

Lyons Inquiry into Local Government. Promoting economic prosperity: considering the implications of Eddington, Barker and Leitch. Questions for stakeholders - Essex County Council's response

Of all elements of the public sector, local authorities are best equipped to place shape – yet too often this role is hindered by outside intervention. If they are to achieve their full potential, local authorities should expect funding commensurate with the importance of their place shaper and community leader role, as well as the licence to spend as they want.

To be blunt, while co-operation is good – and something we are happy to do – the current division of responsibility and financial capacity between central and local government appears artificial and militates against optimal use of resources, and therefore delivery of outcomes.

If there is a single common theme linking Essex County Council's response to the Barker, Eddington and Leitch reviews it is that the strategic leadership local authorities are expected to demonstrate would be complemented, and strengthened, by devolving to councils the appropriate funds and giving local authorities the flexibility to spend these funds as our local communities see fit.

It is the local authority that is best able to decide how to address local needs. It is the local authority that has discussed with local partners the key challenges they face. It should be the local authority as community leader, working with other public sector partners, that is responsible for creating the environment in which economic prosperity can flourish.

Do local authorities have the powers they need to effectively undertake their place-shaping role, particularly with regard to pursuing economic prosperity?

Local authorities are natural place shapers. Successful councils demonstrate community leadership. Yet a number of powers that would supplement this role are not always devolved to the most appropriate, local, level.

Powers devolved from Whitehall reside at the regional level, while a number of traditionally local functions – such as planning - have also been transferred to the region. Many of these are *de facto* arrangements with no statutory basis and lack democratic accountability.

The reality is that, for Essex, the region is too artificial a construct to promote economic prosperity effectively. The National Audit Office's (NAO) assessment of Regional Development Agencies (RDAs) included a call for the strengthening of both regional and local economic development powers, yet the recent promotion

of the city-region highlights the reality that **the nation's economy is driven at a sub-regional level**. As the Local Government Association put it:

the sub-national economies of England that matter are also sub-regional. These local economies may not always fit administrative boundaries, but they do match pretty well with ... single cities, city-regions, and shires with their county and districts¹

As such, moves to promote greater devolution of economic development powers to city-regions are welcomed up to a point, although the focus on a handful of cities is misplaced. If devolving economic development powers is the best way to drive growth and close regional growth disparities, there is no economic argument for restricting devolution to cities alone. Indeed, by focussing exclusively on city-regions, policymakers risk limiting opportunities for economic growth.

Greater Essex – that is, the area administered by Essex County Council, and Southend and Thurrock unitaries – is a prime example of the functional economic area highlighted by both Eddington and Leitch. And, with a population of 1.6 million and Gross Value Add of £22 billion, Essex makes a greater contribution to the UK's economic success than a number of 'core cities'.

What economic development powers, then, would best reside at the local level? Discussions with the Essex business community confirm what logic suggests – transport infrastructure and a suitably skilled workforce are the foundations for economic prosperity.

The most effective role the public sector can play in enabling economic development is to ensure the existence of a robust framework – consisting primarily, of infrastructure and education – upon which the private and third sectors can build.

Local authorities are well-placed to lead in this area, providing, as they do, the bulk of these functions, and therefore, the bulk of the funding that can be classified as economic development related, as the following table, which shows the source for economic development funding in each English region (2004/05 figures), demonstrates:

¹ Local Government Association, *Prosperous communities – beyond the White Paper*, (November, 2006), p. 4 and also Essex County Council, *City Limits: why extended economic development opportunities aren't just needed in core cities*, (June, 2006).

Table 1 - Proportion of regional economic development expenditure by source and region, 2004/05

	Total RDA expenditure	LSC programme expenditure	LA - education	LA - transport	LA - econ. dev.	LA - total	Total
North West	6%	18%	67%	5%	4%	76%	100%
North East	10%	19%	60%	5%	6%	70%	100%
Yorks & Humber	6%	19%	67%	4%	4%	75%	100%
East of England	2%	17%	71%	6%	4%	81%	100%
South East	2%	18%	70%	5%	5%	80%	100%
E. Midlands	4%	19%	67%	6%	5%	78%	100%
W. Midlands	6%	20%	67%	4%	4%	75%	100%
South West	3%	19%	68%	5%	5%	78%	100%
London	3%	14%	51%	26%	6%	83%	100%

Across England as a whole, **RDAs account for only 4% of local economic development expenditure, the LSC accounts for around 18% and local authorities 78%**. The financial influence of RDAs is smallest in the East and South East, where RDAs account for only 2% of expenditure.

