be arguing for as part of a framework?

***David Williams:*** Education is fascinating. Primary schools are a bit different, but when I look at the secondary schools in Hertfordshire, and we have some of the best comprehensive schools in the country, by and large, those successful schools are flying. They have gone from strength to strength. The challenges are that there are some schools in deprived

areas that are maybe not as popular, and therefore are struggling with the funding that they receive. They may not be very attractive to a multi-academy trust. Those schools may be dealing with some of our most deprived children.

I wish I had a little more leverage when it comes to the schools in our more challenged areas. If I look at the really outstanding, successful schools in some of the more affluent areas, they are going from strength to strength. I suspect some would view a greater involvement by the county council as the dead hand of local government on those schools. It is a tricky one.

***Amy Harhoff:*** It is linked to the previous question as well. It is devolution of what and who is best placed. I am quite clear, when we talk about local regeneration and brownfield funding, that there is a very clear case as to why that should be done locally for all the reasons of local knowledge, administration and understanding of the area.

There are some more macro-level things. Clarity is needed on what is a requirement to fundamentally devolve power, finances and responsibility for a priority, and what is just a need to strengthen roles, arrangements and governance between us at a local level and central Government. Some reinvigoration of that would be welcome.

Q193 **Ian Byrne:** I was going to mention education. What David was saying then about some communities was heart-breaking. Covid has shone a light on inequality. Many of the communities, certainly in Liverpool, have not even had the ability to get a laptop. Other areas that are affluent are absolutely flying. There is a real quandary for the Government moving forward once we come out of Covid to make sure we can level up. I thought that devolution was all about levelling up. Let us hope there is a real focus on that.

The Government have extended the retention of business rates by combined authorities. Is this a policy you would wish to see applied more widely?

***Amy Harhoff:*** In part, that reflects the local geography. That works very well where you have quite high-performing businesses; that gives an opportunity to retain and invest that funding locally. It leaves a question for those areas that do not have them. Does that devolution come with the levers to ensure that those areas that do not have businesses that perform as well have alongside it the levers to improve the performance of their businesses, be that infrastructure investment or business support? I would flag that, in the context of Covid, we have seen where that has been a particular challenge for those areas. It is about each area making a decision that is best in its local context.

***David Williams:*** Like a lot of people, I am rather worried about business rates going forward. Local government embraced the retention of business rates, but a couple of years down the track we look at the

challenges being faced by retail on our high streets. Does local government want to pin its colours to that particular mast? I have my doubts now going forward.

The other thing that has to be said about devolution across the piece is the whole question of equalisation. I can raise a lot of money from council tax; Amy can raise rather less than I can. The same applies to business rates. There needs to be some sort of equalisation underpinning the funding of local government. We need to reflect regional differences.

Q194 **Ian Byrne:** That is an excellent answer, David. I could not sum that up better myself. It has been suggested that local councils in Wales would have an increased role in the new UK shared prosperity fund. What role should local authorities have in the delivery of the prosperity fund?

***David Williams:*** Local authorities or combined authorities should be the route by which that funding is provided. That may be done in conjunction with local enterprise partnerships. That is a decision that would need to be made locally.

I am very clear that Hertfordshire, which you might consider a very affluent county, has benefited from something like £60 million worth of European funding in recent years. Most of that has followed the mechanism that the funding has come from BEIS and MHCLG, but essentially the decisions have been taken by the local enterprise partnership. In a devolved world, or indeed with our existing structures, I believe that local councils should have a greater role in how that money is distributed.

***Amy Harhoff:*** I agree with David's point. I have to reflect that, as local authorities, we have the capacity. We have had the expertise over the last decade of doing this. It is absolutely right to keep that at the local level in the spirit of devolution and levelling up, to ensure that what comes from the UK prosperity fund for the areas is equivalent to the challenge that we face ahead of us around recovery, as well as our existing structural economic challenges in some areas.

Q195 **Chair:** Finally, do you want to continue to be the recipients of the largesse of the Treasury, or do you want the ability to raise more of your own resources? If so, how would you want to go about it?

***David Williams:*** As I said earlier, what particularly concerns me is funding infrastructure. As was mentioned with the previous witnesses, it has almost become the culture now that you constantly have to bid for different funding, whether councils or local enterprise partnerships are doing it. We constantly have to have shovel-ready projects. We are just keeping our fingers crossed that we get the opportunity to bid for various bits of funding, whether it is urban regeneration, a new bit of kit on the local road network or whatever.

Anything that puts more control over the resources needed to deliver that is highly desirable. We get into the space of land value capture, local CIL

rates and local CIL supplements. Those things can often be used to secure private sector funding, matched funding or, indeed, multiples of the public sector funding that you have secured for infrastructure.

***Amy Harhoff:*** I agree with David about the longevity. For me, it is two things. In some cases, it is about more certainty on national programmes. If I take County Durham and the example of improvements to our rail infrastructure on the Leamside line, I would not suggest that Durham County Council try to deliver that. Central rail industry has the capacity through Network Rail to deliver that. What we need is a commitment to those schemes.

Alongside that, we would welcome, through the funding coming forward in 2021, some more local control. We would also welcome that areas that do not currently have devolution deals associated with the mayor are not excluded from funding, particularly where it is brownfield and it should be area-based. It is about longevity and local controls where we can show our institutional capacity to deliver those.

**Chair:** Thank you both very much indeed for coming to give evidence to the Committee this afternoon. That is greatly appreciated and I am sure it will give us more material on which to base our report when we produce it in the new year. Thank you both very much.