Cities and Local Government Devolution Bill: progress

Inside:
1. Background
2. Changes to the Bill at House of Commons Committee stage
3. Government amendments on Report
4. Debates surrounding the Bill
Contents

Summary 3

1. **Background** 4
   1.1 Introduction 4
   
   Table 1: Devolution deals 4
   Table 2: proposals under devolution deals 5
   1.2 Second Reading of the Bill 6

2. **Changes to the Bill at House of Commons Committee stage** 8
   2.1 Devolution reports 8
   2.2 Devolution and mayors 8
   2.3 National Health Service 9
   2.4 Votes at 16 11
   2.5 Local authority mayoral referendums 12
   2.6 Transport for the North 12

3. **Government amendments on Report** 16
   3.1 National Parks 16
   National Parks: legislation, functions and management 16
   New clause 7—National Park authorities: general powers 17
   3.2 Removal of vetoes over combined authority boundaries 18
   3.3 Further amendments 19

4. **Debates surrounding the Bill** 20
   4.1 Sunday trading 20
   4.2 Mayors and referendums 21
   4.3 Accountability and scrutiny 22
   4.4 Local government funding 22
   4.5 Boundary issues 23
   4.6 London 24
   4.7 Other amendments 26

Contributing Authors:
    Mark Sandford
    Louise Butcher: transport
    Tom Powell: health
    David Hirst: national parks

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Summary

The Cities and Local Government Devolution Bill was introduced into the House of Commons on 21 July 2015, having begun its passage through Parliament in the House of Lords. It received its Second Reading on 14 October 2015, and spent two days in Committee of the Whole House on 21 October 2015 and 17 November 2015. Its Report Stage, and Third Reading, are scheduled for 7 December 2015. A fresh copy of the Bill was produced after it completed Committee Stage.¹

The Library has previously produced a briefing paper on the Bill as it stood before Second Reading in the House of Commons.

The Government agreed to retain two amendments made in the House of Lords, despite having opposed them then: Clause 1, requiring an annual report to Parliament on devolution; and Clause 21, permitting local authorities which had agreed to a directly-elected mayor following a Government-mandated referendum to reverse that decision. However, the House agreed to remove three other Lords amendments opposed by the Government: one lowering the voting age for local government elections in England and Wales to 16; one requiring Government bills to include a statement of consistency with the principle of devolving power; and one preventing an elected mayor from being used as a condition for devolution of power in devolution deal negotiations.

Government amendments have also been agreed by the House of Commons covering a general power of competence for English national park authorities; creating the power to set up ‘sub-national transport bodies’, such as Transport for the North; and altering the terms on which combined authority boundaries can be changed.

Other key matters of debate around the Bill in the House of Commons included the governance of London; the introduction of directly-elected mayors of combined authorities, and the possibility of holding referendums in advance of their introduction; and the conditions under which the devolution of power over health authorities may proceed. The Government elected not to bring forward amendments to pass powers over Sunday trading hours to elected mayors.

¹ For additional documents related to the Bill, see the Bill’s pages on the Parliamentary website.
1. Background

Summary
Devolution deals have so far been agreed between the Government and eight areas of England. Five of these have been agreed whilst the Bill has been progressing through the House of Commons. The deal documents (and bid documents where available) can be found in the table below.

1.1 Introduction
The Government set a deadline of 4 September 2015 for deals to be submitted to be considered during the 2015 Spending Review process. Following this deadline, deals have been agreed so far with Sheffield, the North-East, Tees Valley, the West Midlands, and Liverpool. These five recent deals share a number of similarities:

- In each case, a directly-elected mayor is to be established covering the entire deal area, with a first election anticipated in May 2017;
- Each area will receive an annual investment fund for 30 years. This will be £30m in Sheffield, Liverpool and the North-East, £15m in Tees Valley, and £36.5m in the West Midlands;
- Adult skills funding, business support services, joint commissioning of employment support for harder-to-help claimants, a public land commission, and a consolidated transport budget are to be provided in each area.
- Most areas are to pursue bus franchising and smart ticketing, with the latter likely to be implemented on a pan-Northern basis;
- European Union structural funds are to be devolved, or to be discussed further, in each area.

Table 1: Devolution deals

<table>
<thead>
<tr>
<th>Devolution Area</th>
<th>Devolution deals agreed</th>
<th>Bid documents</th>
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<tbody>
<tr>
<td>Greater Manchester</td>
<td>3 Nov 2014, 27 Feb 2015</td>
<td>n/a</td>
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<tr>
<td>Sheffield City Region</td>
<td>5 Oct 2015, 12 Dec 2014</td>
<td>n/a</td>
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<tr>
<td>West Yorkshire</td>
<td>18 Mar 2015</td>
<td>n/a</td>
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<tr>
<td>Cornwall</td>
<td>27 July 2015</td>
<td>March 2015</td>
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<tr>
<td>North-East</td>
<td>23 Oct 2015</td>
<td>2015 (undated)</td>
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<tr>
<td>Tees Valley</td>
<td>23 Oct 2015</td>
<td>Not published</td>
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<tr>
<td>West Midlands</td>
<td>17 Nov 2015</td>
<td>July 2015</td>
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<tr>
<td>Liverpool City Region</td>
<td>17 Nov 2015</td>
<td>2015 (undated)</td>
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</table>
Further detail on the devolution deals is provided in the Library briefing paper *Devolution to local government in England*. The table below shows some of the powers that Government has agreed to devolve in multiple areas in the devolution deals agreed to date:\(^2\)

**Table 2: proposals under devolution deals**

<table>
<thead>
<tr>
<th>Further education and skills</th>
<th>Greater Manchester</th>
<th>Sheffield</th>
<th>North-East</th>
<th>Tees Valley</th>
<th>Liverpool</th>
<th>West Midlands</th>
<th>Cornwall</th>
<th>West Yorks</th>
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<tr>
<td>Redesign post-16 FE system</td>
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<td>Apprenticeship Grant for Employers</td>
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<td>Adult Skills funding by 2018-19</td>
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<td>Devolved, consolidated transport budget</td>
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<td>Bus franchising</td>
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<td>Joint working with Highways England and Network Rail</td>
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<td>Smart ticketing</td>
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<td>Growth Hub to align local and national business support services</td>
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<td>Joint working with UKTI</td>
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<td>Devolved approach to business support services from 2017</td>
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<td>Joint commissioning of support for harder to help claimants</td>
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<td>Possible full joint commissioning from 2017</td>
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<td>Housing Loan Fund</td>
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<td>Compulsory purchase orders</td>
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<td>Mayoral Development Corporation</td>
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<td>Planning call-in powers</td>
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<td>Statutory spatial strategy</td>
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<td>Commission / business plan for integration</td>
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<tr>
<td>Mayor to become Police and Crime Commissioner</td>
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<td>Intermediate body</td>
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<tr>
<td>Investment fund (per year)</td>
<td>£30m</td>
<td>£30m</td>
<td>£30m</td>
<td>£15m</td>
<td>£30m</td>
<td>£36.5m</td>
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<td>Single funding pot</td>
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<td>Retention of 100% business rates growth</td>
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Following the announcement of the North-East devolution deal, the leader of Durham Council, Simon Henig, announced that a referendum on the deal would be held, in County Durham only, in ‘early 2016’. The referendum would not be legally binding.