Yet, taking the East as an example, the East of England Development Agency (EEDA) – the worst performing RDA as assessed by the NAO - is able to exert leverage far in excess of its contribution to economic development. Moreover, EEDA's contribution is, at any rate, predominantly financial, in contrast to other bodies which are able to provide specific expertise, local knowledge and hands-on business support.

While there are moves to limit Whitehall's centralising control, RDAs exert a similar influence within their individual regions. Economic priorities are set at regional level and local work must explicitly link to regional economic strategies, regional structures, and regional priorities to receive financial support. Regardless of circumstances, local innovation must fit the regional straitjacket.

A situation exists where local development can become contingent on the decisions of an unelected body which controls only 2% of the region's total development expenditure and seeks to develop the region through a Regional Economic Strategy (RES) that tends toward the lowest common denominator. If decisions over this development funding were taken at local level they could be aligned with decisions taken around education and transport expenditure. Democratically elected authorities could provide a truly holistic response to local needs rather than being dependent on RDA decision.

Although too soon to say, there is concern that the recent regionalisation of the Learning and Skills Council will have a similarly stifling effect on the provision of locally-responsive skills training. The possibility of seeing 17% of economic development funding in the region removed from local, county-based,

organisations is a concern. Given the variance in skills profiles at a regional level, and the local knowledge needed to address the issue, it would be better if LSC funding were controlled locally – and of course, a local authority would be well-placed to take on that responsibility.

Self evidently, counties are well positioned to lead on a number of policy areas relating to economic prosperity, prime among which are:

- Economic development;
- Planning;
- Transport; and
- Adult skills

We would like to see powers in these areas either retained by, or returned to, local government.

How do the issues raised by the three reviews, and the implications of their recommendations, vary between different parts of the country and different kinds of place, for example between rural areas and major cities?

The key point to be made here is the unique role of the local authority as an elected, accountable body aware of local circumstances – whether it be a London borough, a metropolitan authority, or a county council. While the practical implications of the Eddington, Barker and Leitch reviews will vary between locations, the local authority as place shaper is able to draw out the locally-appropriate recommendations and act on them.

It would be a mistake to assume devolving economic development powers is an approach only applicable in certain metropolitan areas. Eddington and Leitch, by talking of functional economic areas, are more attuned to the reality of economic development than those who advocate devolved powers for urban centres alone.

Put simply, natural economic communities are the structures which fall out of analysis of commuting flows, migration patterns, and retail footprint. Providing it is sufficiently coherent, it is equally appropriate to talk of a county- or city-region. An individual may well live in one local authority district, work in another, and shop in a third but this doesn't stop a county-region corresponding to the geography of everyday economic life. And, more often than not, this everyday economic life is framed by a county, urban centre or city-region.

The concern then that falls out of the three reviews is perhaps the emphasis on regional structures. Devolution from the centre often stops at the region and a number of useful local economic development powers now reside at regional level also. Continued regionalisation ignores the very real diversity within each

region and also ignores the reality that economic development tends to occur at the sub-regional level.

Are there any other aspects of these reviews relevant to local authorities and to their place-shaping role that I have not identified? If so, what are they and what are their implications?

It is perhaps unsurprising, given the increasing scope, timescale and complexity of the brief the Lyons Inquiry has been given, that contradictions have begun to emerge in the documents the Inquiry has to consider.

Eddington's focus is on controlling mechanisms, such as road pricing, recognising that the transportation network is at or beyond capacity in certain areas – something we are all too aware of in Essex. At the same time, Barker's proposals for reducing controls and increasing housing and economic growth would only serve to place further strain on the road network. Nor does it mesh with the recent Stern Report on climate change.

Barker's Independent Planning Commission, directed by Statements of Strategic Objectives agreed by Whitehall, would see an unelected central body deciding on local development – self-evidently this would run counter to the increased power and influence at the local level Lyons Inquiry has advocated.

The importance of reinvigorating local democracy relative to the 'quango state' and the increased role played by national and regional bodies in directing local economic development needs to be considered.

