

**London Finance Commission – 21 October 2016 (Birmingham)
Transcript of Discussion with Panel Three**

Professor Tony Travers (Chair): Now, the first thing I need to say is that Cllr John Clancy, the Leader of Birmingham City Council, is not going to be with us this morning, which we fully understand, so pass our best wishes and thanks on to him for even considering it. Given that John [Clancy] is not here, Richard [Kenny], if you want to chip in a bit, if you feel like it, feel free. You have not so far, but do feel free if you would like to join in.

First, just thank you for having us here, by the way, and looking after us so elegantly and kindly. Second, perhaps just an opening question. Given what I said a moment ago about how this Commission was reconvened, do you think that the UK's vote to leave the European Union strengthens or weakens or has no impact on the case for devolving further powers to city regions, including London?

Mark Rogers: The first two things I would say are because of the attention given to it before, during and immediately after, there was a kind of policy vacuum for a while, which we all know about; it played out very strongly in the press and other places, did it not? There was, to begin with at least, just uncertainty as to what devolution was going to mean again in a kind of post-referendum world. I think that is now starting to settle down. Then I have a very clear view, which may be more sort of expectation than actuality, but I think it does strengthen the hand enormously. It may be a spurious argument, but I think if we are seeking to repatriate stuff from Europe, then you just kind of use that argument to say, "Let us not go via Westminster then, let us go straight to the city regions". There seems to be to me an internal logic at least to that argument, but whether it is one that will stand up to the test of Government's time, we will see. But it absolutely makes sense to use that kind of continued devolution from Europe into the UK - or however we end up being configured - and into the English regions, frankly. I think it does help; it helps strengthen at least a rational argument for devolution to actually become devolution as well, which we may get to at some point too, because I think we are kind of in a pre-devolution stage rather than a pure devolution stage.

Tony Smith: I completely agree with all that. Two other points I think I would make. The first is that if the grounds for fiscal devolution are that that makes us better at rebalancing the economy and improving the economy and growth overall, then clearly we need that now more than we needed it before, because the economy is going to come under strain through the Brexit process.

The other one is more sociological, which is the kind of politics that the referendum has revealed, which is clearly one of people feeling cut off from democracy and politics and particularly from Whitehall and Westminster. I think that very definitely plays into a stronger mood for devolution which we ought to run with in as positive a way as we can.

John Dickie: The intellectual case for devolution is a strong one. I think those of us who are doing it professionally see the arguments as to why Brexit further strengthens it. I wonder whether you think there is anything that is happening or can be done to try to give it a little bit more political 'oomph'. Going back the 1990s in Scotland, there was just an overwhelming political need, no matter how unpopular with the parliamentary classes in Westminster from Scotland, to have devolution. It was just something that had to be done because of the civic demands of Scotland. I do not think we quite have that anywhere else in the country and I just wondered whether there was anything we can do: maybe that is not the right channel, but basically to give it more political salience as opposed to intellectual power.

Tony Smith: I think we definitely need to do that, because it has been a very academic kind of ‘policy wonk’ issue that some of us have been engaged in for ten or 15 years, but it does not register the public. All the Ben Page [of Ipsos MORI] stuff will show you that although in principle people believe in things being done more closely to them, they are not really engaged any further with the idea of empowering things like the West Midlands Combined Authority.

John Dickie: There are few demos, are there not, either way?

Tony Smith: I think it does go back to that point about what the Brexit discussion revealed about where we are politically and sociologically as a country, because I think if we can understand what is going on there and start talking the politics, which is about meeting those frustrations, and link that to devolution, I think we are on a winner in terms of achieving that.

Mark Rogers: Yes. Actually, we are going to agree too much, Tony and I, I suspect, but that is OK certainly for Birmingham at least, is it not? There are two people who say the same thing, which is remarkable, so there you go, put that in your pipe and smoke it!