\(^2\) A number of the powers listed here are already held by Cornwall Council in its capacity as a unitary authority: local roads, compulsory purchase orders, planning and spatial strategy powers, and the fire service.
No devolution deals covering county council areas have been agreed so far.

1.2 Second Reading of the Bill

Greg Clark, the Secretary of State for Communities and Local Government, opened the Second Reading debate for the Government:

the fundamental approach of this Bill is to enable the Government to give expression to proposals—they may be different proposals from different places—with no requirement that the same arrangements should apply to all parts of the country simultaneously. It is a fundamental tenet of this Bill, in contrast to other reforms debated over many years, that it does not give me or any of my ministerial colleagues the power to impose any arrangement on any local authority. All it gives is the ability to give expression to a proposal...³

If we want to succeed to our maximum extent, every part of the country must contribute according to the best of its talents and its abilities. That requires strengthening the powers our cities, towns and counties have. We want to see a renaissance of local power that has the potential not only to benefit our cities and regions, but to transform the prospects of the entire country—to create one nation where energy and creativity are unleashed in every part of the country; one nation where ideas and ambition are rewarded; one nation where the rewards and benefits of success are available to all.⁴

Jon Trickett, shadow Secretary of State, moved a reasoned amendment against the second reading, arguing that a bill devolving power should not require the creation of elected mayors for combined authorities, and that it should contain a comprehensive devolution settlement. He also argued that scant regard had been had to the wishes of non-urban areas of England; and that it was not clear how the Bill would interact with the Chancellor’s plan to allow local authorities to retain 100% of business rates, announced in October 2015. He also suggested that:

In their present form, the deals that are being made will prove to be no more than a short-term fix. Most of them will not endure in the longer term. We will seek to amend the Bill, but would it not be preferable, even at this late stage, for the Secretary of State to agree to put aside the Bill for a period of time and join with us and others in the hard but necessary task of rebuilding our constitution and our political culture on a consensual basis from the bottom up? This Bill is a top-down imposition on local democracy.⁵

Julian Sturdy (Conservative, York Outer) expressed concern that devolution deal negotiations so far had had little opportunity for scrutiny, and expressed concern that elected mayors would be unpopular if members of the public were not listened to.⁶ Graham Allen (Labour, Nottingham North) suggested that a constitutional convention

³ HCDeb 14 Oct 2015 c327
⁴ HCDeb 14 Oct 2015 c337
⁵ HCDeb 14 Oct 2015 c345
⁶ HCDeb 14 Oct 2015 c361
should be set up to consider the wider picture of constitutional reform. He has since tabled amendments on this subject to be debated at Report stage. Marie Rimmer (Labour, St Helens South and Whiston) expressed concern that powers would be passed up from local authorities to combined authority mayors.

Section 2 of this paper highlights the main features of debate at Committee stage and the changes made to the Bill as it passed through the House of Commons. Section 3 notes further amendments made at Report stage. Section 4 notes debates surrounding the Bill that have not led to amendments.

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7 HCDeb 14 Oct 2015 c366
8 HCDeb 14 Oct 2015 c396-7
2. Changes to the Bill at House of Commons Committee stage

2.1 Devolution reports

Clause 1 of the Bill requires the Secretary of State to make an annual report on devolution in England to both Houses of Parliament. The clause was inserted in the House of Lords following an amendment by Lord McKenzie (Labour). The Government opposed the clause in the House of Lords, but agreed in the House of Commons debate that it should remain in the Bill. James Wharton, for the Government, said:

Clause 1 places a statutory duty on the Secretary of State to provide annual reports to Parliament setting out information about devolution deals. We recognise that the effect of this clause will be to bring together in an annual report to Parliament details about the whole range of devolutionary activity. While some, if not most, of this information will have been made available to Parliament in the ordinary course of business, we accept that there can be value in such a comprehensive annual report, enhancing transparency and accountability. The Government therefore accept that clause 1 should stand part of the Bill.9

Clause 2 was also inserted as a result of a Lords amendment from Lord McKenzie. It would have required all Government bills to include a statement that they were consistent with the principle of devolving power to the most appropriate level. The Government moved an amendment to remove Clause 2 from the Bill. This was agreed without a division. Mr Wharton said:

...we are clear that the devolution statement that clause 2 requires to accompany any future Bill would be unnecessarily bureaucratic. For many Bills, such a devolution statement would be irrelevant, as the Bill would have no implications for functions that can be devolved. There is a real risk that, in practice, the production of such a statement would become a tick-box exercise, at best adding no real value and at worst becoming a distraction from driving forward real devolution...10

Graham Allen introduced an amendment that would have permitted the Secretary of State to establish an “independent commission or advisory board” to review the Secretary of State’s decisions regarding devolving powers and regarding requests for devolved powers from combined authorities or local authorities.11 This was not pressed to a division.

2.2 Devolution and mayors

The House of Lords inserted a requirement that an order creating a combined authority mayor should “not be used as a condition or agreeing to the transfer of local authority or public authority functions”. This was to have been new section 107A (2) of the Local Democracy, Economic Development and Construction Act 2009, inserted by clause 3

9 HCDeb 21 Oct 2015 c966  
10 HCDeb 21 Oct 2015 c968  
11 HCDeb 21 Oct 2015 c993
of the Bill. This reflected concerns from peers, and elsewhere, that the Government had only agreed to the devolution of substantial power through ‘devolution deals’ where local authorities have agreed to establish a combined authority mayor.

