

Housing, Communities and Local Government Committee

Oral evidence: Progress on Devolution in England, HC 174

Monday 22 June 2020

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Members present: Mr Clive Betts (Chair); Bob Blackman; Ian Byrne; Brendan Clarke-Smith; Ben Everitt; Paul Holmes; Rachel Hopkins; Daniel Kawczynski; Abena Oppong-Asare; Mary Robinson; Mohammad Yasin.

Questions 53 - 100

Witnesses

[I](#): Abdool Kara, Executive Leader, Local Services, National Audit Office; Ed Hammond, Director, Centre for Public Scrutiny; Andrew Walker, Head of Research, Local Government Information Unit.

[II](#): Jim Hubbard, Head of Regional Policy, CBI; Simon Parkinson, Chief Executive and General Secretary, Workers' Education Association; Mike Short, Senior National Officer for Local Government, UNISON.

Examination of witnesses

Witnesses: Abdool Kara, Ed Hammond and Andrew Walker.

Q53 Chair: Good afternoon and welcome to this evidence session for the Housing, Communities and Local Government Committee's inquiry into progress on devolution in England. It is an inquiry we started before the general election, which interrupted our considerations. Covid then came along and interrupted our resumed inquiry. We are back now with a third attempt to get the inquiry going. We are continuing with it because we believe devolution is an important long-term issue. Despite the election and Covid interruptions, it is still here with us and something that we are very interested in.

We have two panels this afternoon. Our first panel has Abdool Kara from the National Audit Office, Ed Hammond from the Centre for Public Scrutiny, and Andrew Walker from Local Government Information Unit, who come to answer our questions on this important issue. All the



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witnesses are very welcome and thank you very much for coming.

I will begin with a question that relates to Covid—the reason why our inquiry was interrupted for the second time. How do you think the Covid crisis has impacted on the case for greater devolution? Has devolution so far had any impact on how we have dealt with the Covid crisis?

Abdool Kara: On the question of devolution and the Covid crisis, I do not think we have seen any great evidence that areas with devolution have handled the crisis better than others. There is a bigger question about central-local relations. We have not seen a particularly sophisticated approach by the Government to try to understand why it is best handled through a central command-and-control approach versus devolution and delegation to local areas. In terms of health and social care, we have seen the lack of arrangements—

Q54 **Chair:** Sorry, Abdool; it is very difficult to hear you. There is a technical issue. I think everyone is having a few problems. You are cutting in and out as you go along. I do not know whether it is possible technically to try to sort that out. We will pass over to Ed Hammond to pick it up and then we will try to get back to you if we can sort that problem out.

Ed Hammond: I think Abdool was saying that it was quite difficult to tell at the moment exactly what the impact has been or will be. I can pick up on that and agree with him. That is the case. If you look at combined authorities' responsibilities overall, in terms of their role in having this kind of convening power across areas, bringing together a multiplicity of partners to work on issues of common importance, naturally that is an important ongoing role. Where their role is really going to come into its own is as we prepare for and think about the recovery. If you think about combined authorities, their roles and responsibilities, the focus on economic development and the way that we plan and manage the recovery, drawing ourselves out of this crisis, the combined authorities are going to be central to that.

As things stand, it feels too early almost in the crisis to understand what steps are being taken. I am sure that stuff is happening, but obviously the opacity of the way some decision-making arrangements work means that it is quite difficult to understand exactly what steps are currently being taken to think about those economic impacts and how combined authorities may or may not be central to them.

Q55 **Chair:** We will probably come back to some of the issues around how things are done, looked at and evaluated later on. Andrew Walker, do you want to come in on the same question, please?

Andrew Walker: Thanks very much for the opportunity to contribute. I agree it is a really important issue that we are getting into here. I am really glad that the Committee is able to pick up this inquiry again. I agree with Ed that it is still slightly too early to tell. It is too early to tell whether combined authority areas particularly have been the more successful, but that convening power is really important. We can see,



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though, that the over-centralised system of governance that we have in the UK has been found wanting in several ways in terms of response to the crisis, particularly around the system for tracking and tracing, management of the crisis in social care and the recovery plan, and loosening of the lockdown in local areas.

There are lots of issues that are creating barriers in the road that make it quite difficult for local areas to adapt and for councils to do their best work in leading a local area. Against that, there are actually lots of successes at the local level. The Local Government Information Unit is the largest membership body for local government and a think-tank, so we see lots of examples of really good practice at the local level. That is the way we should be conducting this conversation: how do we build up that local capacity and support that as we move through the crisis and beyond?

Q56 Chair: Are we reconnected to our first speaker? Abdool, are you connected to us again?

Abdool Kara: I am. I have not heard what the other speakers have said.

Chair: Just start again and give us what you were going to give us. Hopefully, we can hear you better.

Abdool Kara: We have not looked at whether there is any evidence that areas that have had devolution deals or local devolution arrangements have fared better than areas without. We are looking at a bigger question of central-local relations more generally. We have not seen a very sophisticated approach by the Government in trying to understand what works best from a central, co-ordinating command-and-control type approach versus what is best handled locally because of local intelligence and so on.

Therefore, we have seen some national approaches, like around test and trace, PPE and shielding. Even in the number of weeks we have seen, they have shown that they would be much better handled and organised locally than a central command-and-control approach that simply fell at the first hurdle. That is alongside not always a great understanding of what local authorities and local services do—for example, in test and trace, not really understanding the role of local public health directors or local environmental health directors and so on, who are very used to carrying out that kind of test and trace activity. It is less about particular areas and combined authorities and so on, and much more a bigger question about central-local relationships and the extent to which the centre understands the capabilities and capacities of local areas.

Q57 Chair: Could I pick up a point? Elected mayors are fairly visible in many situations. Do you think they have actually made any difference to the response to Covid, or has that varied in terms of different mayors and how they have responded?



Ed Hammond: That is a really difficult question to answer. So much of this is down to the unique nature of the challenge as it presents itself in different areas and the unique personalities of the individuals who happen to be mayors at this point as well. There are some who have naturally been more visible on the national stage than others. You could ask the question of whether it would have made a difference had mayors not been present in those places. Would we have seen a meaningful difference there in the way those areas have handled things?

It goes back to the point I made originally about convening power, having that visible, high-profile person there, who is able to bring together a range of partners to tackle those common problems. Beyond that, the situation still feels extremely fluid at the moment. It is difficult to know exactly what mayors are doing practically on the ground in their own areas to push forward agendas, the extent to which mayors are figureheads for stuff that is going on underneath them that would be happening anyway because of all the various different emergency response stuff that is going on, or the extent to which they are personally pushing these things on.

I am personally disinclined to agree with the heroic leader model of leadership. There is a collective leadership responsibility for a range of partners. The best mayors are ones who recognise that and recognise they are convenors and facilitators. I do not think that you could point to a single mayor or a single area and say, "That area is doing well where they would not otherwise be doing because of that specific individual in that place at that time."

Andrew Walker: I agree that it is quite difficult to pinpoint any evidence that would show that a specific individual mayor has had a really outstanding impact in that way. Ed is right to say that successful responses have been down to really good partnerships, collective leadership and good relationships at the local level, with, in a sense, a mutual trust.

However, I would push back slightly and suggest that actually some elected mayors have played quite an important role as spokespeople for their area. We have seen that they have been quite prominent in the media and the national dialogue. That is partly speaking up for their area. It is partly about trying to get things done in their area. It is also making a really important case for the benefits of devolution and a more decentralised system for dealing with this kind of stuff. We saw there were discussions about having mayors sitting on the COBRA crisis committee and so on. Whether that is something we want to pursue, I do not know.

It is important that mayors are there, making the case for local government in the way this crisis is managed nationally. It will be important to go on making that case as we get into recovery and move beyond the crisis. While the crisis makes the case for decentralisation



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more clear and more important, there is also a risk that we get diverted from it. There is a risk of capacity in central Government to want to push ahead with something like devolution when there is so much else that they will need to be dealing with. We saw a similar thing happening when Brexit rather steered us off course.

There is also a political risk. There is a huge amount of pressure on Government to show that they are in control and to feel like they need to keep control of the agenda. They may be reluctant to want to give away powers. Mayors who are elected, who are in post, have a really important role in continuing to make that case.

Abdool Kara: I agree with most of what has been said. We have to understand that the combined authorities were instigated around driving economic growth, and less around service delivery, and Covid has largely been a service delivery challenge. The exception to that of course is Greater Manchester, with its links into health. We have yet to see any evidence of whether that has translated into this being handled better in Greater Manchester than anywhere else, but that is an interesting thing to look at.

Clearly, on the recovering side, we are coming into trying to redrive economic growth and recover economic growth. Mayors may have a huge role to play there. That is further into the future. Finally, the one area where we have seen some really helpful input from mayors is around the homelessness challenge. Again, particularly in Greater Manchester, we have seen the convening of public service to bring all street homeless into temporary accommodation. The mayors have played a role there.

Chair: Combined authorities were mentioned and we have to look beyond Covid at the general performance.