But actually I think the point we were picking up that you referred to, Tony, in the informal conversation, I had sensed too much competitiveness around devolution in the kind of [George] Osborne era of all of this, if you can say era when it was only like six months back. I think it is really helpful if politically the elected leaders and us can really focus on what are the common prizes here. There has been too much, “Is this part of the world catching up with Greater Manchester?” or whatever. I think there is nothing wrong in some inherent competition, because it kind of motivates, does it not? We have got to be much more aligned around the key prizes that we are looking for. Yes, I agree with Tony’s point. I think Brexit has revealed some things that politicians also need to think about in terms of how they are going to deal with the disaffection in certain communities.

Then I also think, but I do not know yet, because we have got a different flavour and a pure flavour of Conservatism under Theresa May, I suppose, maybe we will get away from all that craziness that was going on between city areas and county areas and within county areas too, because I do believe - and I have said it on behalf actually of solace rather than anything else - that one of the things I thought the Local Government Association should be doing more about was trying to kind of take the heat away from intra-local government kind of disputation and refocus that into a proper negotiation with the whole of local government, with the whole of Government, actually. I would like to think that now we are not, I do not think, so much, “Who is going to be the Major General of wherever?”

John Dickie: A very small battalion!

Mark Rogers: Now we are moving away from that we can have a much more sensible conversation across local government, elected and non-elected leadership, about what devolution needs to mean for everyone. I have had some criticism about kind of implied in that is I do not recognise or accept that cities and their hinterlands being the key generators of growth, and that key means rebalancing growth. I am not saying that at all, but I have worked in different types of local authority. Actually, I have never worked in a county as such, but I have worked next door, for example, and Solihull is both like and completely unlike this place. I understand the interdependencies. I work in a combined authority area where all the different bits of rural through to intense inner urban make sense, if you configure them correctly. So I think our politicians and us should be doing more work around how local government speaks up collectively for those things in devolution that would benefit everybody, because I think there is some equity in that too. I do not particularly want a mayor here who can pre-set levies or whatever, hold up banks under a kind of mayoral mandate in a way that

then is completely not possible in Worcestershire, because some kind of two-tier thinking about the freedoms and flexibilities that local government needs is voided by an obsession with mayors.

John O'Brien: I was keen to just explore your thoughts about the link between devolution more broadly and fiscal devolution as a sort of intrinsic part of it really, so a common argument. You have obviously developed in terms of your West Midlands Combined Authority in your deal around the importance of levers both to invest, to reform public services, but how important is more fiscal devolution to that sort of ambition as you go forward in terms of your vision for the Combined Authority? Is that absolutely critical to how that moves forward or is it sort of, "It would be nice, but we are not that fussed"?

Mark Rogers: Can I just do a preface and actually let Tony loose on that one? It just gives me a chance to come back to something I wanted to say, even if you were not going to ask me. It is about whether we are actually in the devolutionary phase or a pre-devolutionary phase. I have got a very simplistic view of the world, that real devolution is when you can actually probably change policy, that you can start with fiscal, but a local area has the ability to make a substantive difference to policy. We are not there actually, still too much of the old delivery chain thinking going on, if you ask me.

Then of course secondly, I guess it is an Americanism about no taxation without representation, but we have got representation, so where is the bloody taxation, frankly? I do not even know whether it is true that the only place more centralised around these parts is Albania, but that is what we hear, is it not?

John Dickie: It has sufficient 'truthiness'!

Mark Rogers: Yes, and if you say it often enough, it is obviously the truth anyway and that is OK. But seriously, the point I am making - and Tony will actually answer your question - I am saying without policy devolution, the ability to make policy without, I guess, voiding the sanctity of Parliament completely and then the ability literally to raise tax without permission, but with due diligence with your people, that is the lens I am looking through.

Tony Smith: My answer was going to be very similar actually. I think it is fairly obvious that real devolution must include fiscal devolution simply because without that, you are still, as Mark said, stuck in that kind of supply chain of delivery relationship between central and local government, where we are just delivering what central Government wants us to deliver, whether it is dressed up as an agreement or something is nominally localised and then the money comes down with it, but it is still going all the way up and all the way down. That is not devolution. Fiscal devolution, if done at all radically, gives you the policy choices, the strategic control or resources that you need to actually take forward all the areas of service delivery and economic growth that we want to get on with.