The Government opposed the amendment, and the House agreed to the removal of the sub-section on a division, by 301 votes to 220. Mr Wharton said:

We are seeking to remove the requirement that a mayor cannot be a precondition of transferring local authority or public authority functions to a combined authority, because it is wrong in principle, and it is at odds with our manifesto policy and manifesto commitment. In addition, if the requirement remained, it would mean that the deals we have made already with Greater Manchester and with Sheffield could be in jeopardy. The requirement is wrong in principle.

Mr Wharton clarified the Government’s view that:

Where there is devolution on the ambition and scale of Greater Manchester, we could not ensure that the strong, clear accountability necessary to support such devolution and provide the leadership to drive forward that area’s economy would be in place without a metro mayor. That strong, clear accountability needs to be a single point of accountability that only an elected metro mayor can provide. Where major powers and budgets have been devolved, people need to know who is responsible for decisions that can have a radical impact on their day-to-day lives.

A similar sub-clause was tabled again at Report stage, by Steve Reed (Labour, Croydon North), and defeated by 290 votes to 195.

2.3 National Health Service

The Government introduced a number of clarifying amendments to clause 19, which was inserted by the House of Lords. It was introduced by Lord Warner and (at that point) opposed by the Government. It required the Secretary of State to retain responsibility for health service regulatory and supervisory functions, retain the ability to fulfil statutory duties, and to retain national service standards.

During the Commons Committee Stage the Minister, Alistair Burt, described clause 19 as providing “valuable safeguards”. He introduced a number of Government amendments clarifying the terms used in the clause, which he said would not alter “the spirit or substance of the clause”. The Minister also noted that Lord Warner had confirmed his support for the amendments to his clause.

Clause 19 requires that the Secretary of State responsible for such services must continue to be able to fulfil his statutory duties conferred by existing legislation notwithstanding any transfer of functions under the Bill. It also requires that the combined authority or other public body

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12 HCDeb 21 Oct 2015 c1012
13 HCDeb 21 Oct 2015 c973
14 HCDeb 21 Oct 2015 c973
15 HCDeb 7 Dec 2015 c808
to whom the functions are transferred should adhere to national standards and accountabilities which are attached to those functions under existing legislation.

The Minister explained that the amendment to clause 19 would list the duties of the Secretary of State that may not be transferred under the Bill:

Amendment 38 provides further clarity by listing the duties of the Secretary of State that may not be transferred, in so far as they are capable of such a transfer. First and foremost, section 1 of the 2006 Act provides for the Secretary of State to retain responsibility to Parliament for the provision of the health service in England. Others are overarching duties on quality, reducing health inequalities, research, education and training, and on the NHS constitution. They also include the Secretary of State’s role under the Health Act 2009 in revising and publishing the NHS constitution, his role under the 2006 Act in setting strategic direction for the NHS in the mandate to NHS England, and his role in overseeing and reporting to Parliament on the health service generally, and in particular on NHS England’s performance.16

He went on to state that Amendment 38 would provide further explanation of the national service standards to which the Secretary of State must have regard when making such provision:

These include, for example, those in the standing rules set for NHS England and CCGs, recommendations and quality standards published by the National Institute for Health and Care Excellence, and of course the standards set out in the NHS constitution, which sets out pledges and codifies requirements, statutory duties and rights that NHS services in England must, as a minimum, meet. These include national access standards, including waiting times. Amendment 38 also provides definitions for “national information obligations” and “national accountability obligations”.17

The Minister also referred to Government Amendments 32 to 38 to clause 19, which were intended to provide further clarity. In particular, Amendment 36 amended clause 19 to require that, in a transfer of functions to a combined authority or a local authority, provision must be made about the NHS standards and duties to be placed on the authority. He noted that, as amended, clause 19 would provide further clarity about the role of the Secretary of State for Health and what will and will not be included in any future transfer order giving local organisations devolved responsibility for health services:

This clear statement in legislation, making provision for the protection of the integrity of the NHS, is intended to provide further confidence for future devolution deals. In essence, they will be underpinned by the basic core duties of the NHS, and that cannot be shifted.18

The Opposition Spokesperson, Liz McInnes, said that the Bill would have major implications for the NHS and social care in England. She raised concerns about the control of NHS budgets that were devolved to local

16 HCDeb 21 Oct 2015 c1052
17 HCDeb 21 Oct 2015 c1054
18 HCDeb 21 Oct 2015 c1060
government, and the risk that funding allocated to the NHS could be used for functions not related to health or social care. She also asked about the scrutiny of health service reconfigurations and service closures. The Minister provided an assurance that local areas would have to use funding for the purpose for which it was allocated in order to comply with their duties under the NHS. He also noted that “the same elements of contest [i.e. challenge to decision-making] available when reconfiguration has been proposed will remain even after devolution, so nothing is taken away.”

Karin Smyth asked about the devolution of specialist services currently commissioned by NHS England. The Minister confirmed that NHS England would retain overall responsibility for delivery of these services.

The Government’s amendments were agreed without debate.

2.4 Votes at 16

Clause 20 of the Bill provided for the voting age for local government elections to be reduced from 18 to 16. This would apply to all local government elections in England and Wales. It was introduced via an amendment from Lord Tyler in the House of Lords, but opposed by the Government.

James Wharton, for the Government, spoke against Clause 20 at Committee stage. He argued that such a major change should be the subject of a fuller debate instead of being tacked on to a bill largely concerned with other matters:

“Lowering the voting age to 16 for local elections in England and Wales would be a major change to the fundamental building blocks of our democracy. The right starting point for making such change would be that those democratically elected to represent the people of this country should consider all the issues involved. Before such a step, we shall seek the views of those we represent. We should seek to recognise where public opinion stands on the issue, and how to maintain and strengthen confidence in ensuring that elections are free and fair. We should carefully discuss the issues and, having weighed the arguments and recognised where consensus and opinion lies across the country, only then would we decide whether or not to make such a change.”

