

Public Administration and Constitutional Affairs Committee

Oral evidence: [Devolution and Exiting the EU, HC 484](#)

Tuesday 20 March 2018

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Members present: Mr Bernard Jenkin (Chair); Mr Marcus Fysh; Dame Cheryl Gillan; Kelvin Hopkins; Dr Rupa Huq; Mr David Jones.

Questions 360 - 490

Witnesses

I: Councillor Kevin Bentley, Chair, Local Government Association Brexit Task and Finish Group; Councillor Huw Thomas, Leader, Cardiff City Council and Board Member, Core Cities UK; and Alex Conway, Director, Greater London Authority European Programmes and Lead City Hall Officer for Brexit

II: Ed Cox, Director, IPPR North; Dr Joanie Willet, University of Exeter; Dr Sarah Ayres, University of Bristol; and Rebecca Lowe, Independent political consultant

Written evidence from witnesses:

– [Dr Sarah Ayres](#)

Examination of Witnesses

Witnesses: Councillor Kevin Bentley, Councillor Huw Thomas and Alex Conway.

Q360 **Chair:** It is a pleasure to welcome our local government panel to this inquiry about devolution and Brexit. I ask each of our witnesses to identify themselves.

Alex Conway: I am Alex Conway. I am the GLA Brexit and European Programmes Director.

Councillor Bentley: I am Councillor Kevin Bentley. I am the LGA's chair of our Brexit Task and Finish Group and also the Deputy Leader of Essex County Council.

Councillor Thomas: I am Councillor Huw Thomas. I am the Leader of Cardiff Council and I am here on behalf of Core Cities.

Q361 **Chair:** Thank you for being with us. We will ask short and crisp questions. If you can keep your answers short and crisp as well it would help, otherwise I might have to pull up the questioner or witness.

We have been very preoccupied in this inquiry primarily with Scotland and Wales. We would love to do more on Northern Ireland but in the absence of an Assembly in Northern Ireland at the moment that is very difficult. We did not think our report would be complete unless we took evidence about what might be called devolution but is perhaps more accurately termed decentralisation in England. To that extent, this is a very important session.

Councillor Bentley, I declare an interest. We know each other rather well; you are my constituent. It is a great pleasure to have you here. The LGA has suggested that there needs to be a new constitutional settlement for local government in England. Can you explain what you mean by that?

Councillor Bentley: Thank you for, first of all, for the opportunity to come and address you. It is very important and it is important that the voice of local government across the United Kingdom is heard in the four constituent local government areas in the nations. What we do not want to do is swap Brussels for Whitehall or Holyrood or Cardiff Bay. It is very important that we can get a settlement that allows decentralisation or devolution of powers to local authorities.

Q362 **Chair:** You are speaking for local government across the United Kingdom?

Councillor Bentley: The Task and Finish Group I work on represents all of the local government in the four nations, of which there are representatives on that panel. Primarily, of course, I am representing English councils here today. You have colleagues from elsewhere and you will take evidence elsewhere.



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For us it is about devolving and decentralising some of those areas where we can have greater say. One of the areas particularly is around skills. At the moment we have one size fits all, not very publicly accountable of how certain organisations are funded to provide those skills who are on the ground dealing with local employers and local educationalists. We can adapt the skills required for young people to be trained in courses they want to do that enable them to stay local if they wish or attract people from elsewhere. Procurement is another area that is particularly important.

At the moment we have the OJEU procedure. We need some clarity around what that means. Do we have to then—

Q363 **Chair:** That is the Official Journal of the European Union?

Councillor Bentley: Yes, that is right. Obviously, we need to know some clarity around what that means once we have exit day: do we need to then procure in the United Kingdom or in the nations or in the regions or more locally? They are just some examples. There are many more.

Q364 **Chair:** What are the practical outcomes you want from this new constitutional settlement?

Councillor Bentley: The ability to decide things determined by local people through their local elected representatives on some of those key issues that I have mentioned, and they are in our paper as well. That is hugely important. At the moment there is a lot of process. There is an opportunity now to slim down that process once we transfer the powers back, but we do not want to replicate Brussels in Whitehall or the other nations.

Q365 **Chair:** Which particular powers and functions?

Councillor Bentley: They would be around those skills, around procurement, around workforce, hugely important for us as well, and that is why the transition document is very helpful to us.

Q366 **Chair:** Is this really a new constitutional settlement or a continuation of the decentralisation that already takes place?

Councillor Bentley: This is a golden opportunity to change things from what we currently have. For us that is important. It is a chance to write a new chapter in the unwritten constitution of the United Kingdom.

Q367 **Chair:** It does not replicate Scottish and Welsh devolution, but it complements it?

Councillor Bentley: We are not asking for a federated country, no. What we would like to have is some of the responsibilities passed down to us and not decided in Whitehall.

Q368 **Mr David Jones:** Good morning, Councillor Bentley. The local government in the UK currently has an advisory role through the Committee of the Regions. How do you anticipate that the voice of local



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government is going to be heard post-Brexit on issues such as health, education and employment? What structures do you consider should be put in place?

Councillor Bentley: As of last night, we have some very good news on that. We have been campaigning as the LGA and the Task and Finish Group of the LGA, with all the other constituent parts, to have a recognition, not a replica, of the Committee of the Regions, which is a big structure in its own right. I should declare the interest that I am about to join the Committee of the Regions. It is the first time I have had a job that I know will last only a few months. What is important is the ability for us as local authorities to negotiate, discuss and consult with Government on all those new UK laws that will directly affect us in the things you have mentioned there.

As of last night we had an amendment, we being the LGA, via the Lords to put an amendment down asking that we have the right to have that consultative power with the UK Government. The Minister in his reply said that although there would be a written answer, they are looking to do a non-statutory form of that where local government is involved. We are now waiting to see the detail behind that. We have taken a big step forward. It is very important for the people of the United Kingdom post-Brexit that laws are not just done to us, that they are consulted with in areas that affect their local representatives.

Q369 **Mr David Jones:** Do you think laws are just done to us now or do you think that the Committee of the Regions does have an effective voice?

Councillor Bentley: It does. It has changed and amended some of those laws, particularly in local government around waste collection and disposal, which is important, the future of that, around air quality, environmental issues, issues around trading standards. All these are very important issues that are dealt with by local government. At the moment we have that voice because the Committee of the Regions does have that statutory right. We are looking to replicate something much more light touch than that. We do not need a big committee and panel to do that, but the ability to sit with Ministers and negotiate through the four associations is what we are after.

Q370 **Mr David Jones:** How would you compare the level of influence that local government has at EU level with the level it has at UK level?

Councillor Bentley: At the moment I think the balance is in favour of the Committee of the Regions, via that, which of course, as you know, is made up of municipalities and regional government. The UK has a delegation that would feed into that. A lot of legislation is done through a formal consultation rather than a discussion. That is what we want to change and have the ability to sit down with Ministers when Bills are being proposed, to put our view in and help shape and craft those Bills.

Q371 **Mr David Jones:** Overall, how do you perceive the voice of local government, the voice of the regions, will change as a consequence of



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leaving the EU?

Councillor Bentley: It is a golden opportunity. As I mentioned a moment ago, it is the ability now to help shape and craft future law with a direct involvement of those who will be needed to deliver that law as well. It is important that the public also have knowledge that their local representatives can amend or change or influence future laws that directly affect them.

Q372 **Mr David Jones:** You have noted that you want to replicate the principles of the Committee of the Regions at a UK level but without the bureaucracy.

Councillor Bentley: Yes.

Mr David Jones: Could you explain some more about that?

Councillor Bentley: From our point of view, the way we see it is the ability for our association chairs to sit down with Ministers and represent those four associations. That is the local government associations in the four nations to be able to have that conversation, to influence that conversation with written evidence, with documentation. That does not, of course, happen in that way at the moment.

What we do not want is a huge great structure with a big glass building, which of course they do have in Brussels. We do not need that structure. We need to have a light touch approach but the approach is what becomes important. The ability to have that influence on future laws is something we do not currently enjoy in the way that we are asking it to be done in the future.

Q373 **Mr David Jones:** How would these proposals fit in with the intergovernmental and interparliamentary relations that exist at the moment between the United Kingdom Government and the devolved Administrations and Assemblies?

Councillor Bentley: That is a separate issue. The UK Government are discussing with the devolved Governments and Assemblies on these matters and it is right that should continue. We are representing local government, so my colleagues very shortly will talk to you about what that means. Certainly, my colleague from Cardiff will talk to you about his negotiations with the Welsh Government and ours with the UK Government on this.

What is important is that ability for the very local voice to be heard. As I maintained throughout all of these discussions, what we are doing certainly at the LGA and what is happening with Brexit nationally is about real people, real jobs, real families and real livelihoods. We must never forget that. The people that deliver most of those services to those people are local authorities.

Q374 **Mr David Jones:** In terms of the devolved parts of the country, would the contact that you are proposing be direct with the United Kingdom



Government or would it be filtered through the devolved Administrations?

Councillor Bentley: From my point of view it could be a combination of both. That is really for my colleagues in those devolved areas to discuss and talk to you about. I would say it is with both because there will be some laws that will sit with the UK Government, there will be some devolved powers that will sit with the devolved Governments and, therefore, those councils will negotiate, depending on the level.

Q375 **Mr David Jones:** I am thinking in terms of non-devolved areas.

Councillor Bentley: Within England?

Mr David Jones: No, throughout the UK.

Councillor Bentley: In non-devolved areas, yes, that should be done through the auspices of the LGA and the chair of the LGA direct with the Ministers.

Q376 **Dr Rupa Huq:** As the only London MP here, my question is for Alex Conway. The GLA represents 8.9 million people and demographers say that London is on course for 10 million before long. If you count up the devolved Administrations, Northern Ireland is 1.9 million, Scotland is 5.4 million, and Wales is 3.1 million, so that is 10.4 million altogether. I am often told when I try to ask questions on housing or transport that it is a devolved matter and not appropriate for me to ask here.

This inquiry shows us that there has been extensive discussion between the UK and devolved Governments about leaving the EU. How much consultation has there been between the GLA and the EU on the impact on London? I know Sadiq Khan in the beginning was saying there should be a seat at the negotiating table, given the whole financial services sector. I get lobbied a lot on EU financial passporting.

Alex Conway: The Secretary of State for Exiting the EU made an offer to the mayor, which he accepted, to meet regularly, and they have met half a dozen times last year. They were due to meet yesterday but, of course, the Secretary of State was busy in Brussels sealing the deal and they are due to meet again next month. They have regular meetings and the tone of those meetings has been about emphasising what the London priorities are for a deal with the EU. We have seen a little bit of the fruit of that in some of the announcements made yesterday.

Some of the things the mayor has said are important from the start are the importance of a transitional deal, the importance of phased implementation, and a cast-iron guarantee for EU nationals, and we are seeing some of that in the deals that are being done. There is more that the mayor would like to do. He has said that he thinks the best way forward is for the UK to remain in the single market and the customs union. Clearly, that is a point of variance with Government but that is a discussion that we will continue to have.