Professor Tony Travers (Chair): If we were Treasury officials sitting here and said to you, "Birmingham within the combined authority or Birmingham and the WMCA in its new form, what would it do differently? How do you think your behaviour might change if there were a substantive devolution of tax?" Let us just play the mind-game of saying a Government changes its view and there is quite a big devolution of tax. We know that the West Midlands Combined Authority has a bigger GDP and GVA than Wales, it is a substantial area; it could be a freestanding country in another world. If by controlling all of the tax from the taxpayers you could grow it, do you think behaviour would change?

Mark Rogers: I think the fundamental shift that would begin to occur is the joining of the two sides of the coin of economic growth and public service reform. I think at the moment it is a contrivance that we have, where we say that we are dealing with two linked productivity agendas, the broad generalisation of a not

productive enough private sector - I am sorry to be so gentle here, because it is not how it is - versus a kind of still unproductive public sector. If you had more control, genuine controls at the local level, as I say, where you did not even need sign-off nationally because there was agreed due diligence, then you would pull those two things together. They would actually have a synergy that presently they do not have; they simply have an association now.

That would massively change behaviour, because if you think about it in the business sense, that link of business into public service and then the other way around, that is going to change things massively for me, because at the moment I feel we are still in the paradigm here where we are actually quite comfortable with the public/private thing, because our LEPs at least have done a pretty good job around that. The LEP we are in here, the Greater Birmingham & Solihull Local Enterprise Partnership (GBSLEP), with Andy Street [Chair] having kind of steered that very successfully, has done a lot to bring business and the public sector together in a way that was not as strong previously.

But I still feel like it is - sorry, it is about this, Tony, you have heard it before - a mixture, not a compound, and when we need to, we can go our own ways again, because we do not quite see it as one thing we are trying to achieve, but two things, and if they are not compatible at any given time, we will kind of smile politely and walk away. For me, it would significantly change both public and private sector thinking, because you bind in in a way that this country - as in England, at least - has not done forever, possibly. Well, maybe Chamberlain did it in this city, but we are sick of bloody Chamberlain, are we not? If you have not been to the top of stairs and kissed the picture, there is plenty of time to do it, but it is a long time since this city and its region has intrinsically linked wealth creation with health and wellbeing of the population. That is what would change.

Ben Rogers: I am not that familiar with the West Midlands. Do you want to give me some example of a practical kind, where are the big wins for integrating, a practical example of how devolution would help, fiscal devolution?

Mark Rogers: Do you want to? Otherwise I will end up just talking all the time.

Tony Smith: Can I just add to the previous one as well? I was going to come in, I was going to say basically what Mark did, but also mention Chamberlain, until I was told not to.

Professor Tony Travers (Chair): He mentioned Chamberlain. He has been mentioned before this, which is good.

Tony Smith: But I was just going to add the point about the culture of local government. Anyone who has worked in local government for more than five minutes - and I have been here for 25 years now - knows that people have become comfortable with the relationship we have got with central Government in the sense that we have got these grants coming down and every time we are asked to do something we can demand money from Government to do it, then we can moan about the fact that the grant is being reduced. We can, in a sense, get away without being accountable to the local electorate because at the end of the day we are not in charge of the money anyway. It is true that everyone has become comfortable, sadly, with that kind of relationship. I think your question is absolutely right, Tony. I think it would be an absolute earthquake. I think we are beginning to see the beginnings of it already in some of the discussions with our leaders through the WMCA.

It is interesting, because when you are going through a devo deal process - and we are going through another one at the moment - trying to get people into a devolution mindset where you are genuinely thinking about, "What do we want to take over and lead locally?" as opposed to, "What are we bidding for?" is a real struggle,

is it not? Even the most intelligent and capable of our colleagues will frequently slip back into, “Oh, let us create a Christmas list and send it up for Mr [Philip] Hammond for the Autumn Statement” which is what everyone is doing at the moment around the country. I think if we started to get some genuine fiscal devolution, it would force people off that, and in fact, business rates retention forces people off that to a certain extent, because obviously the grant system ends. That 2020 date is in itself such an earthquake in the whole process we are looking at here. I do not think people have quite clocked that yet, but it is a massive cultural change as well. I have now completely forgotten what the other question was.