Arguments in favour of lowering the voting age came from Liz McInnes, Norman Lamb, Alison Thewliss, Chloe Smith and Jim Cunningham, with opposition from John Stevenson, Guto Bebb and Mark Field. Those in favour pointed to 16-year-olds being able to marry, join the armed forces and pay tax, and to evidence of political awareness of 16-year-olds from their own experience; arguments against included real and potential low turnout from 16- and 17-year-olds. Mr Field suggested that consideration could be given to the idea where referendums are

19 HCDeb 21 Oct 2015 c1062-65
20 HCDeb 21 Oct 2015 c1068
21 HCDeb 21 Oct 2015 c1066
22 HCDeb 17 Nov 2015 c555&ff. Mr Wharton opposed the question that the clause stand part of the Bill.
23 Ibid., c557.
concerned, as “there is a distinction between a normal election and a referendum, given the permanence or longer period for which a referendum would hold sway”. This line of argument related back to the Scottish independence referendum, in which 16- and 17-year-olds were able to vote.

The House opposed the clause standing part of the Bill by 283 votes to 188. The clause was re-introduced as a New Clause on Report, but was defeated then by 289 votes to 197.

Further discussion of the wider debate on votes at 16 can be found in the Library briefing paper Voting age.

### 2.5 Local authority mayoral referendums

The *Localism Act 2011* currently provides that, where the Government directs a local authority to hold a referendum on an elected mayor and the electorate vote in favour, it is not then possible to hold a further referendum to abolish the mayor. This provision currently only affects Bristol City Council, which voted in favour of a mayor at a referendum in May 2012. Clause 21 alters the 2011 Act to remove this prohibition. It was introduced via an amendment in the House of Lords, moved by Baroness Janke.

The Government opposed the amendment in the Lords. However, James Wharton indicated that the Government agreed that Clause 21 should remain in the Bill:

> We have considered the argument made, among others, by the hon. Lady—that the people of Bristol should have the same opportunity as those in other areas to petition for a change in governance arrangements. Clause 21 effectively places the people of Bristol in the same position they would be in had the mayoral referendum in 2012 been triggered by a resolution of the council or the receipt of a valid petition. Having carefully considered these arguments, we are prepared to see the people of Bristol in this position, and hence we support clause 21.

The House agreed that clause 21 should stand part of the Bill, without a division.

### 2.6 Transport for the North

Clause 21 of the Bill was introduced as Government New Clause 34 and Government amendments 62-66. It inserts a new Part 5A into the *Local Transport Act 2008*. It confers power to establish Sub-national Transport Bodies (STBs), which would operate at a sub-national level in transport matters with the aim of furthering economic growth in their area.

This delivers on the Government’s promise to put Transport for the North (TfN) on a statutory footing (see Box 1, below). The intention is

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24 Ibid., c.556
25 Ibid., c.581ff.
26 Ibid., c559
27 Ibid., c584
28 Made in the July 2015 *Summer Budget*, para 1.301
to give the regions of England, outside London, legal powers and duties to advise transport ministers on investment priorities in their own areas and on strategic transport schemes to boost growth. Statutory status is intended to give the groups “the permanence they need to plan for the long term”.30

Box 1: Transport for the North (TfN)

TfN has its roots in the previous and current Government’s policy of ‘rebalancing the economy’ by driving growth in the North of England to balance out the economic might of London, the so-called ‘Northern Powerhouse’. A number of reports in 2014-15 supported the idea of a body which would allow the North of England to “speak with one voice” on transport issues in their area.31

In March 2015 the Government and TfN published the first Northern Transport Strategy, setting out a long term strategy to “connect the north, create a single economy and allow northern towns and cities to pool their strengths”. It included things like investing in high speed rail and new road links to connect northern cities, and integrated ticketing across the whole region.32

During the debate on the New Clause and consequent amendments, the Minister, Andrew Jones, explained that they would:

… strengthen the development of the northern powerhouse and, potentially, the midlands engine and other areas of our country too … One of our first challenges is to improve transport links between the great cities of the north. The Government have been very clear: we need better travel connections in the north […] good connections between major urban areas can provide the catalyst for growth […]

Currently, in our country, decision making on strategic transport schemes is centralised at the national level. The journey to greater devolution has started, however. Individually, cities across the country are already strong and are being given the tools, through more powers and funding from Westminster in city deals, allowing areas the type of local determination they deserve.33

There was some concern during the debate as to the exact powers STBs would have; particularly as devolution deals across various areas give significant transport powers to, for example, Manchester, Liverpool and Sheffield to manage their roads, plan their bus services and introduce integrated ticketing. The Minister explained the role currently being played by TfN, and set out how it would feed into strategic transport decisions, that would otherwise not be devolved but would be taken by the Secretary of State for Transport: “By working with properly established STBs across the country, we will ensure that money is spent

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29 London already has a region-wide transport body in Transport for London (TfL), set up under the Greater London Authority Act 1999; this would be a devolved matter for Wales, Scotland and Northern Ireland
30 DfT press notice, “Regions to be offered legal powers to transform transport”, 11 November 2015
31 e.g. David Higgins, Rebalancing Britain, October 2014; and IPPR, Transport for the North: A blueprint for devolving and integrating transport powers in England, March 2015
33 PBC Deb 17 November 2015, cc594-5
on projects that will support growth in each area’s economy and, through that, the country as a whole”.

He went on:

The new bodies are intended to create a link between Whitehall and Westminster and the constituent members of combined authorities. They will be able to develop transport plans for their areas, and come together to tackle issues that are currently decided here or in Whitehall rather than by local councils, relating to, for instance, longer-distance road or rail networks or systems that cross geographical areas, such as a smart ticketing system extending across the north. This is not about broadening their responsibilities to take powers away from other areas; it is about taking powers from Whitehall, increasing accountability, and ensuring that decisions are made locally.

[…] The Secretary of State will still be in charge of the national network. He will still be the final decision-maker in relation to the overall national transport strategy, and the way in which money is allocated to different schemes and areas. At first, STBs will advise him on strategic transport priorities for their areas to help promote economic development, but over time they will be able to advise him on how they can develop their roles and take on more responsibilities for improving transport planning, or provide for other enhancements to economic development in their areas.

[…] STBs will take a strategic-level view across an area to improve transport infrastructure and services, and address how that can support the economy. This involves assessing which transport schemes deliver most benefit from their investment, and how best to improve regional connectivity.

In effect, the measures in the Bill allow the Secretary of State to make an STB for any area of England, at the request of that area. This would be achieved by an Order, requiring public consultation and the consent of both Houses of Parliament. The Minister explained:

The new clause sets out the basic powers and responsibilities of all STBs. It will be for local areas to come to the Secretary of State with a proposal to form an STB. The Secretary of State’s role will be to consider and approve the proposal once consent from the authorities and a period of public consultation have been completed.