Eddington Transport Study

Can local authorities work effectively in partnership to deliver Transport outcomes or are new/reformed institutions necessary?

Local authorities can and do work effectively in partnership. Collaboration is most successful when the strategic focus for the partnership working is properly framed around a clear set of roles and responsibilities which are then complied with. Such partnerships can involve a combination of local government tiers, the private sector, relevant external organisations and government agencies.

There is a great deal of evidence to show that when these stakeholders have engaged in a meaningful way, especially the private sector, the outcome can be extremely efficient and effective and delivery on the ground fast-tracked compared to traditional processes and procedures. A good local example is the formation of the Thames Gateway South Essex Transportation Board. This public and private sector collaboration brings together:

- 3 local highway authorities – Essex, Thurrock, and Southend;
- the Thames Gateway South Essex Partnership Board;
- Essex Business Consortium;
- Dubai Ports;
- Government Office East;
- the Highways Agency; and
- the Department for Transport.

The Board has produced a comprehensive Business Plan for transport for this national growth area, agreeing spending priorities, targeting investment and resources and overseeing the development and delivery of "flagship" projects. This partnership, convened by Essex County Council, required neither new legislation nor complicated structures to be established or for it to operate. The key requirements were leadership, the ability to convene a broad range of interested parties, and a determination to align funds and resources on a shared policy agenda. The Board delivers more than the sum of its parts, each organisation retains its sovereignty and the result is a win-win scenario.

We all recognise the 'partnership as bureaucratic talking shop' phenomenon. Such 'partnership working' is partnership working in name alone. Axiomatically, the best partnerships are achieved when those who recognise the benefits of collaboration come together. Local authorities are natural community leaders – here in Essex, alongside effective elected Members, we are actively developing officers who bring strong negotiation and consensus building skills to their roles. The function of local government has changed in recent years – the twentieth century model of council as deliverer of services has evolved to become council as commissioner of services.

At the more strategic level, Essex has been a key driver of, and participant in, the Regional Transport Forum (comprising the Transport portfolio holders of the 10 highway authorities in the East of England, The Highways Agency, DfT, and rail). This is a much better model to advise GO-East and the DfT on the prioritisation of major transport schemes than other more cumbersome regional structures. Again, no legislation is required and proper accountability back to the local highway authority is preserved.

What is needed is the recognition by partners of the value of collaboration and an understanding that existing rules, practices and procedures do not present a barrier to new and innovative ways of working. Additional legislation or new or reformed institutions are neither helpful nor necessary.

Conversely, the introduction of fiscal incentives to encourage such collaboration would be welcomed. Good partnerships deliver results but for complex transportation projects, but – even with a wide range of professional expertise - there is often a substantial lead-in time from formation of partnership to deliver of results. In this interim period, "seed corn" funding from central government would help to provide the necessary incentives to draw players into collaboration and then keep partnerships together whilst we deliver the challenging programmes a county like Essex faces.

What are the key behaviours required of local authorities to work in such partnerships? Would new institutional or contractual arrangements be needed to support them?

In multi-organisational partnerships local authorities are often best placed to provide a key leadership role. A good local authority has a deep understanding of funding and planning processes and is able to facilitate cooperation across a range of diverse service functions that transcend transportation.

In two-tier systems, it is important that the respective local authorities deploy their resources and skills in a complementary, rather than competitive, manner such that those best placed to carry out functions do so and avoid the potential to duplicate each other's statutory responsibilities.

Upper tier local authorities are more likely to have a greater awareness of the changing transport policy context both nationally and regionally and are, therefore, often well-placed to lead such partnerships. We bring scale, capacity, and proximity - being closer than regional agencies to the community, whilst at the same time able to operate across local district and borough boundaries in order to take a sufficiently strategic view. And, research proves upper-tier local authorities offer the closest fit to the functional economic areas Eddington highlights.

There is no need for new institutional or contractual arrangements. However, the public sector as a whole must recognise their respective roles and capabilities, and respect the key drivers for other partners.

Do the issues not considered by Eddington - particularly the potential benefits of aligning transport with other policy powers - alter the best overall design for governance arrangements?