Mark Rogers: I will answer Ben’s question then. I think if you want to pick a good area, pick employment, because we talk about the kind of the wider determinants of health - that is kind of public health speak, is it not - but employment is a really good example of how things could really be changed significantly. If you get the skills ladder right both in the young and older population, you give people the opportunity for wage progression because you have got an economy that is growing in a way that provides opportunity, which means you might have a house, share one at least with somebody, but all the stuff that comes. We would move from transactional to transformative stuff if you set the priorities and manage the resources around things like employment locally, because you do not just sort employment out, do you? We know that that sorts other things out.

You will know we have got a Mental Health Commission here, because intuitively we realised that one of the ways to help the Welfare Bill challenge is simply to give greater opportunity for people with long-term as well as episodic mental health issues employing them, because it is evidential, apparently, that that is the most impactful thing on people with poor mental health. So that is why I think it is so important to package these things up locally and tailor them locally and bring the growth and public service reform (PSR) stuff together, because then you do not just bang your head against the wall on a kind of sterile skills conversation. What you are arguing is that the returns to the national and - as Martin Reeves [Coventry City Council] would say - the West Midlands Exchequer is complementary.

Tony Smith: The other one I would add is transport infrastructure, where we could give you lots of examples of budgets that have taken ridiculous amounts of time to package the money for with the begging bowl approach, New Street Station being the absolute classic national example. It took ages to build, much to everyone’s frustration, but actually it took one year longer to put together the funding and get final Government sign-off than it took to actually do the project. If we had the powers to raise money from bonds or TIFs or whatever locally, we would have been moving with that within a year of thinking about it, I am absolutely sure of that.

John O’Brien: Tony said at the start this could work for London, but it has to work for everyone, which I think is a good starting point, and the first LFC and this one both had representation from other cities, principles about fiscal neutrality at the start of all of this, which is critically important, about how you balance incentives with need across the piece. We say all of that, but this remains very difficult and sensitive territory. In a sense, what advice would you give to London about this as we take this debate forward? How does the West Midlands think of London in that context and with greater fiscal devolution, that balance between need and incentive and local control?

Tony Smith: We certainly do not think about London as being in any sense the enemy or the problem. London is a huge boost to our economy, a huge part of our economy, and actually our relationship, Birmingham with London, is extremely productive for us and we think it is going to become even more productive over the next ten years. But then, having said that, clearly there is the issue of rebalancing and there is the need, we would say, to empower those core cities away from London, perhaps more critically than London, because London has already got more powers obviously through the Mayor and so on. But I think as

Core Cities and the London Councils already have done in the five years or so, we have worked together quite effectively to campaign on these issues and I just think that is definitely the way to go, because the last thing we need is for Government to be able to divide London from the rest of us. It is obviously not our interests if they start focusing completely on London because it is easier perhaps, or the opposite, just divide and rule and say, "Right, this is too complicated. None of you can have anything".

Mark Rogers: I would say one thing to you, John. We already talk about being a 'Zone 4' area and we have gone way beyond the thing about HS2 being fast-tracked, it is the whole connectivity and the growth capability. Yes, I do not even need to say that to you guys, do I? But it is really important: London is not a problem here. We do not ever talk of London as a problem. We might be pejorative about other parts of the country, because that was the old competitive environment, but we did not do that about London. The one thing I would say is if the kind of devolution that London should benefit from, and the rest of us likewise, has in it the means of smoothing out some of the kind of ups and downs of the economy, then that would be really helpful in the rebalancing agenda. I think it is singularly unhelpful that the housing market in London has overheated in the way that it has - actually, it is not just housing, property full stop - because right now we are kind of going, "That is lovely. There is a beautiful halo effect in Birmingham and we get more of the 30-somethings than any other city around the country as they can no longer afford to live even in the outer reaches".

