HOUSE OF COMMONS

Public Administration and Constitutional Affairs Committee

Oral evidence: English Devolution, HC 825

Tuesday 2 February 2021

Ordered by the House of Commons to be published on 2 February 2021.

Watch the meeting

Members present: Mr William Wragg (Chair); Jackie Doyle-Price; Rachel Hopkins; Mr David Jones; David Mundell; Tom Randall; Karin Smyth; John Stevenson.

Questions 62-124

Witnesses

I: Councillor Sir Richard Leese, Chair of the Local Government Association's City Regions Board and Leader of Manchester City Council, Councillor David Williams, County Councils Network Chairman and Leader of Hertfordshire County Council, and Councillor Julian German, Britain's Leading Edge and Leader of Cornwall Council.

II: The Rt Hon. Lord Heseltine CH, and Professor John Denham, Director, Centre for English Identity and Politics, University of Southampton.

Written evidence from witnesses:

- Local Government Association
- Britain's Leading Edge
- County Councils Network
- Professor John Denham

Examination of witnesses

Witnesses: Councillor Sir Richard Leese, Councillor David Williams and Councillor Julian German.

Q62 **Chair:** Good morning and welcome to a hybrid public meeting of the Public Administration and Constitutional Affairs Committee. I am in a Committee Room in the Palace of Westminster with the small number of staff needed to facilitate the meeting—suitably socially distanced from one another, of course—and our witnesses and my colleagues are in their homes and offices across the country.

This evidence session is part of the Committee's inquiry into English devolution. We had hoped that the Government might have published their White Paper by this point, but we expect it in due course. I am very grateful to all our witnesses, who have given up their time today and who will no doubt give us the benefit of their insight. Could I ask those on the first panel to introduce themselves briefly, starting with Councillor Sir Richard Leese?

Councillor Sir Richard Leese: Thank you for the invitation, Chair. I am Richard Leese. I chair the Local Government Association City Regions Board. I am the leader of Manchester City Council and a deputy mayor of Greater Manchester Combined Authority. I think, in the context of today, I am the last remaining leader who was involved in the first Greater Manchester devolution agreement, which was signed with the Labour Government in 2009. I am also the last remaining leader who signed the devolution agreement with the coalition Government in 2014. I guess I'm a bit of a remnant in many ways, Chair.

Clearly, the key drivers over the next three to five years are going to be to continue to manage the covid-19 crisis and, hopefully, to move as rapidly as possible to recovery from that crisis. I believe that needs a new partnership between central Government and local government, and that should be based on bottom-up arrangements, not the current top-down arrangements. I will conclude my opening remarks there, Chair.

Councillor Williams: Good morning, Chair, and thank you for the invitation to join the Committee this morning. I am David Williams and I am the chairman of the County Councils Network, which is a special interest group of the Local Government Association and represents 36 county councils; 25 of those are two-tier areas, and 11 of them are unitary councils. I am also the leader of Hertfordshire County Council, which is a two-tier county area. In Hertfordshire, we have 10 district and borough councils in addition to the county council, and a population of 1.2 million, and we are a significant contributor to the UK economy, with a pre-covid gross value added of some £42 billion.

Councillor German: Thank you for inviting me to speak, Chair. I am Julian German, leader of Cornwall Council. Hopefully, you are aware of Cornwall's devolution deal. I am also chair of the Cornwall and Isles of Scilly Leadership Board, which is our governance structure in response to devolution. I am also representing Britain's Leading Edge, which is a grouping of 12 upper-tier authorities representing 8% of GVA—so it's equivalent to England's core cities—11% of the country's population and 44% of the land mass. Natural capital will be critical to delivering the green industrial revolution, and we need to see the requisite powers and resources to be able to deliver that on behalf of the UK Government.

Q63 **Chair:** Thank you very much. I will pose my first question to you in that order of introduction, so Sir Richard Leese first. Where would you say the decisions are made that most affect people in our area, if I may say that?

Councillor Sir Richard Leese: I think it is the case that decisions are made at a number of levels, and they range from the national through to the neighbourhood level and decisions by people operating on the ground. The concern I would have is the balance between those decisions. Far too many of the decisions are made in a relatively fragmented way in Whitehall—rather a long way from where I represent and where you represent, Chair. Not enough of the decisions are made locally, not enough of them are made in partnership and not enough of them are made in a joined-up way. The objective we want to pursue is not that everything should go to a local level; it is about making decisions at the right level. It is about having a partnership between national and local, and having a far more joined-up approach. Decisions are made at a number of levels, but at the moment the balance is wrong. Too many of them are made centrally, and not enough of them locally.

Chair: Thank you. Councillor Williams, what are your thoughts?

Councillor Williams: Yes, I fully support what Richard said there. Some very current examples would be the bids that local areas have made for the housing infrastructure fund. We have 100 town deals that the Government is pursuing, and all those decisions are being taken by MHCLG, rather than being taken locally. We had an example yesterday of a letter coming from DFT about on-street charging points. Again, it is really surprising that the Department for Transport should be directing the implementation of something that has a budget of £20 million nationally. There are lots of examples where too many decisions are being taken centrally, and a lot more could be taken locally.

Chair: Thank you. Councillor German?

Councillor German: We are one of the most centralised economies in the OECD. We see a huge disparity of wealth in our country, with the region of London having by far the highest wealth in Europe. Nine of the 10 poorest areas in western Europe are in our rural areas with no major cities.

We have seen evidence around public demand for more local control over decisions. The evaluation work done by Warwick Economics and Development on devolved institutions and institutional processes, which we hope the Government will soon publish, finished this time last year. It shows that 64% of Cornish residents believe that too many policy decisions affecting the area are made outside of it. Britain's Leading Edge as a whole includes some of the highest leave-voting areas in the Brexit referendum, making it clear that people want to take back control. They want to have a real stake in their local economies and local prosperity, and to have more influence over how decisions are made, so I truly hope that this is a stepping-stone to seeing more of that devolution.

Q64 **Chair:** Prompted by your answer, Councillor German, I will now go back in reverse order. Let's stay with you, because you mentioned the public demand. How well do you think people understand the governance arrangements, and what consent do they give? Do they understand where the decisions are made over the policies that directly affect their

lives and their neighbourhoods?

Councillor German: Again, there is more evidence in the Warwick Economics report on that, but we see through the Local Government Association consistent polling of people trusting and understanding local government much more than central Government. I think that is a strong lever for local leadership—place leadership—having the requisite powers to be able to deliver at local level.

Q65 **Chair:** Probing further, with those powers, how would you say the situation of responsibility and accountability lies in that context?

Councillor German: At the moment, we have too much power residing in the centre. Local accountability is held through our elections and scrutiny of all that we do. We can navel-gaze about devolution, as perhaps the country has been doing over the last 100 years, or we can get on and provide a better settlement to local places now, with the assurance that we have strong local leadership. A decade of austerity has meant that it has been very challenging for some local authorities to do all that they want to do, but we absolutely have seen innovation in local government—strong local leadership that can deliver for residents—and we can do so much more if we have the powers and resources to do so.

Chair: Thank you. Councillor Williams, your thoughts?

Councillor Williams: I very much share the view that too many decisions are taken centrally. In terms of residents understanding where decisions are made, when it comes to things like skills, public transport, and bus franchising I do not think it is clear that those decisions are actually made centrally and not made locally.

In two-tier areas, you have a particular lack of understanding in terms of whether lower-tier councils are responsible for various decisions or upper-tier councils have responsibility. Then we have this unique situation of the people services we deliver—I am thinking particularly about adult social care and children's services. Really only those people who are accessing those services get to understand where those decisions are being taken.

In terms of accountability, as the leader of a large county council with a leader-cabinet model, I have to say I feel acutely accountable for what goes on in my council. But, undoubtedly, that could be enhanced through a mayoral model or an elected leader model, which I have no doubt would provide an even greater sense of accountability.

Q66 **Chair:** Thank you. Sir Richard, your thoughts, perhaps being in the vanguard of these developments?

Councillor Sir Richard Leese: Perhaps I can echo something that Julian said in terms of survey work done by the Local Government Association—perhaps I shouldn't say this to this audience, but I will. There was a survey carried out late last year in terms of who people trust, and I'm afraid local government beat central Government four to one in that survey. But something that goes with that is that I often get the perception from local people that the council is responsible for everything

and that we have quite dictatorial powers in order to do things, as well. My perception is that there is a mismatch between what people believe and the actuality of where power lies. Like David, we have a leader-cabinet model, and if you were to look at social media, you would think at times that I was solely responsible for all the decisions of the council. I guess that that probably goes with most models—that there is a tendency to personalise decision making, or who makes decisions. Certainly, I would say there is a mismatch between what the public see and what the reality is, although, again, we know from survey evidence that what people want is more decisions to be made locally, and, frankly, that they are quite distrustful of what they see as a remote Westminster.

Q67 **Jackie Doyle-Price**: I have to say in response to Sir Richard Leese that, as Members of Parliament, we are often held accountable for everything that happens in our areas as well, and that probably does underline perhaps the lack of understanding about who is responsible for what, which has been raised in all your comments.

We are now at a stage where we have a real mishmash of structures in local government, and you all represent the various strands of that. I just want to probe what would make it more effective. Perhaps if I could start with Sir Richard Leese, because you are at a position where there is some established devolution as well as local government. What is ineffective about the current structure, from where you're sitting?

Councillor Sir Richard Leese: Can I first of all say that, in terms of perceptions, you are absolutely right, although all the survey work says that people by and large have a very high view of their own MPs—it's the rest of them they are not that keen on. I am sure you've seen that as well.

Really, the question comes down to the nub of what we wanted devolution to deliver. We wanted devolution to move away from isolated, siloed programmes that were not joined up or connected with each other, and that were driven by inputs rather than outcomes, and to move to a place-based approach where services are decided, particularly for those people in greatest need, around the people, their families and the areas they live in, where we are able to join services up in a different way.