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This is not just all about the mayor. He receives advice from a Brexit advisory panel who come from across different sectors, construction, life science, higher education, a business advisory board, and colleagues from those boards have come along to meetings with David Davis. At my level we have regular meetings with civil servants across Whitehall and with Commission colleagues as well, as you would expect. We feel there has been a fair amount of consultation at our level. It is not at the level of the devolved Governments but I think we understand the reasons for that.

Councillor Thomas: Could I just interject at that point? You talk about the population numbers there. It is important to recognise that the Core Cities represent a combined urban area of about 20 million people, 25% of the UK economy, and to date as Core Cities we have had no direct engagement with DExEU. We would make the case strongly that we also need a seat at that table, in order, as Councillor Bentley was saying, to strengthen that local democracy and build on the opportunities that Brexit could afford.

Q377 **Chair:** Can you just expand on that? What is the expectation on how Core Cities should be engaged? Because at the moment the legislation is about legislative competencies, it is not about the distribution of local functions.

Councillor Thomas: The concern is that the threats that exist within Brexit are not being recognised at a UK Government level. Certainly, the conversations are not taking place thus far. Core Cities met with Michel Barnier a few weeks ago to discuss the continuing ongoing relationships between UK cities and their European counterparts, recognising that economies exist between cities as opposed to between nations. What is concerning from our end is that while we want to have the conversation about how we mitigate the threats and seize the opportunities of Brexit, and we have some ideas around that, we are not having the conversation at least with the Minister around this.

Q378 **Chair:** Just for my clarification, Core Cities regularly meets as a group?

Councillor Thomas: Yes.

Q379 **Chair:** How many times does Core Cities meet Ministers as a group?

Councillor Thomas: Since I became Leader of Cardiff, which was in May 2017, I think I am right in saying we have not had a single meeting with Ministers. With Shadow Ministers, yes, but not with Ministers.

Chair: Therefore, not about Brexit. Thank you for that.

Q380 **Dame Cheryl Gillan:** Who set up Core Cities?

Councillor Thomas: It is before my time, Dame Cheryl. How long has it been set up? About 20 years.

Q381 **Dr Rupa Huq:** Are the majority Labour authorities?



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Councillor Thomas: It is a cross-party group. At the moment, nine of the cities are Labour controlled and the 10th is SNP led.

Q382 **Mr David Jones:** I have one point. You say you have not had a meeting with Ministers. I take it you requested a meeting with Ministers?

Councillor Thomas: Yes, indeed.

Q383 **Mr David Jones:** How frequently have you made that request?

Councillor Thomas: At least on two occasions.

Q384 **Mr David Jones:** What has been the response?

Councillor Thomas: No response.

Q385 **Mr David Jones:** No response at all?

Councillor Thomas: No.

Q386 **Chair:** Which Minister?

Councillor Thomas: David Davis.

Q387 **Chair:** Have you tried meeting your Ministers for DCLG?

Councillor Thomas: We did have a meeting with the Secretary of State for CLG late last year.

Q388 **Chair:** You did have a meeting with a Minister. I understand. I was surprised you had not met any Ministers. You have had a meeting with DCLG so it is quite possible the Secretary of State for Exiting the EU has said, "DCLG, can you handle this?" Did you have a discussion about Brexit with the Ministers for DCLG?

Councillor Thomas: I was not part of it because as Cardiff my conversations on local government go to the Minister in Cardiff.

Q389 **Chair:** Can you just send us a note about what was discussed at your meeting with Ministers about Brexit? That was not the impression you gave us initially. I appreciate that was not your intention to conceal anything from the Committee.

Councillor Thomas: Indeed, and we will send you a note to clarify what conversation took place with the Ministers for DCLG.

Q390 **Mr Marcus Fysh:** Our Committee has heard proposals for enhanced mechanisms for intergovernmental relations in the UK in order to deal with the need for increased co-ordination in shared and common frameworks in the UK post-Brexit; for example, in setting the UK's common agricultural policy after we leave. Should local government in your view play a role in such structures and, if so, how do you think local government can best take part in those mechanisms?

Councillor Bentley: Is that a question to all of us?



Mr Marcus Fysh: Yes.

Councillor Bentley: Yes, I think local government does have a role in that and increasingly, for many of us, including yourselves, we represent very rural areas of farming communities. I do think it is important that local government has a say in that. My mechanism is the one I mentioned before, by having those conversations with Ministers directly. It is not just one ministry, it is across the whole of Whitehall.

If it were to do with farming, then we would want to be talking to DEFRA. We do have our representatives in MHCLG but they do not cover all the aspects that local government will want to do, certainly around rural and environmental areas, and therefore, for me, it is having the conversation directly with the Ministers of those responsible Departments, especially where there is proposed legislation in those areas.

Alex Conway: I would only add to the point you made near the beginning, Chair: that there is a distinction one might make between things happening as a result of Brexit—and the common agricultural policy is one of those—and a general need to decentralise powers. We may come on to this in a minute. Any steps to involve local government more in those discussions is good regardless of Brexit.

I was a civil servant 20 years ago. I was sitting on the other side of the fence, negotiating the same kind of deals that are still happening now at a very slow pace with central government. The key thing is just to try to make some of those deals happen regardless of Brexit, to be frank.

Councillor Bentley: I might just add as well that the world and the landscape of local government is now very complex. We have combined authorities, we have mayors in some areas, we have counties, we have districts and boroughs and cities, and we have unitary councils. It is not one shape across the entire country on that and, therefore, it is very important that the Government know who they are talking to and about what.

I would imagine the mayors who have been giving evidence on this very same subject to another select panel will have a view, quite rightly, for the areas they represent and their combined authorities, but it is very important that local government speaks with a coherent voice on all of this, which is why I think the four associations is that coherent voice.

Q391 **Chair:** You will be aware that there is already a joint ministerial council, which is effectively an intergovernmental relations committee. How would England be represented on that committee, given that it is already represented by the Minister who chairs it?

Councillor Bentley: For me, I would say that would involve the chair of our association being part of that as well. The voice for local government is large, varied but large, and therefore I would see the chair of the LGA and the other three chairs of the national association as being part of that as well.



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As I said, it is very important that we do not just swap Brussels for Whitehall, that the voice of local government through our associations must and should be heard.

Q392 Chair: That would be a very different arrangement from the new committee of the UK regions, if I can call it that. I hate the term "region". You envisage two institutions, basically, an intergovernmental one and a representative one?

Councillor Bentley: Yes, absolutely. That is the way I would see it going. I do not have the final say on this, I do not have that kind of power, but certainly I would want to make sure that there is a representation of local government directly into the UK Government.

Chair: I have slightly jumped into the next question; I apologise.

Dame Cheryl Gillan: You have covered the question that I was going to ask. I think we can move on.

Q393 Kelvin Hopkins: We have heard there is a tendency in Whitehall, especially in big Departments, to hold on to power and be cautious of decentralising power. What is your experience?

Councillor Bentley: Of Whitehall hanging on to power? Absolutely! It does not matter which Government is in power at the time, or whatever party, we have seen a lot of decentralisation in the United Kingdom. I think it is time that has to be reversed, which is why I think this now is the golden opportunity to do that.

That is not just about power grabbing and just taking responsibility because it is a nice idea; there are lots of services directly delivered by local authorities that come under central government. This is the opportunity to decentralise that. I mentioned skills right at the very beginning. That is one where absolutely I think we can improve the productivity of our country by devolving the skills budgets to those that deliver those skills.

Q394 Kelvin Hopkins: I was a county borough councillor and then a district councillor in the 1970s and I remember a world that was very different, with much more power, much more independence and better resourced as well. Resources are crucial in all this. Which powers and functions that return to the UK from the EU post-Brexit could be more effectively administered at a local level? I make a suggestion that compulsory competitive tendering of procurement could be one.

Councillor Bentley: Yes, I mentioned procurement, I mentioned skills. I keep banging on about skills because this is important. Until we get it right we will not improve productivity. It is a personal ambition of mine to keep talking about it. Around that procurement, tendering for contracts is hugely important as well and getting clarity around that.

Environmental issues are hugely important, particularly around waste as well and how we manage waste. While there needs to be a national policy



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on that—I do not demur from that, that needs to happen—the way that is delivered and the way we do that needs to be devolved much more down to the local areas.

Alex Conway: Mentioning the environmental aspect, something that is particularly important to the mayor is air quality. There is a lot of European legislation in this area. From our perspective, Brexit may provide an opportunity to create a legally enforceable right to clear air: new powers for authorities to better regulate all emission sources—there are some powers around road transport at the moment—river transport, construction sites and other areas. Environmental is definitely one area where we would like to see some attention.

The other thing I must just mention are the European structural investment funds. Again, there is perhaps a bit of a myth around how these funds work, that they are managed from Brussels. Of course, these funds are managed outside London by Whitehall colleagues. In devolved Administrations they are managed by Scotland, Wales and Northern Ireland. In London they are managed by the mayor and by my team. A huge concern; even the name of this proposed replacement fund, the UK shared prosperity fund, has the air of something that is going to be managed centrally in Government and handed out, rather than perhaps as it should be, something that starts and finishes in the localities.

Councillor Bentley: There is also a chance to streamline that as well. While it is public money, it must be accountable and there must be some key outcomes from that that must be delivered, and all local politicians must be held accountable for that, but streamlining the process is important. It is the people's money and the money should be invested back into the people.

Councillor Thomas: We need to recognise good progress that has taken place on devolution over the last few years to the devolved Administrations and also to a lesser extent to English cities. It is important to point out, I think, that devolution to Wales and Scotland does not necessarily translate into devolution to the cities of those nations.

However, I would argue that what we have seen largely is, where the devolution to cities has taken place, it has been functional as opposed to fiscal. If you look at the ability of cities to raise revenue, typically cities in the UK control about 7% of their tax take; in Germany that is 35%, in North America that is 50%. Within that you start to understand why there is a productivity gap between UK cities and their European counterparts.

It is only London and Bristol of UK cities that outperform the UK average in terms of productivity. Core Cities would argue that if there was a greater devolution of fiscal powers in terms of tax-raising powers, that gives cities the ability to address their productivity gap. If we do address their productivity gap, if we raise the productivity of cities up to just the



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UK average, that would generate between £70 billion and £90 billion to the UK economy.

Councillor Bentley: I might just mention counties, too.

Q395 **Kelvin Hopkins:** There may well be something to learn from what has been lost in the past in terms of local government powers and the resources in particular, but that is another story. What role should local government have in setting UK frameworks for government in localities and regions?

Councillor Bentley: I mentioned before that it is important that we have the ability to negotiate around UK law, not impose it. That is what Members of Parliament are here to do and they would vote on that. We would need to influence those areas that directly affect us and the services that we deliver. You have heard some around air quality and environmental issues. Those things are hugely important.

There is the ability, though, to devolve a lot of the responsibility currently taken up by Brussels and then the UK Parliament and then the constituent devolved powers directly into those areas. It could well be a county, it could be a two-tier system, it could be a combination of all of that. That is up for discussion how that is done. What is very important is that residents of the United Kingdom feel they have a direct say in some of the laws that affect them, which, of course, you could argue they do through Parliament anyway. Some of the stuff that really does affect you more locally could be done through that consultative programme and through the local representation that we currently have.