Q58 **Bob Blackman:** Looking at the governance of combined authorities in particular, what concerns do our witnesses have on the governance arrangements that exist across the country on various different combined authorities? Do you have particular concerns about particular authorities? If so, could you outline what they are?

Ed Hammond: I do not personally have any particular concerns about individual combined authorities. There are systemic challenges that all authorities face around governance. Certainly in the first couple of years of combined authority operation, there were challenges around making relationships work, everybody around the table understanding what their roles and responsibilities were. We are starting to see now some of those arrangements settling down somewhat, but still there are some challenges.

The principal issue for me is the extent to which we think about governance in terms of the relationship between Government and the combined authority, focusing particularly around the deal. The deal-making process itself encourages us to think about governance as being a



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matter between Government and the combined authority involved, rather than as a local matter for the combined authority and its constituent authorities to work through to their satisfaction. When you have this deal, this agreement for delivery of certain outcomes in a certain way, inevitably that is going to be the focus.

That presents us with a difficulty. If Government want to do further deals in more areas, they are going to find it is more and more difficult to keep track of all this local activity. We certainly need to start thinking about governance in a much more local context, so strengthening some of those existing local systems. Scrutiny as exerted by constituent authority leaders is one. Combined authority scrutiny itself is another. Also, there is the wider awareness of the public of combined authority activity. Andrew mentioned the public visibility of mayors, which I think is great. More could be done to build on that. At the moment, as things stand, there is, putting it charitably, limited public awareness of combined authorities and their roles. People will know their mayors, but, more fundamentally, there is more that can be done there.

Briefly, the challenges are around the conception that we have of combined authority governance as being about this central-local relationship. When we are talking about devolution, it ought to be a matter of Government saying, "We are pushing this power down and providing this freedom"—hopefully accompanied by fiscal freedoms as well; we may come on to that—"and as part of that, we are expecting there are going to be effective local governance systems in place, but we, as central, national bodies, are not going to be engaged directly in that scrutiny."

Q59 Bob Blackman: There has been particular criticism from opposition groups of the Cambridgeshire and Peterborough Combined Authority. Have you had any feedback on that particular issue?

Ed Hammond: We have done some pieces of work with Cambridgeshire and Peterborough over the course of the last couple of years, as we have done with every combined authority. In that particular instance, it highlights the challenge that can occur where you have personal disagreements between particular individuals, where you get that clash of responsibilities. It is why you need people in position who recognise the need for collective leadership, the need to draw together and convene discussion and dialogue. When you end up with a more combative, antagonistic relationship, it is very difficult to deliver those outcomes. As I have said, it is quite difficult for me to make specific comment about individual combined authorities. The people best placed to talk about those are obviously the people in that place.

Q60 Bob Blackman: A colleague is going to come on to the scrutiny issues after I have finished, so I am not going to go into those in detail. Clearly, in London, we have the Greater London Authority, the Assembly, elected directly to scrutinise the work of the Mayor of London. We do not have similar arrangements in other combined authorities. Do you think there



should be some form of election or very clear position on the scrutiny bodies looking at these particular combined authorities?

Ed Hammond: Yes. You took evidence on this point in your session in March. Your witnesses in that session were of a view that some kind of directly elected form of scrutiny would be interesting to see. I tend to agree with that. The London Assembly model is not without its flaws and obviously the London devolution model is very different to the devolution model of other areas. Also, there is a danger in focusing exclusively on the structures rather than thinking about people's behaviours, culture and that kind of thing. That all having been said, I am attracted by the idea of having some kind of assembly-style scrutiny arrangement for combined authorities. It is a way of pushing governance and accountability back down to a local level as well.

A few years back, we put forward ideas for what we called local public accounts committees for places, with the idea of having a body that was responsible for looking at value for money across a whole place, not just local government but other public sector organisations as well. You could see that could be the scrutiny function of a combined authority, which is comprised of directly elected individuals, elected specifically to be scrutineers.

That is a way of getting around some of the challenges that you have had around councillor engagement up until now. That has been an issue, because you have councillors being nominated on to a combined authority scrutiny committee, so you do not necessarily have the time or in some cases the inclination to engage. If you go for direct election, this form of role could be an alternative career path for certain elected individuals locally. It could be a high-profile and quite prominent role to play, just as it is in Parliament with the role of Select Committees, Select Committee Chairs and obviously the Public Accounts Committee nationally as well. It is a model that I would be quite keen for areas to explore. I do not think it is a one-size-fits-all model, but I would be keen to see it.

Q61 **Bob Blackman:** Finally, Ed, do you have any concerns about the transparency of, for example, local enterprise partnerships, growth boards and other such hybrids? It is very difficult for the general public to understand what they are doing. There seems to be a lack of transparency over governance arrangements.

Ed Hammond: Before answering that, I have to declare that CfPS has been working under contract with the LEP Network, which is the membership body for local enterprise partnerships, to provide governance support in the form of peer reviews for LEPs over the course of the last year. Please interpret my comments in the light of that work we have been doing.

Since the Ney review a couple of years back, Government have recognised that there are challenges around governance and



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accountability in local enterprise partnerships. Quite a lot has been done over the course of the last couple of years to try to address that. The Government's ongoing LEP review is intended also to address some of those issues, as are the changes they have made to the national assurance framework for LEPs.

Inevitably, more is yet to be done. We have to investigate further opportunities for more robust external scrutiny of LEPs. In those areas where LEPs sit alongside combined authorities but are not co-terminus with them, like in the West Midlands, we need to dig into some of those relationship issues there too.

I do not think we are quite in the same position with LEP governance as we were a couple of years back, where there were some really quite significant areas of concern and really poor performance. Things have improved somewhat. Obviously I would say that, our having done that contracted work on behalf of LEPs, but there is an improvement. The outcomes coming out of the Government's review and assurance processes demonstrate that. Equally, that is not to say that there is not more work to do.

The agenda may overtake us. It may be that we start to see more fundamental structural reform that puts LEPs potentially on a different footing. That highlights my concerns that we end up fixating on structure. Thinking about the different partners in play—combined authorities, LEPs, local authorities and other partners—there is a tendency to fixate on the logistical arrangements between those institutions, rather than thinking about the outcomes they have to deliver overall. There is that issue about collective leadership.

There are ways to make, within reason, any structure work effectively, as long as you have the right behaviours, attitudes and values in play, and there is a shared understanding of and purpose to what you are trying to achieve. If LEPs and combined authorities are able to work together on that basis, you can see common governance and accountability arrangements being built up around that, without needing some kind of big structural change either.

Q62 Bob Blackman: Andrew, what concerns do you have about the governance arrangements for combined authorities? You have heard some of the other questions I have been posing. Are there any areas of concern that you have?

Andrew Walker: No, I would pretty much agree with Ed. The only thing I would add is on that point about it being about local relationships rather than local structures. That is the really crucial one. When we start to think about scrutiny and governance, it is really important that we build on those, work with those local relationships and the capacity and stuff that is going on locally, and, crucially, do not put in place structures that stifle the new ideas, innovation and ways of working.



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We have seen that happening in the ways combined authorities have been rolling out. Several barriers have arisen around having to report towards central Government reporting frameworks and accountability frameworks and so on. In my doctoral research in Greater Manchester, I saw several cases of various kinds of policy that were made harder to deliver because of centrally demanded frameworks. Other than that, I agree.

Q63 Bob Blackman: Abdool, you were quite critical of the arrangements for combined authorities three years ago. Do you still have concerns?

Abdool Kara: We were more critical of LEPs than combined authorities. Our critique on combined authorities was largely around the boundaries and functions of them. If the question is about governance, we certainly do not see the same problems of governance with combined authorities that we did with LEPs. In fact, we have seen a number of cases where the combined authority folding the LEP within its own structures has actually solved some of those governance challenges the local LEP had and the combined authority has been able to overcome.

Again, if we step back in time and have a look at how combined authorities came about, the issue for me is not whether the system holding the executive to account is elected or not, as it is in London. The issue is about the balance of power that Government want between the executive function of the combined authority, through the directly elected mayor, or otherwise in some cases, and the scrutiny or oversight function. It is not a surprise, is it, that, given combined authorities are the result of a negotiation between local leaders and central Government, that the power of the mayor in the combined authority is an accommodation between what the local leaders would see as acceptable and what the Government were striving for? In all cases, the mayors are bounded by whatever local arrangements came out of that negotiation.

Finally, my bigger-picture question is around the fact that normally, in governance circumstances around local government or other local services, we see the ability to compare and contrast outcomes and arrangements across authorities or service providers. We see much less of that with combined authorities. They have their bespoke deals. We do not see a national bringing together of performance or the ability to compare and contrast or learn from performance in the same way. We would consider that to be a medium to long-term critique of combined authorities and something we would like to see rectified.

Q64 Bob Blackman: At the moment, each combined authority has a bespoke deal. By definition, it is a negotiation between central Government and the particular area. As you quite rightly say, it is very difficult to compare and contrast different combined authorities. Nevertheless, the governance arrangements are in place to make sure that those responsible for making the decisions are held to account, not only for the decisions but also for ensuring there is no room for any allegations of corruption or incorrect type of decision making. Do you have any



concerns about that with the various different arrangements that exist for combined authorities across the country?