[…] Subject to the Secretary of State’s agreement, affirmative secondary legislation will designate an area as an STB area. Consistent with enabling legislation, there will be no “one size fits all” approach. The governance for STBs will not be standardised across all of them, and the detail relating to each one will be set out in secondary legislation. Combined authorities and local transport authorities will make up the membership of each body. To ensure that STBs are accountable to the people whom they represent, each one will be overseen by a political-level board consisting of either metro mayors—where they have been established as part of the Government’s devolution programme—or the political leaders of the relevant constituent authorities. The Bill also specifies that the STBs will have a chair, and will enable, but not mandate, the Secretary of State to make regulations for their constitutional arrangements.

34 Ibid., c596
35 Ibid., c598-600
To ensure that each STB is established in a way that is right for the area for which it is working, the exact detail—such as the make-up of the board, quorums, the presence of any non-executives, and the appointment of a chair—will be left to individual pieces of secondary legislation, reflecting local plans and local need. The board will then be able to co-opt other members, such as representatives of local enterprise partnerships, to give local businesses a voice, or representatives of neighbouring authorities, to cover cross-border interests.

[...] Over time, the Secretary of State may grant individual STBs additional responsibilities, through further secondary legislation, around the decision-making and delivery of transport schemes and significant cross-regional schemes, such as smart ticketing. The Secretary of State, and other public authorities including local and combined authorities, will not be able to overlook an STB’s transport strategy when developing their own transport strategies and plans. In return, this legislation requires STBs to consult with local government bodies, the Secretary of State for Transport and other interested parties within or without the STB, thereby ensuring it meets the expectations of all parties. 36

The provision had broad support across the House, though Labour was concerned about the extent of central control evident in the provisions and asked what the role of elected mayors would be in STBs. 37

The Government’s new clause and amendments were agreed to without a vote and added to the Bill. 38

36 Ibid., c598-600
37 Ibid., c602
38 Ibid., c602
3. Government amendments on Report

This section notes the key Government amendments that were successfully tabled at Report stage of the Bill.

3.1 National Parks

National Parks: legislation, functions and management

There are ten National Parks in England, three in Wales and two in Scotland. Each national park is administered by its own independent authority which is funded by central Government.39

The National Parks and Access to the Countryside Act 1949 (‘the 1949 Act’) enabled the creation of the national parks and defines the national park purposes as being: to conserve and enhance natural beauty, wildlife and cultural heritage and to promote opportunities for the understanding and enjoyment of the special qualities of the National Parks by the public.40 Scotland’s National Parks and the Broads Authority both have additional functions.

Managing the balance between conservation and recreation in a national park can be challenging. To help national park authorities make decisions between conservation and recreation, the National Parks Policy Review Committee made a recommendation in 1974, which is now known as the ‘Sandford Principle’. This principle states

“Where irreconcilable conflicts exist between conservation and public enjoyment, then conservation interest should take priority.”41

This principle was updated in the Environment Act 1995, to say:

“If it appears that there is a conflict between those purposes, [the National Park Authority] shall attach greater weight to the purpose of conserving and enhancing the natural beauty, wildlife and cultural heritage of the area.”42

Each national park authority has a number of unpaid appointed members, selected by the Secretary of State, local councils and parish councils. The role of members is to provide leadership, scrutiny and direction for the national park authority. All of the National Park authorities work together as National Parks UK.

In the 2014 Queen’s Speech, the coalition Government announced that it planned to introduce a draft Bill “to provide for the holding of local elections to [National Parks] authorities.”43 However, no Bill was laid during the last Parliament. And in June 2015, the Conservative

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40 National Parks and Access to the Countryside Act 1949
Government announced that it did not intend to bring forward this legislation.\textsuperscript{44}

**New clause 7—National Park authorities: general powers**

The Secretary of State has tabled new Clause 7, which would amend the *Environment Act 1995* to provide English National Park authorities with general powers to do anything they consider appropriate in carrying out their “functional purposes”. These new general powers, set out in new section 65A, are similar “to those conferred on other authorities by Chapter 1 of Part 1 of the Localism Act 2011”.\textsuperscript{45} The new clause only applies to English National Park authorities.

Section 65B limits the scope of the general power of competence in several respects. It provides that the general powers conveyed on an English National Park are limited by:

- **Post-commencement limitations** – a prohibition, restriction or other limitation imposed by a statutory provision in an Act, or instrument made under an Act, passed after the Cities and Local Government Devolution Act 2015 is passed.
- **Pre-commencement limitations** – a prohibition, restriction or other limitation imposed by a statutory provision in an Act, or an instrument made under an Act, into force before the commencement of section (*English National Park authorities: general powers*) of that Act.

Section 65B does not allow English National Parks to borrow money or to charge a person for anything it does otherwise than for a commercial purpose. It also requires the commercial activities of an English National Park authority to be done through a company (as defined by the *Companies Act 2006*) or a registered society (as defined by the *Co-operative and Community Benefit Societies Act 2014*).

Equivalent limits in scope also apply to the general power of competence available to local authorities under the *Localism Act 2011*.

Section 65C provides that the Secretary of State may make regulations to limit the general powers of English National Park authorities as contained in Section 65A. Before making the regulations, the Secretary of State must consult representatives of English National Park authorities, and any other persons the Secretary of State considers appropriate. Section 65D outlines the procedures by which the Secretary of State make the regulations.

For the Government, James Wharton also stated:

> I should make clear to Opposition Front Benchers that those general powers are intended to enable a national park to do more and to do it better; they are not a back door to fracking or shale gas development, and will not affect the approach that we intend to take in that regard.\textsuperscript{46}

\textsuperscript{44} Written question – HL670: 29 June 2015

\textsuperscript{45} House of Commons, “Notice of amendments Cities and Local Government Devolution Bill [Lords], as amended”, 30 November 2015

\textsuperscript{46} HCDeb 7 Dec 2015 c728
It is important to note that a power of competence does not override existing legislation. National park authorities will therefore be bound by their statutory purposes: conserving and enhancing the natural beauty, wildlife and cultural heritage of an area, and promoting opportunities for the understanding and enjoyment of the special qualities of the area. It is also important to note that the power will not be used by national park authorities as an opportunity to start charging for entry.\(^47\)

The House approved the new clause by 292 votes to 187.