The powers held by central government and its agencies continue to play significant and growing pressures on transport provision. For example, the consolidation of healthcare in fewer but more specialist hospitals, allied with increased patient choice, creates totally new transport demands, the consequence of which have not perhaps been fully appreciated by central government. Similar themes emerge with the rise in home to school transport.

The value of ensuring a joined up approach to transport provision across a wide range of policy areas goes without question, it does not follow that new governance mechanisms are necessary. The Regional Transport Forum model, for example, could offer one means through which transport infrastructure and services could be best developed and deployed in order to meet local community needs, and to achieve added value and cross-sector buy in. Other examples of existing opportunities to deliver shared outcomes include the use of arrangements established for the development of joint working on Local Development Documents (LDDs) and the Local Transport Plan (LTP), and further development of Local Transport Boards – with private sector participation.

How could local government make use of any new bus powers in line with its broader role in promoting economic development?

The ability for local authorities to be able to plan and secure new bus services to a level it considers necessary to secure broader objectives, including economic regeneration, free from the constraints of the current legislation, would be invaluable. This does not mean a return to prescriptive regulation but empowerment to local authorities to work more flexibly to meet local needs.

Local buses have a major role to play in supporting a mobile workforce. The provision of well-planned bus services, which at the outset may not be economically viable in the traditional sense, can have a dramatic impact on quality of life, reduction in crime, access to education and in getting people to jobs. Present restrictions in planning and developing bus routes and service levels prevent local councils from establishing truly sustainable communities.

Local authorities want to introduce high-level service specifications to cover both urban and rural areas but at present are only able to fill in the gaps of a network

devised by local operators to meet their own commercial agenda. With new powers, local authorities would wish to set far broader socio-economic goals for the use of bus services and would work closely in partnership with operators to make use of their commercial expertise.

How can local authorities make the links between transport and other elements of economic development and quality of life most effective at the local level?

The new Local Development Framework (LDF) process is already a valuable mechanism for transport interventions, facilitating planned growth and stimulating economic regeneration. In addition to this, dialogue with local businesses through a range of economic partnerships is already helping to develop a common understanding of the constraints and impediments to economic development and the role that transport can play in helping to unlock opportunities. Strengthened powers for S106 agreements and tariff mechanisms are much preferred than the exclusively centralist and stultifying taxation of development land, currently being contemplated. The ability to issue bonds to raise capital for infrastructure projects – giving prudent councils the freedom and flexibility to manage their own affairs - might be an avenue for local authorities to improve economic development and quality of life.

Local authorities are also well-placed to engage with local communities and local businesses. There is, however, an inconsistent response from the private sector to initiatives such as company travel plans and the role that they can play in supporting economic development and quality of life of the community. Whilst local authorities are able to create the framework and environment for company travel plans, there appears to be a lack of real incentives for any material support from business to reduce the travel impact of their operation. There may be scope to explore the potential for incentivising business through financial initiatives, such as business rate reductions, in return for active participation in plans to reduce their transport impact

There are also opportunities for local authorities to tackle the range of small-scale interventions on the road network to release bottlenecks and ease the flow for goods services and people. There is no explicit requirement for this within LTPs, although many forward-thinking authorities already recognise the value of such low-cost treatment in tackling congestion and supporting the economy and have established successful "congestion busting" programmes.

How could current funding arrangements best be reformed to support cost-effective and appropriate spending and investment decisions at sub-national level?

The artificial boundary between capital and revenue funding continues to be a burden to local authorities and prevents innovative use of available monies. To the public, the difference between the two funding pots appears bizarre. The move to a system of whole life costing for projects would be helpful in recognising that every capital project has an ongoing revenue maintenance cost that must be met, but under current systems is often not allowed for.

New freedoms and flexibilities are needed for highway authorities to increase revenue streams. Essex is exploring the potential for sharing risk with the private sector in a new way that encourages the upfront delivery of infrastructure in return for guaranteed revenue streams free from the complexity of the PFI mechanism. The use of strategic business partners to access private sector funding, while still retaining local authority control, appears to offer significant potential. Such partnerships can share resources more effectively, optimise existing funding and delivery opportunities, balance risks, minimise costs and maintain statutory compliance.