In terms of health and care devolution, although it is a mixture of devolution and decentralisation, in reality in Greater Manchester we have been able to make a lot of progress in that neighbourhood approach to service delivery. There are some big things missing from that. The biggest single thing that's missing is post-19 skills and education linked to employment services. I am not saying that either the council or the combined authority needs to be delivering all of those things. It all needs to be devolved and delegated, but we do need to have the power to be able to join up at that neighbourhood level. So far, where we have got that level of devolution, over the past four or five years we have made an enormous amount of progress in being able to do that.

When I talk to council leaders from elsewhere—for example, about the response to the covid crisis—it is fairly clear that in Greater Manchester we

have been able to do things that other places can't do, because of that level of devolution. I have been to another Select Committee with the chief executive of Cornwall Council, who indicated that although they had been able to make a lot of progress in Cornwall, which is great, they would like to have had the powers that Greater Manchester has, because they believe they could have made more progress.

Q68 **Jackie Doyle-Price:** Just to challenge you on that, to what extent is that due to the fact that you have a greater degree of devolution, and to what extent is it down to the leadership of the individual characters who are the main players there? Personally, from where I sit, I think leadership skills are far more important than structures.

Councillor Sir Richard Leese: I think you're right. You can design the perfect structure, but if you have not got the right people, it will deliver nothing. I think you are absolutely right, but I think bad structures get in the way of being able to deliver. Even with good, effective leadership, if you haven't got the powers and resources, there is a limitation to what you can do.

I think that touches on something else. At a locality level, we spend a lot of time, effectively, mitigating the impacts of those one-size-fits-all programmes that come down from Whitehall. A current case over the last six months is the way that we have had to try and adapt Test and Trace, which should have been more localised in the first place to make it work more effectively.

Q69 **Jackie Doyle-Price:** Moving on to David Williams, you represent a structure of councils that has deep historical roots. Once you establish those structures, they become inelastic and perhaps not able to move with the times. There are some counties that probably still do work effectively and have a degree of community of interest, but others less so, and I say that as a Member of Parliament representing an Essex constituency, where there is a now very disparate set of interests. To what extent have counties had their day? Are they a suitable building block for unitaries? What is the best blend when we talk of top-tier authorities, as opposed to devolution?

Councillor Williams: I don't think one size fits all. There was a lot of discussion about local government reform last year as we went through the summer up until September. I would highlight two examples. One would be Lancashire, a large county council, but when you look at that area, there are two unitary councils, Blackpool on the Fylde coast and Blackburn with Darwen over in the east. The view that those authorities came to was that two-tier Lancashire county council and those two unitary councils should become three unitary councils in a mayoral combined authority model. Contrast that with Surrey, where there was a very clear view that with a population of some 1.2 million, it could become a very strong unitary council, with a leader-cabinet model, and that that should be the basis for devolution there.

There are different circumstances in different areas, but fundamentally this is about strong communities, economic growth and population health. Those are some of the fundamental drivers—shaping devolution in order to focus on those issues and to have local decision making in relation to them. Clearly, there should be strong partnership working with the police, health—and coterminosity helps with that across a county area—but that is the fundamental focus. From my perspective, so far there has been too much of a piecemeal approach to devolution, and too much focus on cities and urban areas. It is time for the White Paper to look more broadly across England, and hence the importance of this conversation this morning.

Q70 **Jackie Doyle-Price:** That is interesting. You highlight examples of where a strong local consensus could be achieved, but sometimes politics just isn't that convenient and easy to manage. Taking the example of Surrey, it would be much easier to establish a degree of consensus in such an area than one that is, shall we say, more electorally volatile. In those circumstances, how do you establish an effective form of governance as opposed to something that might be convenient to political parties?

Councillor Williams: I think it is a responsibility of Government to set some models, some standards and some frameworks, but within those frameworks, there is every possibility—there needs to a degree of consultation, and there may be alternate views. At the moment, MHCLG has invited devolution and local reorganisation bids from three areas in the country—Cumbria, North Yorkshire and Somerset. Different bodies in those areas are putting forward different proposals, and at the end of the day MHCLG will decide on which proposal to take forward and consult on. I think that provides a basis for, in essence, what we are talking about in this context, namely local government reform, but we should realise that that reform has an endgame, which is greater devolution and more local decision making.

Q71 **Jackie Doyle-Price:** Councillor German, what is your perspective?

Councillor German: You asked about leadership, and I think that is important. In Cornwall's case, we have the Cornwall and Isles of Scilly leadership board to deliver against their established devolution deal. It is a different model from Manchester's, but it brings together its MPs, the leadership of Cornwall Council and Council of the Isles of Scilly, a coterminous local enterprise partnership, a local nature partnership, clinical commissioning group and town and parish councils. There is a wide range of partners in that governance with a willingness to do our best for our region. I think that it is really important that we have that leadership and desire to improve the lot of the people of Cornwall and the Isles of Scilly. We have different challenges across the country and different opportunities, so it is right that we have different governance structures to respond to those which are appropriate to each place.

Q72 **Jackie Doyle-Price:** But how do we establish what is an effective governance structure? Who is the judge? Where you have strong political consensus, it becomes very straightforward, but some geographies make

that less easy to do.

Councillor German: We have a strong political consensus in that we all agree about what is right for Cornwall, but I lead a coalition administration that doesn't include the Conservatives, and all of our MPs are Conservative. There are mixed politics there, but that doesn't mean that we can't deliver effective leadership. I come back to the Warwick Economics study on institutional processes and governance. When that is published, I hope very soon, I believe that it will show that our model is just as effective as Manchester's. Different models can lead to effective governance, and that is an independent study commissioned by Government, so I hope that you will trust that.

Q73 **Jackie Doyle-Price:** Very quickly, I am going to come back to each of you. I am just trying to establish in my own head what the barriers are. You have all said, basically, "We don't want Whitehall dictating everything." You have all concluded that one size doesn't fit all, so the whole thing is a bit messy. I think that politics can get in the way of establishing locally what the right system of governance is, and ultimately I think what we are lacking here, in terms of really sorting this, is sufficient good leaders to make it happen. That is my view. Discuss. I just want quickly to establish from each of you what you think the main barriers are. As Councillor Williams put his hand up first, I am going to him first.

Councillor Williams: Let me just underscore, Jackie, the question of leadership. That is so important, and I do not want to spare any blushes, but Richard Leese and Howard Bernstein in Manchester have driven the city of Manchester over the last 20-odd years or so—post the Arndale explosion—and transformed the city. This is a long time before Andy Burnham became the Mayor of Greater Manchester. So there is an example, there, of some fantastic leadership.

In many respects I think what you are perhaps talking about, and what I would highlight, is: are there too many local authorities in England? We have 339 local authorities and I think the case for having fewer local authorities across England, having better leadership in those fewer local authorities, is absolutely key to this. If I look at Essex, for instance, we have a couple of unitary local authorities and I am sure there are issues between the county council and those unitary authorities. Thankfully in my own area we just have a simple two-tier system, but, candidly, in this day and age to have 11 local authorities representing the people of Hertfordshire I don't think is the most effective way of organising local government. So these two things need to be taken together: reform of local government, which I candidly feel is long overdue, and then the whole question of devolution and the leadership that goes with that.

Q74 **Jackie Doyle-Price:** That is an interesting point you just made. I am very happy with a unitary structure. I represent one of those unitary boroughs, but it is actually too small. What we have found is that the districts under Essex are even smaller, so it is just not an effective unit of governance at all, frankly. I would agree with you about that point.

Sir Richard Leese, you have just had a nice bigging-up of your reputation, there, and the importance of leadership, but what do you think are the barriers to getting effective governance?

Councillor Sir Richard Leese: I will put my hand up, Jackie, for two things which relate to this. One is, you say that politics get in the way: you are absolutely right. They can get in the way. It is worth bearing in mind that when the order was laid to establish the Greater Manchester Combined Authority—and it was laid by one of your witnesses in the next session—the political composition of Greater Manchester at that time was five Labour, three Liberal Democrat and two Conservative councils, but there was unanimity about the desire to have a combined authority, which was a good job, really, because by the time it came to finalising the order there was a coalition Government. It was laid by John Denham and signed by Eric Pickles in the end. But I think we were very much stronger for not only building a geographic consensus but also a cross-party political consensus. I think that stood us in good stead at the time.

The other thing I would say is about, I suppose, models. The inspiration for the Greater Manchester Combined Authority model—I say inspiration, because it is not a replica—was the French metros. So it was a model that was effectively designed for metropolitan areas. I think we ironed out some of the weaknesses of the French model as we designed the combined authority, but that means almost inevitably it is not going to be applicable in other areas. I think you have to design the models, the structures, for the sort of areas that you are operating within, and that has got to be driven by the things that you want to do. For us, the basic building block was what the economists would describe as the "functional economic area"—an approximation to the area of the real economy. Greater Manchester is only an approximation, because the things that we wanted devolution around were things like transport and skills, which operate on that sort of footprint.

Q75 **Jackie Doyle-Price:** Councillor German, to follow on from that, are functional economic areas always obvious?

Councillor German: I think NUTS 2 is a good indication. From a Cornwall and Isles of Scilly perspective, having NUTS 2 status—having our own local enterprise partnership—certainly gives clarity in our geography.

You asked about leadership of place, and I think that we can see not only some great examples of leadership during coronavirus from local government, but also a key reason why devolution is important. We have seen the ability to be able to respond to local needs during this crisis. Whether that is North Yorkshire's "Buy Local" or Cornwall's enhanced tracing, that local leadership and local delivery have really made a difference to residents.

One of the big challenges for local government—I think Sir Richard has referenced this already—is around the many different funding streams and having to continually bid in, quite often for reasonably small amounts of money. We are expending time and effort on that—sometimes it has been

successful, sometimes not—whereas if things like the UK shared prosperity fund was a seven or 10-year programme, we'd know what our resources were, and we could get on and deliver for local residents rather than working hand to mouth, not knowing whether we can actually carry on a project into future years. I think that clarity around funding streams, and the length of time of that funding, is really important for better local delivery.