Abdool Kara: I have not seen any evidence that that is the case. There was certainly criticism with LEAs, where there were those sorts of allegations floating around. We have not seen issues—at least in the national—[Inaudible]—on the ground—[Inaudible]—of that nature at all. We are pretty confident on that front.

Chair: We will move on now to the subject of scrutiny. I will say to all our witnesses that we have some important issues still to get through, so just be a bit conscious of time and length of response, if we can.

Q65 **Paul Holmes:** I will take that nudge and be as quick as I can. I want to ask an overarching question, which I know we slightly discussed with Mr Blackman's questions. Does scrutiny of and within combined authorities need to be different from that of local councils? I would like a brief answer from Ed and Andrew, and then we will delve slightly deeper into certain aspects.

Ed Hammond: In brief, yes, it does. The nature of combined authority business is strategic and it is also long term in nature. As we were saying earlier on, combined authorities do not, by and large, have that direct service delivery responsibility. It means that scrutiny needs to look quite different too.

Andrew Walker: I agree with Ed on that point.

Q66 **Paul Holmes:** I want to delve slightly into the West Yorkshire Combined Authority as an example. I think this question will be for Andrew and Ed, but if you want to come in, Abdool, please do. Do you support the proposed addition of three members on the West Yorkshire Combined Authority council that reflects the political balance of the participating local councils? Added to that, how should the political balance be determined? This was slightly touched on again by Mr Blackman in terms of, Ed, you would see an elected assembly as the most welcome way of political scrutiny being offered. In your view, is that the only way, or does this appointment get your approval also?

Ed Hammond: Many different potential models exist and that is the point of this. Local areas are best placed to make judgments about what the most appropriate model is. By local areas, I mean a wide range of stakeholders in the area, not just the leaders of the relevant councils, of course.

I am not completely familiar with the particular case of West Yorkshire. I know that West Yorkshire being the only combined authority hitherto without a mayor has meant it has adopted different approaches for governance overall. That might be in relation to that. I do not feel confident that I can talk specifically to the case of West Yorkshire on this.

Paul Holmes: That is perfectly fine.



Andrew Walker: In terms of thinking about things like the political balance, trying to get the correct model and all these sorts of questions, I wonder if that is getting it slightly the wrong way around and we need to be thinking about what works for that local area. There has been a debate going on about devolution to West Yorkshire, greater Yorkshire or different parts of Yorkshire for quite a while. That is a case study of the problem really, that we have this debate between central Government and local areas about what the correct model is and what works best for us in Westminster, in Whitehall, rather than thinking quite creatively about what it is that we need to actually do. What is the aim? What is the goal? What is the strategy? We rush to these kinds of structures.

In terms of what the correct model is, there are other models. We can look to Cornwall, which also does not have an elected mayor. It is a slightly different case because of course it is just the one unitary council, but it has a very successful model of governance and scrutiny. It has the Cornwall and Isles of Scilly Leadership Board that monitors the progress of devolution and works quite well with local communities. It works through parish councils and with the LEP. There definitely are other models we can look to.

Q67 **Paul Holmes:** Staying with you, Andrew, I think you have slightly answered this but I want to delve into where you said we may have got allocating the type of scrutiny the wrong way around. As a politician sitting in Westminster who often hears about regions that want more autonomy and devolution, should a devolution framework specify forms of scrutiny before it is put in practice? This is a question to all witnesses. How far should such a framework promote flexibility, or are you saying, "Leave it up to local people to be able to put what kind of regime they want in place"?

Andrew Walker: It is quite an interesting and difficult question. We need a framework of principles. Part of the problem with devolution so far within England is that it has been quite difficult to discern what the strategy is. That has made it quite hard for local councils to get together and decide how best they can play into that. There were aims. There was a bit of a strategy, but it was kind of invisible for a long time, from 2015 onwards.

We need a clear statement of the aims and purpose of devolution. We really need a set of principles that puts a presumption of devolution first and presumes support for devolution across all Government Departments, rather than rushing to put together a framework that is designed in central Government. If we get to the point of putting together a framework, it should be locally led. It should be led by the sector and should absolutely involve enough flexibility for local areas to innovate with things they need to do. This is not about making this as convenient as possible for central Government. This is about providing something that can improve people's lives, strengthen communities, deliver better services and so on.



Paul Holmes: I agree with you.

Ed Hammond: I absolutely agree with all that. If the framework we are getting is framed around those underlying principles around embedding devolution, making Government's particular objective clearer, making the bidding process more transparent and engaging and involving local people and a wider range of local politicians, that is great. If a framework is about bringing some kind of national uniformity to structures and systems, limiting the approach different localities can take and, particularly, subordinating what local areas want underneath what Government's objectives are for economic development or devolution, then obviously no. The difficulty is knowing what we are going to get. I think the framework may end up being a little bit of both, to be honest.

Q68 **Paul Holmes:** Abdool, I have noticed that I have neglected you; that has not been on purpose. Do you have anything to add to these points?

Abdool Kara: I have a couple of very quick things. We definitely need a set of minimum standards. We can follow what happened with LEPs trying to organise their own arrangements and then eventually we needed a national review by Mary Ney in order to raise the game. I am quite comfortable with local arrangements being put in place, as long as they meet a set of minimum requirements around accountability and transparency, et cetera.

The second point for me is the real value here is if we can create arrangements that go wider than local government, that bring into play scrutiny around the joined-upness of local services, whether that is health, policing, probation, DWP and so on and so forth. That is where the value lies, not just in a local government model that looks at local government issues in a slightly bigger footprint.

Q69 **Paul Holmes:** Ed, there is scrutiny on you at the moment. The Centre for Public Scrutiny, your organisation, has previously called for local public accounts committees. Do you still support those? If so, can you expand on its role and potential membership?

Ed Hammond: Yes. As I said before, I see the potential for local public accounts committees as one of a number of measures that combined authorities could put in place to strengthen that sort of sub-regional governance. They would be bodies that would be place-based and would not be focused on holding the combined authority or local authorities to account. They would be looking more at system issues and value for money, particularly, as well. Going back to what we were saying previously about direct election, there is definitely a case for saying perhaps those bodies could be directly elected.

You can see potential logistical challenges around that, not least around funding and support arrangements, which we have tried to deal with ourselves in the past. We have been plugging away at this idea for some years now. It is not a cure-all for everything, but it could provide many of



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the answers to a number of the issues and questions people have been posing around that tricky issue about knitting together that complex local accountability.

Q70 Paul Holmes: Very briefly, in your written evidence you also suggest establishing executive scrutiny protocols, which would be modified to cope with unique structures of combined authorities across the country. Can you briefly explain how that would work?

Ed Hammond: This idea derives in part from the Government's statutory guidance on scrutiny in local and combined authorities published last May. Essentially, the idea is that you have a meaningful conversation between the decision-makers, so the mayor, the combined authority board and the scrutiny function of the combined authority, about, fundamentally, what the role of overview and scrutiny in the combined authority is. This goes back to the point we were talking about before. The role is quite different in a combined authority to a local authority. What are scrutiny's fundamental outcomes going to be from its work? What is it trying to achieve and what methods is it going to use to try to achieve those goals? If you can secure that kind of agreement, you can proceed.

It is going back to what I was saying about having this sense of common endeavour. Scrutiny is a part of the governance arrangements of the combined authority. It is a part of the governance system that operates sub-regionally. It is not this thing sitting off to one side that looks at things post-hoc. The agreement of these kinds of protocols helps us to understand what these roles are going to be and what fundamental niche scrutiny can perform. I suppose it is a way of recognising that scrutiny provides a mechanism for local councillors to bring their unique perspective to bear on issues of common local importance. It increases the extent to which you have local elected politicians involved and engaged in a non-decision-making capacity.

The critical thing is that each of those protocols, by definition, has to be bespoke. The agreement that you have between the executive and scrutiny in different areas has to look different, because the powers that combined authorities have are different as well. I would not say, "Let us have a model protocol that areas can sign up to". The key issue is the conversations and negotiations that you would have in each area between those individuals to say what scrutiny you are going to do, how the executive is going to work transparently with scrutiny in order to achieve its ends and how the scrutiny is going to constructively challenge the executive to do that.

Q71 Mary Robinson: I would like to look again at this question around the balance of power and its importance in scrutiny. For instance, in Greater Manchester, 2.8 million people have a Labour mayor. Nine out of the 10 local authorities are Labour-led and that is reflected, of course, in the overview and scrutiny. For instance, in housing, planning and environment, there are 15 members, 11 of which are Labour. Is that a



recipe for effective scrutiny? Is it what you would design?

Ed Hammond: There is a short and long answer to that. The short answer is that that is local democracy. People stand for election and they get elected. If that is what happens, that is the balance you have. The longer answer is that you can look at ways of building more plurality into the system. For example, I do not want to flog this continually, if you look at the London Assembly and the way that its members are elected, if you were going to pursue an elected public-accounts-committee-style model in local areas, it has constituency AMs but it also has a top-up list of members selected proportionately. It means that you get representation from a wider plurality of different people.