Cross border working on major capital projects is already commonplace and the sharing of funds between authorities to deliver such schemes has been in use for a number of years. The Thames Gateway South Essex Transportation Board mentioned earlier in this response is a case in point. However, much more could be achieved if there was greater collaboration on initiatives that transcend local authority borders in a sub-region to more effectively provide common requirements such as intelligent transport systems or even highway maintenance. Pooling of funds in this way could help reduce back-office costs significantly.

We also need a faster and more efficient means of demonstrating value for money when bidding for government funding. The current Major Schemes Business Case (MSBC) process is extremely resource-intensive, costly and gives rise to uncertainty and often delays in delivery. This is especially the case for schemes costing just in excess of the current £5 million threshold. Alongside this is the need for Highways Agency schemes and Network Rail projects (both organisations, incidentally, which could usefully be engaged in any future Local Area Agreement process) to be more closely integrated with local transport schemes in order to gain best value for money. In such cases, there would be some sense in ensuring that the funding streams for each organisation are harmonised such that the full package of transport measures are delivered in the right place and at the right time in order to gain maximum impact.

Local authorities want to be financially self-sufficient, yet the current funding regime prevents this. As such, in the absence of fiscal autonomy, more revenue funding at the local level, especially for maintaining the current road asset and supporting increased levels of bus provision, is key. The ability to link on- and off-street parking charge surpluses with funding better public transport is a policy area which merits consideration. Ring-fencing a proportion of the vehicle excise

duty paid for vehicles registered in the local authority area to the local highways authority could provide a fairer and more transparent revenue stream to support road maintenance.

What transport funding sources are most appropriately managed by local bodies? What would be the most appropriate incentive to encourage the adoption of demand management options at the local level?

The current funding regime promotes time-consuming competitions for funds. This system leads to a waste of time and money when resources are channelled into the making of bids which fail.

It would be better by far to devolve a variety of funding streams to those local authorities, democratically accountable organisations best placed to understand local need. Prime examples would include devolving responsibility for such matters as sub regional and regional transport studies, funding for schemes to open up development sites and incentives to deliver innovative demand management measures.

With the private sector now becoming increasingly involved in assisting with the delivery, design and management of transport infrastructure and services there is a need to consider the establishment of wider revenue streams to enable local authorities to encourage stronger private/public sector partnerships as delivery vehicles. If such revenue streams were directly linked to demand management initiatives (for example road pricing or congestion charging) then both objectives could be achieved at the same time.

Local authorities currently retain the revenues from local road pricing schemes. How might further developments in this area affect the use of those revenues?

Currently there are very few charging schemes in the UK – and some of those that exist such as the Dartford Crossing toll do not benefit the adjacent local authorities (Kent and Essex) and aggravate congestion. The precise form of any future schemes, and the extent to which they need to be further developed, must reflect local needs and priorities as well as the national agenda. Local authorities could benefit from the freedom and flexibility to expand the use of revenues from road pricing schemes to access private sector equity and debt to fund capital investment schemes. Combining this with new and innovative public/private sector partnerships would help share risk more equitably and assist in starting schemes that would otherwise not be financially viable.

There could be a role for new charging schemes to deliver urgently needed transport infrastructure but not if the Government is intending to pursue a

national policy of road pricing. In any event, the overall taxation burden on the motorist and form of such taxation needs to be examined and justified by reference to the corresponding investment in transport – whether at the national or local level – in a transparent way.

Local authorities could also, depending on local appetite and circumstance, seek the flexibility to invest revenues in projects where the outcome would be changed behaviours that in turn affect transport demand and use. Examples of this holistic approach could include investing in schools or local community facilities which could bring about a reduction in transport pressures by reducing the need to travel in the first instance.

Barker Review of Land Use Planning

What specific measures are needed to ensure that local planning authorities have appropriate flexibility over issues of solely local impact? Are there particular implications from the Review's recommendations on the use of green belt land?

Local authorities are already responding flexibly to local challenges. Local Development documents must have due regard for local circumstances and have to be linked to community strategies and other relevant strategies.

There may be circumstances where this needs to include a review of green belts, however, the criteria for such review must be consistent and should include compensatory extensions elsewhere. For example, the review and use of green belt land should not override other statutory designations or areas of high landscape or habitat quality. This should also be judged against other options for accommodating growth.

What different approaches could be taken to enable strategic decisions to be taken at an appropriate spatial level? Can local authorities work effectively in partnership across wider areas to do this or are new/reformed institutions necessary?