Q76 **Karin Smyth:** Welcome to the panel. You have all talked, today and in your evidence, about the importance of "place", and we are keen to understand it more practically. We all understand the concept—my own background was in health service commissioning, and we were talking about this 15 years ago—but we are interested in what it means in practice, so could you describe to us what the approach to a governance that took account of place would look like?

Councillor German: Thank you for the question. I think on an approach to governance, we have already touched on the diversity in Cornwall, and bringing together all of those different leaders—leaders in different senses and in different areas of Cornwall and the Isles of Scilly—has helped to build strong delivery. We are fortunate to have a strong identity as a place. I think a number of counties do have that, but particularly in Cornwall the Government's recognition of our language and of national minority status under the Framework Convention for the Protection of National Minorities means that we have a particularly strong sense of place.

I was in a meeting with Baroness Vere, the Under Secretary of State for Transport, yesterday. She said that if all areas were like Cornwall, she would be a happy Minister. That is because of the bus franchising powers that we have—the only rural area to have one—and because people understand that geography makes sense as a functional economic area. Being able to bring bus operators together and ask, "How can we deliver better within this place?" has meant that, pre-covid, we were one of the few areas with growth in passenger numbers. So, that local governance structure really provides direct benefits to local residents.

Karin Smyth: Can I just check—those local leaders, are they elected, geographically local, councillors?

Councillor German: Yes. They are councillors from Cornwall and the Council of the Isles of Scilly, our elected MPs as well, but also non-elected people, such as the chairs of the local enterprise partnership, of the local nature partnership and of the clinical commissioning group.

Karin Smyth: Thank you. Councillor Williams?

Councillor Williams: For me, when we are thinking about place, it is about strong communities, about economic growth and about population health. One of the things that we have lost as a country is the ability to conduct strategic spatial planning. Our local plans at the moment are not strategic. They are not making those important decisions about where

housing is going to go and where employment is going to go, or about connectivity and the infrastructure needed.

Q77 **Karin Smyth:** Why is that?

Councillor Williams: It is something we have lost along the way. We had more of a regional approach to that during the 2000s, but when we got to 2010 to 2012, we had the national planning policy framework and the view that we would have bottom-up plans prepared by a local planning authority. One consequence of that, I am afraid, is that we do not have that strategic view.

Locally, in Hertfordshire, we have established a growth board, where we bring together all local government and our local enterprise partnership. We have been taking a more strategic spatial view, so you see industry sectors, transport corridors and those communities that could expand considerably in accommodating more growth, more houses. We really must get to that sort of position—

Q78 **Karin Smyth:** Sorry to interrupt, but can you do that, going against the legislation and the legislative framework? That sounds like what you are doing.

Councillor Williams: There is no statutory basis for that strategic spatial planning for the moment. We could do with that—

Q79 **Karin Smyth:** You would need that in order to put into practice what you are trying to do on the ground. Is that what you are saying?

Councillor Williams: For those areas that are two-tier county council areas, where you have—in my case, in Hertfordshire—10 local planning authorities, if you were to move towards a unitary structure for the whole of Hertfordshire, you would have a basis for planning that was far more strategic than we have at the moment. We are confined by boundaries, local planning authority boundaries. Some of those authorities are very tightly bounded, so with some growth outside the local planning authority area, you are into the duty to co-operate and you are not able to focus strategically.

Q80 **Karin Smyth:** Is it fair to say that, in order to deliver on the idea of place—which everybody seems to want to do, and for some time seems to be the way to go to enable this—something different has to happen at that strategic level, statutorily? Is that fair?

Councillor Williams: Yes.

Q81 **Karin Smyth:** Councillor Leese, do you want to add anything about the practical delivery of place?

Councillor Sir Richard Leese: If I could, because I probably come at it from a slightly different point of view. It is a journey we are on, it is built on programmes like the Troubled Families programme or the Working Well programme—particular to Greater Manchester—which are the sort of wraparound programmes that I was talking about earlier, and on a clear understanding that if we are to tackle population health and health

inequalities, over 80% of the interventions that we need to make are not health-and-care interventions, but a range of other activity.

On an evidence base, we came to the conclusion that, if we are to plan locally, our units of roughly 30,000 to 50,000 people are large enough for health and care to have block funding, rather than per-episode funding. That would give the sort of flexibility required to be able to do things in a different way.

As I say, it is a journey to a position in which in Manchester—this applies across Greater Manchester, but I will talk about Manchester—*[Inaudible]*—from the local care organisation—*[Inaudible]*—boundaries to the same boundaries, Greater Manchester police—*[Inaudible]*—other players—*[Inaudible]*—social landlords come within the sort of structures at that level. The aim is that, over a period of time, we develop, at that level, a fairly encompassing neighbourhood team that goes across a whole range of public services, but gives a single point, in which we ought to be able to design services that are wrapped around people, rather than programmes. So that's what I would describe as where we are on a place-based approach; we are doing it by population health.

Chair: We are going to up the pace slightly, so please do not feel the need to answer every single question. We will go to John Stevenson, please.

Q82 **John Stevenson:** Thank you, Chair. To some extent, we have already discussed the obstacles to reform and change. One comment was about the number of councils—I think it was 339—being a barrier and an obstacle to change.

One other comment, which has been made in evidence to this Committee, was that in England there do not appear to be clearly recognised administrative units that you could effectively create a reformed local government structure around. Councillor Williams, what, in your opinion, do you see as being the appropriate level of devolution in England?

Councillor Williams: There are a number of ways of looking at this: functional economic areas, the creation of new unitary councils, the grouping of unitary councils into some form of combined authority. At its basis, it is all about functional economic areas and the ability to do the spatial planning that I was talking about. Linked to what Richard was saying, often coterminosity with the police, health and other bodies would give you a local footprint.

Specifically, in relation to the move from two tier areas and the local government reorganisation that that would bring about, I feel very strongly that, in terms of creating new unitary councils, you should be looking at a minimum population of 300,000—indeed, there should be no upper limit on the size of new unitary councils.

Of course, that doesn't address the existing situation, as Jackie was highlighting in her geography, where you have got unitaries that are arguably too small, in order to—

Q83 **John Stevenson:** To summarise, you believe in unitarisation and larger councils.

Councillor Williams: Yes.

Q84 **John Stevenson:** Do you believe in a mayoral combined authority structure?

Councillor Williams: It depends. In Richard's area, in that city, urban environment, and in multiple local authorities, I think there is a clear argument for mayoral combined authorities. Using the example of Surrey, which I raised earlier, there is a strong case for continuation of the leader-cabinet model.

Councillor Sir Richard Leese: I think size does matter. There was a piece of work done in about 2007 or 2008, the sub-national review of economic development, which identified that you have to do things at the right spatial level, and that the right spatial level is different for different things.

If you look at the north of England, where you have a number of metropolitan combined authorities, we also have a statutory transport body, Transport for the North, because there is a recognition that for strategic transport you need to operate on a bigger footprint to effectively plan. That is an example of doing the right things at the right level.

Certainly from a metropolitan perspective, there was a recognition relatively early that if we were serious about Government devolving powers to us, then we needed a statutory framework that allowed for that. We picked the functional economic areas as the right boundaries for that, and Greater Manchester is an approximation of that. From 2006, we were arguing for a statutory body for Greater Manchester in order to be able to receive devolved powers from Government.

Q85 **John Stevenson:** We are not just talking about Manchester; we are talking about reform of the whole of England. Do you believe in unitarisation and in the mayoral combined authority structure?

Councillor Sir Richard Leese: I think the mayoral combined authority is appropriate for Greater Manchester. Not least, we wanted high-profile leadership.

Q86 **John Stevenson:** Sorry to interrupt. This is about England, not just about Manchester. Do you think that model works for England, if we were to reform it?

Councillor Sir Richard Leese: I would not necessarily seek to impose the same model across the whole of England. However, having a smaller number of simple units to which powers can be devolved, as David does, is

a prerequisite. If I was in a rural area, I would be arguing for larger unitaries, not the current two-tier system.

Councillor German: Cornwall became a unitary in 2009, and without a unitary council we wouldn't have achieved a devolution deal—we wouldn't have had the same conversations with Government—so I offer you that.

I certainly wouldn't support imposing one leadership model across the whole country. I have already talked about the different challenges and opportunities that different areas have, and we need to respond to that. For example, I understand that Cumbria is looking at two unitaries and then a combined authority. I think it has to be driven by place, rather than imposed by Government. As David said, if there are some frameworks that give guidance to places, that is probably helpful.

Q87 **John Stevenson:** As a general principle, would you agree with unitary councils?

Councillor German: I agree that functional economic areas are important.

Q88 **John Stevenson:** But do you believe in unitary councils?

Councillor German: I am not going to say that I want a particular governance structure imposed.

Q89 **John Stevenson:** Looking from where you are at the rest of the country, do you think the mayoral combined authority model is one that works—not necessarily across the whole country but certainly in places like, for example, Manchester, and, you could argue, Birmingham, Leeds and so on? Do you think that is a worthwhile model?

Councillor German: Yes, we can see that it is a model that can provide effective governance, but it is not the only model.

Q90 **Rachel Hopkins:** I just want to flag for the record that I am a sitting councillor and a vice-president of the LGA. I have quite a short question. To what extent do you think there needs to be legislative devolution as well as administrative and executive devolution?

Councillor Williams: Let me kick off, Rachel. I don't think it needs a great deal of legislative framework. I was hoping that the devolution White Paper, which the Government was aiming to launch last June, would be sufficient in terms of providing a framework under which local areas could arrive at the right answer for them.

I am pretty confident that it doesn't need a huge amount of legislation here, a commission or taking a number of years to resolve this. I think the problems are really well understood. From the discussions with Richard and Julian this morning, I think there are some very clear perspectives here. If the Government can bring those forward in its White Paper, I think we can move very quickly.