Q396 **Kelvin Hopkins:** More scope for insourcing rather than outsourcing in future? It is happening in certain local authorities. I think it is a good idea.

Councillor Bentley: That depends on the local authority and what they wish to do and how they wish to manage things. They are judged at the ballot box.

Q397 **Mr David Jones:** How much communication has local government had with central government to enable it to prepare for Brexit?

Councillor Bentley: From our perspective, I think it has been very good and there have been quarterly meetings with the chairs of the four associations. Our officers at the LGA regularly meet with civil servants at both MHCLG and DExEU as well, which has enabled us to have a lot of the dialogue around some of the things we have been campaigning on.

It is fair to say some of the issues we have raised initially may not have been thought about, and there is no reason it should because we are all starting from a very big learning curve on this. I have to say that Government centrally, both civil servants and Ministers, have embraced that and absolutely understand that this is not just national Governments, it is local government as well. I would say from my



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perspective it has been very good, and certainly I am now seeking to meet one of the Ministers at MHCLG to have a further discussion around the amendment that was discussed last night and other issues around EU structural funds.

It is also fair to say local government's involvement has been a big player in getting the structural funds guaranteed to 2020, which is the end of the current programme. There was a concern it would all stop in March next year and funds are being deployed at the moment. The big issue that we have not been able to resolve, and I think it is important, is the UK prosperity fund. It is at the moment, as far as I can see, an ambition.

Chair: We will come to that in a minute.

Councillor Bentley: Fair enough, okay.

Q398 **Mr David Jones:** Mr Thomas, do you have any comment on that, because you were complaining slightly a while ago that you had had little communication with certain Government advisers?

Councillor Thomas: The conversation with DExEU could be improved and needs to take place. What I would say—

Q399 **Mr David Jones:** Excuse me interrupting, but what are you seeking to get out of DExEU? What sort of conversation do you want to have with it?

Councillor Thomas: It is a combination of airing the concerns that we have about the potential economic impact of Brexit on our cities, but also talking about the opportunities that we do recognise exist, and making sure that cities are given the best chance possible to exploit those opportunities.

When we met Michel Barnier, for example, we put on the table ideas around the continuation of schemes such as the Horizon scheme for universities, well received, as they were within the meeting, but the message was clear, "It is for the UK Government to put those proposals on the table". We recognise that, but we would like to have the conversation with the Ministry to highlight what our priorities would be. The engagement, certainly with Cardiff, from the Secretary of State for Wales—I do know we are coming on to discuss structural funds—has been much clearer and there has been a good dialogue on how he sees that can be taken forward.

Alex Conway: The only slightly mischievous aside I might make on this—we have had, I think, good meetings across different Whitehall Departments—is that what is apparent to me is there is no big Brexit plan within Whitehall. When you talk to people who are, as colleagues have said, very open to discussion, it is about taking the views because there is no clear idea about what is going to happen. We saw that the mayor conducted his own impact assessment earlier this year on the potential effects of Brexit on the London economy, and in part that was a reaction



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to the fact that it did not feel as if central government was doing anything.

Q400 **Mr David Jones:** Not doing anything? They have been doing nothing else for the last two years.

Alex Conway: Interestingly, when the central government's impact assessments were finally winkled out, they turned out to be very similar to the mayor's own impact assessments and, indeed, other academic and institutional assessments. There is only a limited amount of influence the mayor can have on these matters, but we try to make the most of what we have to try to put the case for the potential adverse effects of Brexit.

Q401 **Mr David Jones:** You are not complaining about a lack of communication?

Alex Conway: No.

Q402 **Mr David Jones:** Okay, so that was just a gratuitous slight at the expense of the British Government.

What capacities do you say exist at local government level to take on responsibilities for powers and functions that are currently exercised at EU level?

Alex Conway: Certainly in London, a great deal of capacity. I would use the structural investment fund regime as a case in point. I have a team of people managing these billion-pound seven-year programmes right now.

Our concern is that these programmes will not be replaced, so our argument is—and we have written jointly with London councils to Ministers about it—to suggest a replacement devolved fund of exactly the same size. We are ready to go. The same with the skills funding, which is now devolved to City Hall. We are gearing up to manage that.

As Councillor Bentley was saying, though, even the very limited amount of skills funding being devolved is a bit of a job half done. We would like to see more devolved and, if it was, we would ready ourselves to do it.

Q403 **Kelvin Hopkins:** What about Core Cities, Mr Thomas?

Councillor Thomas: The will and the capability is there. As Mr Conway said, we would ramp up the capacity to respond proactively. We also need to recognise that there is reduced capacity at Whitehall because the focus in Whitehall across the board is around Brexit, understandably so, and what this means is that the domestic agenda is slowing down. There is an opportunity for local government to give that agenda fresh impetus. If those powers were devolved, we would get on with the job.

Councillor Bentley: I might add, of course, that we must not forget the LEP structure. A lot of these powers and money could be devolved down to the LEPs where, of course, they have a business voice as well as a



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local government, and that is hugely important and must not be forgotten in these negotiations. For me, the LEP structures that do exist—

Mr David Jones: Only in England.

Councillor Bentley: That is so, only in England in this particular case. I would say that in my own LEP, which is the south-east LEP, we have an ESIF board, which is one of the European structural funds. There are the LEADER boards, which also exist and do more rural funding. These structures are already in place. What they need is the devolved money and power to be able to get on with the job.

Alex Conway: Of course, domestic funding is already managed through these LEP sorts of bodies—we will come on to UK shared prosperity funds in a moment—but one argument that I have made to Whitehall colleagues is it would be very simple to turn off the EU funding tap and turn on a domestic funding tap via the LEPs. You would not have to create a whole new big structure to do it because it already exists.

Mr David Jones: In England.

Alex Conway: In England. Scotland and Wales could, of course, have devolved authority.

Mr David Jones: We will come to that, I am sure. Thank you.

Q404 **Dame Cheryl Gillan:** A co-ordination question, Mr Thomas: you said Core Cities went to see Michel Barnier. Did you then provide the Minister that is negotiating on behalf of the whole of the UK with a read-out of that meeting? Did you tell the Department before you went what you were going to discuss?

Councillor Thomas: Yes. We told them before we went and after the meetings we wrote to the Minister, summarising the discussions and requesting a follow-on meeting.

Dame Cheryl Gillan: So he was fully briefed. That is good.

Councillor Thomas: We were very clear as well, I might stress. This was not a process to look to derail the process or anything of that sort. This was looking at what the opportunities for Core Cities beyond Brexit were.

Q405 **Dame Cheryl Gillan:** Notwithstanding not having met with Ministers from DExEU, you have been talking to officials and civil servants and keeping them fully informed of all your ideas?

Councillor Thomas: We have kept them informed of where Core Cities is at with Brexit and the discussions we were going to have in Brussels, yes.

Q406 **Dame Cheryl Gillan:** That is good. I did want to check on that because the impression you gave was that you had no engagement at all with the Department, but there obviously is some engagement.



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Councillor Thomas: The engagement is there in terms of informing them of what we are doing. The point I was trying to make, perhaps clumsily, was that I am not sure that the Department is necessarily listening to the concerns we have, but I hope that there is an opportunity to put that right in the near future.

Q407 **Dame Cheryl Gillan:** What evidence do you have that they are not listening?

Councillor Thomas: We have not yet had the face-to-face meeting with the Minister that I would have thought would be a fairly straightforward meeting for him to want to have.

Given, as I was saying earlier, the fact that we do represent, through our greater urban areas, 25% of the UK economy, and given what the impact assessment suggests could be the worst-case outcomes of Brexit, I would have thought the Minister would want to know what the concerns of city leaders were and what we thought were the opportunities that we wanted him to take into the meetings.

Q408 **Dame Cheryl Gillan:** I am slightly confused about what you are saying. You do have engagement with senior civil servants. They do know what you are saying when you go abroad representing Core Cities, and if they want to ask you not to say something, or if they thought something was not fitting in with what was happening with the major UK negotiations, you would be satisfied that you would be informed of that? You gave them enough warning and detail of what you were going to discuss with Mr Barnier?

Councillor Thomas: I believe so. We received no feedback to say do not say this or even do say this.

Q409 **Dame Cheryl Gillan:** Okay. Subsequently you have given them a full feedback of the exchanges?

Councillor Thomas: Yes.

Q410 **Dame Cheryl Gillan:** Have you had any response from any of the officials at all?

Councillor Thomas: Not yet.

Q411 **Dame Cheryl Gillan:** Acknowledgement?

Councillor Thomas: My official tells me that we are not aware of even an acknowledgement, but certainly no response to the feedback.

Q412 **Dame Cheryl Gillan:** Could you go back and check because that is quite surprising to me?

Councillor Thomas: Yes. If it is helpful, we can write to the Committee after this meeting with a full summary of all the correspondence that has gone back and forth between Core Cities and Whitehall.



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Chair: That would be very helpful.

Q413 **Mr David Jones:** Briefly, I am concerned, and frankly surprised, that you are apparently not getting this engagement with DExEU. I do have some experience of working in DExEU so I do know about the sort of level of engagement that the Department has. When did you first request a meeting with DExEU?

Councillor Thomas: In the middle of 2017.

Q414 **Mr David Jones:** When was the next request, because you said you have made two requests?

Councillor Thomas: That would be the follow-on, after we met Michel Barnier.

Q415 **Mr David Jones:** Which was when?

Councillor Thomas: In February.

Q416 **Mr David Jones:** So you requested a further meeting last month?

Councillor Thomas: Yes.

Mr David Jones: Thank you.

Q417 **Dame Cheryl Gillan:** You went over to Brussels with no briefing as to where we were in the negotiations: unsighted, effectively?

Councillor Thomas: We had conversations at official level with DExEU, but Core Cities is a sovereign group in its own right. We are city leaders, with our own mandate. We were not going there to disrupt the process. We were going there to put our side of the opportunity on the table for Michel Barnier, and also with Guy Verhofstadt, about where we thought the opportunities for continuing city-to-city relationships could be post-Brexit.

Councillor Bentley: If it helps, certainly from our point of view in terms of the Brexit Task and Finish Group that I chair, which is all-party, our negotiations are only with the UK Government and its civil servants. We do not negotiate directly with the rest of EU. That is just so we are very clear about where we sit in all of that.

Q418 **Dame Cheryl Gillan:** That is really my line of questioning, because I was surprised that a representative group was going over and talking to Michel Barnier without receiving absolutely full briefings as to where they were and making sure that there was no possible implication of any misunderstanding on behalf of the negotiating team when they went back and followed up. It is a question of communication, or lack of communication, which I am quite surprised at.

Councillor Thomas: Core Cities fully briefed the UK Government that we were going. There were no objections received, so we went.

Q419 **Kelvin Hopkins:** The EU structural investment funds are currently a



somewhat significant source of funding for the whole Government, although it has to be said it is simply returning some of our gross contribution, and not actually a very big proportion of our gross contribution, to the EU. These are to be replaced, as has been mentioned, by the UK shared prosperity fund. Would you like to expand on how local government funding is allocated in future and what changes you would like to see?