All of that is great, but that will end at some point, so devo for me also presents an opportunity to have some kind of -- no, that is the wrong word, I am thinking of the word 'regulate'. We ought to be able to smooth out some of the worst excesses of peak and trough to that as you try to rebalance the economy around the country, it is less episodic and more of an ongoing process, because at some stage, you know what is going to happen here, and it has already happened like 500 metres over there, there is a £1.1 million apartment in the Jewellery Quarter. Flat prices, let alone townhouses and other stuff, are going through the ceiling and all of a sudden it is almost as cheap to live in Solihull again. It is bloody crazy, is it not? Sorry, excuse the language; this is on the record. I think some of what London can do is simply think about how it might try to have some impact on extremes of cycles by working with the rest of the country.

Tony Smith: Actually, we can do that as London and the Core Cities, rather than just saying, "Government, you must do this". We can work together to give them whatever part of the answer we can come up with.

Mark Rogers: I am sure there is a deep and meaningful reason why Core Cities have the membership that it has and that occasionally I might even attend it and kneel at the altar of what was [Sir] Howard [Bernstein, Manchester City Council], but the relationship between that and London, I do know what it is. Last time I looked, London was the capital city of the country.

John Dickie: I would like to go back to the point you were making earlier about the relationship with business at the moment and the public sector being too much of a mixture rather than a compound. There is clearly a sunlit upland of joint working which you have talked about and it would be good for growth and good for everybody and I think a lot of businesses can see that. I think a lot of businesses are also a bit worried, however, that full fiscal devolution might lead to local government thinking business is an easier thing to tax than people who vote.

The rhetoric about growth is good, but when push comes to shove and there is that rather tricky budget, a bit of a business taxation may be an easier thing. I just wonder what, if anything, you think can give business reassurance at this point. I think it is not simply consultation, so one of the things I think is very striking is the difference local government has between how it engages with business. On average, for example, the consultation you will do with business ratepayers I imagine is not the most profound exercise, whereas if you

talk about a new tax or a new powers, that is really interesting and everyone is happy to talk about that, because that is like extra money. It is a sort of average marginal, it is how do you give some reassurance that business is not going to be a mark here?

Mark Rogers: That is a jolly good question, frankly, is it not? The facile answer is that that situation exists anyway, we just call it national Government and it makes decisions about whether to tax the people or tax business, does it not? In a sense, we are merely devolving the same scenario. You are right about the consultation thing as well. I do not have a great answer for you because I was not expecting the question, so it is kind of a bit impertinent really, but I think what I would say is -- actually, I do know what I want to say about this. This WMCA is founded on the principle of three LEPs coming together, because that is the sound economic geography, but also the arrival at that conclusion was a public/private arrival at that conclusion, some years now of thinking and working together and therefore actually you could get me on to the governance piece if you wanted to here.

I think the future lies in a much more mature model of local government that recognises that things like LEPs and their subsequent bastard offspring are actually rather a good idea than rather a bad idea, because they forge a form of governance that is more hybrid than we have now, but does not still compromise the sovereignty of the elected official. I think probably the answer to this is the continued development with some framework that is almost required for business, for public and private to be in this thing together. I am not suggesting that you can sit next to the Leader in Council or whatever, but I am suggesting that LEPs have provided an interesting opportunity to begin some harder wiring of joint expectations of working in constructive, progressive partnerships in a way that was not so much the case previously.

John Dickie: Could I push that? Are we yet in a world, would you envisage us getting to a world where if the LEP - and let us assume the majority of the LEP are business members - really projected something that was being done by the WMCA, that that would be substantially politically problematic for the WMCA, because that feels to me like something that is becoming a meaningful check?

Mark Rogers: Yes. The first time for everything is always difficult, or in some instances actually fantastic.

John Dickie: It could be both.

Mark Rogers: It can be, indeed. It could be both. We have had to countenance the whole thing about does business actually have the final word when it comes to business rate supplements levied by a mayor, is that right?

Tony Smith: The Government's intention is to legislate. The LEPs have to give the nod, so to speak.

John Dickie: Who appoints the business members to the LEP? That is not important right now, but I am just saying.