Councillor Sir Richard Leese: I have a very practical answer. In Greater Manchester, we wouldn't have had a combined authority if there had not

been primary legislation that allowed for the creation of combined authorities, and neither us nor Cornwall would have had bus reform if there had not been primary legislation that allowed franchising to be considered as an option. I think the evidence says that you need a legislative approach if you are going to have real devolution. Quick progress can be made prior to legislation in some areas, but without legislation devolution is left at the whim of Ministers, and I don't think that is an adequate place to be.

Councillor German: I agree with Sir Richard. It's not just about legislation or not; it is also about what Whitehall is doing. In terms of the rebalancing of central and local power partnership, it would be those changes within Whitehall—a single conversation with a place rather than departmental silos.

One of our frustrations as council leaders is having multiple conversations across Government Departments; if we had a single point of access across Government, that would be much more effective and efficient. I would welcome that change within Whitehall, as well.

Q91 **Rachel Hopkins:** Thank you. A point more towards Sir Richard: is there anything to add about what a legislative devolution would look like? We have touched on a few examples. Are there any other aspects? I will come back to the other witnesses.

Councillor Sir Richard Leese: I think there are two things we would look for. One of the things that the Local Government Association would very much like is some form of English replication of the Committee of the Regions or, indeed, a UK replication, broken into its constituent parts, where there is a statutory responsibility on Government to consult local government on the things that impact on it. That is one change we would like to see resulting from Brexit.

This does suggest to me the need for a new constitutional settlement between national and local government, which would enshrine that bottom-up arrangement. The starting point would be: where should decisions be made? I would argue for subsidiarity—that they be made at the lowest level possible. Rather than arguing about what should be devolved, we should be arguing about what should be centralised.

Councillor German: Again, I agree with Sir Richard. Politics is the art of the possible. We really need to be getting on quickly with recovery and renewal, and doing all that we can now—devolution now—rather than navel-gazing about what the right structure is.

In terms of legislation, if there were legislative appetite, I've got a document in front of me, "Devolution for One and All: Governance for Cornwall in the 21st century", which talks about the competencies of the Cornish Assembly and the Cornwall Office.

If there were a legislative will, then absolutely it should be about the principle of subsidiarity, what should stay in the centre rather than what we are going to have locally. If there were legislative will, then we could

fundamentally change the relationship. We haven't seen that will, so let us do all that we can without legislation.

Q92 **Rachel Hopkins:** David, do you have anything to add?

Councillor Williams: Legislation is important when it comes to specific things such as statutory spatial planning, for instance. We are going to face some changes in the health service, I expect, as a result of the consultation being progressed on integrated care systems, and that might require some specific legislation.

The focus should be on administrative and budgetary devolution. The Government can take that forward very quickly and significantly by getting the content of the White Paper right, in order to meet some of the objectives that we have all shared here. In particular, that means getting on as quickly as possible with the recovery of this nation post covid.

Chair: Thank you. We are going to put speed ahead of detail now, as we go over to Tom Randall.

Q93 **Tom Randall:** Thank you, Chair. We have talked about diversity of different models of Government. If we are going to have devolution of power in this country, it might be that certain parts of the country handle that better than others. Some will succeed relative to other areas and some will fail. Do you think that is desirable? Should it be allowed? Is there a will for that? Perhaps Councillor Williams could go first.

Councillor Williams: Tom, are you focusing on the different models between a mayoral combined authority approach and a leader-cabinet approach in a unitary council? There are some geographies that are sort of cheek by jowl: Northumberland and Tyneside, and County Durham. There is a mixture of urban and rural, which it might be quite difficult to put together into a combined authority. Some economic geographies are very different. We have obviously highlighted the real differences between the city region—*[Inaudible.]*

Rachel Hopkins: I think you have gone on mute.

Councillor Williams: I managed to mute myself.

I have highlighted the more polycentric areas, such as Surrey and Hertfordshire. So there are some differences, and we need to accommodate those differences.

Q94 **Tom Randall:** Councillor German, do you think some places will be able to manage that devolved power better than others?

Councillor German: Possibly so, but I think we have lots of scrutiny and on the whole, we are succeeding as local government. The challenge is the policy corridor of investment into the cities and the centre. The expectation is that innovation happens in the cities and what we need to do is to have the ability for everywhere to flourish to tackle those different challenges and opportunities. We should have minimum levels of requirements for service delivery, but if one area wants to focus on health

and one area wants to focus on income, then that is up to those particular areas.

Councillor Sir Richard Leese: You already have large numbers of national programmes that work in some areas and don't work in others. I think there is some evidence that if you do the same thing in different places, you don't get the same results. If we want a levelling-up of outcomes then I would argue that place-based devolution is a route to levelling-up of outcomes, not an obstacle to it.

You talked about success and failure. There is another issue, which is that of choice. It is what Julian was just talking about—that different areas will make different choices, and I think that is legitimate. But I would also add that at the end of this, it is also legitimate that central Government should have a residual power to intervene: the sort of circumstances, for example, that happened with children's services in Rotherham, and the financial position that Northamptonshire got into.

While I am an ardent supporter of devolution, I think residual power should remain. But it should allow different places to do things differently, even if the desired outcomes are the same.

Councillor Williams: May I add a point very quickly? I don't know if this is what you were getting at, but I think there is an issue that is always accepted in local government: that there is a need to redistribute incomes and to equalise. For instance, in my own authority, given the number of band D houses and more that I have got, I can raise more council tax than other parts of the country can. There are various mechanisms across local authority funding that deal with that equalisation and that redistribution. Inevitably, that will need to happen in the future as well.

Q95 **Mr Jones:** How should it be determined what competences are devolved and what are held at the centre? In other words, should there be a set of principles or a model that would determine what competences are devolved? Would you like to start, Councillor Williams?

Councillor Williams: Thank you, David. I think those should be the basis for a model here. Inevitably, we get to questions of scale and cross-cutting issues. Many transport questions are of such a scale. If I look at plans for Northern Rail across a whole region, those are questions that need to be done on a very different basis from some of the lower-order infrastructure questions, for instance, that cross my desk every day—the provision of new schools, new junctions and that sort of thing. That is a very real distinction that needs to be recognised, and there may be a part for regional bodies in helping Government with some of those decisions.

Inevitably, there will be questions of quantum in terms of investment, where really only Government can raise and access funding for housing infrastructure, but that should be at a very real scale. Ideally, you would want subsidiarity and the ability to take decisions at a local level. I think it is relatively easy for Government to decide where those inflections in decision making should be.

Q96 **Mr Jones:** Councillor Leese, has the LGA done any work on a model for deciding what powers should be devolved to local levels?

Councillor Sir Richard Leese: It has done some work and has looked at some quite specific areas. It has looked, for example, at the whole area of growth, regeneration and skills. In terms of adopting the LGA's "work local" plans, which would bring together employment and skills work at a local level, there is an exemplar of a medium-sized combined authority where they estimate that the fiscal benefit would be £280 million per annum, the economic benefit would be £420 million, and 8,500 people would come off benefits. Work has been done.

There is also a complexity to your question. Let me put it this way: in Greater Manchester, we are fairly clear that we do not want a navy of our own. We do think that skills should be wholly devolved, but in an area like health, where you have a whole range, from very specialist acute services to community health, it has to be the right mixture between national and local. That is why I said, in answer to your previous question, that we start off from the point of view of everything being done locally and then say, actually, it doesn't make any sense to do that locally. You go up in that order.

Q97 **Mr Jones:** Presumably the size of the authority would be a factor that would have to be considered?

Councillor Sir Richard Leese: I think that is absolutely the case. All three of us have said that size does matter and that, for certain things, there is a minimum size, which would evolve. David talked about 300,000 as a minimum size for a unitary authority. In my view, that would be far too small to devolve a skills budget to, for example. You then have to get to a bigger footprint. It also goes with that notion that you do different things on different footprints.

Mr Jones: Would you agree, Councillor German?

Councillor German: Yes. Three principles for me are subsidiarity, incrementalism and parity. We have already talked about subsidiarity. In terms of incrementalism, post-Brexit and post-covid, we need to take back control, we need to get on and deliver, and we need recovery and renewal. Five years ago, Sir Richard and I gave evidence to the House of Lords Constitution Committee on the Union and devolution, and there was the Kilbrandon Commission in 1968—all this wealth of discussion on devolution. We now need to get on and deliver it. I do not want to be in front of a Select Committee in five years' time talking about local government reorganisation.

On parity, which David talked about, the review of the Treasury Green Book should ensure that funding access is equal across the country and that there is equal distribution and opportunity. If everyone does not use all the powers available to them, that is up to them, but they should have the opportunity to use them all.

Chair: David Mundell with the final question, please.

Q98 **David Mundell:** Thank you, Chair. Do the panellists think that now is the time to have a commission—royal or otherwise—to look not just at those governance arrangements in England, but at how the devolved arrangements in Scotland, Wales and Northern Ireland actually fit in to the system?

Councillor Sir Richard Leese: If I could start, I will also echo what Julian said in answering the last question: if we were to have a royal commission, we would be back here in five years having the same conversation. We know enough—you know enough. Your reports and those of other Committees say enough, certainly in England, to be able to make progress with devolution rather than spend a lot more time thinking about it. That is a priority for me.

There might be questions about the overall relationship between devolution across the United Kingdom that may be legitimate to look at, but there is, in my view, a deficit in England left from devolution within the UK, and we need to get on with tackling that.

Councillor Williams: David, I would add that you can look back to the late '60s and early '70s and Redcliffe-Maud, where there was a commission, and its conclusion was that there should be 58 unitary authorities in England plus three metropolitan ones—Manchester, Liverpool and the West Midlands—and London. In all the time since then, we are now in a position where we still have 339 local authorities, many sub-scale, without the leadership, capacity and capabilities. I think we understand the issue very clearly, and we need to get on and deliver this, not least because it is so important now towards the economic recovery.

Councillor German: Briefly, I agree that we want to crack on. The idea of a commission around the future of the British Isles would be interesting. The intergovernmental dimensions and us as a small group of islands off a continent, facing challenges such as climate change, could be very thought provoking. With all the work that has been done on devolution in England, I don't see the need. If there were to be one, we would want to ensure that the leaders of peripheral areas of England have a voice.