Councillor Bentley: It is worth £84 billion in the current programme. As I mentioned a moment ago, local government can take some credit for the fact that we have now got that guaranteed. The current programmes will be served until 2020, which is very good because it gives certainty to people. It is post that, of course, that is important, after 2021, and of course we just have to see how the transition period that has been agreed with the EU structural funds looks.

What is critically important here is the UK shared prosperity fund. At the moment, that is a good ambition but it remains an ambition. I have not seen anything to say what that means, what it looks like, and of course those who would be preparing to bid into EU funds post-2020 would be starting some of that preparation work now.

As soon as we can get clarity around the transition period and around the UK shared prosperity fund, and knowing that the funds will be at least matched, I am absolutely confident and do believe that it should always be value for money, not just things people dream up. It absolutely has to be projects that deliver for the UK taxpayer in the future. Nonetheless, we do need some clarity, I would urge fairly shortly, around that. At the moment, we do not have that.

Q420 **Kelvin Hopkins:** You would argue, I think, that you are the best judges of what is value for money locally and that you should have the final say in what is spent and how it is spent?

Councillor Bentley: I would argue the people have a very good idea about what is good value for money and they will decide that at the ballot box, but yes, I take your point. Of course, we think we know through our local connections a lot of the programmes that need to be delivered very locally. The LEADER programmes in rural areas are very important. They are administered by very local groups but do have a really big effect in rural communities.

Alex Conway: I mentioned earlier the paper that the mayor and the chair of London Councils sent to Government last year, with our proposals for the UK shared prosperity fund. We would be very happy to share that with the Committee. The proposal was that the funds should be fully devolved to London—based on fair measures of need, and by that we are talking about using the indices of deprivation because, of course, London is an area with pockets of extreme wealth but also pockets of extreme poverty—of at least the value of current EU programmes and simple to administer. The biggest potential gains are there.



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Most colleagues would probably agree that we would want to continue spending in the areas of the existing structural fund programmes, skills, employment, support for small businesses, environmental protection; these are all important areas. It would be no bad thing to do that, free of some of the excessive administrative rules that are associated with EU programmes.

Councillor Thomas: I would agree entirely with the points made but would simply add that with the devolution of those funds, they should be seen as key instruments with which to strengthen and accelerate devolution so that we use localised industrial and economic development.

Q421 **Kelvin Hopkins:** We will benefit to the extent of £11 billion of our net contribution to the EU budget. Will you be making a claim on that £11 billion that is coming back to us?

Councillor Bentley: We will certainly make representations to say that at least the £8.4 billion in the current programme should be matched. Again, we cannot just ask for money. We do have to be very clear about what we are asking for, where it is going, and how it improves people's lives, so it is very important that we are having the conversation about value for money, that it is not just giving money out, it is value for money, but at the same time taking the opportunity to streamline some of the bureaucracy that surrounds some of these funds.

Q422 **Kelvin Hopkins:** The DCLG has emphasised the importance of good value for money and so on.

Councillor Bentley: I think that is a very sound proposal.

Kelvin Hopkins: Nevertheless, one of the benefits of Brexit is that we will benefit, too, by having £11 billion net, our contribution coming back, as well as the replacement of the funds we already get. It could be a case for local government taking—

Councillor Bentley: That is why we have to put our bids in and make that clear if it is reallocated, which is precisely the phrase. We want to make sure that is not sucked into some central fund somewhere, that local government has a strong say, hence the ability to have that negotiation with Ministers directly.

Councillor Thomas: On the point about value for money that you are making, within that clause as well in the CLG accounts that I have read it also says, "and meets Government priorities". I think there is potentially a big loophole in that for the UK Government to redirect funds, and we would say the Government should either just come out and say, "We are going to honour our commitments full stop" or set out clear criteria for local government so that we can make informed choices. The clarity becomes important. That is why we need the clarity.

Q423 **Kelvin Hopkins:** It depends on which Government, of course, and I think Councillor Thomas and I might want to see a rather different



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Government, but there we are, that is another story. My final question is: how appropriate is the Barnett formula for the UK in 2018?

Councillor Bentley: I think that is a very good question and I am delighted to say my colleague from Cardiff will give you the answer. Of course, it becomes hugely important when it comes to how money is allocated. At this stage, we have not discussed the Barnett formula, again because that is directly between the UK Government and the devolved Governments. At this stage, we would not necessarily want to be involved from that point of view, certainly from an English council point of view.

What I would stress, though, is the money needs to be allocated fairly and appropriately across the United Kingdom. It should not be targeted just into one area or the other. I would just make a plea here for various parts of the United Kingdom, including the south-east, which need infrastructure work desperately and also making sure that people have a fair crack of the whip when it comes to that funding.

In terms of the Barnett formula, I personally have not been involved in that and I do not think we ought to be involved in that. That is for the national Governments to have that discussion.

Q424 **Kelvin Hopkins:** I have one more supplementary on that. In the past, regional spending in one form or another has been very successful in equalising economic development or moving towards it in that direction. That should perhaps be continued.

Councillor Bentley: I would argue fairness. It is fairness and, again, value for money. We need to make sure we are putting appropriate projects forward, which we will all have across the United Kingdom. At the end of the day, people need that money spent on them for a variety of things, particularly around education and skills, not just for young but for all ages. That is one example; there are many others. I think fairness and value for money are the most important things. This is our golden opportunity to make sure that happens.

Q425 **Chair:** Do you have any evidence or what evidence do you have that spending on regional disparities in order to try to reduce regional disparities actually has the effect of reducing regional disparities?

Councillor Bentley: It depends where you are. I remind people about London. The south-east is predominantly a wealthy part of the United Kingdom but it has major pockets of deprivation, one not far from where we both represent as well.

It is making sure that you can improve the lives of people by devolving that money down and making sure there is fairness there, which is why I think the value for money question needs to be properly tasked when applying for bids exactly what the outcomes are going to be and that that process is open and accountable. In many areas at the moment that is not the case, and by making the local politicians accountable people then have a direct say in public about what is happening to that funding.



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Q426 **Chair:** That is a very on-message answer. Aren't we really admitting to ourselves that if we are just trying to spend money to reduce regional disparities for their own sake that is not a good way of allocating public funds?

Alex Conway: You could look at it another way. A very major component of the structural fund programmes, which I am responsible for, is getting people into employment: people furthest away from the labour market, in the jargon. In London that is a very big deal. We have a surprisingly low overall employment rate.

What the independent evaluations, which we can share with you, have shown is that any locally managed employment programme—and to be fair to the Department for Work and Pensions they have been prepared to consider pilots in this area—will always have better results than the national top-down programmes.

We have had some recent examples, the last one where the DWP's national Work Programme was matched with the European Social Fund; overall pretty disappointing results. The locally managed programmes did much better at getting people into work. One thing I am confident about is that locally managed programmes work better when we are given the opportunity to manage them.

Q427 **Chair:** Could you produce evidence on that?

Alex Conway: We would be happy to share some more recent evaluations.

Q428 **Chair:** Huw Thomas?

Councillor Thomas: I do not think the argument about investing to rebalance the economy is rebalancing for rebalancing's sake. It is so that we are able to generate additional productivity from those areas that are currently below average productivity level. It is not saying we want to take wealth away from London or the south-east and distribute it across the countries. We want to raise the cities across the UK and, indeed, the counties up to that similar level of productivity and prosperity.

Alex Conway: Perhaps just to come back to the honourable Member's point around the Barnett formula, there is a little bit of a trap for local government in some of this that we get sucked into how you might distribute future funding. I used to work on local government finance reform in the then DETR. It is a potentially endless debate where local authorities will fight like cats in a sack about whether you use this formula or that formula. I would prefer to focus conversation on the quantum. There are billions of pounds in European structural investment funds at the moment and that quantum needs to be devolved to local authorities. Otherwise we risk not getting anything.

Chair: Message received and understood.

Q429 **Dame Cheryl Gillan:** Before I go on to the last couple of questions, Mr



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Thomas, could you provide us with what you sent to the Department prior to going to Brussels and what you sent afterwards so that we know what the outcome was of that? It would be very helpful because, of course, the press painted it that you were bypassing the UK Government. We would like to know what the true position is, so I would be most grateful.

Councillor Thomas: I am very happy to do so.

Q430 **Dame Cheryl Gillan:** Obviously, we know the devolved powers and the powers of the Executive and the legislatures in Wales, Northern Ireland and Scotland have developed incrementally over the past 20-odd years. We do not really have that equivalent in England. It is almost different projects and initiatives in England. It grows like Topsy as opposed to following any perceived formula.

The UK Government talk about devolution in England, but it is not really comparable to what happens in Wales, Scotland and Northern Ireland. Mr Bentley first, how would you describe that landscape of the governance of England?

Councillor Bentley: It is complex. We have combined authorities, which have some devolution, we have City Deals, which provide other forms of devolution, and we have none at all. It is a complex world out there and I think this is now the opportunity where we could do more. My view has always been the more you devolve the more the public have a say in what is happening and have a direct input in a much more publicly and accountable way.

For me, we can now push this devolution—decentralisation I think is a better way of putting it—into process once we come out of the EU. It is a golden opportunity to do that because funding comes back, of course, and there is no power without money. It is very important that we are devolving that money down to those areas where we can directly affect people's lives. We have mentioned some here and there are more. We can supply more information around that as well in much more detail.

Q431 **Dame Cheryl Gillan:** What is your vision for decentralisation in England? For example, in my area we have overlapping LEAs, which hardly seems—

Councillor Bentley: I come from a LEA that has an economy the size of Belgium's. It is huge in the south-east. It depends on the kinds of responsibilities we are talking about devolving. For instance, on the EU structural funds, yes, you could do that via the LEAs because those processes already exist.

Again, I will talk about skills because it is very important. In Essex we were the first to develop an employment and skills board. It was the first time. It has been replicated around the country now. It was the first time employers and those in education, from secondary education right through to higher education, sat down and started to discuss the kinds of skills required for our part of the United Kingdom and also what young



people may want to take part in. It has now had that conversation around what the new digital landscape will look like, which would never have taken place had it not existed.

That is the kind of body—and there are local representatives there so it is publicly accountable—that you could devolve money down to to provide those skills in a very open process into the colleges and the universities and the schools to train young people in qualifications or jobs that at the moment do not exist because they will exist in the future. It is having that conversation about how it should take place.

For me, that is a prime example of how we start devolving some of that power. If you decide to do that through the Skills Funding Agency through Whitehall, where no one has the ability to scrutinise that at all, certainly from a local level, then I am afraid productivity will not rise.

Q432 Dame Cheryl Gillan: Do you think that this carries across into all areas? For example, I am thinking about environmental protection and what happens there, because not only do you have local government and LEPs involved in that but you also have areas of outstanding natural beauty and national parks and the various levels of protection that are afforded. Would your vision for the future fit into this?

Councillor Bentley: I think so. There clearly needs to be a national policy on that. We are not a federated country of states. We are a United Kingdom, and certainly in England we have a United Kingdom Government in Parliament here, which is sovereign. We need to have those national policies in place, but the way they are implemented and the way they are funded could be much fairer around the country.