Changes to the Planning system introduced in 2004 vested the statutory plan making powers at regional and district/borough council level. This left a large gulf, previously filled by structure plans, filled by the emergence of sub regional partnerships. Given the importance of the county as an economic entity, the demise of County Structure Plans must be regretted, particularly as the Regional Spatial Strategy is anything but a light-touch document.

The Haven Gateway is a good example where a partnership has been formed by six district/borough authorities and two county councils to produce a sub regional planning framework. Importantly, the partnership is a mix of public and private partners and builds on existing democratic structures rather than imposing new non-elected organisations.

Although mindful that the economic footprint of Essex broadly mirrors county boundaries, Essex County Council is aware of sub-county economic development challenges and is proactively working with other stakeholders to develop similar partnerships around Chelmsford and the "Heart of Essex" and Harlow and neighbouring authorities of Hertfordshire County Council and East Hertfordshire district council.

The preceding examples demonstrate that Essex County Council is able to operate at the sub-regional partnership level. The reality, though, is that the sub-regional structures that drive economic development are counties.

What role should local authorities have in relation to a future independent Planning Commission, and how should they best work with local communities on their concerns and potential benefits?

Whilst understanding the need to speed up decisions on major infrastructure projects, there is a clear risk that local authorities will feel completely disenfranchised unless there are clear opportunities to be consulted on national guidelines and the proposed Statements of Strategic Objectives. It will be completely unsatisfactory if local authorities are left to deal with local mitigation issues and face local opposition to an independent external Commission decision. As such, the Independent Planning Commission, as currently configured, is something Essex County Council opposes.

Local authorities are keen to place shape and have, for many years, acted as community leaders. Yet the imposition of Planning Commission decisions militates against the community leader role central government claims it wants to see local government undertake. Local citizens will rightly feel that major decisions are being made by a remote, un-elected, unaccountable quango. In such an environment, “community leadership” appears a rather empty phrase.

It will also be important to define those major infrastructure projects that fall with the remit of the Planning Commission and ensure that there is scope for representations from local stakeholders during the specific decision making process. The Statements of Strategic Objectives need to address locational criteria and expose realistic options for public debate.

How can local authorities link work on planning, housing and transport issues together most effectively?

The comments on strategic decision making made earlier in our submission are equally valid here.

County Councils cover large geographic areas and have retained strategic planning capacity for assisting in the preparation of Regional Spatial Strategies as well as advising on LDDs. Providing non-statutory strategic frameworks and context for dealing with planning, housing and transport issues can be built into the new planning system. Emerging issues such as Climate Change also needs a sub regional dimension rather than dealing with issues at a very local level.

What would be the most effective and practical means of creating incentives for local authorities to support appropriate growth?

Competition works. There is no reason why local authorities should not compete to offer the best environment for existing and potential future residents and businesses.

Yet with Business Improvement Districts generally small scale and run at sub-district level, there is a need for a system which is more coterminous with functional economic areas. Moreover, with the benefits of growth – in terms of increased revenues - accruing to central government who then dole money back out to localities, and the costs of development – traffic jams, pressure on resources – faced locally, local authorities often struggle to grasp what benefits growth might bring. The re-localisation of business rates might provide one such route to incentivise local authorities to be more responsive to business need.

To entice new residents, local authorities should help develop an environment which matches individuals' need. Quality of life is a key concern for local citizens. Ensuring a suitable quality of life is key for local authorities and local people and is closely linked to the ability to provide the appropriate infrastructure to support growth. Historically this has not happened and areas face a deficit of investment at the same time as being expected to accommodate further growth. Certainly centrally- or regionally-planned growth is problematic.²

Much emphasis is placed on capturing uplift in land value resulting from planning decisions, whether it be in the form of the proposed planning gain supplement or through planning charges/section 106 agreements. This only provides part of the answer and needs to be supported by clearer central government commitment to funding infrastructure, along with creative local contributions either from capital programmes or borrowing. The latter leaves local authorities at risk if development does not progress at the expected rate and could put further pressure on already stretched budgets. The role played by English Partnerships in forward funding has been successful in several parts of the country but this needs much broader application.