Beyond that, there is also a responsibility for those in leadership positions and those adjacent to leadership positions to recognise that there is a responsibility there, as part of the wider convening role of the combined authority, to involve and engage a far wider range of stakeholders than just having those political leaders in the room. They are part of the equation, but there is a far wider range of people. A successful mayor and combined authority board will recognise and realise that, in order to be able to deliver long-term objectives for the area, you are going to have to think about how you bring in your political opponents and a wider range of stakeholders.

Arguably, an electoral cycle is comparatively short. If we are talking about devolution deals and objectives, which potentially have a lifespan of 20, 25 or 30 years, particularly thinking about some of the post-Covid steps on economic recovery that councils and combined authorities are going to have to make, you are going to have to have a big tent. You are going to have to have a lot of people involved in that conversation. It is going to have to be a public conversation about what the economic priorities are in the future. If you try to focus in on saying, "We are just going to try to cobble together some kind of solution between those in leadership positions with whom we agree currently, that is not a recipe for long-term success.

Q72 **Abena Oppong-Asare:** Do directly elected mayors affect accountability?

Ed Hammond: They do in so far as, as Andrew was saying before, they provide this strong, publicly visible person. That is powerful. The fact that that person can point to the fact they have an electorate of however many hundred thousand who have elected them gives them a huge degree of potency in terms of negotiation. A few days ago, in preparation for this, I was watching a documentary filmed prior to the election of the first London mayor, where people were speculating about what role the mayor was going to perform. One of the points made, perhaps inevitably by Tony Travers, was that the electoral legitimacy that person has gives them enormous power and strength. That is the key way that mayors can potentially make a difference. It is bringing that. That is a soft power. It is not something written down; it is softer.



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However, I do not think that mayors are fundamental to making these arrangements work. You can see in combined authorities, again going back to what I was saying about this issue of collective leadership, it is about common endeavour and common leadership more than anything else. If you have the right mayor in place, they are potentially the person who pulls it all together and gives it drive and direction.

I do not think you absolutely need to have a mayor there centrally. The Government disagree. The Government feel, or have done, that having a mayor was a make-or-break issue for them in doing deals, particularly in 2015 to 2017. It will be interesting to see whether that continues. While the case for mayors is compelling in many areas, it is down to local flexibility. There are a range of governance models. Having an elected mayor is one of those, but it is not the be-all and end-all.

Q73 Abena Oppong-Asare: You mentioned earlier in your answer to one of my colleagues that it is very much about governance and structure in terms of having a good structure in place.

Ed Hammond: Structure is important, but the behaviours, attitudes and values of people making the key decisions—those softer relationships—are as, if not more, important than having the right formal structures.

Andrew Walker: Mayors are not necessary. Mayors are an answer to questions around accountability, transparency, leadership and so on, but they are not the only one. We should look to other examples to be part of that conversation. I mentioned Cornwall earlier. That is a very good example of a devolution deal in a rural area that did not have a mayor.

Going back to the 2016-17 period, when negotiations for deals were going on in two-tier and rural areas, we spent a lot of time having and facilitating discussions with various councils that were interested in setting up a deal. It did not work out in most parts of the country. A lot of that was due to a lack of imagination on both sides. On the one hand, you had a central Government saying, "It is mayors or nothing. You have to have a mayor. You have to call it a mayor and it has to work like this". On the other side, you had lots of local councils saying, "We do not want a mayor and we are not going to progress with these discussions unless mayors are taken off the table". That really highlights part of the problem. There was no creativity and imagination of "What is it that we are trying to do and what model would work best?" That was a mutual failing.

Abdool Kara: I have a couple of thoughts. You asked particularly about accountability. Accountability is the ability to hold a decision maker to account. They are making decisions to either allocate money or exert a power. Whether that is an executive mayor or any other arrangement in any given locality, those systems have to exist. Clearly, they will be different in an area with a mayor or without a mayor, but those systems need to exist and be effective, etc.



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We were talking earlier about scrutiny. The point I would make is that scrutiny is just one form of this ecosystem of accountability. You have internal audit, external audit and all sorts of regulators out there. You have the public holding authorities and service deliverers to account through complaints, the ombudsman services, and so on and so forth. It is about seeing how all those systems work really well together

I agree with the point that mayors also, above and beyond that ability to make decisions, and therefore the need to be held to account for them, have the softer convening power. They have the ability to put a place or a city on the world map and attract investment. We have seen some really big examples of that over the last two or three years as well. They are less being held to account for that than the decisions they make about their use of public money and statutory powers.

Andrew Walker: I wanted to come back in very quickly. We have to remember as well that, when we are discussing accountability and these arrangements, it should be about accountability of a mayor, of a combined authority, of leaders, to local people in that area. That is much more of a crucial issue than how we can hold these people accountable to us in central Government.

Q74 **Abena Oppong-Asare:** Andrew, you also mentioned that the devolution deal in Cornwall did not have a mayor. There have been suggestions the Government want to make devolution to Lancashire and Cumbria conditional on local government reorganisation. Do you think that is desirable? Is that necessary?

Andrew Walker: No, I do not think local government reorganisation should be required in order to push the devolution agenda forward. There are a great many other things that can be done. We can advance the agenda without engaging in full restructuring. There are lots of other issues that require attention, not least around finance. There are other things around services.

There clearly are issues around the structure and organisation throughout local government, but we have to look again at what the strategy is. What is the aim? What is it that we are trying to achieve and why we do we think that reorganisation would help us to achieve those aims? Is this just about making something more convenient to central Government, or is this actually about trying to deliver better services, have better relationships at the local level and strengthen local communities? No, I do not think that should necessarily be part of the conversation. If we get to the stage where we decide that local government reorganisation needs to happen, it should be led by local government.

Q75 **Abena Oppong-Asare:** I wanted to go back to the point where you said there are other issues around finance and it should not be more about the structure. It should be locally led, as you said. Would the issues around finance be something they could look into with the reorganisation, in terms of, "If we are going to do this, we need to look at the finance



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element of it", or should that be completely independent, just for clarification?

Andrew Walker: The finance issue with local government is a huge one. It is very tightly entangled with questions around devolution and decentralisation, but it is an enormous question. Local government has been looking at ad hoc piecemeal changes to the way it is financed and is waiting for a serious and comprehensive settlement. It is part of the same discussion but I do not know if you want to wrap it up with one around reorganisation as well. A proper strategic resolution on how we are going to fund local communities and services is really crucial. We have been calling for it for a very long time.

Abdool Kara: I have two quick points. The first one is, given the financial sustainability of local government, which we at the NAO have reported on several times over the last few years, I am not saying it is right or wrong but I think it is inevitable that some form of local government reorganisation will be driven alongside the devolution agenda. That may not be across the board. That may be in specific places or around specific deals, but these things are going to happen in tandem.

There is a second, more interesting, question. If the purpose of combined authorities has largely been about driving economic growth, with the exception of Manchester and health, the logic would suggest the restructuring that is required is to bring the local growth levers within the combined authority, so areas like skills, employment support, welfare reform and delivery, on a local basis, and yet that is not the conversation we seem to be having around restructuring. As ever, the conversation around restructuring is about the number and size of local authorities. If it is about economic growth and we want mayors to be able to drive that and have all the right sort of powers in one place, we should be looking beyond local government at other service areas and initiatives that contribute to driving economic growth.

Ed Hammond: On the point about restructure, I wholly agree with Andrew. I have nothing to add to what he said. I am entirely in accord with him there.

Fiscal devolution is needed for sustainability of combined authorities and local authorities going forward. The sector badly needs this long-heralded restructuring and reorganisation of local government finances. For some, they look at this alongside restructure of local government and say, "The two have to go hand in hand." I do not think that is necessarily the case. Part of that has to involve removing the tendency to ringfence funds when they come down. Some of that fiscal freedom has to be about taking away those kinds of restrictions, which really hinder the ability of local authorities and combined authorities to make big, long-term strategic decisions.

The fact that this is so critical for sustainability is made particularly clear by what has been going on for the last few weeks in London with the



issues around TfL finances. In London, the mayoralty and the GLA are heavily reliant on the TfL farebox and on the precept. Those are two things that other areas do not benefit from and yet still we are in this situation where London government finds itself not really able to go anywhere, other than those two particular places, for funding. It highlights the need for a more fundamental reset of our approach and attitude towards funding of local areas.

Q76 Abena Oppong-Asare: I would like a quick answer on my final question. Should LEPs and police and crime commissioners be integrated into combined authorities? I wanted to start with you, Abdool, because you mentioned economic growth and looking at other service growth. I wanted to see if this is something you would consider as something that should be done.

Abdool Kara: We have seen a number of combined authority areas where the LEP, or LEPs in some cases, has been folded into the combined authority. There is certainly a neatness and elegance around that. We would support that. One of the points we made in our report around combined authorities is that the geography, the footprints, of LEPs and combined authorities does not always lend itself to that. That is something we would be supportive of. It definitely leads to efficiency gains, as well as easier leadership scrutiny, etc.