Chair: Thank you very much indeed. I thank our first panel for their contribution this morning. They are welcome to stay for the remainder of our proceedings, but for now, thank you very much indeed.

Examination of witnesses

Witnesses: Lord Heseltine and Professor John Denham.

Q99 **Chair:** Without further ado, we move on to our second esteemed panel. First, would Lord Heseltine please introduce himself?

Lord Heseltine: Good morning. What a privilege to join your panel. I have listened to the last hour with fascination. I have been involved in this issue since I was No. 2 to Peter Walker coping with the Redcliffe-Maud report in 1968. When I heard all the things about a new commission, I shook my head with disbelief. We have a serious crisis facing the

country—short term, covid, long term, Brexit. We are administratively unsuited to cope with the huge challenge we face in the period ahead. Your Committee could make some very important decisions about what we need actually to do now.

Professor Denham: I am also delighted to be with you this morning. Forty years ago more or less, I was elected to Hampshire County Council. I spent 11 years as a county councillor, many years as an MP and 10 years as a Minister in the Labour Government. One of the last acts was probably to lay the orders for the Greater Manchester Combined Authority. More recently, I have been a visiting professor at Southampton University, where I look at English identity and politics. I am also the director of a regional think-tank for central and southern England, the Southern Policy Centre.

Q100 **Chair:** Thank you very much. We take it as read that you are firm advocates for English devolution and what that entails. May I begin with a question to Lord Heseltine as to what he perceives to be the current problems with local and devolved government systems in England?

Lord Heseltine: Turkeys don't vote for Christmas. Everybody is clinging on to the past structure that suits their careers, their experience and their way of working, and there simply is no will. The thing that is missing from this whole agenda is a Government that are prepared to govern, to take decisions and to implement decisions. There is nothing new; we know what needs to be done. It has all come out in the discussions we have had this morning. The precedents are there, most things have been tried. Some have succeeded. We need a Government that are determined to get the job done, and it is sad that, here we are, without a White Paper and no evidence of urgency in Whitehall. I hope your report will do something about it.

Professor Denham: I would like to highlight a part of the debate that rarely gets raised—the way that England, at a national level, is governed. There are many weaknesses there that directly cause the problems of devolution. First, not only, self-evidently, does England not have a Parliament, but I think most people would agree that English votes for English laws has not created any type of national forum for England.

Beneath that, there is no national machinery of government of England. Cabinet Ministers will sit in Cabinet, some with English responsibilities, some with English and Welsh, some with Union and, these days, some with British responsibilities but not Union responsibilities, which leads to a position where the central state does not really look at the government of England as a whole, but as a series of disconnected places.

That is one of the reasons Whitehall hangs on to power and is so reluctant to let go and send the signals out to local government that devolution is serious. We have had a lot of discussion this morning about structures in local government, but that is partly because the incentives to change are very weak when the instincts of central Government are to cling to power, for which they are really not very accountable at that national level.

Q101 **Chair:** Talking of Whitehall, that brings me neatly on to the second part of these opening questions. Lord Heseltine, you speak or write of "Whitehall's dead hand of centralism". What is the problem with the way that Whitehall operates?

Lord Heseltine: I agree with what John Denham was saying. The problem is that it is divided into baronies of power: the Ministers' careers go up the baronies, the civil servants live within the baronies, and the Treasury gives money to the baronies. It is not surprising that people cling on to that model of decision making. The fact that it is completely irrelevant to the unity of the individual economies that it is meant to be dealing with is very secondary to people who are faced with the thought that if they change it, it is their careers and pattern of work that will be undermined.

The only way you are going to change any of this, frankly, is a Government and a Prime Minister who have a majority and who want to get it done. You look back over the past 50 to 60 years and you can see that, without that central decision making, you do not get results. If you leave it to all the component parts of local government or the individual baronies of Whitehall, they all dig in for their own rather narrow and, frankly, selfish perspective.

Q102 **Chair:** John Denham, is there anything beyond that sense of self-interest of the centre?

Professor Denham: There are two habits of mind in the centre, which go beyond self-interest. One is that the centre assumes that the local probably cannot manage. So when it thinks about how to get something done, it thinks, "We will probably do it better if we do it ourselves."

The second problem is the centre does not now know how to deal with alternative centres of power. Even with the current mishmash of devolution, there are Mayors and council leaders who hold significant local power. Whitehall does not really know how to deal with people who legitimately have power in their own right—they have the same problem with the devolved nations, by the way.

We saw that during the covid pandemic, with the reluctance to trust local public health on test, track and trace, the real difficulties of dealing with the debate with the Mayor of Greater Manchester about lockdown support—where, ultimately, the Government conceded that amount of support, and more, once lockdown affected London—and the school meal boxes fiasco. I think there is a real problem in Whitehall that, instinctively, the machine always says, "We don't think they will manage. We think we will do it better than they will." That is pretty disastrous, and we've seen many examples of policy failing because of that.

Q103 **Chair:** Lord Heseltine, just briefly on this, when devolution was pursued in the late 1990s, it did so on the basis of different administrative structures. Without comparable structures in England, how can those powers and functions be most effectively devolved from Whitehall?

Lord Heseltine: You have to set up the structures that you think will be effective. The story of the 1990s, in which I was involved, and then what happened under David Cameron and George Osborne, when I still was deeply involved, is that we had to do deals. There was not a central Government majority that was prepared to take decisions, so we did the best we could. One of the leaders of constituents of Manchester summed it up in the House of Lords very articulately: "It was a deal. We did not particularly like Mayors, but we wanted the power, so we did a deal." That's what happened.

You've got a whole range of different arrangements, which were the art of the possible. You have some such as Manchester, which is conspicuously the best, in my view—Sir Richard Leese is an outstanding leader, and Howard Bernstein is an outstanding civil servant. But you have areas—Nottingham and Derby—where we still make no progress. You have areas—Newcastle—which are a joke, with the north of the Tyne now excluded from the south of the Tyne. How can you live with that? Solent—nothing. Plymouth—nothing. Great conurbations, but there was no deal that could be done. The Cornish situation is very interesting. We managed to get a unitary county, but we couldn't get to the Mayor, so it was, again, a botch.

The most interesting of them all was my experience in Scotland and Wales. In the 1990s, I wanted to go to unitary counties, but I hadn't got a majority in the House of Commons that would support that. But in Scotland and Wales, there weren't any Conservative councillors, so we went to unitary counties by prescription. There was not a great debate, this was the Government policy. Nobody in Scotland and Wales wants to bring back the districts.

In England, as David Williams very clearly said to you, you have some unitaries, you have some split unitaries in counties, and you have two-tier counties. It all goes back to Redcliffe-Maud's 62. That's a sensible appraisal of what we want. We've got 300 and something, and, when I got involved, there were 1,400.

Q104 **Chair:** It has certainly come down a little since then. Further to that, you described the situation in Cornwall as a botch. Is it not more horses for courses? Is the model the imperative consideration?

Lord Heseltine: No, I don't agree with that. Basically, there are two major structural reforms. The first is in Whitehall itself—without that, nothing will actually work and, secondly, you need a delivery unit.

The Redcliffe-Maud analysis broadly reflected two things. One was the critical identifiable economy, and that has been much referred to in evidence today. Secondly, where the difficulties of being very precise about the economy happened, you have got the residual counties. My judgment remains that the loyalties associated with a county go quite a long way to providing a viable solution, even if there is a slightly blurred economic reality behind it. The way to cope with that, in my view, given the urgency of the situation, is to get on with unitary counties and then to have a boundary process of review, which could take as long as it

appropriately should. What we don't want is to wait until all these things have been refined to the most precise detail before any decisions or actions are taken.

Professor Denham: If we look at the process of devolution what is very clear with Scotland and Wales, and indeed Northern Ireland, was that the focus was on devolution to democratically accountable bodies. If we look at what has happened in England, democracy did not come into it, so there was never a discussion about whether or not England should have needed some sort of democracy at national level. David Cameron's introduction of a very limited form of English votes for English laws did not come until after the Scottish referendum. In Labour, we never touched the issue of England, and the approach to regions was to set up structures that were not embedded in anything. The most significant thing Labour did when we came in was to build up John Major and Lord Heseltine's regional offices into very powerful organisations, and the coalition Government got rid of them within three months, with very little wailing and very little gnashing of teeth, because they had never become embodied in anybody's sense of identity or where they belonged.

I think we have to learn the lesson that what we do in future has to take due account of people's desire to have structures that they can relate to—not something that is purely technocratic or looks right from a Whitehall perspective, but a unit that means something to them and has real democratic power.

Lord Heseltine: If I may say something about that, that was very important, and I agree with John's analysis, but when I said a few minutes ago that we have to restructure Whitehall to make any sense of any change that is going to take place, one of the things we did in the '90s was to co-locate the offices of central Government in the regions. We all know that there are Department offices—such as housing and transport, for example, and various other Government Departments—that tend to be based in, say, Newcastle or Manchester. They were all in different offices, not co-located, so what we did, as a way of restructuring the presence of central Government, was to bring those offices into one building and to have one civil servant—a different civil servant in each of the Departments—as chair of the meeting. The point of that was that the local authorities, which we were encouraging to think in a more structured, locally devolved way, had one point of contact.

The Labour Government, as John said, then built that into RDAs, which my party did not approve of and got rid of. But the important step, which I believe to be as urgent today as it was when we addressed it in the '90s, was to bring together the outposts of central Government, so that the leaders of local authorities had one point to go to. If you are a leader today of a conurbation and you want to do an industrial strategy, you have probably got to make about nine phone calls to different Government Departments. There is no co-relationship, and when you look at these issues, I hope you will see that amongst the urgent reforms of central Government is a need to get itself in a position where it can talk to the

devolved authorities in England in a way that reflects their coherence, which is not represented by the Government's own approach.