Already with the bad weather we have just had in the east of England, we have seen some big erosion of the coastline further up the coast from Essex and a small budget to cope with the whole of the east of England. Imagine if we targeted much more the funding around those areas that need it rather than bidding into a national pot. It would be much better. We could target that specifically to do that and save some of that cash or take a decision to let it go, whatever the decision may be, but that decision would be made locally by the local people.

Yes, while there needs to be national policy that is agreed by the UK Parliament or the devolved nations, it is important that delivery and funding of that is targeted much more to the local people who will deliver the services.

Q433 Dame Cheryl Gillan: Mr Conway, the vision for the future of devolution, or decentralisation as Mr Bentley called it, in England, do you have a vision that takes you beyond where you are now?

Alex Conway: I would endorse the points that Councillor Bentley made, particularly in respect of skills, a high priority. I should probably mention the London Finance Commission report. It is an unusual report because normally successive mayors tend to not endorse the work of their



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predecessors. The London Finance Commission was a piece of work started by the previous mayor. Our current mayor picked it up again and it is led by Professor Tony Travers. It makes a whole set of recommendations about how you could improve decentralisation and devolution in London through hypothecated funds. Councillor Thomas mentioned earlier how low the amount of locally generated income is for cities. In London three-quarters of our grants come direct from Government. In Tokyo, Paris and New York it is anything from a third down to 8% or 10%.

Whether you are looking at property taxes, tourism taxes or an extension of the current pilots on hypothecation of business rates, there is so much you could do on the financial side that would then free us up to deliver big projects like Crossrail 2 free from a handout from central government. I would say probably our biggest ask would be around those financial freedoms and implementation of some of the ideas put forward by the London Finance Commission.

Councillor Thomas: Mr Conway has made my own points for me in terms of that devolution being fiscal, not just functional. Core Cities published a Green Paper last year, "Invest, Reform, Trust", which was talking about how through place-based decision making based on inclusive growth you can drive productivity in our cities and tackle deprivation. Those are powers that you need devolution of a degree of fiscal control to enable, and that is what we would be pushing for within the opportunity, as Councillor Bentley has said, of the repatriation of powers.

Q434 **Mr David Jones:** Further to that point of Mr Thomas's, of course, you are the leader of Cardiff City Council. Are you, therefore, proposing that there should be further devolution within Wales to the city level?

Councillor Thomas: Yes.

Q435 **Mr David Jones:** What response have you had from the Welsh Assembly Government to that?

Councillor Thomas: I have had some very positive conversations with the Cabinet Secretary for Local Government. There is, I believe, a Green Paper being published today around local government in Wales, and clearly this is a conversation that needs to take place in Wales between local authorities there and the Welsh Government; similar in Scotland; different in England.

One could make the case, and I am sure certain members of this Committee will be familiar with the argument, that devolution has stopped at Cardiff Bay and has not transitioned further. I think City Deals, for example, give a very good model of how local government can take greater control for themselves. In south-east Wales, Cardiff Capital Region, you have 10 local authorities working on a cross-party basis, delivering good outcomes, so far, through that City Deal, so I think there



is a further case for devolution within the devolved nations, or certainly within Wales, and we will be responding positively to the Green Paper, setting out what powers we think Cardiff needs to succeed as a city.

Q436 **Kelvin Hopkins:** I am returning to one of my earlier questions about the past. In the past, local authorities had much more power, much more freedom, and much more resource. Is there not something to be learned from the past? If successive Governments have put the brake on local authorities, is it not time for the Government to be told that we have to improve things and look at the past, when things would work better?

Councillor Bentley: Yes. You can trust local government because it is made up of local people to deliver local services, but you also need to fund local government properly.

Chair: I am going to end on that very happy note, but it ended with a plea.

Thank you very much indeed, the three of you, for putting the voice of local government in England and Wales so clearly to our Committee.

Examination of Witnesses

Witnesses: Ed Cox, Dr Joanie Willett, Dr Sarah Ayres and Rebecca Lowe

Q437 **Chair:** We welcome you to this session on devolution and Brexit. We are spending today's session on devolution, or what might be called decentralisation in England, but also on the relationships between local government across the United Kingdom with central government in the light of Brexit.

Can I start by asking you to introduce yourselves for the record, please?

Rebecca Lowe: I am Rebecca Lowe, independent consultant and director of a new initiative called FREER, formerly of Policy Exchange.

Ed Cox: I am Ed Cox, director of IPPR North.

Dr Ayres: I am Sarah Ayres from Bristol University.

Dr Willett: Joanie Willett from the University of Exeter.

Q438 **Chair:** Thank you very much, all of you, for being with us. To start with, what do you think the main issues are for the governance of England after leaving the EU?

Dr Ayres: I will start us off. There are some long-term and short-term challenges. In the short term, there is a potential loss of momentum behind English devolution. The whole process of managing Brexit means that other policy areas might not be seen as a priority and that is a problem. There has been some good progress made in English devolution



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lately, and there is a danger that that good work could be put on hold while the Government deals with Brexit.

Over the longer term, there is the challenge of the outstanding English question. The English question is about how England should be governed post-devolution to Scotland, Wales and Northern Ireland. Charlie Jeffery, from Edinburgh, talks about the unfinished business of English devolution and the lack of a clear constitutional settlement. Arguably, post-Brexit, that sort of challenge comes to the fore with the repatriation of powers, how local areas will be represented in Europe, and new intergovernmental relationships make that English question arguably more pertinent.

Ed Cox: We have to understand that Brexit was a cry of disempowerment, particularly on the part of people in the north of England, I think that is clear, but people more generally in those places that feel they were ignored, not only by Brussels but also by the Westminster elite. There are, as Sarah has suggested, short, medium and long-term implications of that cry of disempowerment.

In the short term, the Conservative Party needs to follow up on its manifesto commitment to create a devolution framework for the whole of England, which is primarily to the 38 city regions and county regions and which is clear about the kinds of powers that can be devolved and the kind of governance that is needed in order to receive those devolved powers. That is the short term.

In the medium term, we need to see a small number of strong English regions, going back to regions, where, just as we see in every other developed nation, there are the kinds of mezzanine power that allows them to drive industrial strategy forward.

In the long term, we do need a new constitutional settlement with both the UK's nations and regions that is fair across the piece, with much greater levels of fiscal devolution and much more understanding, and more mature understanding, of what good governance looks like in a modern economic state. At the moment, we do not have that mature understanding. The very fact that we are even having this session here today, having to try to elaborate the kinds of issues that we are discussing, shows that we are some way behind the way in which good governance works in most modern economies.

Dr Willett: I would also like to highlight the issue of regional inequality. Regional inequality in the UK is really huge. Ed can talk about the north-south divide. Sarah and I come from the south-west. From my perspective, often it feels like there is a south-east versus the rest of the UK kind of divide. Brexit, it feels to me, provides us with opportunities. In the institutions, moving forward, we think we might have really good opportunities for figuring out how we can smooth over those inequalities.



Ed was talking about people feeling that they had been ignored. One of the things that came out of some research that I did about Brexit was that when people were talking about loss of control and people were feeling that they wanted to get control back from Brussels, actually that was tapping into a massive desire for control over their local areas, having a real say, a real and meaningful say, in how governance works in their areas. That is something that we really need to work on.

Q439 Chair: Which should be of greater concern to policymakers in Whitehall: the disparities we can measure between different parts of the United Kingdom or the far greater disparities that exist within London, within regions, within counties, within cities? Which of those disparities should be regarded as the priority?

Dr Willett: I completely understand what you are saying; inequality, full stop, is really important. There are also arguments that say we do not need better regional policies; what we need is better policies across the board, to tackle the issues, rather than the regions. However, we have to understand that within regions that are struggling there is more targeted support needed. Being really poor or having lots of other issues in a peripheral area is very different from being poor in an area where there are opportunities nearby, if you are able to access them, or in areas of high-density population.

Q440 Chair: I represent an Essex constituency that has some very deprived corners. They would not agree with you on that. I just put that on the table. It is a perception, isn't it?

Ed Cox: The academic evidence shows that these two things are interrelated. They are all about the ability of a local economy to be able to respond to economic shocks, whether they are global economic shocks or local economic shocks.

What we find is that at the moment, in this country, we try to respond to economic shocks at the national Government level, and of course there are important things that national Government needs to do. What they are not able to do is to adapt their skills systems, as we were hearing in the previous session, adapt the ways in which they help unemployed people get into work, and that is why both in London—which does not have the powers to address its hotspots, its difficult areas—and interregionally we do not have the industrial strategies that operate at the optimum level.

Rebecca Lowe: In answer to the first question first, I think there are some important normative questions regarding devolution and decentralisation that Brexit now allows us to address, not least because, obviously, UK representation is idiosyncratic for historic reasons. We are where we are, however, and therefore it is important to recognise that that is separate from the question of how we do Brexit, which I know we are going to be discussing as well.



It is also important to recognise that Brexit has overshadowed some big changes constitutionally, not least in terms of some Standing Orders in EVEL and the introduction of metro mayors, which are new units of representation. I think the public sometimes has been less aware, perhaps, of these very big changes that have happened because of a focus on Brexit. That is not a criticism; it is just an observation.

In terms of how we address the question of regional inequalities, to my mind there are some issues that are for central government, but others are related to giving real power to existing authorities that are there, not least in terms of real fiscal decentralisation. Economic development could potentially come from giving power to collect tax revenues as well as controlling spending. To my mind there are quite a lot of things to be done with the existing decentralised situation where there is not genuine power given to these authorities.

Q441 **Chair:** There are four of you on this panel. I am afraid we do not have time for the long answers we have just had, very useful as they were. For the rest of this session we are going to ask for crisp, short questions and we will have to have very short answers. Also, please do not feel you have to answer every question. If somebody else has made the point you wanted to make, and you do want to associate yourself with that response, just do that very quickly.

Where is the space in the existing constitutional settlement that we have around devolution to have this conversation?

Dr Ayres: What we have at the moment is a patchwork of institutional arrangements. Devolution of late has been focused on devolution deals and the combined authorities. It does raise a question about what my colleague at Southampton, Will Jennings, calls the forgotten areas, some of the peripheral and rural towns that have not really had a voice. These are the areas that have most strongly supported Brexit. They are disenfranchised and marginalised. As my colleague Ed said, these areas need to be thought about in any further debates around Brexit or devolution.

Ed Cox: This Committee is a very good opportunity and I am very grateful for the opportunity that you have seen to discuss English devolution in this context. However, it is how far you take this discussion. My guess will be that your report will be preoccupied with the other devolved nations and not what needs to happen within England.

The other opportunity is that the Conservative party manifesto made a commitment to a proper devolution framework. My understanding from officials is that they are really struggling to persuade other Departments across Government to offer things for that framework, and that is going to hold the situation back.

Dr Willett: It feels to me that in the current devolution settlement, the current way that things are structured, what we are really lacking is a



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sense of vision, a sense of where devolution needs to go. It feels like it is all very patchwork. Local authorities are being encouraged to set up devolution deals and so on, but there is no real sense about what vision there is for devolution more generally in Britain, and we need to get that vision fixed.

Q442 **Chair:** Why do you think this is so difficult to address?