While accepting that there may be schemes of national or regional significance county authorities are best placed to develop and manage a Local Infrastructure Fund that would pool resources from a number of sources to progress locally agreed infrastructure priorities. This could be aided by a rationalisation of Government funding streams and minimisation of competitive programs so that resources can be directed to delivery rather than potentially abortive bidding processes.

² See, for example, Evans and Hartwich, *Unaffordable Housing; Bigger Better Faster More*; and *Better Homes, Greener Cities*, (Policy Exchange, 2005)

How should the empty property relief in business rates be reformed? How should a charge on vacant and derelict brownfield land be introduced into the existing local land and property tax system? Would any local flexibility on such measures be desirable?

Vacant and derelict land is often in locations where there are depressed land values/rents and market failure to realise development potential. Successful regeneration of such areas has been achieved by comprehensive area redevelopment (often underpinned by master plans) and public interventions to stimulate development and gain market confidence. The costs of remediation and upgrading of infrastructure can lead to negative values.

While a charge on individual properties may provide an incentive to bring that property back into use, the economic viability of refurbishment or redevelopment may still be prohibitive. Incentives will still be required and any additional rates charged should be recycled back into the local area – perhaps to help fund programmes akin to Business Improvement Districts.

Local flexibility would, of course, be welcome. Neighbourhood management should be an intrinsic part of place shaping and the ability to deal flexibly with vacant or derelict land would help enable local authorities to support small scale regeneration schemes, as well as larger projects.

Leitch Review of Skills

With their new strategic leadership role, how can local authorities relate most effectively to a reformed Learning and Skills Council on 14-19 education issues? What are the merits of the different options for managing the division of these responsibilities?

The strategic leadership role of a local authority is not new. Councils have championed their communities for many years, although it is pleasing to read an acknowledgement of this key function from central government.

Our focus in Essex on improving core skills through improving GCSE attainment in English and Mathematics, for example, alongside increasing pupils' awareness of the world of work whilst they are in formal education means the key role of the local authority in 14-19 education is obvious.

Essex County Council's Children's Services and Adult Learning Services sit on the Learning and Skills Council Regional Planning Group. However, the ongoing regionalisation of the LSC raises a number of concerns, particularly around:

- the responsiveness of a regional organisation to local need;
- the potential absence of local knowledge;
- the mechanisms behind any regional:local interface; and, fundamentally,
- the purpose the Learning and Skills Council serves.

Essex's Area Planning Groups (APGs) bring together schools, further education colleges, the Connexions service and work-based learning providers and have detailed knowledge of the local skills profile. Adult Community Learning is an avenue through which young adults (and the post-19 cohort) can access learning opportunities. It is obvious that the East's employment and skills needs are diverse. Yet with a regional focus, the extent to which county-based structures will be able to retain control over resources and funding remains to be seen. This might not matter so much if the county was not the most obvious functional economic area given the East's paucity of urban centres suitable for 'core city' status.

If central government believes in the place shaping role of the local authority, there needs to be a recognition that strategic leadership without the appropriate resources means very little. By withholding funding, central government weakens the capacity of local authorities to fulfil their community leadership role.

In terms of options for managing the division of responsibilities, we would propose, as a minimum, to continue to develop partnership working, but it is likely that it will soon become apparent that a more radical solution will be needed. If the LSC is changed fundamentally and streamlined in response to the Review's

proposals, we suggest that the local authority should hold unified and ultimate responsibility for 14-19 education with that part of the LSC's current work on 14-19 education issues being transferred to local authorities. The local authority is best-placed to play a unifying function. Essex's LAA, which has a number of educational attainment and skills-based targets is a prime example of the local authority as convener of organisations across the public and private sectors. Our relationships with the county's universities are effective, helping develop a thread linking secondary, further and higher education. It is questionable if any other organisation is capable of performing this role as effectively.

What links need to be made between employment and skills provision, and other local services and responsibilities?

Central government's desire to see 14-19 reform framed within the wider young people's agenda self evidently chimes well with the services provided by local authorities.

The links to services such as special educational needs, looked after children, or youth offending serve to highlight the importance of providing educational and training opportunities to groups which might otherwise risk failing to gain requisite skills. Intervention, perhaps at primary age, or through family learning programmes which seek to improve the skills profile of both parents and their children are important in raising aspirations.