3.2 Removal of vetoes over combined authority boundaries

At present the law provides that, for a district council to become a member of a combined authority, the county council within which it sits must consent. The relevant legislation is section 106 of the *Local Democracy, Economic Development and Construction Act 2009*.

The Government introduced amendment 27 at Report stage, which would remove this requirement. The amendment adds to section 106 of the 2009 Act, and redefines the conditions under which the Secretary of State can change the boundaries of combined authorities. The key element of the amendment is new sub-section 3B (C).

- New sub-section 3A provides that a change to combined authority boundaries must be consented to by the ‘relevant council’, as well as the combined authority itself and the combined authority mayor (if one exists).
- New sub-section 3B defines the ‘relevant council’. New section 3B (a) provides that, if a county council area is being added or removed, the relevant council is the county council;
- New sub-section 3B (b) provides that, if a unitary authority area is being added or removed, the relevant council is the unitary authority;\(^48\)
- New sub-section 3B (c) provides that either the district or the county council is the relevant authority if a district area is being added or removed.

This would permit district councils to join combined authorities without consent from their county council. It would also permit the reverse – i.e. if a county area is to be added to a combined authority, only the county council will be required to consent. The district councils in that area would be unable to veto that decision.

Furthermore, these provisions are different depending on whether a district council area is being added to or removed from a combined authority. If a district council is to be added to a combined authority, consent is only required from either the district or the county. If a district is to be removed from a combined authority, consent from both the district and the county is required.

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\(^{47}\) Ibid., c.729

\(^{48}\) The phrase used in the new clause - “area of a district council whose area does not form part of the area of a county council” - refers to unitary authorities; there is no such thing in law as a ‘unitary authority’.
Where a county and a district covering the same area wish to join different combined authorities, in practice the Secretary of State will be the arbiter. This is because all combined authority boundaries are made, or changed, by order of the Secretary of State.49

In the scenario where a district council within a county area is a member of a combined authority, but the remainder of the county is not, the amendment will also permit powers to be transferred from county councils to combined authorities in respect of that area.

This clause does not cause, or permit, district councils to become unitary authorities if they choose to join a combined authority. The procedure for becoming a unitary authority is separate from that for joining a combined authority, and is not changed by this Bill: see the Library briefing paper Local government in England: structures for more details.

### 3.3 Further amendments

Additional Government amendments tabled at Report stage include the following. All of these were accepted by the House:

- **Amendment 7**: a directly-elected mayor may be created in an existing combined authority with the consent of the combined authority and at least two councils (replacing the previous requirement that all, or all but one, local authorities had to consent). The clause would permit an elected mayor to be established despite opposition from local authorities in the area of an existing combined authority.

- **Amendment 56**: regulations made under clause 16, permitting speedy structural reform or boundary change, may be made with the consent of at least one council in the relevant area. This clarifies that changes to local authority boundaries, or unitarisation, may go ahead against the wishes of either the county or the district covering the relevant area. This excited considerable debate on Report, but James Wharton, for the Government, pointed out that the Government already has the power to impose structural change without requiring the consent of local councils.50 This amendment will simply bring that power within the scope of the expedited procedure in clause 16.

- **Amendment 11**: A power given to a combined authority mayor can be given with the proviso that the combined authority’s consent is required for him/her to exercise that power.

- **Amendment 19**: Functions may be devolved to combined authorities if the combined authority and two member councils consent. If functions are devolved under this provision, the Secretary of State must remove the non-consenting councils from the combined authority. This does not apply to health powers, in which case unanimity from the relevant councils is required for functions to be devolved.

- **Amendment 22**: councils must consent to their combined authority levying upon them for funds.

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49 Local Democracy, Economic Development and Construction Act 2009 section 106. This will remain the case whether this amendment passes or not.

50 See HCDeb 7 Dec 2015 c774-777. The existing powers can be found in the Local Government and Public Involvement in Health Act 2007.
4. Debates surrounding the Bill

Summary
This section provides details of amendments tabled to the Bill that led to debate in the House but did not result in a change to the Bill; and other debates associated with the Bill.

4.1 Sunday trading
The Government issued a consultation on 5 August 2015 on devolving the power to extend Sunday trading laws to elected mayors in combined authorities. The consultation closed on 16 September 2015, but no response has been published to date. Details of the wider debate can be found in the Library briefing paper Shop opening hours including Sunday trading.

This Bill does not contain, and has not contained, any provisions on Sunday trading. However, on 21 October the Prime Minister stated that an amendment would be tabled to this Bill to give effect to the Government’s proposals:

I think that there is a strong case for change, but it is a change that we should allow local authorities to decide on, which is why we will be putting in front of the House, in the Cities and Local Government Devolution Bill, the opportunity for that to happen.51

A number of Members indicated their opposition to moves to liberalise Sunday trading at Second Reading. David Burrowes (Conservative, Enfield Southgate) stated:

I caution him, however, that if Sunday trading deregulation is tacked on quickly to the Bill at a later stage, a significant cross-party group of hon. Members will vigorously oppose it on behalf of businesses, families and workers.52

Jack Dromey (Labour, Birmingham Erdington) said:

There is already provision for limited Sunday trading. The Association of Convenience Stores is right that what the Government are proposing fails the family test. The Union of Shop, Distributive and Allied Workers is right that shop workers would have to work when they do not want to. The proposal would threaten many local stores and disrupt local communities on a day when they want peace and quiet. I urge the Government to drop the proposal and keep Sundays special.53

The Scottish National Party also announced its opposition to the proposals on 10 November 2015.54

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51 HCDeb 21 Oct 2015 c947
52 HCDeb 14 Oct 2015 c325
53 Ibid., c376
54 James Landale, “Sunday trading law proposals ‘facing defeat’“, BBC, 10 November 2015. This Bill extends to England and Wales only, and Scotland’s Sunday trading regime is separate from that of England and Wales. It might be expected that the SNP would be unable to vote on any amendments that had been tabled, under the provisions of English Votes for English Laws (EVEL). However, the changes to the House’s standing orders that implement EVEL only apply to Bills which have been
James Wharton stated on the first day of Committee Stage that amendments to the Bill would be brought forward, saying that the Government had “made clear our intention to introduce, as part of this Bill, Sunday trading devolution”. Sir Edward Leigh said:

…will the Minister at least listen to religious people who feel the country is becoming increasingly secular and consumerist? Their concerns have to be handled very sensitively by the Government. That does not necessarily mean they cannot proceed, but those concerns have to be handled sensitively.