Ed Cox: The UK Government naturally assume that they are working on behalf of England and do not recognise that having a leap from the 55 million people that make up England down to the 38 units of local enterprise partnerships is an inappropriate way to effectively govern and run an economy.

All other developed nations, and all the academic literature, show that the most successful economic units need to be between around 6 million to 12 million people. Our cities are too small for that and our English governance is too great, and therefore we need a mezzanine tier, as you have in almost any other developed nation, that will be able to take some very significant decisions around economic strategy and fiscal devolution.

Dr Ayres: There are three main challenges to solving the English devolution problem or challenge. The first is the huge variation across central government Departments in terms of their enthusiasm for English devolution. Ed picked up on that point. It means that there is not a coherent and consistent view across Whitehall Departments about whether they devolve, what they devolve, and how that operates.

The second challenge is the huge variations in local governance capacity. You have the Manchester conurbation that is ahead of the game; others are not working at the same pace.

Finally, what might be called the English devolution paradox. There is the recent research that says the public want more control over local policies, they want voice, but they do not want the idea of a postcode lottery of difference.

Q443 **Dame Cheryl Gillan:** Dr Ayres, this is really addressed at you. In your evidence, you highlighted that the momentum behind English devolution—or decentralisation or whatever you wish to call it—was motivated by certain political figures and that their departure from whatever role they played has been significant.

What do you think is the impact of that on how England is currently governed? Because there are a variety of structures, from metro mayors to city regions, currently in place and, of course, there is a whole different level with county councils, district councils, national parks and so on.

Dr Ayres: Ed and I did some work recently where both local and central government officials viewed the role of George Osborne and Greg Clark as absolutely essential to driving forward English devolution. That finding



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was echoed by the Institute for Government who also came up with that finding.

I suppose that era has left the legacy of a devolution agenda focused very much on economic development and productivity. The question now, in the context of Brexit, is: what is next? The New Economics Foundation did some work looking at ministerial speeches and Government documents around English devolution at the time. Its finding was that the narrative was very much dominated by an economic productivity agenda, so there is scope now, within the context of Brexit, as Joanie says, to maybe open that out a little bit more, think about the democratic angle, think about what opportunities there are for local empowerment and engaging the views of disenfranchised communities.

Q444 **Dame Cheryl Gillan:** Do you think that Brexit is going to offer that opportunity to reframe the debate?

Dr Ayres: I do not know at the moment. I think the debate at the moment is silent.

Q445 **Dame Cheryl Gillan:** You did say in your evidence that you thought it did.

Dr Ayres: There is potential to; I think potentially. There is the potential for a new round of devolution Westminster champions attached to Brexit that might offer some opportunities. I cannot see them emerging as yet but that does not mean that it could not happen.

Ed Cox: I think this is down to you as parliamentarians, to be frank, as to whether you see Brexit as being a technocratic process that now needs to be resolved in order to extricate ourselves from legislative and regulatory procedures that go on in Brussels, or whether you perceive it for what it really is, which is a cry of disempowerment on the part of the British public.

Chair: You have said that already. I am sorry, but I do not want you to repeat yourself because we do not have time.

Q446 **Dame Cheryl Gillan:** I would like to know if Rebecca Lowe and Dr Willett agree with that.

Rebecca Lowe: To my mind, I think we have to be careful not to just assume that devolution is a good thing. A lot of us might think devolution is a good thing, but with political change, in terms of leadership, come new approaches. Politicians are elected by voters on the grounds of their manifestos and the policies that they propose. We have seen devolution rolled back previously. If we think back to 2004, the North East Assembly voted resoundingly about 28% against and then John Prescott decided maybe his English devolution approach was not desired in the way it was.

I think that because we have lost some people who forwarded a certain kind of devolution obviously does not take that question off the table, but it does give us a chance, as does Brexit, to think about devolution in new



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ways, whether that is the regional approach or whether that is empowering local authorities more.

Q447 Dame Cheryl Gillan: What would the most effective next steps be for devolved or decentralisation?

Dr Willett: One of the things that we need to be really clear about is the kind of language we are using around devolution and about why that might be confusing to ordinary people. If we are thinking about empowering people within regions and within these political spaces and making it more about democratic engagement, we need to bring people along with that, obviously.

Previously, devolution was talked about in terms of the legislative devolution of Scotland, Wales and Northern Ireland. That is what it means in many people's minds. If you talk to people about the devolution deals in Cornwall, for example, or in Manchester or whatever, they will automatically imagine that a similar amount of powers are being given to these areas. This means that they expect devolved areas to have a lot more control than they actually do.

The devolution deals within the English regions tend to be Executive decentralisation, Executive devolution. This sets up a difficult mismatch of expectations between what ordinary people are imagining is going to be available and what local authorities or devolved regions are going to actually be able to do. The consequences of that I think is quite profound for momentum and approval of devolution within English areas full stop.

Q448 Dame Cheryl Gillan: Dr Ayres, next steps: what would be the most effective?

Dr Ayres: I think it is about central government making a commitment, whether it is to continuing the momentum behind devolution and how that devolution is going to work, whether it is going to continue to be an economic exercise around productivity in the core conurbations, or whether there is a broader exercise and an opportunity not to focus on the less favoured areas who have been identified as feeling marginalised post-Brexit. That will be a different agenda and at the moment we do not know where it is going.

Q449 Dame Cheryl Gillan: You think it should be restructuring for economic development purposes?

Dr Ayres: Not necessarily, no. It depends on who you talk to. There is an opportunity—

Q450 Dame Cheryl Gillan: What do you think?

Dr Ayres: I suppose my job as an academic is to present the evidence.

Dame Cheryl Gillan: No, I want to know what you think.

Dr Ayres: I think there are opportunities for both because what the recent devolution deals have shown is that if you do not engage the



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public, if you do not get people on board, it falls apart in implementation. People can make deals behind closed doors and you get the go ahead but if there is no public buy-in, if there is no local ownership, then there is no real commitment to local empowerment and I think that is a missed opportunity.

Q451 **Mr David Jones:** Following up the points just made by Dr Willett and Dr Ayres, so that I fully understand, are you actually proposing there should be another tier of elected politicians imposed upon these areas?

Dr Willett: That was not my point at all.

Mr David Jones: I was not clear from what you said whether that was what you were suggesting.

Dr Willett: My point was that we need to be much, much clearer about what devolution in the English regions actually means because—

Q452 **Mr David Jones:** Yes, I understand that but, going from that position, are you suggesting that there should be more legislative devolution up to a local level?

Dr Willett: I personally feel that moving towards some form of legislative devolution would be quite useful and quite good and—

Q453 **Mr David Jones:** Do you think there is a general and genuine call for more politicians?

Dr Willett: I do not think it is a question about more politicians. I think it is a question about people feeling that they are able to shape their local areas and at the moment they do not. At the moment the research points to people feeling—we use words like “disempowerment” all the time. They have almost become meaningless, but people genuinely feel that they are not able to shape the communities within which they live and work. Then they see things happening in their communities that they do not agree with and they feel powerless to stop.

We need a much better engagement between ordinary people and politics. What I am suggesting is that some form of local legislative powers might be one way of people feeling that they can make a real difference to their localities.

Dr Ayres: It comes back to my point that one of the reasons why the north-east referendum failed was people felt that there was not enough on the table from central government, but there was a public distaste for another layer and lots more politicians, so I do not think anybody is calling for that. I know Ed has a different view about what scale of the representation should work, but it looks like the only game in town at the moment, for this Government at least, is around combined authorities. It is about making those structures work, making them effective, but then also what you do about those areas that are not captured by those new combined authorities’ devolution deals.



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Ed Cox: The notion of new tiers of politicians and new tiers of bureaucrats is a straw man that is put up by parliamentarians that nobody else is talking about at all.

Q454 **Mr David Jones:** They actually are in Wales, where I come from, where we have lots of tiers of politicians.

Ed Cox: In England I am referring to, which is what we have been asked to speak about. Combined authorities are made up of existing politicians, and that is the tier to which we are addressing this issue.

Q455 **Mr David Jones:** I am sorry; I was not setting up a straw man. I was just attempting to obtain clarification of what was—

Ed Cox: But the question is always asked: do people want a new layer of bureaucrats? The answer is no, that is not what—

Q456 **Mr David Jones:** No, ignore the straw man. You are suggesting they should be the same people, effectively?

Ed Cox: They are the same people. We are doing devolution in many places. To answer the previous question, the next step is the Conservative Party needs to be true to its manifesto and create a devolution framework.

Mr David Jones: Yes, you made that point, but I am just attempting to have clarification of what you are suggesting. You have clarified it. Thank you.

Chair: Thank you. We have got the point off both of you.

Q457 **Kelvin Hopkins:** I have heard debates about devolution, about structures, about reorganising local government, for decades. I was a councillor in the 1970s. Nobody has talked about the obvious problem, which is money. In the local authorities across the rest of Europe—I just recently did a comparison: if you compare Denmark and all those other countries with us, they spend a much higher proportion of their GDP, the national income, on public services than we do.

If you talk to people in Luton, who I represent, they say, “Can you get me a house?” “Can you make sure I get a hospital bed?” “Can you make sure my granny can get care?” “What about a job?” “What about my wages?” That is what they talk about, and all of that comes down to money and nobody ever talks about it. They talk about devolution structures.

Chair: I think that was a statement, not a question.

Kelvin Hopkins: I make that point.

Chair: I will come to the money.

Q458 **Dr Rupa Huq:** You highlighted the huge variation in institutional arrangements within England and local government. I wondered what particular challenges that poses between central and local structures. Particularly for me as a London MP, you keep making the argument about



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the north feeling dispossessed, but London has the whole financial services sector. Is there a special case for London maybe within all this? It is a hybridised arrangement and a lot of it is devolved already, but it has a population heading for 10 million, which is almost equal to all those devolved regions anyway. What challenges does this pose for relationships between central and local structures?

Ed Cox: London does have a special arrangement insofar as it has a proper regional structure in the form of the GLA and the mayor, but I would remind Committee members that the proportion of the economy in the north of England is the same as the proportion of the economy catered for by London. In fact, the north of England as a whole is a £300 billion economy, 15 million people, so bigger than London in that sense and does not have any devolved arrangements in order to manage its economy in the same ways that London does.

However, I would say that neither does London have the kind of powers that it needs in order to be able to drive its economy forward. What it has, very fortunately, is the seat of central government and, therefore—going back to the previous session—the ear of Government around issues like Brexit and the economy in a way that no other region has at all. I think that is one of the reasons why, when it came to Brexit, people felt they wanted to speak out very loudly and very clearly that the economy was not working for them. They partly did that in what they did in voting to leave.

Rebecca Lowe: To address the point of the relationship of different local authorities to each other as well as their relationship to central government brings us back to the point I was making about fiscal decentralisation and empowering existing local authorities. There is a lot of interesting research being done on the benefits of competition, choice and specialisation, and this is something potentially with Brexit there might be some new questions that we could address.

Dr Ayres: I also think there are some challenges in terms of the variation. When I started working on devolution 20 years ago there were nine standard English regions. The Government officers and the regional development agencies used to come for monthly meetings with Ministers. There were set timetables. There were more formal structures, very formulaic.