Professor Denham: I agree with much of what Lord Heseltine has said, but I will highlight one problem, and that is that these were outposts of central Government, and much of the devolution process of the last 20 years, under all sorts of different Administrations, has actually been about finding ways of involving local stakeholders—local authorities, businesses and others—in delivering Whitehall priorities. Most of the city deals are deals because they start from a Whitehall set of priorities, and they look for common ground with local people. There is a very big difference between Whitehall finding better ways of getting its priorities delivered at local level and enabling local organisations to set their own priorities and do things differently. There is clearly an area of overlap, and that is where devolution deals work, but they are in principle two different processes.

Lord Heseltine: But John, surely they can be the same process. This is the important point. If you want to have a bottom-up approach, and I think you and I certainly do, those doing the bottom-up work have got to be able to more effectively converse and negotiate with central Government.

Professor Denham: You absolutely need to have that, I agree, but take parts of the social security system—not income maintenance, but the dynamic bits about getting people back into work and giving them the skills to get them into the right job. The centralised system as we have at the moment in DWP can't do that. To deliver devolution, you need to allow local people to do it differently, and not just administer it slightly differently. There is a difference philosophically and practically about how we go about doing this.

Lord Heseltine: I think we are very close to agreeing on this. I myself believe that DfE is a very indifferent Government Department and that skills and education should be much more effectively devolved to the local communities. After all, if you are going to have an industrial strategy and create wealth, the first question any investor asks is, "What's the labour skill? What's available for manpower that I can build on my investment?" Devolving skills and the responsibility for the quality of education to the sort of devolved authorities in England is critical, but it won't be an absolute devolution; there will be need for a discussion with the Department for Education, which should have its own representative, close to the areas of devolved English authorities. That meets exactly the points that you and I are arguing for.

Chair: Thank you very much indeed. We are going to explore all of those areas throughout the session. I go next to my colleague, John Stevenson.

Q105 **John Stevenson:** Thank you, Chair. First, I was very interested in Lord Heseltine's observations on the Redcliffe-Maud proposals, with which I have a lot of sympathy. My first question is to John Denham. There have been many approaches to local government reform over the past 40 years, from Redcliffe-Maud, the 1972 Act, to unitarisation, the north-east

referendum and so on. I think Lord Heseltine established the reasons why that reform has never come to anything. The real question to you is: why do you think it is the case that we have never managed to achieve proper reform, and how do we go about overcoming the resistance to that reform?

Professor Denham: There are probably four things. First, there is the unwillingness of the centre to let go; that is the consistent factor. Secondly, and here I will probably disagree with Lord Heseltine, there is an over-obsession with getting the structures right and saying "We've got to get the structures right, and then we will devolve." That becomes a reason for delay. Certainly under the Labour Government, and I'm going back a bit now, the north-east assembly was not brought forward earlier because there was a big debate in Government about getting the structures right first. Actually, all the momentum was lost. I am much more relaxed about empowering the structures that we have got and incentivising local people to sort them out than others would be, having listened to the discussion earlier on today.

Thirdly, there is a failure to involve the public. England is the only part of the Union not to have had a debate on how it is governed at local or national level, or had a referendum in the past 20 years. There is very little public debate; these are all quite elite debates. If you go back to the north-east assembly, it might have been designed by some north-east politicians, but it certainly wasn't designed by the people of the north-east in order to ask them how they wished to be governed. Very often, we try to set up things that are not rooted in local communities.

The final issue is not just the unwillingness to let go at the centre, but arbitrary decision making. I am less concerned that there is a mishmash of powers across England than I am about the fact that nobody can explain why that is so. I do not understand why Manchester has powers over health and partnership over health that the West Midlands does not have. So, at the centre there is an unwillingness to let go and arbitrary capricious decision making; an obsession with getting the structures right and using that as a reason to delay; and a failure to engage the public. All those factors are there in every single delayed or failed reform that we have seen.

Q106 **John Stevenson:** Do you think, fundamentally, there is no appetite in either of the two main political parties for reform?

Professor Denham: I think that both parties put into Westminster many people whose initial instinct is to say, "I want to go to Westminster to run things." I don't think many parties produce many Members of Parliament who genuinely go into Westminster saying, "I want to devolve power." It is part of the culture of our political system, and then of course it is reinforced by the whole system of the media and ministerial accountability. Once you are in Whitehall sat beside a desk, it is you the press are hounding, saying, "Why did that go wrong? Why did that happen?" There is a real problem in our political culture, and there needs to be a very strong Government that is willing to challenge it.

Q107 **John Stevenson:** Lord Heseltine, the Redcliffe-Maud proposals would have become law had the Labour party won the '70 election, so there was clearly an appetite then for fundamental reform. You have highlighted that you need a Prime Minister with a strong majority in Parliament to achieve reform now. We have that. Why can't we get reform to happen?

Lord Heseltine: Well, ask them.

Q108 **John Stevenson:** We will in due course. I'm asking you why you don't think there is an appetite there.

Lord Heseltine: The answer is that it is completely indefensible. They should be getting on with it. That's the point.

There is something on Johnson with which I think I can help a bit. He said that he can't understand why Manchester got so many powers that others didn't get. I can tell you exactly why that happened. It was because of the suspicion of local government in Whitehall, which is very deep—with some good cause, it has to be said—that George Osborne was prepared to move where he saw credible leadership. The combination of Richard Leese and Howard Bernstein was more than credible; it was extremely good. George was persuaded, unlike virtually any Chancellor that I know, to go down the devolution route, but—this is where John and I haven't reached agreement yet—there was leadership.

You have seen what has happened in Leeds, Sheffield and Newcastle: it has taken an age to make progress, and only partial progress then. They can't agree about Yorkshire; we all know that. You need a structure and leaders, and John and I agree that the quality of leadership outside London is not good enough. That is one of the partial arguments for paying properly elected mayors that everybody can identify with, and then with structure and leadership you can devolve. My whole experience in Liverpool, which was transformational for me, was how absent the local leadership situation was at that time.

Q109 **John Stevenson:** Do you not think this is a chicken-and-egg situation? Until such time as we have a leader to whom central Government will give any powers, central Government won't give any powers because the local leadership isn't there?

Lord Heseltine: That's a fair point, and it reflects one of the realities. My view is that if you create the structure and the position of leadership, quite rapidly—not overnight—democracy will produce the leaders to fit that role. Certainly, we have Ben Houchen, Andy Street and Andy Burnham—outstanding leaders, in my view, who have come up in the mayoral system.

Q110 **Jackie Doyle-Price:** One of the things that we have been told is that there are essentially very different views in the Conservative and Labour parties about England and how it should be governed, and they seem to be reinforced once the parties enter government. Do you think that we are not going to get anywhere on this until we establish some common ground between the main political parties? If so, how do we arrive at

that?

Lord Heseltine: I was fascinated to see my old friend Richard Leese on your Committee, because I have worked with him for decades. When the bomb outrage took place in Manchester, I was involved as the Government Minister. I went to Manchester, and it took Richard and me about half a morning to agree what we were going to do. From endless experiences, I can say—neither party will like me saying this—that party politics is much less important behind the closed doors of decision making locally than the public declarations that political parties demand when you come out of the meetings. I have spent a privileged life working with Conservative, Liberal and Labour leaders on local issues. I know perfectly well that, in terms of the benefits to the public, these things can work, but of course there is the party clash, and the media. What you say when you come out of the meeting has to be geared to what your supporters want you to say, and the media want the headline. This is democracy. We can't get rid of this. Let's be big and brave about it.

Professor Denham: One of the things that might bring about the fresh look that you are seeking is the state of the Union. As people look at the state of the Union, you cannot any longer say it is not just about Scotland, Wales and Northern Ireland. It is about how England is governed, and I think that both parties need a fresh look. Traditionally, the Conservative party is a Unionist party. England tended to regard the Union as the expression of England's extended interests. It was never terribly interested in how England was governed. Labour regarded itself as the party of the industrial and mining areas of the country, which tended to mean it saw itself as being Welsh, Scottish, industrial England, but was rather suspicious of England as a bit too conservative. I think that led the Conservatives to be a bit neglectful about England. Labour's preference for regionalism was always about stopping England having a voice of its own, which it always worried would be too conservative.

I think in a sense both of those political traditions have run their course if we want to sort the Union out and keep a Union, which is what I want to do. Secondly, I think the creation of Mayors will change the dynamics. I knew Andy Street in his previous life at John Lewis. I don't know him in his current role. I would guess that Andy Burnham and Andy Street have much more similar views about how England should be governed in the future than you would guess from the two parties in Westminster, because they are both Mayors leading major metropolitan areas. Their language and demeanour might be different—Lord Heseltine probably knows because he knows them both—but I suspect they would share quite a consensus view on how England should be governed, and we need to find ways to get that into the political debate.

Lord Heseltine: John, you are absolutely right. Those two gentlemen, whom I do know well and worked closely with, commissioned me to produce a report called "Empowering English Cities". It was produced for the six Mayors, as there were then, and it listed their ambitions and their requirements. The whole thing was an agenda agreed by the Mayors, which absolutely demonstrates your point.

One of the reasons I believe so strongly in the mayoral system is because, frankly, the polarisation of party politics is not helpful in rebuilding cities. You only have to look at the natural constituency from which the Labour party and the Conservative party come to realise how very easy it is for doctrinal division to dominate the debate. One thing that I found in Liverpool—it started, but it went on long after—is that the two sides did not really talk. They shouted at each other, at the top of mountains, abuse and dogma—"Get off our backs", "Set the people free", and "Cut taxes", and "Get rid of civil servants", and all those sorts of things. What I did was to put money on the table and say, "You have to agree, both public and private sector, how you are going to spend it, or you will not get it." So they stopped shouting at each other and had a drink, and they became Bill and Ben. It was not a very complicated process. They simply had to agree in order to get the money.

That was tiny experiments in Liverpool, but it went on to the single pot under George Osborne, where we had £12 billion, with £2 billion a year over six years, when not just the local authorities and the business world but the stakeholders locally had to agree the plans that were being put forward. Of course, the central need now in the restructuring of Whitehall is to put the money on the table and to encourage competitive bidding from the conurbation authorities.