On 10 November 2015, media reports indicated that the Government would not table amendments to the Bill to introduce this power for elected mayors. None were tabled, or discussed, at Committee Stage.

4.2 Mayors and referendums

Graham Brady (Conservative, Altrincham and Sale West) introduced an amendment to require a combined authority mayor to be approved in a referendum. Mr Brady argued that devolution deals should be put to a vote of the electorate as a whole. This amendment was not pressed to a vote.

Similarly, Steve Reed (Labour, Croydon) proposed a new clause which would have required consultation processes associated with a devolution deal to be defined by the Secretary of State. Geoffrey Clifton-Brown (Conservative, Cotswold) expressed unease on this point in relation to rural areas:

However, I say to the Secretary of State that my feeling, from speaking to the authorities, is that if an elected mayor is imposed on Gloucestershire, this bid will not fly. At the moment, we want the leader of the county council to be in charge of the organisation. That is not to say that we will not move to an elected mayor in the future.

I think that having an elected mayor would have two consequences for Gloucestershire. First, we would have to move rapidly towards having a unitary authority, otherwise Gloucestershire would have too many democratic tiers. Secondly—I am not averse to this, I must say—we would have to lose our police and crime commissioner, because there would be no point in having another elected police body.

Other Members supported the introduction of directly-elected mayors, including John Stevenson, James Berry and Andrea Jenkyns.

James Wharton stated that devolution deals were not being imposed on any area, but were being negotiated between Government and local authorities.
areas. It was therefore for those areas to decide whether they wanted to progress with a directly-elected mayoralty.

Mr Brady introduced a similar amendment at Report stage, to which the House disagreed without a vote. He also introduced an amendment that would have made explicit the right of member authorities to leave their combined authority on ‘fair terms’.

4.3 Accountability and scrutiny

Concerns were expressed regarding the scrutiny of elected mayors. Under the Bill, where an elected mayor is established, both the mayor and the combined authority ‘cabinet’ will be held to account by a joint scrutiny committee, made up of back-bench councillors from the participating local authorities.

Tom Brake (Liberal Democrat, Carshalton) noted that elected mayors would not be scrutinised by an independent body in the manner of the London Assembly, and that appropriate mechanisms would be needed to check the mayor’s powers. William Wragg (Conservative, Hazel Grove) also noted that there would be no statutory public question times, as in London; and that awareness of the proposed changes in Manchester was low.

The Centre for Public Scrutiny is conducting research on the accountability arrangements surrounding devolution deals, and has published an initial report entitled Devo Why? Devo How?, investigating the governance issues that may be faced by mayoral combined authorities.

4.4 Local government funding

Steve Reed (Labour, Croydon North) introduced a new clause which would have required the Secretary of State to publish a framework for further devolution of fiscal powers within twelve months of the passing of the Bill. This reflects Opposition concerns that further reductions in central funding for local government would obstruct the delivery of devolution deals. Mr Reed called for the introduction of additional council tax bands, both above and below the current eight-band system, and for multi-year funding settlements for combined authorities. He stated:

Devolution will not work if areas are set up to fail because they are inadequately resourced to deliver the devolved services. Since 2010, local government has faced cuts of 40%, and more is on the way in the coming spending review…Councillors close to the edge will not be able to cope with devolution…. In many cases,
the areas hit the hardest are those in the front line for devolution.\textsuperscript{67}

Clive Betts (Labour, Sheffield South East) had made a similar point on the first day of committee stage:

> The council tax is the one tax over which local government has some degree of control, but it does not control the bands. There must be some flexibility there to recognise the extraordinary difference between amount of tax paid and the value of houses in the top and bottom bands. The difference in the values of the houses is much wider than the amount of council tax paid. Local councils need more flexibility and the ability to control that. As the London Finance Commission said, and the Select Committee agreed, let us also look at stamp duty and other property taxes. Let us consider giving local councils freedom to set business rates. I know that the Government want to bring in some freedoms, but they could go wider. Could local government have a right to be allocated a certain percentage of income tax?\textsuperscript{68}

For the Government, James Wharton opposed the amendments, on the grounds that powers already exist to provide multi-year funding settlements. The amendment on multi-year funding settlements for combined authorities was pressed to a vote and defeated by 311 votes to 203.\textsuperscript{69}

Jon Trickett (Labour, Hemsworth: Shadow Secretary of State for local government) introduced an amendment that would have required the Secretary of State to publish a report:

> on the impact on the functions of combined authorities of the fairness of the distribution of funding from central government to local authorities, particularly with regard to levels of deprivation.\textsuperscript{70}

This amendment was pressed to a vote, and was rejected by 311 votes to 213.

Mr Wharton also reiterated that mayors will have the power to borrow, via the combined authority, under the prudential regime applying to the rest of local government.\textsuperscript{71}

### 4.5 Boundary issues

The Government has not prescribed the boundaries of areas which may bid for devolution deals. Some bids have been based on county boundaries, whilst others take account of functional economic areas (FEAs). Some existing combined authorities have ‘constituent members’ and ‘non-constituent members’, reflecting the fact that (without this Bill passing) district councils cannot join combined authorities without their county council’s consent, and that no area can be a full member of more than one combined authority. Reflecting this, some proposals for devolution overlap with one another. Moreover, the public services that

\textsuperscript{67} HCDeb 21 Oct 2015 c1002; see also c1042
\textsuperscript{68} Ibid., c625
\textsuperscript{69} HCDeb 21 Oct 2015 c1071
\textsuperscript{70} See HCDeb 21 Oct 2015 c964 for the text of the amendment.
\textsuperscript{71} HCDeb 21 Oct 2015 c1045-6.
have been the subject of devolution deals are not always delivered on the basis of local authority boundaries.

Clive Betts (Labour, Sheffield South East) noted that the South Yorkshire combined authority mayor would be elected only by full members of the combined authority (Barnsley, Doncaster, Rotherham and Sheffield) but would exercise some roles that impacted on the wider city-region / Local Enterprise Partnership area (for instance, economic development). He suggested that this would not be understood by the public, particularly if combined authorities were also set up in Derbyshire and Nottinghamshire (which overlap with the Sheffield city-region).72 John Mann said:

Will the people of Bassetlaw, Bolsover, Chesterfield, north-east Derbyshire or the Derbyshire Dales be able to choose where they go? That is a fundamental question. We could have a situation in which we have two mayors.73

Nigel Mills (Conservative, Amber Valley) raised the issue of unitary authorities and district councils each having a single representative in a combined authority, despite substantial differences in their electorate numbers. He tabled an amendment that would have required a consultation on a move to wholly unitary status within a combined authority area. James Wharton, for the Government, opposed the amendment, but indicated that the Government was not wholly opposed to moving to unitary status.74 This represents a shift in policy compared to the 2010-15 Parliament, when unitary reorganisation was opposed by the Government.