On the point of police and crime commissioners, bringing it within the combined authority is an option in the statute. Again, that seems entirely logical to me. I do not think it is our position to say whether it should, but we would be supportive of local determination of these things.

Ed Hammond: In those areas where MCAs have been set up, we have been seeing that the PCC and LEPs have ended up being drawn in. I think that will inevitably continue. As Abdool says, the tendency to look at that solution and think that it is neat will end up overpowering any other considerations.

One thing I would highlight is that LEPs were established to provide a specific voice and leading role for business in the way that economic development was designed and transacted. In subsuming that within combined authorities, there is the danger that you lose some of that distinctiveness and voice. You can obviously have the issue about whether it is appropriate for business-led organisations to be managing large amounts of public funds, but we are in the position where those organisations were set up specifically in order for businesses to take a leading role. More thought will need to go into whether the fact that LEPs will end up being pulled into combined authorities is going to lead to a strategic shift in the things that LEPs consider to be priorities, because they are now being led by politicians, rather than directly by business.

Andrew Walker: Yes, where it works locally and is designed around local need, absolutely.



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I want to very quickly come back to a point, because it might be that I slightly misunderstood your previous question about fiscal devolution. I agree that is a really crucial part of getting this stuff to work as well as it can in local areas. A lack of fiscal devolution has been a barrier. I just would not want us to feel like we have to get everything right in a package before we move forward with the debate.

Q77 Mary Robinson: Moving away from scrutiny, of course we ask for scrutiny to be smart, specific and measurable, et cetera. How should we be seeking to monitor and assess devolution deals?

Abdool Kara: On their own terms. In the absence of a national framework, each devolution deal has a set of agreed outcomes, inputs and expectations around economic growth. In Manchester, there is a set of expectations around health improvements. In the absence of a national framework, I would expect there to be local transparency about whether those outcomes, outputs and impacts are being delivered, and certainly transparency around how monies allocated have been spent, the core audit regularity issue there. Do I think we would all benefit from there being something national that could draw all that together, even in a fairly limited way? For example, could we tell that economic growth is happening faster in areas with combined authorities, in areas that have been allocated more money rather than less and so on? That would be of real interest to me and my colleagues. I think that would be of real interest to Parliament.

We do not currently have those kinds of arrangements in place. With the Regional Growth Fund, over £12 billion of money handed out through combined authorities and LEPs by HCLG, there is no monitoring system in place whatsoever for the cost-benefit delivered from such large sums of money. This probably would not be supported by Ed or Andrew, but something national, even if fairly light touch, to be able to draw together bigger-picture lessons, some compare and contrast and an overview of how well devolution is faring.

Andrew Walker: I would largely agree that they have to be assessed on their own terms. The really crucial point is, for this to work, this is about a long-term transformation in governance, in how local areas are governed. It is not something that we can properly assess after four, five or even 10 years. It is not about a set of discrete policy targets or spending targets. It cannot be about assessing the amount of money saved over a short period of time. This is about something much bigger than that. We have to allow that space for different kinds of leadership to embed and different ways of approaching policy-making. This all takes time.

I do not think we should go about it as trying to assess this early on with a set of criteria. That is quite difficult to do. The anecdotal evidence so far is that there has been a lot of success. There has been a lot of progress. There has been renewed civic leadership and civic engagement. All these things are really encouraging. There has also been success around



different kinds of policy integration, spending money in different ways. We need to build on that, rather than rushing to assess with strict criteria so soon.

Ed Hammond: Yes, I agree. That presents a real challenge for governance and accountability. I agree with what Andrew said about this is all highly long term in nature. It is very difficult to monitor it in a sensible way. That is why we need some very local ongoing measures to take account of this. I do not mean measures in terms of measurements; I mean in terms of actions. That is about public dialogue, drawing in a wider variety of stakeholders in some of the big decisions. I do not think it follows the convention that a combined authority or a professional body will do a thing and then be monitored by some other professionals.

The way we can conceive of the way decisions get made and how priorities are set locally has to be something that is opened up, through effective governance, to a far wider range of people. Whether that is through combined authority scrutiny, some kind of local public accounts committee set up or more fundamental public engagement on these kinds of issues across an area, I do not know. The question you asked was how we should monitor. That is central to me. I interpret “we” as meaning citizens individually. Local areas and local politicians should absolutely be doing that.

Abdool anticipated that I would tend to slightly diverge from the NAO in thinking that there is a role for national comparison. We have tried national comparison in local government and regionally on economic growth and development for the best part of 40 years and we still have this situation of distinct and significant imbalance between different areas. It begs the question of what that kind of comparison has managed to achieve in the past for this kind of stuff not to be too overly blunt on these kinds of things.

Q78 **Mary Robinson:** Can I stay with you, Ed, please? The Local Government and Social Care Ombudsman expressed concerns about some of the combined authorities’ responses to complaints. You have raised the issue of a wider range of stakeholders and engagement there. Do you think combined authorities and the deals underpinning them pay sufficient attention to public engagement and opinion?

Ed Hammond: Briefly, there should be far more involvement of the general public and councillors. There are ways that the forthcoming devolution framework can provide for this. I agree that there needs to be far more significant public involvement.

Andrew Walker: I would agree, and I think that is recognised if you recognise if you speak to most people working in combined authorities. They recognise that they need to do more and go further with that.

Abdool Kara: If a combined authority is a strategic authority, it is going to be less involved in complaints at the level of services and interaction



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with the ombudsman. The more combined authorities and elected mayors get into the realms of public service delivery, certainly interaction with local people in determining strategies, policies and so on becomes key.

Q79 Mary Robinson: To look at the wider perspective on this, Scotland, Wales and Northern Ireland are represented in Whitehall by dedicated offices. Should there be one dedicated to English devolution and regions?

Ed Hammond: Civil servants, conversely, should be out in the regions, having those conversations there. I do not think English regions should be sending people to Westminster and Whitehall. It should be the other way around.

Andrew Walker: I would tend to agree. I would even ask the question of what the Ministry of Housing, Communities and Local Government is for if it is not to play that role, to progress devolution, to be promoting the agenda across Government and to be out there in the regions. At the same time, in a paper a couple of years ago called *Beyond Devolution*, we called for a senate of mayors; you would have a body that is made up of elected mayors and other local leaders to play another role in government, scrutinising central Government and having a role in national policy making. Why is it that we think a central Government Department would perform this function better than anything that is locally led?

Abdool Kara: It takes us right back to the beginning and the questions of Covid. Some of the failures around some of the Covid initiatives have shown that central Government Departments, including MHCLG and others, do not really understand the work of local government and the different powers and responsibilities and officer experience and expertise that sit at local government level. Anything that helps to grow that can only be a good thing.

Q80 Mary Robinson: I will go back to Andrew with one last question. Is the current deal-based approach, which requires monitoring from the centre, the appropriate model for devolution?

Andrew Walker: Where it has worked, it has clearly had a very positive effect. Those areas that have been able to secure a deal have shown quite a lot of progress. Greater Manchester is often held up as the example of that, but in other areas too there has been a lot of success and progress. I do not want to necessarily do that down. We need to have a commitment to devolution across Government. We need to have a presumption that things should be devolved and decentralised, rather than assuming that they should not unless local areas can make a good enough case. We need to have a set of principles and a set of key tests to outline that approach to devolution. While an ad hoc deal-based system might work for those areas that are successful, that are able to negotiate what is going on in Whitehall successfully, it does not work as a wholesale approach.



Ed Hammond: I have nothing to add to that. That was perfectly put.

Abdool Kara: I agree. I fully support that. The sector is crying out for the devolution framework to give everybody a starting point to work from and to buy in or at least expose those Government Departments that are not at the table.

Chair: Thank you all very much. That was an interesting point at the end on those Government Departments that are not at the table, which we would probably echo on the Committee. Some of us have probably been watching the same Departments for the last 10 years, looking at these issues. Thank you very much for coming to give evidence to the Committee this afternoon.

Examination of witnesses

Witnesses: Jim Hubbard, Simon Parkinson and Mike Short.

Q81 **Chair:** We move on to our second panel; thank you to the three witnesses. I think you have been listening to most of that. We have Jim Hubbard from the CBI, Simon Parkinson from the Workers' Education Association and Mike Short from UNISON. Thank you very much for joining us. You are all welcome.

We want to get through all the subject matters that are important to this inquiry. If you agree with something that has been said before, just tell us you agree rather than repeating it at length; that is helpful to the Committee. We have six subject areas to explore with you, which is about 10 minutes each.

The first question for the three of you is about your experience with the existing devolved areas. How would you assess your interactions and how do you think they are doing in terms of your involvement with them so far?

Simon Parkinson: Good afternoon, everyone. Thank you for making the time for us. We are a national third-sector organisation. We are the largest provider of adult learning in the country, so we look at this through the lens of the devolved adult education budget. Hopefully, my evidence will help to draw third-sector experiences into other policy areas as well. Primarily, our experience is through devolution of adult education budgets.