I did some work when all that disintegrated in 2010 asking Whitehall Departments how they were managing intergovernmental relations now with all this fluid variability, and they described structures as “needs must”, “ad hoc”, “interpersonal”, “social relationships”, so I think lots more of this is happening now at an informal level. That can be positive because it can build trust and it can create an environment for doing business, but there is a question in the research that Ed and I did around parity of opportunity, if not outcome. Local areas wanted to have the same opportunity for dialogue with Whitehall, even if they did not expect the same outcomes, places like Manchester.



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Dr Willett: I think there is also a big issue about when local authorities do not have that great a relationship with their Members of Parliament, because then local authorities are finding that they do not feel that their needs are being adequately represented in Parliament, especially with the absence of the formalised structures that Sarah was just talking about. That becomes a really big crisis of representation.

Q459 **Dame Cheryl Gillan:** You are basically saying that MPs are not up to the job?

Dr Willett: I am not saying that in the slightest. Please do not think that. What I am saying is—

Dame Cheryl Gillan: I like to think I have a very good relationship with my two local authorities and my parish councils, and various other people.

Dr Willett: Which is wonderful; that is really good to know.

Q460 **Dame Cheryl Gillan:** You just said that people do not feel that their MPs are representing them?

Dr Willett: Let's say some local authorities. There are some cases where local authorities are at loggerheads with their MPs or have very different agendas and perspectives than their MPs. That can cause a lot of problems.

Q461 **Dame Cheryl Gillan:** I would love to see your mapping of that. Dr Ayres, I am reverting to you because in your evidence you gave us you said Brexit is going to make regional disparities worse and basically set region against region and have this huge conflict for what is fairly scarce resources. What do you think the impact of this will be on the integrity of the UK state?

Dr Ayres: Yes, and there has been lots of research done lately that suggests that those areas that had voted for Brexit are those perhaps least likely to weather the storm. For example, the north-east voted for Brexit and they are, according to the data, going to be hardest hit, whereas places like Bristol, which voted 72% to remain, will weather the storm a little bit better.

I think there are some dangers with less economically buoyant areas, if you want to call them that, that have been the most disgruntled post-devolution settlements to Scotland, Wales and Northern Ireland. There were lots of questions about, "What about us? Who is representing us?" Secondly, there is lots of evidence that says they were the hardest hit by austerity and the global financial crisis. Thirdly, there is now a danger they could be the hardest hit by Brexit.

Brexit unearths social divisions and geographical divisions, and I think there is a danger that that could be exacerbated. When the Government come to think about the shared prosperity fund, I think it would be a big



mistake for that money to be channelled through the conurbations and the core cities when some of these other areas are going to be hit.

Rebecca Lowe: Without wanting to be a cynic, I think it is important to put on the record, however, of course, that there has been some criticism of the various impact reports that have been done suggesting that the results of Brexit may have these economic disparities. I am thinking not least about points about the gravity trade models, and, indeed, maybe some cynicism that comes from Treasury's suggestion of the short-term impact of the Brexit vote, I think it is important to note, but also the new opportunities that come with Brexit.

If you look at the Tees mayor, Ben Houchen, and the north-east MPs coalescing around the agenda of a free port, I think there are great regional opportunities, too, to be recognised.

Q462 **Dame Cheryl Gillan:** There are two sides to this coin?

Rebecca Lowe: I think it is important to note that.

Q463 **Dame Cheryl Gillan:** There is not just the negative, there are some really good positives?

Rebecca Lowe: Absolutely. Maybe there has been a push on the negative side. I can understand that people might be concerned, but Brexit does offer great opportunity, particularly if the existing layers of political governance are empowered in the ways in which perhaps they already should have been.

Ed Cox: There have been seven serious academic studies that have been undertaken on the regional impacts of trade post-Brexit, and six out of the seven say that the regions of the north of England are likely to be the most exposed to the problems that come with that. I am happy to list those academic pieces of research if you want.

I think that that is definitely the case. There are opportunities and I think it is important to spell out those opportunities, but here is the critical thing in relation to devolution. Those local areas like the Tees Valley, as you mention, need the economic powers to be able to exploit those opportunities. So long as all of that discussion is taking place within DExEU without proper consultation with places like Tees Valley, it is unlikely they will be able to manifest those benefits.

Q464 **Dame Cheryl Gillan:** Dr Ayres noted that the success of decentralisation and future devolution is hampered by this unco-ordinated approach at the centre. I presume that all of you are endorsing that view to a certain extent. Therefore, what are your constructive suggestions for improving that co-ordination at the centre? Again, can I start with Dr Ayres for the simple reason that it was in your evidence?

Dr Ayres: I think it is undeniable as a statement in terms of a lack of co-ordination around English devolution in Whitehall. Perhaps the activities



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of the cities and local growth units should be mentioned here. It is a cross-departmental team with BIS and the communities working with Treasury around the devolution deals. They did a pretty good job of trying to persuade and bring Departments and areas on board that might not have had a natural inclination to do so. Those kinds of activities are pretty important to put in place.

Ed Cox: IPPR North published a report last year called "Rebooting Devolution". In that report, we presented a very clear framework, precisely the framework that we understand is being currently worked on by MHCLG, which sets out what kinds of powers to which areas across the whole country could be devolved and what kind of governance you would need. So, it is there.

Q465 **Dame Cheryl Gillan:** So you think DExEU is actually paying attention to this and following one of your blueprints? That is very positive.

Ed Cox: I understand that that is the case, but the problem is with other Government Departments that are not prepared to play ball. We are also publishing in May a much more complete document that will set out both the framework but also what powers we need to see held regionally and what a new constitutional settlement for England and the other nations needs to look like. That will be published in May.

Dr Ayres: In 2002 I did some work with a colleague, Graham Pearce at Aston University, where we looked at Whitehall responses to devolution. What we identified at the time was leaders, Departments who were pro-devolution, Departments in transition who were warming up to the idea, and laggards who were digging their heels in. They did not want to do it.

That analysis has contemporary relevance. What you will see around the devolution deals is perhaps the big delivery Departments, health, education, welfare, still reluctant to cede power. Again, it comes down to devolution champions, having big hitters in Westminster who are going to galvanise a narrative around, "This is what is happening". I think that is important.

Q466 **Dame Cheryl Gillan:** Is language important? You talk about devolution, whereas other people talk about decentralisation in the context of England.

Dr Ayres: Language is important and it depends on space, time and sector. It is all of those things. It is deconcentration. It is real devolution of political powers, handing over power and responsibility. I have been working on this for 20 years and if you chase the policy areas what you find usually is that the strings and the responsibility, the final sign-off, rests with the centre. That is decentralisation. Devolution is around, of course, real devolution of power.

Q467 **Dame Cheryl Gillan:** The simple case is that basically it is the principle of pushing decisions that can be taken closer to the people that are involved down to those levels. It is not about threatening the intact



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nature of the UK or the UK state.

Ed Cox: I think that is right, but I think that devolution in England is not yet seen as a matter of natural justice or a democratic right of the people in England in the same way as it is seen in Scotland, Wales and Northern Ireland. Rather, at the moment it is seen as a tool for economic tinkering. I think that Brexit sounds a big warning to people sitting in Parliament that the people of England are not satisfied with the way in which that is currently playing out.

Q468 **Dame Cheryl Gillan:** Do you mean Parliament or Government? You seem to use the term interchangeably.

Ed Cox: I think Parliament needs to understand that too many powers are too centralised and to that extent—

Q469 **Dame Cheryl Gillan:** Parliament does not make those decisions; Government does.

Ed Cox: But it is parliamentarians that hold that structure in place as well as Government. To that extent, I think that there will come a time when the people of England will recognise that the arrangements we have in England are insufficient and, therefore, we will need to see some democratic change here, too.

Rebecca Lowe: I think the structure of representation we have now is as a result of constitutional deliberation. It is all very well for us to give our ideas about how certain ideas might be carried out or how effective they might be, but this is a point about democracy, I think, as much as anything else.

I would just add that in terms of the kinds of things that can be done by local government as opposed to the kinds of things that should be done by central government, I do not think anybody is going to be suggesting that Yorkshire should run its own defence policy. Yorkshire is great and it is very tough, but there are obvious things that are out of the local remit.

In terms of more legislation that could be done at a local level or, indeed, as I have mentioned now several times, in terms of spending and raising of tax revenue, there are clear further powers that could be given to the existing local authorities rather than bringing in any kind of new law.

Q470 **Kelvin Hopkins:** We had one referendum on whether we wanted regional government in the north-east and it was rejected overwhelmingly. Is it not the case that people really want good public services? They want housing, they want jobs. They do not necessarily want another structure of government.

Ed Cox: I encourage you to read the work of the academic Arianna Giovannini, who has done serious study on what happened about the north-east referendum. There are two quick points I would make on that. First, the north-east referendum was held at a time when Scotland and Wales were getting some very significant devolution. The people of the



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north-east said, "Why do we not get the same kind of powers that are being offered there?" That is the first reason they rejected it.

The second reason they rejected it is that it was quite literally a set of politicians who they were already uncomfortable with who were going to be seen to be holding these powers, and they did not like that. They would like some better form of governance. The form of governance in the regional assembly was something that they rejected. The academic study shows that those were the reasons that it was rejected, not the notion of a regional assembly per se.

Rebecca Lowe: I always worry about whether we can know what people's intentions behind their voting was.

Ed Cox: Well, it is an academic study.

Rebecca Lowe: It is an academic study, but I think we have to be careful not to decide why it was that people voted, not least because there are differences within households as opposed to between areas. This also relates to the kinds of things that we might read on to the Brexit vote.

If almost 80%, 77.9%, vote against something on a 45% turnout it is to my mind quite significant. Since then, particularly in the north-east where I am from—I ran as a candidate in 2015; this again is a subjective point of view, obviously—there just does not seem to be much appetite for extra layers. If you look at the turnout and the votes in the police and crime commissioner elections or even local authority elections, it is hard to say that that was not a vote against a regional assembly in the same way it is hard to say that a vote for Brexit was not a vote against the EU. We can paint other reasons on to this, too. That is interesting and it can be correct, but that was a strong, decisive vote against a single issue.

Q471 **Chair:** I am going to resist engaging in this debate. I am not sure it is going to be very fruitful.

Dr Willett: I wanted to say that having good public services and political decentralisation could be viewed as being one and the same thing. Having the ability to be able to decide how services should be shaped and where resources should be allocated is something that can be done very well at a local level.

Q472 **Chair:** If they have the money?

Dr Willett: If they have the money, yes, and that is a very important point, too.

Q473 **Chair:** Moving on, there is, of course, a concern that the Government of the UK have to represent the Government of the UK and then have to represent the preferences and interests of England. How well do the UK Government do this and how does it affect the different regions?



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Ed Cox: It has been my contention all the way along that it does not do it very well and it is not an appropriate form of governance.

Q474 **Chair:** I personally assent to the idea that what is sauce for the goose is sauce for the gander. What is decentralised from the European Union is—there is an appetite for decentralisation. How should the UK Government identify what, for example, the north of England has in common with the Scottish Borders and the central belt, which is far more than it has in common with London and the south-east?