Q111 **Jackie Doyle-Price:** That raises an interesting question about how you use financial accountability to drive good behaviour, but back to the issue of ensuring that England is properly represented going forwards, I think you are right about the threats to the Union, John Denham. One of the reasons for that is that you have a sense of place about Scotland and Wales, but obviously that is lacking in England. We haven't quite found the way of bringing those regional leaders to speak collectively as a voice for England. To what extent do we collectively, as a political establishment, need to be a bit more adventurous about encouraging that?

Lord Heseltine: I think it is very important that there should be a meeting of Government with the Mayors.

Q112 **Jackie Doyle-Price:** Would you agree, John?

Professor Denham: I would extend it beyond the Mayors. I am one of those who was very sceptical about Mayors, and I am now impressed by what a number of them have done. I am still reluctant to say that we should have them everywhere.

Listening to your earlier panel, it seemed to me that you had three councillors, who happened to be from different parties, representing three very different parts and types of England, but they had some common principles and some different perspectives. I would say that we shouldn't just talk to the Mayors; we should talk to people who are clearly legitimate leaders of England's localities from across England. I don't think we are going to end up with the same model of local leadership in every part of

England, because they are so different. What we do need to do is to make sure that everybody has a voice.

I would take this beyond public service delivery and the things that we have talked about largely today. There are some massive challenges, like the zero-carbon economy and building a post-Brexit economy, that can't be left either to the centre or the localities. They can't be left to Conservative, Labour or Liberal Democrat. We have to have a style of Government in England where Government gets together with the localities and says, "How are we going to deliver this together?"

What is the role of powers that are given to local government? What is the role of central Government in incentivising activities, as Lord Heseltine has been talking about? That has got to be thrashed out in a serious, grown-up discussion. It can't be for Whitehall to design a system it thinks will work.

Lord Heseltine: I think it is worth saying, John, that I can't think of an advanced economy in the world, like ours, that doesn't rely on devolved authority and directly elected Mayors in charge. I can't think of a single country that doesn't have that policy across the whole of its economic face.

Q113 **Rachel Hopkins:** We have heard that under the current arrangements, people in England have a low sense of political efficacy. People feel their voice is not listened to and no one cares what they think, compared to people in devolved nations and other countries. Do you think that is a problem? If so, how can it be addressed?

Professor Denham: Yes, it is a serious problem. Something between a half and two-thirds of voters say that no political party properly represents their views. That is a wider political challenge about how well the political parties represent people, but there is quite a lot of evidence that this feeling is strongest in places that are more economically peripheral, are furthest from London or are the people who have had the worst of economic and social change. These are often places where people are more English than British, most dissatisfied with the way England is governed, most likely to vote Brexit.

It is really interesting that a large part of what they talk about, when you get into what's not working, is about the high street, local facilities and local jobs—the feeling that they can't influence their local area. Making devolution work, not just for the big strategic issues of economic reconstruction, but empowering people in local communities to tackle the issues that are important to them, is critical in doing this, because 80% of people, I'm afraid, say they think that people in Westminster don't understand where they live. That may not be a judgment on their MP, but it is a judgment on the system. That level of disillusionment and sense that you can't change things is democratically quite dangerous.

Lord Heseltine: I think they're right. I have written enough reports about individual parts of the economy—the Tees Valley and Merseyside, for

example—to know that if you go to these places, and you sit and talk, or walk around, you see great areas of deprivation. Everyone knows where they are. They are the no-go areas. They are the places that anyone who can afford to move moves out of, leaving behind a vicious circle of decline. They are all over the place. We know what to do about them because we have proved time and again, with the development corporations and the City Challenge, that we can grip these areas and transform them. But the truth is that we don't do it. I have no doubt about why people feel disenchanted. They see a fragmented system with nobody in charge. There is a terrible report by Ofsted about education north of the midlands—there is an acceptance of indifference in the inspector's report, and it is true.

Q114 **Rachel Hopkins:** That is very interesting. Building on some of those thoughts, devolution in England has tended to have an economic and technocratic focus, compared with the democratic focus in other nations. John, you said something about it being a unit that means something and has real democratic power. Do you think there now needs to be a focus on democratic reform and devolution in England?

Professor Denham: Yes, I do. In Wales and Scotland, the whole debate was about identity, democracy and sovereignty; in England, it has always been about technocratic delivery. What we do has to work technocratically—it has to deliver the economic growth—but we need at local level to have a much wider discussion about how people want to be governed and where they want power to lie. Is the body that is being created going to represent them? We know that part of the problem of the focus on cities has been peripheral areas that are not cities. They don't feel that they have stake, and they don't necessarily get trickle-down benefits from effective city growth.

Asking people how they wish to be governed has to be a key part of this process. That is why I am resistant to over-emphasis on things such as functional market areas, which work in some places, but in some areas cut across areas that people identify with. Let's have a principle of people being democratically governed in the way they want to be governed. I am actually confident that people will come up with sensible responses to that question. I think that if people are empowered, they will be less resistant to change in the structure of their local councils or whatever, which we sometimes assume. If it is imposed on them, they will hate it.

Lord Heseltine: Well, John, I worry about that—

Professor Denham: I know.

Lord Heseltine: —because what are we going to learn? We are going to have an endless consultation and a million different views, and nothing happens. The scale of the challenge facing this country, and the urgency of it, just does not permit yet another five years, a general election and perhaps a change of Government. Then we have to do it all over again. We have been through this for 50 years.

Professor Denham: I wouldn't want a process where we said, "Do nothing." We can move ahead with many changes—there have been lots of changes over the last five or 10 years. I think we can understand that there has been a flaw in the way that many of those changes have been brought about, because the process has been too top-down. I don't think we need to delay things while we make changes that are needed or while powers are devolved, but if powers are going to be ceded from central Government to local government, asking people at local level—not just once, but over time—how those should be best exercised will make the outcomes better and more likely to work, because people will believe in them. Take the arguments about two-tier authorities. Clearly, as a former Secretary of State, I completely understand the arguments about efficiency, scale and all the rest of it. It is quite hard for central Government to say, "We are now going to empower the people. The first step in empowering the people is to remove your local council and remove decision making a long way away from home." Even if objectively you can see that there is a case for doing that, it actually causes more problems. I think it is better to let the local debate take those changes forward where they are needed.

Lord Heseltine: I did a survey of one of the general election results, to see whether there was any difference in the swings between Labour and Conservative where there were unitary and two-tier counties. You could not put a cigarette paper between the two results. There was absolutely no change in perception as to what had happened. What I do think is that in devolution to the devolved authorities—Scotland, Wales and Northern Ireland—actually there has been too much replication of Whitehall: devolution to Edinburgh, Cardiff and Belfast. If was in Wales, for example, I would be arguing today for five authorities—Cardiff, Swansea, Mid Wales, North Wales and Pembrokeshire, which I think would be much more reflective of what people actually feel about themselves in that area. Anyway, that is something outside your remit or mine.

Chair: Indeed.

Q115 **Karin Smyth:** We wanted to talk about dividing up England, and the lack of recognised administrative units, which I think we have touched on—perhaps to flesh out some of that. We heard earlier about the importance of place and representation, particularly from Cornwall, of elected officials, local councillors, and how important that was, bringing that place together and building up interest on the ground. I am in Bristol. We have three Mayors. We have a Lord Mayor, ceremonially, we have a city Mayor and we have a regional Mayor for part of the region. So we are not short of elected single male officials whom we hold accountable, but my question is really—John, you touched on this, and Lord Heseltine, I am going to challenge you—about how an elected, single male figure that the Government can talk to is representative of place and can account for what you called earlier, Lord Heseltine, those doctrinal, dogmatic differences of politics, which we all have to live with.

Lord Heseltine: You have highlighted one of the anomalies of the whole botched process, where we do have, in some areas, three Mayors. That

was never quite the intention. I don't think the Lord Mayor is regarded as accountable, frankly, but there is no doubt at all that the city Mayor and the conurbation Mayor are in a curious position. The same situation exists in Liverpool, as we know. I think there is a question as to what we should do about that. I think probably, if you are going to have conurbation authorities, you probably have to accept that it may happen.

Q116 **Karin Smyth:** We have talked a lot about good leaders, Lord Heseltine. How do we grow these good leaders without empowering local councillors?

Lord Heseltine: Well, you trust the democratic process. I think I mentioned the fact that, certainly, Ben Houchen, Andy Street and various others have come forward in the new mayoral process. Andy Burnham is a very interesting example—Dan Jarvis, Steve Rotheram: MPs who have seen the job as more exciting than the career in Westminster. I strongly encourage that process. But this is all so much in early days. It seems to me I can't think of a much better job in politics than to be the Mayor of one of England's great cities; or—I know it is slightly pie in the sky—what about being Mayor of Greater Yorkshire? You would be a world figure. The brand, Yorkshire, is just so exciting as a concept, for sporting achievements, for industrial achievements—all sorts of things; but Yorkshire can't agree about how to do it.

Professor Denham: I think history actually records that One Yorkshire was sunk by the Government, despite the efforts of local people in Yorkshire to pull it off. That is partly the problem of inconsistent messages from Government. On those points: I have already made it clear that I do not think there is a need to have mayors everywhere. The structure in Greater Manchester—where Andy Burnham is a high-profile figure but actually has to negotiate almost on a daily basis with MPs of other political parties, not just council leaders of other political parties—means that his ability to be effective does not depend on his being the Labour Greater Manchester Mayor. Structures that still encourage other voices in the area are important.

My fundamental point is that we should not be afraid of what I call messy devolution at the outset. We should not be afraid of different structures in different places. Fair funding is crucial. We do not have a consensus on what a fair funding system looks like, and we cannot do devolution if local authorities think that they are subject to arbitrary changes in their spending. For example, Scotland and Wales would not be under the Barnett formula. Another point is the recognition that if region-wide structures are wanted for things like transport and energy—which cannot be managed even at the level of a large combined authority—then they are to be built from the bottom up and not imposed down by Whitehall. Let's not be too worried about a slightly anomalous pattern of counties here, combined authorities there, and traditional unitary authorities with a cabinet somewhere else. Let's make sure they are all underpinned by a fair funding formula right across England, and that the power exists to create regional cooperation rather than having to deal with regional bodies.