We have secured grants or contracts in all but one of the mayoral combined authorities. We work with around 11,000 learners and we draw down around £5.6 million of devolved funding. We are both national and hyper-local. Our students, in normal times, when it is face-to-face teaching and learning, live within three miles, on average, of the centre of learning. We are a highly devolved organisation. Our experience of devolution has certainly been that it has added a degree of complexity. Before devolution, we were centrally funded through the ESFA. We still



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are centrally funded through the ESFA to around £14 million a year, supporting 36,000 students. It has added complexity for us, and that complexity adds costs, both in terms of the commissioning side and the provider side. That is our experience. That sets out our credentials.

Jim Hubbard: Overall, our engagement and the engagement of our members, which totals 190,000 across all sectors in size of business, has been good with mayoral combined authorities. Many businesses value the fact that in mayoral combined authorities, with a mayor acting as a figurehead, there is accountability and better understanding of how decisions are made. One thing that is worth recognising, based on the previous panel witnesses, is that all of us here today, whether a member of the Committee, a witness or perhaps even someone tuning in, should probably acknowledge that, one way or another, we are local government experts. The reality is that most businesses are not. That is what the value of mayoral combined authorities has been. Businesses, in particular, and entrepreneurs are able to gain an understanding of how mayors work as public figureheads.

Those strengths include the fact that there is clear accountability linked to the direct election of a mayor, sometimes leading to independence from their own political parties, which has been welcomed by business. As soon as politics becomes involved, businesses often turn off. There is also the fact that they are champions for the region. You could look to examples of attracting investment from Whitehall and even abroad, by raising the international profile of a place. It can also set out a strong economic vision, offering clarity over strategic direction, and also increasing collaboration with their neighbours across the region and country.

There is also greater focus on inclusive growth, which has of course picked up some momentum in relation to coronavirus, as we look to build back better. These are some of the reasons why our engagement to date has been especially strong when working with mayoral combined authorities.

Mike Short: Thanks for the opportunity to give evidence today. Our relations with combined authorities are good. They vary a lot, depending mainly on how advanced the authorities are. We are a political campaigning organisation, yes, but we are primarily a workforce representative organisation, as a trade union. Indeed, we are the largest one in local government. For example, in Greater Manchester there is a very advanced and developed combined authority. That is an example of good practice from a workforce relations perspective. There is a charter for good employment relations agreed by all parties. We have seats on various bodies. It is those sorts of things. In other words, there is a structure for constructive, positive workforce relations.

In other combined authorities, that structure is not quite there. Relations are a bit more ad hoc but they are still good. The biggest determinant is



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the extent to which these combined authorities have large amounts of staff. As they take on staff from other areas, whether they from “above”—from central Government—or taking on staff from local authorities in their area, it becomes more of an issue for us in terms of representing those staff on a day-to-day basis.

Q82 Chair: Very briefly, just in terms of the impact of combined authorities on surrounding areas, is there anything particular there, either on economic or other impacts, that you want to draw the Committee’s attention to?

Jim Hubbard: There may be benefits for those who live just outside the boundary of a mayoral combined authority, whether that is better access to public transport or a skilled job, which may become possible through funds such as the Transforming Cities Fund or just attracting that outside investment. On the other hand, there is of course the danger of displacement. That is, in short, why the CBI is so supportive of furthering devolution at pace, starting with that framework, optimising Westminster and then getting on with delivering deals for the future.

Q83 Chair: Simon Parkinson, do you have anything to add on that point?

Simon Parkinson: No. It is too early to tell for us.

Q84 Ian Byrne: Welcome, everybody. This one will be directed to Mike to begin with. Both UNISON and the WEA have raised concerns about postcode lotteries that arise from devolution. How far should this worry us?

Mike Short: It should to a certain degree. One of our concerns around postcode lotteries is around pay. I was going to say “the current Government” but I should not. A few years ago there was quite a drive from Government to introduce regional pay in the public sector and public services. To be fair, it is a while since that has come up. We do not know of any major combined authorities who are talking seriously to us about wanting that to happen, but that would be a big concern for us in local government. We have national pay bargaining for local government, and that is not just done out there separate from local government. The employers’ side of the bargaining system is democratically elected by the employers, so everyone as a stake in it. It ensures that a social worker is not penalised because they live in an area where pay is forced down, whereas in another area you might be paid a bit more. Certainly, we would see regional payers being more likely to depress wages rather than raise them.

Simon Parkinson: What we mean by “postcode lottery” is the access to a wide range of learning opportunities. If you think about the recovery that we are all hoping to see, we would say that is both an economic recovery rate and a societal recovery rate. With some of the MCAs you see a narrowing of the adult education budget around skills development, and particularly high-level skills development, at level 3 and above. Our concern would be that the wide range of learning opportunities that we



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feel are needed to recover both economically and through society may be lost if there is just a concentration on high-level skills development.

Q85 Ian Byrne: That is a good answer. Certainly, post Covid, both are equally important.

My next question is directed at Jim. What can be done to balance devolution with the issue of postcode lotteries in the delivery of public services?

Jim Hubbard: This is certainly an issue that has been raised by some of our members. There is no question that, when you go down the route of devolution with mayoral combined authorities, there is a danger of some areas being better placed to attract funds and investment. The quickest route to begin resolving this is to have a more consistent approach to devolution across the entirety of the country. We have called for 60% of England to be covered by a deal within the next five years. There is clearly a model that could be followed and we should hopefully learn more when there is a published framework. Our preference would be that unitary authorities are a stepping-stone in that process.

Mike Short: It goes back, in a sense, to something Andrew Walker said in the last session. I should declare an interest, because he is from LGIU and I am on the board of LGIU. That is not why I am agreeing with him. There needs to be a balance between the way these deals are struck for different areas and this idea that there are certain set principles. We feel it has been done wrong, in a sense, in that the different types of service are being devolved to different areas in return for a very set model in terms of the governance structure with a mayor. Our feeling is that there should be much more co-design in terms of the local democratic structures, but there is more of an argument for a uniform approach to what services are devolved. That would help, because at least you know then these are the services are devolved, these are the resources you are going to get and these are the financial powers you will have, such as tax-raising or whatever it may be.

Beyond that, yes, there is still a risk of a postcode lottery. That is why there is still a role for central Government in laying down, whether you call them kitemarks or standards, principles for things you need to do as public services deliverers.

Q86 Ian Byrne: Mike, you acknowledge in your evidence that you have a role on the Scottish Joint Council for local government pay bargaining. If that arrangement is a reasonable arrangement for Scotland, why not for England?

Mike Short: Do you mean why not for English regions?

Ian Byrne: Yes.

Mike Short: There are a number of reasons. The establishment of the Scottish Joint Council was before my time, but it was something we



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accepted. We did not campaign explicitly for a Scottish Joint Council, much though UNISON supported devolution in Scotland. It works in Scotland. Scotland has its own local government culture. It has more a sense of being a nation.

Our view is that the English regions have a lot more in common than they have separate when it comes to the local government workforce. I used the example of a social worker before who lives in an outer London borough, say in north London. There is a big difference in the pay they could receive between working in that borough and working in, say, Hertfordshire. That is not a good thing. I understand why some combined authorities or local authorities might be in favour of it, but that will not be in the interests of people receiving that service: they get a worse standard of service because the social workers are paid less in that area.

Q87 Ian Byrne: That is an excellent answer. Simon, you have had to move your operations online during this crisis. Have you found that there is a tension between digital delivery and devolution funding?

Simon Parkinson: It is a good question. We have successfully moved about 60% of our provision online. Particularly considering it is for a demographic that would not be overly used to online learning, we are really pleased with the way that has gone. Initially, there were strict contract rules about funding only being used for citizens in the various mayoral authorities, but we have seen a realisation that there are benefits from citizens learning across geographical boundaries. If I am honest, we still have some work to do to convince each of the purse-holders that we have not broken any of the funding rules.

Mainly, there has been a move, certainly over the last couple of months, to say, "Yes, as long we can see that it is benefiting the majority of our citizens, actually we can open it slightly wider." That is to be tested. That is one of the concerns we have at the moment. Almost all of the mayoral authorities are saying they will be quite loose in terms of the reconciliation of funding this year, but we have no guarantees that there will not be a reconciliation back to the funding rules. That is something we are watching quite carefully.

Chair: Thanks, Ian. That was much more effective than Liverpool's attack last night.

Ian Byrne: That was a low blow.

Q88 Mohammad Yasin: There have been calls for the devolution of powers over taxation to combined authorities. What is your view on this?

Jim Hubbard: Fiscal devolution will need to be considered carefully. It risks creating a patchwork of different administrations for businesses to navigate and, if it is done badly, it will create winners and losers across the country and potentially exacerbate regional inequalities. However, it is important we recognise that the UK is currently highly centralised. Only



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5% of taxes in the UK are raised locally compared to 30% in France and 30% in Japan.

Certainly in early conversations we have had with businesses, the suggestion has been that fiscal devolution should be less about revenue-raising locally, which may create losers with high rates of poverty or a race to the bottom to attract investment, and instead devolution should be the opportunity to meaningfully devolve power and funding. This would help prevent local areas from bidding for short-term pots of funding and instead allow them to deliver long-term holistic and meaningful change.