The issue of boundaries was also raised in the debate over the Government’s amendments to the health provisions in clause 19 (see below). Andrew Gwynne asked whether the nature of boundaries in Greater Manchester had been considered, as one of the Clinical Commissioning Groups (CCGs) involved in the devolution of health and social care covers Glossop, which is not part of Greater Manchester. The Minister, Alistair Burt, said:

it is essentially part of the consideration of the combined authority. Not only will it have to devise the working of its services within the confines of what is commonly known as Greater Manchester, but it will have to recognise that some of the provision of those services is carried out by those with cross-border responsibilities, and work something out with the adjoining areas.75

4.6 London

Bob Neill (Conservative, Bromley & Chislehurst) introduced a new clause which would have permitted the devolution of Ministerial functions to joint committees of London boroughs. These would have been devolved by agreement of all the members of the joint committee, but could not include legislative powers or powers to fix fees and charges. Clause 16

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72 HCDeb 21 Oct 2015 c983; HCDeb 14 Oct 2015 c352
73 HCDeb 21 Oct 2015 c1038
74 HCDeb 21 Oct 2015 c1004
75 HCDeb 21 Oct 2015 c1057
of the Bill (permitting the transfer of powers from public bodies or Ministers to local authorities) does not apply to London boroughs. A joint proposal for further devolution of power has been submitted to the Government by the GLA and the boroughs jointly, but it is unclear whether powers to transfer statutory functions are provided in the Bill.⁷⁶

The Government did not accept the amendment, and it was not pressed to a division. Mr Wharton said:

We do not believe that the informal nature of the proposed arrangements provides the strong and clear accountability that would support the devolution of the functions of either a Minister or a Department to a joint committee. However, I do recognise that giving more substance to multi-borough partnerships, which are already delivering innovative pilots in the areas of health, employment and skills, could help provide clearer lines of accountability and enable them to take on more ambitious programmes in the future. I am happy, therefore, for departmental officials to work with London further to explore options…⁷⁷

Gareth Thomas (Labour, Harrow West) introduced two amendments intended to devolve powers over housing to Greater London, and to bring into force the devolution of property taxes to Greater London, recommended by the 2013 report of the London Finance Commission:

As the London Finance Commission set out, London currently controls only 7% of the taxes that are paid here, compared with more than 50% in New York. Property taxes are set locally in Paris, Berlin, Madrid and Tokyo. Such control would not only enable London to plan infrastructure projects better, but allow greater scope to ensure that the property taxes that are levied suit London’s property and land markets. For example, the introduction of a hotel occupancy tax, as successfully levied in New York, could raise up to £50 million a year for London. Even if the Minister is not minded to support my new clause 11 at this juncture, he might give some indication of being tempted to develop a feeling of courage in taking on the Treasury and advocate further devolution of more property taxes to London.⁷⁸

Mr Thomas also advocated devolving power over matters such as the right to buy, rent controls and planning rules to the Mayor of London; and, at Second Reading, the right to impose additional levies or taxes. He did not press his amendments to a vote.

Jon Trickett introduced a related new clause which would have required a report on further devolution in London within six months of the Bill’s passing. The report would have included a discussion of whether to transfer public authority functions to London boroughs, establish a joint board between boroughs and the GLA, and to devolve fiscal powers to either tier of government. For the Government, James Wharton stated:

We are open to discussing with London plans for the devolution of wider powers. Indeed, the Mayor and London Councils have

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⁷⁶ HCDeb 17 Nov 2015 c618
⁷⁷ Ibid., c.634
already sent in formal devolution proposals and the Government are engaged in discussions regarding these.\(^79\)

The amendment was not pressed to a vote.

### 4.7 Other amendments

Graham Allen (Labour, Nottingham North) introduced an amendment that would have established a **Local Government Independence Code**.\(^80\) This reprised the provisions of his **Local Government Independence Bill 2014-15**, which would have established a binding code governing the relationship between central and local government. He also introduced an amendment which would have required the Secretary of State to publish a list of local government competences.\(^81\)

On Report, Mr Allen introduced a number of amendments setting out the terms for a UK constitutional convention, none of which were pressed to a vote.

The Government opposed an amendment from Graham Allen to allow local authorities to choose their own **electoral systems**; and an amendment from Andrew Turner (Conservative, Isle of Wight) to allow **areas to secede** from local authorities following a referendum.\(^82\)

David Burrowes introduced an amendment that would have permitted combined authority mayors to introduce a **minimum unit price for alcohol** in their area, following consultation with local residents. He noted that some areas have already begun to issue alcohol licenses dependent upon certain minimum unit prices.\(^83\) As he noted, the Scottish Government’s attempt to do this is currently the subject of a challenge in the courts.

Mr Burrowes also introduced an amendment that would have required mayoral combined authorities to report on their performance against the **‘family test’**. This is currently a non-statutory Government requirement to assess how new policies impact on family life, introduced in October 2014.\(^84\) The family test contains five headings, which were reflected in the text of the amendment.

Mr Burrowes also introduced an amendment to provide that **councillors** would be disqualified if they received a **prison sentence**: currently a prison sentence of three months or more is required for disqualification.\(^85\) James Wharton, for the Government, stated that the Government planned to take forward a wider review of the rules around standing for election, as recommended by an Electoral Commission report earlier in 2015.\(^86\)

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\(^{79}\) HCDeb 21 Oct 2015 c967
\(^{80}\) HCDeb 17 Nov 2015 c603
\(^{81}\) HCDeb 21 Oct 2015 c969&ff
\(^{82}\) Ibid, c568
\(^{83}\) Ibid., c627
\(^{84}\) The Government has published guidance on the **family test**. The policy was announced via a press release in October 2014, and initially trailed in a speech from the **Prime Minister** in August 2014.
\(^{85}\) HCDeb 17 Nov 2015 c629
\(^{86}\) Electoral Commission, **Standing for election in the UK**, January 2015
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