Mark Rogers: Indeed, that is a good question. I would speak as easily as this if John [Clancy] were here, but I am sure he might have a different view. But I actually think it is quite good that we are pushing some of these boundaries. I would like to see these things tested a bit more, because I do not think they fundamentally undermine the democratic principle, I just think they make democratic leaders more democratic, actually. So that is my preference. I am quite interested in a more hybrid form of governance that does not undermine representative democracy.

Tony Smith: Interesting.

Mark Rogers: Interesting! Tony did not rehearse that one.

John Dickie: I think that was a ringing endorsement.

Mark Rogers: You wait until you see our Autumn Statement submission.

Professor Tony Travers (Chair): Given that we are in Birmingham, this is the London Commission, HS2 cannot be ignored, and as others have said, HS2, it is a railway, but it is not going to work unless what happens at the places it hits the ground, which are Curzon Street here and Euston in London, are themselves heavily planned and linked into the rest of the city and city regional economy. It just begs the question of whether - it is more a sort of Centre for London question than perhaps for us - there is something to be done in the matter of collaboration between the two cities in building their economies in the sort of Curzon Street/Euston super-zone, I wonder? Has that idea ever been mooted, thought about or toyed with, when they are going to be so close to each other?

Mark Rogers: Curzon is the less good example. I need forgiveness for saying this, but actually the better example is the interchange in Solihull. Curzon is a fantastic example in terms of wanting to say how will the connectivity and various growth opportunities that that will bring will benefit the city and have that wider effect, if it is managed well, but actually it is the bit out in what they call the UK Central hub, where the interchange is, because there is all those other big economic assets like the airport, the West Coast Main Line, the National Exhibition Centre and stuff.

Professor Tony Travers (Chair): So broadening it out into the new WMCA and Greater London?

Mark Rogers: The relationship is not with Birmingham any longer. We may be a key player in this whole WMCA thing, but actually I think we have almost got the tone of this right. Birmingham recognises that actually the biggest growth opportunity in its WMCA area arises from the development of UK Central and the HS2 interchange in Solihull.

Ben Rogers: Tony, I am not sure of the etiquette in asking you questions, but can you just elaborate a bit more? What was the phrase you used, a shared zone, a collaborative zone or something, a London/Birmingham zone?

Professor Tony Travers (Chair): The logic is that railway lines, we have had both here and in Manchester a slight worry that nobody is quite sure which end of the railway line might benefit. To put it that way, to put it delicately, it might not be at the balancing end, but the unbalanced end, to use conventional ways of looking at it - depending on which way you think which is, by the way - and with that in mind, the only way the end of railway lines or railway stations really work, we now think - I think we all think - is that if they themselves are planned properly to deliver something that is more than the train just hitting the ground at the end of the line. With that in mind, given that London and Birmingham are already quite close, will be closer when this all happens and each end would rationally need to be planned. The question is is there anything in planning the points where the WMCA area in Greater London these things hit ground that would work collectively? That is all.

John Dickie: A sort of common master plan?

Professor Tony Travers (Chair): Whatever. I am just thinking aloud and it is slightly beyond the logic of the London Finance Commission. I am just sort of --

Mark Rogers: One step at a time, but absolutely I guess you can see the logic of ever-growing master planning, because we did not mean it glibly either about the 'Zone 4' thing. Frankly, if you think of greater Birmingham as being in London's Zone 4, then actually absolutely everything you say is right. Why isn't there even greater collaboration with London about how all the infrastructure that we need to build out now in order to attract the growth that will come off the back of that is kind of done in a way that is complementary from London coming into the Midlands and beyond? It would be fantastic for this line to actually go further north so that you could kind of master plan.

Professor Tony Travers (Chair): I am assuming it will eventually go further north.

Mark Rogers: Yes, one can hope. I do agree with that. We have not done a great deal of that, because we have got stuck in the usual kind of groove of the Hybrid Bill and kind of making sure that everybody gets as much protection as can be afforded through that, but also we got a bit obsessive about Old Oak Common and the connectivity to HS1, which is not to dumb down that obsessiveness because, frankly, it will be a bit of a laugh having to get off the bloody train and walk across to St Pancras.