Q117 **Karin Smyth:** Just to be clear for our report: it has been said that a clearly recognised administrative body is essential. Lord Heseltine is saying that a mayoral model works, and you, John Denham, are saying that we should keep it a bit "messy". Is that a fair conclusion, for our record?

Professor Denham: You clearly have to have some criteria. Lord Heseltine's report referred to school improvement being put back to local level, and if you take that it is perfectly obvious that it could be done in Greater Manchester or the West Midlands under a combined mayoral authority. Where I live, in Hampshire, it is perfectly clear that it could be done under a county council or—more logically—across Hampshire, the two cities, and the Isle of Wight without the need for a mayoral authority to take that power down from central Government. There have to be some criteria. Not every organisation can take on every responsibility if it is very small, but you can have a different way of doing it in each part of the country if that is what suits local people and the needs of the place.

Q118 **Karin Smyth:** Thank you. I will now move to Lord Heseltine to talk about representing England. Lord Heseltine, you spoke earlier on that and recounted the regional offices idea and the point of that. Should that central coordination role from the Government not be either in the Cabinet Office or the Treasury?

Lord Heseltine: I don't know what experience you have had of the Treasury. The Treasury has the very lonely job of protecting the country from over-spending. It sits there, every day, fighting off the marauding hordes of the baronies in Whitehall. That is a very important job. They are not in the business of handing out cash openly. I would not put them in charge of the growth agenda, but you have to have their co-operation. That is why George Osborne was so fundamental: he was a Chancellor who was actually prepared to encourage devolution. It is fundamental that the issue of what the Government have to do is dealt with centrally; without that, they will never give up the powers they have got. First, you have to have a Prime Minister who believes in it. If you don't have that, nothing. Secondly, you have to have a Treasury that is co-operative but cautious. Again, without that, nothing. Once that is established, you have got to see that Whitehall needs to have a co-ordinating figure. My own view is that it has to be a Minister.

Q119 **Karin Smyth:** Should that not be the role of the Cabinet Office?

Lord Heseltine: No, that's not a Minister; that's an office.

Lord Heseltine: No, that's not a Minister; that's an office. The important thing is a person identified—and whose career is identified—and who the press, the Mayor and the devolved authority look to as guide driving the machine. He or she will need a Cabinet Committee, which has got the backing of the Prime Minister and the Treasury, and the Treasury will be on it.

We need a person, and that person will be on the Cabinet Committee that co-ordinates the various functions that make up the devolved agenda. A

lot of that agenda is growth—and so it should be—but it is not the whole agenda, because, as we know, there is a whole social services and health agenda.

This Cabinet Committee is going to be extremely important, but without it you will not have the co-ordination that is required. As I say, you then need to co-ordinate that Cabinet's activities at a local level, so that the individual Departments don't spew out when it gets down to the conversations locally and there is someone there who is bringing and keeping them all together. It is simply a co-ordination of central Whitehall at a local, immediate level.

Karin Smyth: Thank you. I am conscious of time.

Q120 **David Mundell:** May I bring both witnesses back to the issue of England? How do they think that issue can be resolved? When I was Secretary of State for Scotland, one of our esteemed colleagues always used to pop up and ask me, on various issues, "Who speaks for England?" and I always replied, "Well, you do." Clearly, we have a situation now where Ministers within Government are speaking with one voice for the United Kingdom, or, as John alluded to, various parts of the United Kingdom, and with another for England. In the new world order, is that really sustainable?

Professor Denham: I don't believe that it is, and I think England suffers as a result. In my two Cabinet posts, when I was at the Department for Innovation, Universities and Skills, I was responsible for universities and skills in England, innovation policy in the UK, and science policy in the UK, but as a UK Science Minister, most of my money was spent in English universities. I then went to what is now MHCLG, where I was only responsible for things that happened in England. At no stage in my Cabinet career or as a junior Minister was I ever invited to any meeting that discussed how the Government's policies as a whole were working for England.

In addition to having regional co-ordination, as Michael has talked about, you need to have a sense of England having a system of government. Personally, I would like the next stage to be English votes on English laws extended to its logical conclusion, so that English law-making is democratic at an English level.

Within the Union there need to be structures to sort out Ministers who are, with one hat on talking for the Union, and with the other hat on talking for England. I think it is one of the causes of real tension with the devolved Administrations, which strengthens the arm of nationalists, because it looks as though central Government has no idea when it's being England and when it's being the Union.

I would separate those out. England would benefit from having better government. You would then be forced to have proper co-ordination with the devolved Administrations. One of things we found with covid is that things that exist on paper—the ministerial meetings, the

intragovernmental structures—were nowhere near strong enough to co-ordinate policy effectively, when we needed them to be so.

I would definitely have a system of disentangling the governance of England on the same devolved issues—on all of the issues where England has some separate domestic policy from those of the Union, and I think the Union and England would be better governed as a result.

Lord Heseltine: My heart sinks: I just see years and years of internecine war, endless discussion, no conceivable agreement—no.

Professor Denham: I would apply the same principle, Lord Heseltine: all you need is a Prime Minister with the willingness to make it happen. The changes I mentioned could be brought about by a Prime Minister in the next six months.

Lord Heseltine: Wait a minute: one qualification is that you need a majority as well, and I doubt very much whether there is much of a majority for this.

Professor Denham: We'll have to see, but I think it is the direction we should go in and, as I say, England would benefit and so would English devolution and the Union.

Lord Heseltine: If that's your direction, I wave you goodbye.

Q121 **David Mundell:** Do I take it from that, Lord Heseltine, that you don't see the need for an England-wide voice within the United Kingdom?

Lord Heseltine: I think that the English voice is fairly loudly heard within the United Kingdom. We have crisis enough about how we manage the internal affairs of England, which your Committee is very properly looking at. I would get on with that, certainly without delay, while this other issue is explored. I have no doubt it will be explored by people anyway, but would it make it the top priority? No, I would not.

Chair: David Jones?

Q122 **Mr Jones:** Thank you, Chair. I actually think that I have the answer to my question. Given that you have both made your positions very clear on English devolution, perhaps Professor Denham could indicate whether you think the model of devolution should be a reserved powers model, such as we have in the devolved nations at the moment?

Professor Denham: Reserved powers make sense to me in terms of legislative practice, rather than administrative or executive practice. If you went in the way I suggest towards full English votes on English laws, logically it would cover the same areas of domestic policy that are otherwise devolved. But mainly we have been talking today about administrative and executive devolution, and I don't think reserved powers quite make sense in that context.

I think we should be moving towards a position where there is a palette of powers and responsibilities and financial autonomy that are available to

English local government, whatever the structure is, and I would probably see that underpinned statutorily. I would go as far as to say that some of those powers—for example, over skills policy, if you get to a point where it is devolved—stay with that local authority, unless you get to the extreme point where it collapses. I think there was a discussion about Northampton earlier today. In other words, it should be a move towards devolution that is not always continually being second-guessed by Whitehall and continually subject to the threat of recall, because that is not really devolution.

Q123 **Mr Jones:** Presumably you would agree with that point, Lord Heseltine?

Lord Heseltine: I am not sure what the implication of all that is. My view is what I have set out. I don't have any further points, except on the one that came up about fairness in distribution. I am a bit of a sceptic about this, because the moment you have any entitlement to money, you can assume that you don't have to make much effort to get it. One of the lessons that I learned in distributing capital funds across local government was that if you introduced competition, you got amazing results because the local authorities had to reorganise themselves to produce the best possible quality products to win. It was very controversial, but it had the most salutary effects. So, fairness of opportunity but not fairness of entitlement.

Chair: To Tom Randall with our final question, please.

Q124 **Tom Randall:** There is going to be a Government White Paper on English devolution. Drawing what you have said together, if you were writing the preamble or introduction to that White Paper, with a vision for local government and devolution in England, how would you summarise that vision?

Professor Denham: I think I would start by recognising that this discussion is also part of the discussion about the future of the Union, just to acknowledge that this debate is a wider one. I would want Government to be explicit that they no longer have a default assumption that what happens locally should be determined by or subject to approval from the centre. I would want the focus to be on local democracy, so I would probably want to see things like LEPs brought into the appropriate local structures so you don't have parallel structures. I would like to have a long-term vision on fair funding. To answer Lord Heseltine's point, you can build into that the potential to raise or the expectation of raising money locally. I would build on existing structures. I would want to have a menu of powers that the Government are willing to transfer. Finally, I would want to set out the mechanisms we have already discussed: how are we going to have co-operation between different levels of governance? This is not just about letting go from the centre; it is actually about governing England better by having the powers at the right level and having people work together to exercise them effectively.

Lord Heseltine: We live in a world that is shrinking faster than we have ever seen. The challenge for this country is to provide the opportunities for

subsequent generations to create the wealth that will enable them to fulfil their ambitions. To do that, we need to learn the lessons both of today and yesterday. London did not make this country. It was built to its pre-eminence in the days of the industrial revolution by the extraordinary divergence and ingenuity of the great cities of this country. Over the last 100 years, too much power has been centralised away from them in London. We now need a great new partnership of our peoples, and in order to do that the central Government will reform itself in order to recognise the essential opportunities of devolution. We will create a devolution administration, led centrally by a defined Minister. We will then create units of administrative accountability, led by directly elected Mayors in unitary authorities, to which we will devolve serious powers. It will not be absolute; it will be a partnership in which the divergent interests, ingredients, strengths and opportunities of the varying economies that make our country are the basis of the industrial strategy, which the Government will join, in partnership, in implementing. This is an opportunity for all our people and we intend to embrace their enthusiasm in pursuing it.

Chair: I thank Professor Denham and Lord Heseltine. You have perhaps turned our session into more of a seminar, but we are all the better for it and we are grateful for your time and insight this morning. If you have any further thoughts on this, you are very welcome to put them in writing and send them through. In the meantime, I wish you both well.