Simon Parkinson: Just building on Jim's answer, there still needs to be a national funding framework, particularly for the types of services we provide, because we would have the same concerns in terms of if there was a move to highly localised tax-raising powers. Jim is probably better placed to answer than me.

Mike Short: Before sorting out or having the debate about further fiscal devolution to combined authorities, we need to sort out the existing fiscal devolution to local authorities. There certainly needs to be the right mix of local power over local taxes. At the moment we have council tax and business rates with arbitrary ceilings imposed by central Government that are little more than rate-capping, to be honest. Those are really hindering local authorities' ability to provide the services that they need to provide.

This goes back to the previous session a bit. You need to have the full debate about fiscal devolution alongside the debate about combined authorities. The money has to come from somewhere. If you are just giving these powers and saying, "You cannot raise money to do them", then the money needs to come from central Government. At the moment, as we know, the money from central Government for local government has basically dried up. We have this combination where there is no further money from central Government in the form of grants and they are limiting the ability to revenue-raise locally. If there are more powers to be granted, there needs to be that debate about where that money is going to come from.

Q89 **Mohammad Yasin:** At the March Budget, the Government decided to continue with the 100% retention of business rates by combined authorities. Mike, do you support their approach?

Mike Short: Yes, we do, in principle, support that. We also, however, support something like what used to be in place, where there was redistribution based on need. The removal of need and deprivation measures and that sort of thing from the Fair Funding Review for local government is a real problem for us. That feeds back into the point Jim was making about areas of deprivation being less able to raise money through business rates and being less able to raise money through council tax as well, because there will be more people who are not paying



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council tax. Yes to the 100% retention of business rates in theory, but with top-ups and tariffs as used to exist.

Simon Parkinson: Again, just building on that slightly, we agree with Mike. There has been a good report by the Centre for Social Justice that talks about the long game. In term of any extension of fiscal devolution, how do we make sure that we are actually getting long-term funding settlements in place rather than reactive short-term funding settlements? That will just give us the ability to plan together as strategic partners, which is what a number of the combined authorities say they want to do. We could do that much better if it was not this short-term, in-and-out competitive tendering for services.

Jim Hubbard: Efforts to incentivise local authorities, or mayoral combined authorities in this instance, and to encourage local investment and growth. That is a positive thing. It is important that any fiscal devolution would need to come with a strong form of accountability, such as having an elected metro mayor. Areas would also need to demonstrate the ability to operate at scale, so avoid local areas competing and have the ability to collaborate to ensure that English cities and regions are competing international as opposed to with one another, which is important to remember.

Q90 **Daniel Kawczynski:** I am a little bit cautious about all of the witnesses' lack of caution with regards to the devolution of taxation and funding powers for council authorities. I speak as a Member of Parliament who has represented the seat at the cutting edge of a divergence—namely, if you sit on the English-Welsh border, where my seat is, where we have seen massive differences and divergence between London and Cardiff, which is having a profoundly difficult impact on many private-sector and state-sector bodies that are working and operating across the border. Bearing that in mind, could I ask all three witnesses whether they acknowledge in any part some of the real problems that can come as a result of this devolution of taxation and funding for councils?

Simon Parkinson: It goes back to the last answer we were trying to give. For me, it would be ensuring, however those tax-raising powers are devolved, that there is a long-term funding settlement in place that means that, in our case, adults can access the range of learning opportunities that they need locally. It is not an area of expertise for me, but for us it is really about making sure that the resources follow devolution and that there is enough resource in those areas to make sure that they can meet the needs that those citizens have.

Jim Hubbard: Just to add to what I and others have said, we certainly believe in a UK single market. Once you begin to discuss full economic devolution or begin to involve particular tax-raising powers, that leads to more complexity and the danger of areas competing with one another as opposed to us competing with those abroad.



There is an important distinction that is linked to this point. That is the idea of delegated powers versus devolved powers and whether authorities need the ability to tax-raise as opposed to just having more funds at their disposal to make their own decisions of how to use those funds. Certainly from the business perspective, we would be erring on the side of, "Look, let us identify funds and powers that make sense to be driven locally and regionally and give them the funds at their disposal to make a real difference, and then for them to make those decisions closer to people", as opposed to developing a network of a confusing tax landscape that would lead to some negative impacts down the line.

Mike Short: I absolutely acknowledge the point you are making. In a sense, it goes back to the point that I made in response to Ian Byrne's question about the postcode lottery. In the same way as we were worried about postcode lotteries in terms of service provision, we should be concerned about them in terms of taxation as well. I absolutely accept that.

There is always going to be a tension between local democracy, local decision-making and autonomy and universal standards, national consistency and those sorts of things. Getting the balance right is key. My point was that, if there is going to be devolution of powers and responsibilities to an area, whether it is the local authority or a combined authority, the discussion about the funding needs to happen at the same time. We cannot have the perfect storm where there is an inability to change local taxation as well as a lack of funding to do it from the centre. The money has to come from somewhere, in other words.

Q91 **Daniel Kawczynski:** Of course, it is not fair to compare local authorities side by side, no matter how different they are in size within England. Sitting on the border, we have seen such profound divergence over the last few years that it is now having a detrimental impact on the way in which some services are funded and provided, so much so that we are now having to form a caucus of English MPs who have constituencies on the English-Welsh border to try to flag up some of these real problems that exist for border communities.

Let me just ask you a supplementary question. What happens when, with this divergence, you have two entities side by side but there are massive additional central Government subsidies to one area as opposed to another, and so the one jurisdiction can use that additional subsidy to lower taxes or increase grants for public or private-sector entities and therefore take away from the slightly better-off area that does not get that huge level of Government assistance?

Mike Short: The question is about what happens when you have these two areas side by side. That is obviously a concern. I do not disagree with the implication of your question there. In the situation you are describing, it is England and Wales, and there is a feeling that there is a higher level of devolution because of, in some sense, Wales as a nation. I do not necessarily want to get into that debate but one would hope that



in areas within England you would be able to have that discussion. That also strengthens the argument for having a uniformity of package rather than having different packages in different areas. The answer is probably somewhere within that.

Q92 Daniel Kawczynski: You do not see this problem that we have at the moment on the English-Welsh border ever being extrapolated between different councils within England as they diverge and grow?

Mike Short: If the question is whether I see it, I do not know whether that is the case. I do not know whether that will happen.

Jim Hubbard: I do not know if I have a huge amount to add. What is interesting is that, as you pointed out, this is not only a challenge in relation to devolving tax-raising powers. It is also a matter of how you distribute funds generally, which is not an easy, straightforward question to answer. As soon as you begin drawing lines or boundaries on a map and diverting money accordingly in funds, it becomes a very complicated picture to make sense of and to ensure that there is equality and fairness across the board. I do not have an answer to your question, I am afraid, but I do not know that it is directly linked to the question of devolution either, in that it seems a more complex question to try to get to.

Simon Parkinson: Just taking the specific example, Daniel, we have a sister organisation in Wales, Adult Learning Cymru. They are funded differently. It is central Welsh Government grant-funded. It does have an impact on the provision they can provide as opposed to the provision that we can provide. There is still the opportunity for us to look across the border, to share best practice and see what works for communities that are used to jumping across the border on a daily basis. The whole issue of digital exclusion and digital poverty has united us more than the differences that we have concentrated on. That is an issue for us. The different funding settlements do mean that the provision is different. Whether that is better or worse, I do not know.

Q93 Daniel Kawczynski: Finally from me, Simon, would an organisation like yours ever do any sort of internal audit about the additional costs that you have to go through in order to grapple with the differences that you are experiencing across the board with an increasing divergence between these councils and how they operate.

Simon Parkinson: It is a good question. I mentioned it in my opening. There is no doubt that the pre-devolution funding arrangements were less complex. If you add complexity in, and if you add commissioning practices in, particularly competitive tendering practices, that drives back office costs on both sides, so we have had to invest in bidding, funding and contract management teams. I am sure in the combined authorities they have had to do similar levels of investment, and our concern would be that is taking money away from frontline delivery. That is something that we need to watch. We can see that in the impact we are able to have



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through grant-funded positions and contract-funded positions. We feel the money goes further if we are grant-funded.

Q94 **Daniel Kawczynski:** You cannot, at this juncture, highlight any specific actual pounds, shillings and pence as to what it is costing you.

Simon Parkinson: I could not give you a number that I would be confident of in this environment, but we can take that away and provide what evidence we have in writing back to the Committee.

Daniel Kawczynski: I would be very grateful to you if you would very kindly give some thought to how much more per annum it may cost you in order to navigate this additional complexity and write to the Committee. I would be very grateful for that. Thank you.

Q95 **Rachel Hopkins:** My question is about what you would like to see from the White Paper regarding the structure of devolution, given that the CBI have called for combined authorities to align with the boundaries of local enterprise partnerships. Do you think LEPs should be fully integrated or stay separate from combined authorities?