Professor Tony Travers (Chair): It is a lovely piece of pavement!

Mark Rogers: It is not a bad piece of real estate, that is true, but you know. We have focused on some of the important but lesser strategic pieces and of course nobody wants to come and create an even greater conurbation, I suppose. The last thing anybody mentally wants to conjure up is the image of London being the entire country, but nonetheless I think there should be much greater co-operation around that really big macro master planning.

Professor Tony Travers (Chair): It is not a million miles away from High Speed 3 (HS3) in logic terms. That is the point. The Government saw it with Manchester and Leeds; there is no reason why, given that HS2 stops and starts where it does, that you cannot see the same logic applying.

Mark Rogers: The bit we need to watch for though, Tony, in all of that is that I can see those with sort of anti-devolutionist tendencies saying, "That is fine. I will just sit in Whitehall and I will do a big plan for the UK then, shall I?"

John O'Brien: Yes, exactly.

Mark Rogers: So there is some danger inherent in this, is there not?

John O'Brien: Yes, we now need scale to be able to plan all of it.

Mark Rogers: Yes, absolutely.

Tony Smith: Going back to the points we were making earlier about the relationship between the London economy and the West Midlands, part of that is about people working part of their time in the West Midlands, part in London, firms restructuring to put some of their more expensive activities into Birmingham, but still keeping a foothold in London. I think there is a piece of work to be done, to think through all those relationships and how they can be mutual benefits, rather than just having it in theory and letting the market deliver it. Let us do a bit of planning about it.

Mark Rogers: I will give you a very brief sort of very parochial example. We have got somebody working here from January - you may all know her, Piali DasGupta [Assistant Chief Executive, Birmingham City Council] - who was at the LGA, who is kind of like metropolitan through and through now, a kind of converted Canadian, really. I think she had Canada excised from her. Piali exemplifies the point you are making, Tony, which is she gets her leisure and pleasure here and in London and in other cities and it is not like, "Let us sort Birmingham out so we never have to go to London again". It does not work like that. Your point is reinforced by the fact that whether it is economic, whether it is culture, whether it is sporting, whether it is just familial ties, people go up and down and side to side, don't they, and we should think much more like that.

Professor Tony Travers (Chair): We are coming to the end of our allotted 45 minutes. You work here, so you may actually have further meetings instantly. I do not know if any of my colleagues have anything they would like to ask. Is there anything you feel we should hear?

Tony Smith: Can I just add to the business point that was made earlier? Let us go back to Chamberlain again, to be boring. If people know the story, before he became Mayor, the council was run by a group of people called 'The Economists'; economist in a very negative sense. I think Tony knows the difference between an academic economist and the sort that I am referring to. They were basically very narrow-minded, small businesspeople, shopkeepers etc, whose main goal in being on the council seemed to be to stop it spending money and to keep the rents down, a very, very narrow approach. Chamberlain came along and multiplied the borrowing by five in order to buy -- I cannot remember whether it was the gas company or the water company. There were people complaining at the time, but then when they saw the outcomes of that, he was massively popular throughout the business community as well as the people of the city because of the benefits that were brought. So I think what we need to do is focus on the powers to borrow to invest rather than the issue of taxing business more, because actually nobody wants to tax business more. It is about what we do with the current tax pot.

Mark Rogers: I suspect not nobody.

Tony Smith: Well, none of us, but what leverage you could get with that. Again, Chamberlain is an inspiration to how to present it.

John Dickie: It is interesting that you can count on a very small number of fingers the businesses in London that have protested against the Crossrail business rate supplement. It is only paid by larger businesses, but nonetheless with quite a long tail. I do not think they would feel quite the same way if that was being spent on supplementing local authority current expenditure on pretty much any heading you like. There is a distinction. I do not think the question is whether business resents being taxed, I think business resents becoming the font of all tax for pet projects in local authorities which do not pertain to what drives growth.

Mark Rogers: Which would bring you back to the macro point, so that is how it is now as well, so what dialogue is required to understand how that simply would translate to a regional level where business tax, but also personal taxes of people who work in business, find their way into local government and other public services.