Essex County Council can play a key part in breaking this cycle of disadvantage, especially in areas where it is prevalent, through the Children's Trust approach and with the implementation of its Teams Around the School, Child and Community. We will continue to work with schools to raise the aspirations of children and to improve standards. We are also working with schools and other providers to be able to deliver the Government's 14-19 reforms locally and part of the Authority's Local Area Agreement is to work with target schools to reduce the number of their pupils who become NEET and thereby increase post 16 participation, as well as goals for increasing the attainment levels of looked after children.

Local authorities also have a critical role in changing patterns of schools, and offering choice in the provision of school places – thereby helping to regenerate areas and improve local communities. This wider enabler role is one local authorities are particularly well-suited to undertaking.

Although the review expresses concern about and actions for 14-19 education and training in passing, the remit of the Review was to focus on adult skills because over 70% of the 2020 workforce have already completed compulsory education. By addressing adult skills, Leitch recognises the acquisition of suitable

skills is a life-long challenge. Through schools and associated provision, local authorities address the education and skills needs of the child and adolescent demographic. Local authority Adult Community Learning provision has a key role to play in embedding a culture of learning in the post-18 cohort by increasing awareness of the value of skills to those people outside of compulsory education. By working in partnership with community organisations and schools ACL can access parents, families and hard to reach groups. A local programme, *50 Not Out*, delivers focussed skills training to those over 50 who might otherwise struggle to access training or find new employment.

Yet this holistic approach is often overlooked – central government and regional bodies need to be aware of the clearer linkage between services provided by social services, children’s services, adult community learning and the broader skills agenda.

What role should local authorities play in a new demand-led skills system?

Local authorities’ expertise as commissioner of services could be used in the demand-led skills system advocated by Leitch. Local knowledge is a prerequisite for the ‘identify need – audit provision – establish requirements – procure – quality assess’ commissioning process. Moreover, we are the only public body that has the community leadership capacity to act as a convenor, bringing together the public, private and voluntary sectors.

Essex County Council and the LSC have already adopted a demand-driven programme where organisations bid for post-16 provision.

The local authority has a role both as an employer and a provider to respond to employer demand and to act as a responsible employer in relation to the skills of its workforce. Realising the skills issue ranges far beyond the public sector, local authorities should act as an exemplar by committing to train employees to Level 2. In the demand-led environment there is also the opportunity to respond at both a local and county wide level to the needs of employers for skills delivery in the workplace.

If demand is for Level 2 qualifications – and there is a suggestion that this is the case locally - local authority adult community learning is a major provider of Skills for Life and has a key role in supporting other training providers and employers. The profile of Skills for Life needs to be raised as it underpins progression to first full Level 2 qualifications and beyond to the Level 3 skills Leitch advocates.

What role should local authorities play in the proposed Employment and Skills Boards, to ensure skills and employment issues are properly linked to wider work on economic prosperity and development?

If talk of place shaping and community leadership means anything, local authorities should chair the proposed Employment and Skills Boards.

Will the proposed Boards have executive powers? If not, there is a risk that they become the archetypal bureaucratic talking shop' alluded to elsewhere in this response. It may well be difficult to convince employers of the efficacy of their involvement on such boards if they feel the Employment and Skills Boards are incapable of delivery.

If the Boards are able to make decisions on strategy and back them up with resources, it would be logical to see both employer and local authority representation given the key roles both parties should play in the provision of jobs and suitably skilled workers.

What implications for local authority funding do the Leitch recommendations or related proposals have?

The LSC's control over Train to Gain and Learner Accounts does pose a risk for adult community learning funding – insofar as it will lose core further education funding. As there appear to be no proposals to reduce 16-19 funding for school sixth forms as a consequence of the Review, that aspect of local authority funding of schools should remain unaffected.

There is, though, also concern that a focus on the youngest demographic ignores the skills requirements of those over 30 – analysis in Leitch's interim report showed the decline in the 14-19 demographic.

Local authorities currently possess the nominal authority in this area. There is a clear logic to bringing together the financial and legal responsibility as well. Even at the local level, the LSC focuses on national targets, interpreting them in a local context. This leads, for example, to a focus of effort and resources in growth areas – and while the challenges of ensuring a suitably skilled workforce in the three national growth areas that exist in Essex are important, the county has other areas with different skills profiles that also merit action.