Ed Cox: This is precisely my point. If you were to create a regional tier of economic strategic planning, then it is much more likely that that group—let's call them the 11 local enterprise partnerships, the N11 group—would be able to co-ordinate and plan with the Scottish Borders much more effectively than expecting Whitehall to be able to do that at the moment.

Dr Ayres: There is a bit of a challenge with the UK Government representing England as a whole in that it seems to be of late that those that shout the loudest get preferential treatment. A lot of political energy has gone into making the Manchester conurbation deal a success.

There were secondees from Government Departments for a long period in Manchester. Central government do not have the capacity, the resources, the human resources, to offer all areas that kind of service. There is an issue about differentiated, unequal patterns, which undermine spatial justice, social justice, whatever you want to call it.

Q475 **Chair:** To what extent are any of you concerned that, in fact, the Northern Powerhouse, the Midlands engine, is not really even decentralisation because it is about central government getting local authorities to do what central government wants and to be rewarded for complying with central government money? To what extent would you share that view?

Rebecca Lowe: I think there is also a point that the City Deal approach can also potentially centralise power in itself because we are talking about large local areas and power given to large local areas, bureaucrats.

Dr Willett: We are talking about the Northern Powerhouse and we are talking about the north-south divide, but how about the south-east versus the rest of England divide? I come from the south-west. I envy the travel to London times of all of my colleagues who live in the north. It takes me five hours rather than two to travel a comparable distance. It is absolutely crucial that we think about the disparities between all of the parts of England and not just some of the parts of it.

Ed Cox: That is why we need a proper regional constitutional settlement.

Q476 **Chair:** Yes, it keeps coming back to your point and you have made it very clear. How do you persuade Government Departments that it is in the national interest to let go of these powers? I mean the Treasury, DCLG, DWP.



Ed Cox: I think we have to look at the evidence of modern democracies around the world, the way in which they work and the fact that it depends what outcome you are particularly wanting to achieve. If you are looking for economic productivity, we know that this is a much better predictor of productivity growth if you decentralise to the optimum level of 6 million to 12 million people.

The academic evidence shows us that. If you are wanting to achieve inclusive growth, a better level, reducing regional inequalities, reducing local inequalities, then again fiscal devolution. There is clear evidence that the level of fiscal devolution is directly correlated with the levels of inequality.

Q477 **Chair:** I think you have just answered my question. You are saying the only devolution that really counts is fiscal devolution. That is why you transfer responsibility?

Ed Cox: That is critical.

Dr Willett: I would argue that there is a really strong relationship between the economics of an area and the identity of the area. I think that identities help to foster and create strong economic regions, whether that is about differentiating one region from the next in order to better assign competitive advantage in the marketplace or whether that is about something completely different.

I would also like to say that economic disparities, or certainly severe economic disparities, costs UK plc an awful lot of money. It means that the productivity of the peripheries is well down to the productivity of the south-east. It means that the peripheries are not net contributors and that is a problem.

Q478 **Chair:** We measure these disparities in relation to geography and then we make assumptions about causes and effects that may not necessarily be in the evidence. In terms of what drives local identity, even the north-east, which had the strongest regional identity and was chosen for that reason for the referendum, voted nearly 80% against the regional assembly. Isn't the concentration on identities where people have a stronger sense of identity, like the core cities, for example, a better way of getting political support for this kind of decentralisation?

Ed Cox: Italy is the example that I would give in this context. Clearly, identity is a complex thing. We all have multiple identities and we play them in different contexts. That is true politically as well as institutionally. Italy had no regional identity at all up until about the 1970s. In the 1970s they introduced regional institutions in terms of governance, and now regional identity in Italy is one of the strongest forms of people's identification.

Identity changes and develops and I think it is not necessarily true, certainly there was no evidence prior to this, that the north-east had a strong regional identity. There is a strong north-east regional identity,



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but to say that the north-east was stronger than anywhere else in the country is not necessarily true. That vote came down very much to what was on—

Q479 **Chair:** We are not going to go into that again. You have made your point. Did anybody else want to come in on that point?

Dr Ayres: I was going to say the point about regional identity is really important because the structures that we have at the moment in England do not have a natural affinity with the public. I am in Bristol and we have an elected city mayor. That mayor has strong public visibility, and colleagues at Bristol have done some work on what difference an elected city mayor has made. The public view them as being much more visible in terms of their leadership. They feel that they have a much stronger local voice. There is a much clearer affinity at a city level and, again, that is just another one of the challenges faced.

Dr Willett: I would like to put in a very cautionary note. I am very much in favour of regional identity. I think it is a really important measure of stuff. However, the big cautionary note that I want to put is that when regions become really strong and very sure of themselves and are able to be very assertive, that amplifies regional disparities and regional inequalities. This is something that we see right the way across Europe as well where regions have started to feel very aggrieved that they are not getting a fair slice of the pie or have a sense of collective identification, which then turns towards a political mobilisation.

Q480 **Chair:** Nationally divisive?

Dr Willett: I do not want to say naturally divisive at all.

Chair: Nationally, not naturally.

Dr Willett: Oh, nationally divisive. In the context of regional inequality.

Q481 **Chair:** Yes, but I think that is why people fear creating regional structures.

Dr Willett: Isn't the better response to deal with the regional inequality?

Chair: That is a fair question, yes.

Q482 **Mr David Jones:** Just to develop that point and the point that Dr Ayres made about affinity, isn't the question of the geography of the region extremely important, in other words where you draw the line? Speaking from my own experience, I come from north Wales. Frankly, the perception in north Wales is that most of the gravy goes to south Wales, which is actually probably true. Nevertheless, simple regionalisation does not of itself solve problems. There have to be other measures and I would suggest maybe further devolution to subregions to ensure that everybody feels that his or her voice is being properly heard.

Dr Willett: It feels to me that it is really important. At the moment, we are working in a very hierarchical system where power is held in one



place and then it is cascaded down. Whether we are talking at a Westminster level or right the way down through to your smallest town or parish council, that is something—

Q483 **Mr David Jones:** Just pausing briefly there, it may well cascade down but it does not always flow evenly. It sometimes stops at certain junctures.

Dr Willett: Absolutely, and one of the things that we need to think about very strongly is feedback mechanisms between the smallest forms of government, the smallest communities, and our largest communities. We need to really think about how towns and villages and local authorities are better able to communicate with Government in Westminster.

Q484 **Mr David Jones:** Regionalisation, pure and simple, isn't actually the only solution to the problem?

Dr Willett: Absolutely.

Q485 **Mr David Jones:** At the moment, local government in England has an advisory role through the European Committee of the Regions. Do you fear that there will be a loss of voice for local areas once we have left the European Union? What structures could be put in place to replace them?

Dr Willett: This is an interesting one. Personally, I feel that the work of the Committee of the Regions, for example, has been extremely interesting and extremely useful in bringing together regions, sharing ideas, sharing information and potentially having that feedback mechanism. In practice, I have spoken to a number of councillors who completely did not feel that the European institutions were accessible to them, although they did concede that the leaders of the councils or senior officers might have been involved in institutions like the Committee of the Regions.

What I am trying to say is again this is coming back to that really hierarchical idea about Government. Not all parts of Government or not all participants feel that institutions are accessible. The ideas behind the Committee of the Regions are fantastic and we should have something like that in the UK, but it needs to be something that all councillors, all elected representatives and all members of our local authorities feel that they are able to participate in.

Dr Ayres: My understanding is that three-quarters of EU legislation is delivered locally, so it makes sense for local areas to have some kind of say in that. I think there will be some capacity lost through that. My understanding is there is some very important work that gets done in terms of information sharing and sharing of expertise through the Committee of the Regions. I do think there is an issue now that that formal structure might not be available as to whether either European partners or UK localities will have the resources, the inclination and the human capacity to maintain those links in any way.



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Q486 **Mr David Jones:** Is it desirable at a UK level to replicate those structures, would you say?

Dr Ayres: I do not know enough about it. I will pass to my colleagues on the panel who might have a more informed view.

Ed Cox: It depends what you are suggesting needs to be replicated. My suggestion would be that we do have much better representation from England alongside the other devolved nations at the centre in some way, shape or form. Going back to the previous panel, I think there is a huge amount of conversation and discussion that needs to happen about the impact of Brexit and our future trade relationships all around the world at the central level. We should not assume, or default rather, to whatever the LSE tell us or whatever Mayor Sadiq's office come to tell parliamentarians because they are most proximate to be able to influence those decisions.

Rebecca Lowe: I would add I think Brexit gives us the chance to think as a nation how we want to see our country and how we want to see it divided up. Again, giving local government real powers and accountability to my mind is key here. If that means getting rid of some EU-defined areas, then I do not have a problem with that personally.

Q487 **Chair:** Just to finish off, we have heard a lot about having enhanced mechanisms for intergovernmental relations between the devolved Administrations in the UK and the centre and between Parliament here at Westminster and the devolved Parliaments of the UK. These are going to be important structures to oversee the new common national frameworks on things like agriculture and the environment. How should the voice of local government best be heard in the formation of these frameworks?

Ed Cox: How about a grand committee of the nations and regions as a mechanism that would allow something like that to happen?

Q488 **Chair:** Is that an idea you have written about?

Ed Cox: It will be featured in our report in May.

Q489 **Chair:** Very good. We look forward to that. Anybody else?

Dr Willett: It seems to me that the DCLG could potentially play a really strong brokering role between local authorities and central government.

Dr Ayres: The added point that I might make is that any representation on those more formal structures, maybe through the JMC, would need to take account of the forgotten areas, not just the conurbations, especially if it is around fisheries, coastal areas, agriculture, food. Those are the areas that are going to be most affected.

Chair: That point is not lost on me. I feel I represent one of those forgotten areas.

Rebecca Lowe: Again, I think it is important to divide up subnormative questions about how best representation should be done in the UK and



how we might deal with things at this point in time, whether that is in terms of how we deal with Brexit or whether that is how we think about frameworks or representation on the JMC. To my mind, these questions are premised on what a unitive representation is, and if we think of England itself it is not structured as a unit constitutionally, so it cannot really have a say at the moment.

However, that does not mean that we cannot have this conversation following Brexit and decide how best to do this. Obviously, the classic argument is that proportionately rather than essentially England's voice would outweigh the voices of the other nations, and that is obviously something we do not want. In terms of who has a say in Brexit and who has a say in the frameworks going forward, I think that has to be to do with the existing units of representation, whether those are metro mayors or whether that is London or whether that is Wales and England.

Q490 **Chair:** But how do you include the forgotten areas?

Rebecca Lowe: I think you include the areas that are already represented as units of representation in terms of allowing them to submit papers, to have a say, indeed attend the JMC.

Ed Cox: I think we have to accept that 38 is too many at the moment as things are currently constituted and one is too few. It has to be something in between. Therefore, what does the in between look like?

Chair: That debate is going to go on. Thank you very much, all four of you, for your very interesting and disparate evidence but, nevertheless, helping us to explore what has hitherto been a gap in our inquiry about the challenges representing England in the devolution process and the post-Brexit devolution settlement. Thank you very much.