Tony Smith: But it is also worth again just on that point, the narrow point, reminding ourselves as to why the business rate was nationalised in the first place.

Professor Tony Travers (Chair): [Professor] John Bryson did give us a helpful introduction to Chamberlain and the building behind us earlier on. I think that in a sense the logic of the sort of Chamberlain municipal enterprise version of sub-national government as compared with that not mythical recent past sort of status

for status's sake version is something I think most of local government is well beyond. But John is right to bring it up, because the shadow of the 1980s hangs over local government even today and even though it was not this city, in a sense, that contributed to that shadow, in fairness to the West Midlands. Other cities did. Do you want to add anything, Richard? You do not have to, do not feel you have to in any way, but as you have kindly listened all morning.

Richard Kenny: I think it has been a fascinating set of sessions. All I would say on Mark's point about a national local Government, I think waiting for a national local government and a system that meets everybody needs all at the same time is going to be a long, lowest common denominator wait. We have got a very unlevel playing field with Scotland and the Wales and Northern Ireland situations as well. I think the West Midlands should take the opportunity to grip this now and go for it. I think some of the things that you said about relationships with London and thinking through, this is not a zero sum, we have got 9 million growth in population between now and 2050. If you factor those sorts of things on top of we are quite a small country, we have got a conglomeration at both ends of the HS2 network, I think there are huge opportunities to build on around all of that, including the role that Birmingham Airport would play in the London national aviation system. I think it is gripping those opportunities and taking them, I think that is really significant.

I also think one of the big wins for devolution is about the ballot box and it is about addressing some of those issues that have come out around Brexit, which is building that relationship back with the people and having that direct link between place and people I think is one of the main points. It gives us that opportunity to rebuild those relationships in a way. We have seen the sort of politics that is dominating the United States and this country at the moment; it is just quite appalling really. I think devolution is an answer to that.

Professor Tony Travers (Chair): It is a matter of fact that the broader West Midlands region I think had the largest absolute vote to leave the European Union net, it is the largest absolute vote, East Midlands the second, and the question of the disconnect between government and the governed, which I am absolutely going back to what you said at the beginning, Mark, is self-evidently one of the many elements of how the EU result came about, whatever one's views on that. So the extent to which repatriated power from Brussels to the United Kingdom, if it stopped at Whitehall and Westminster, would it be the solution to any problem? Clearly, self-evidently, not. I think that is something that in a sense anybody with half an interest in devolution can work with. I completely agree and it is a very clear point.

Then there is Wales and Scotland. We have not talked much about Wales. It was one of the questions that is here on our prompt, actually, and the extent to which devolution to Wales and Scotland, I think given the scale of the city regions in England and they are being seen as just part of a single unit, England - excellent place, but single unit - I think will raise more questions as devolution matures in Wales and Scotland and Northern Ireland.

Mark Rogers: I am going to be semantic here: we could get stuck in a kind of self-governing versus self-determining debate. I am glad we have not talked much about that kind of structural devolution that is the devolved administration because that is just governance. I know it is more than that, but actually we get into a very sterile set of dialogues, which we have already had, about if you are a Scottish MP what you are allowed to vote on and all of that. OK, I have to be interested in that, but this is not what this is about for me.

The final point, about Brexit and Brussels, I guess I need to remind myself not to hitch my ride to too many vogueish wagons or opportunist wagons, because Brexit and Brussels will fade. It is the crass thing about 'devo being life, not just for Christmas', isn't it? But actually, you do have to be careful not to attach them to certain political moments, because when those moments pass, one of them was called George Osborne. Stuff happens that is unhelpful to the continuous journey.

Professor Tony Travers (Chair): OK. Thank you all for this session, but just to reiterate what I said at the beginning, it is very kind of you to house us today --

Mark Rogers: It is nice to have you here.

Professor Tony Travers (Chair): -- and to give us your time and electricity and so on. All right, thank you very much indeed.

Mark Rogers: No, thank you. Yes, really good to have the opportunity to do this, so thank you.