Jim Hubbard: When there are aligned boundaries, they should be integrated. That would be ideal. If you look to the London or Cambridge and Peterborough model, when they are not aligned that is a bit more complicated. If you are asking whether that should continue, yes, given that if you look to their core purpose it is about how local government and business can work collaboratively and more closely with one another, which is a positive thing. If you were to eliminate them, something would have to take their place in relation to local growth hubs and getting grants and support out to business and everything else. Certainly, when they are sharing the same boundaries, there are a lot of positives that would come from not replicating or duplicating the same functions across both the combined authority and the LEP.

Simon Parkinson: I agree with that alignment where possible. Where that is not possible geographically, from a provider's point of view, there needs to be some real clarity on the responsibilities of each and on where decisions are made. It is quite a difficult landscape to navigate through the whole range of devolution from local authorities, LEPs, town deals and mayoral authorities. It is quite difficult to navigate through, so clarity would be good.

Q96 **Rachel Hopkins:** Alignment of boundaries is one thing, and then there is the integration. What are your thoughts on the integration angle as much as aligning layers?

Simon Parkinson: Again, if integration is possible, that removes complexity both from a commissioning side and the provider side. It should be as simple as possible from those arrangements. I know, Rachel, that is easy to say and probably more difficult to do, but, yes, we would like to see as much alignment, both geographically and in terms of responsibilities, as possible.



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Mike Short: I have very little to add. I agree with what Jim and Simon have said. I will just add that, in more general terms about the White Paper, we would like to see far more consistency in terms of packages between areas and a lot more local co-design as well, in terms of how things are set up.

Jim Hubbard: Just to really briefly add, when there is alignment and a combined authority would go down this route of integrating the two, there should be robust engagement in selecting an independent chair with a strong business background. Ideally, also, it also needs to ensure that there is diversity across the board that would be developed, sticking with the two-thirds representation, with a balance of different sectors, business sizes and that sort of thing.

Q97 **Rachel Hopkins:** The CBI praised the role of metro mayors in bolstering infrastructure projects. Do you think future devolution deals should include mayors?

Jim Hubbard: Going back to what I shared earlier, businesses certainly welcome mayors. They certainly find it an easier way of engaging and understanding the way local government works. Not every deal should necessarily require a mayor. That should be the ideal or model that people should be aiming for. That would unlock the most amount of powers, given the accountability that would be in place. If, for whatever reason, a place does not feel that it would like an elected mayor, there should be other options. The one option that we outlined within a report that we published last year would be going down the unitary authority route. I have said this previously so I will not repeat myself too much, but we should look to finding opportunities to reduce complexity where possible, whether that is a unitary authority or making it clear how to engage with a combined authority mayor. That would be a better outcome.

Mike Short: I largely agree with that. We do not think it should be compulsory to have mayors. It has not been helpful in the way some of the ad hoc deals to create combined authorities have been done up until this point. It has not been helpful that it has been, "If you have a mayor, you get this; if you do not, you get that". It seems slightly the wrong way around. I will not repeat myself as I have said this already. I have nothing against mayors if that is what the local communities or local people want through democratic processes, but there should not be a prerequisite.

Simon Parkinson: I agree. Build it up from the democratic processes; work out what is right for that particular region. It needs public leadership. It needs the type of leadership with, by definition, combined authorities that can cut across the silos that maybe sometimes exist, and bring together and champion the priorities that region needs to see driven forwards. We currently call mayors part of that, but it should not be a deal-breaker.



Q98 **Brendan Clarke-Smith:** Good afternoon, gentleman. Are there any particular areas where you would like to see new powers granted or where you would be opposed to any new powers being devolved?

Jim Hubbard: This is exactly the conversation that we are having at the moment. Partially, that is because we are thinking about whether there are inequalities across the UK that we would like to resolve, and we think devolution is a part of the answer. Secondly, we are responding to the twin challenges of our departure from the EU and the fact that we are responding to a pandemic that will take years for us to build our way out of.

If you look to what will be required, there needs to be decision-making closer to people and understanding of what those particular challenges are. If you look to the scale of the problem in relation to the coronavirus, it is simply too big for the central Government to do on their own. Certainly, we will be looking to the key drivers of an economy, which are fairly well-established and which will require super-charging, given the current challenge. Those are things like skills and educational attainment, infrastructure, the ability to invest in innovation and R&D, and to really begin to stimulate the economy and encourage businesses to grow. Those are the core drivers that we should be focusing on, alongside, I should say, everything that sits behind that, in terms of the ability to employ and create jobs for young people, in particular, who are expected to be hardest hit from this crisis. Those would be the areas to look to in the immediate term.

Simon Parkinson: I generally would be in favour of seeing more powers devolved, but it is quite early in the day as well. We are seeing particularly our mayoral authorities fully utilising the powers and the flexibilities within the powers they currently have. We would like to see those powers set in a series of national policy frameworks.

If we take adult learning, we would like to see a national life-long learning strategy, within which combined authorities could then make a set of decisions. We would like to see them build that confidence, particularly in the recovery and in the case of any regional variance in terms of any second spikes or second waves. They will then need to consider how they use their existing powers flexibly, rather than what we have seen, which is quite a cautious approach in terms of waiting for national Government policy response first. Generally, yes to more devolved powers, but we should fully work out whether we are utilising the existing powers flexibly enough, at a time when we are going to need that regional flexibility.

Brendan Clarke-Smith: You would say further devolution of adult skills and education.

Simon Parkinson: Yes.



Mike Short: I agree with the things that have been said, particularly in terms of youth employment. That is really important. In terms of some of the big tranches of public services, we have seen some areas where health and social care has been devolved, famously in Greater Manchester. In some areas, the mayor is also the police and crime commissioner, whereas in other areas this is not the case. I am not sure there are new areas we would see devolved. We want to see further devolution of those areas and more consistent devolution of those areas, provided you have the right structures in place for democratic control and the resources to deliver them.

Q99 **Brendan Clarke-Smith:** Would you support further devolution of employment and industrial relations, Mike?

Mike Short: Can you explain a little more what you mean by “devolution of employment and industrial relations”, please?

Brendan Clarke-Smith: In terms of those local authorities having more influence over it than in the current national structure, so paying attention to localised issues.

Mike Short: You are talking about the industrial relations structures rather than the legislation underpinning it.

Brendan Clarke-Smith: Yes.

Mike Short: The first thing to say about that is we already have a lot of local devolution of that in local government. I talked about the national pay bargaining system earlier in the afternoon. Actually, a large amount of local government workers’ terms and conditions are locally determined. We work within that structure.

Do we support further devolution of the pay bargaining? No. We have covered that earlier with regional pay. As I said before, there are certain key principles that need to be in place from a national or central perspective, so that, where there are combined authorities doing things in different ways, they are not doing it as competition in terms of who can do the least well by their staff. It is important to avoid a postcode lottery in employment. Those principles include the way we treat staff.

Q100 **Brendan Clarke-Smith:** That is interesting, thank you. What lessons from devolution can we draw from the Covid-19 crisis?

Mike Short: A general lesson is that local government, whether it is a council or a combined authority, can deliver. Local authorities know their local communities and they can provide local services and they can do it well. These are just a few examples of where local government has delivered well in Covid-19 and, in many cases, better than the central Government have, to be frank: food distribution networks; volunteering systems; there has been a lot of flexibility shown by staff to move duties to do what is needed for their communities; pavement-widening; low-traffic neighbourhoods; helping people cope with the lack of public



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transport; local schools' partnerships; public health; social care; and the provision of PPE.

Those are all things where local government has delivered. In part, that is combined authorities. In the main, it is "normal" local authorities. They show the way for how local government, in many ways can deliver best for local people. That, arguably, points the way for further devolution. There is an argument for further devolution.

Simon Parkinson: In the earlier panel session, they were talking about changes in behaviours. We have seen many, many examples of local authorities, as Mike says, rather than just combined authorities, almost coming together across party lines and really actively listening to their communities. We have seen the rise of the mutual self-help groups around the nation. We have seen many examples of local authorities enabling those communities to come together and provide some of the solutions with them, in partnership with local authority rather than the local authority feeling it has to deliver every solution along a particular pathway. There are lessons to be learnt about when we really need to come together. The good local authorities are showing they are agile enough to do that.

Jim Hubbard: I would agree with the other two witnesses. Local authorities and mayoral combined authorities have certainly delivered under really challenging circumstances. Going back to an earlier point, the scale of the challenge is too big for central Government to do on its own. There is hopefully growing recognition of that. There have been positive occurrences, such as the M9 group—the nine mayors representing the mayoral combined authorities—having been summoned by No. 10. We should see more of that. We had suggested that should happen before coronavirus in relation to big fiscal events, for instance.

There is also no question that regions will be absolutely crucial to the recovery efforts. We already see examples of that across the mayoral combined authorities, with them bringing together partners and stakeholders from a range of different backgrounds, to begin to develop what is needed for their particular regions to build back even stronger than before.

Chair: Thank you to all the witnesses for giving answers to that range of questions in such a timely way. That has really helped the Committee come to the end of its deliberations for today. Thank you all very much for coming and giving evidence to us.