

RESPONSE TO THE LYONS INQUIRY ON THE QUESTIONS TO STAKEHOLDERS ON THE EDDINGTON, BARKER AND LEITCH REPORTS

Overall

Q1. Do local authorities have the powers they need to effectively undertake their place-shaping role, particularly with regard to pursuing economic prosperity?

A1. No. In the Council's earlier responses (14 March and 14 September 2006) to the Lyons Inquiry, and in the Council's response to the Government on the powers for the Greater London Authority, the Council made it clear that that county councils, as directly elected strategic authorities should be given equivalent powers the Government has now agreed for London.

Q2. 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?

A2. In the South East in particular, giving such powers to the Home Counties (which are large counties), would recognise the interrelationship between London and the rest of the South East. It would also recognise the importance of the economic contribution of those counties beyond the capital, which by no means is all linked to London, nor common across the South East.

Q3. 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?

A3. First, as stated in the Council's previous responses, it is important to put these issues in a broader civic context. If Surrey, for instance, is to continue to generate funds for the Government to re-allocate to less successful parts of the country, then Surrey needs to continue to be successful, competing not with other regions in the UK, but internationally. That success to a significant degree depends on its being a good place in which to do business and to live, which requires high quality, more coherent, local government and public services. They in turn depend on greater local determination and on a better funding base to meet distinctive local needs (which is more about sustaining success than the national urban regeneration template applied by the Government). Yet for quite a while, and probably into the future, the reverse has been the case, with poorer funding accompanied by greater and inappropriate central prescription. This is not sustainable for Surrey nor for England.

Second the term ‘place-shaping’ does not obviously capture the role of county councils in ‘people shaping’ – learning and development, and the protection of the vulnerable - which accounts for about three-quarters of our expenditure. In urban boroughs and districts these may be concentrated in particular areas, but in shire areas they tend to be more dispersed, (to counties’ disadvantage in grant terms). The growing numbers of those needing adult care (as distinct from elderly care) have yet to be recognised by the Government, though the level of funding for place shaping such as infrastructure in the South East is also woefully inadequate.

Eddington Transport Study

Q4. Governance:

- *Can local authorities work effectively in partnership to deliver transport outcomes or are new/reformed institutions necessary?*
- *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?*
- *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?*
- *How could local government make use of any new bus powers in line with its broader role in promoting economic development?*

Q5. Convening

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

Q6. Funding

- *How could current funding arrangements best be reformed to support cost effective and appropriate spending and investment decisions at sub-national level?*
- *What transport funding sources are most appropriately managed by local bodies? What would be the most appropriate incentives to encourage the adoption of demand management options at a local level?*
- *Local authorities currently retain the revenues from local road pricing schemes. How might further developments in this area affect the use of those revenues?*

A4-6. Surrey is at the centre of all three economic priorities identified by Eddington: congested city catchments, key inter-urban corridors, and key international gateways. Whilst the Government has recognised the need to invest in the A3 (the Hindhead Tunnel) as a Trans-European Network (TEN) route, it has done so by using the regional rather than national funding allocation, at the expense of most other regional projects. Surrey has a good rail network which with a number of improvements could offer opportunities for modal shift. However the franchises emphasise its role as a London commuter network. The Government has yet to agree Airtrack (a relatively inexpensive rail proposal which would enable direct access to Heathrow from the South and West of England) despite its having one of the best cost-benefit and payback ratios of any rail scheme. The Council has developed a number of Quality Bus agreements, but this is a slow process. The proximity to London has meant that price inflation in the sector has been high, leaving the Council facing major rising budgetary demands to maintain the network.

Surrey County Council has already set up an Transport Co-ordination Centre and wishes to become a transport authority akin to Transport for London, and is appointing a new Head of Integrated Transport and setting up a Transport for Surrey project. The Council has already developed some demand management services (though regional funding for one is coming to an end) and is also pioneering a sophisticated school bus project ('Pegasus'). The Council sees the proposals set out by the Government in *Putting Passengers First* as a welcome first step to better bus transport. By the Council would wish to see (especially now the Mayor of London is being given additional powers) more scope to influence all forms of transport, not just to provide a more co-ordinated and integrated system, but one that operated on a level playing field as between different forms of transport, and in which there were greater opportunities to exert pressure to keep costs down.

County Councils in the South East use the regional bodies where the Government has made them the mechanism for co-ordination, but we work together on a range of issues, and are perfectly capable of co-operating on our own initiative. Multi-Area Agreements could be used to ensure that other organisations – e.g. the Government and its agencies - also committed themselves, but it dispiriting to note that the Government is trying to avoid committing itself to the Implementation Plan in the South East Plan.

The Council recognises the importance of the international airports on its boundaries, but remains concerned that the environmental and surface access issues are inadequately addressed. The Council has no policy of road pricing, and given its location it is difficult to see how this could be introduced other than as part of a national scheme, though local revenue would be welcome, given the extremely low level of national grant. As indicated in the first submission to the Inquiry, the Council has the support of the Surrey Chambers of Commerce to the idea of the local fuel sales tax.

Barker Review of Land Use Planning

Q7. Governance

- *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?*
- *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?*
- *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?*

Q8. Convening

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

Q9. Funding

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

A7-9. The Government took away most of the county councils' planning powers, though in the final Act, county councils were given an advisory role regionally when it was realized that such regional plans were unlikely to be produced satisfactorily without the help and support of counties. As indicated before County Councils in the South East use the regional bodies where the Government has made them the mechanism for co-ordination, but we work together on a range of issues, and are perfectly capable of co-operating on our own initiative. Multi-Area Agreements could be used to ensure that other organisations – e.g. the Government and its agencies - also committed themselves.

Local authorities are perfectly capable of working on planning, housing and transport – we would suggest this is more of a challenge for central than local government. Aside from LAGBI, the incentives for communities or their councils to support development are fairly limited in terms of developers' contributions, especially if these are in effect largely nationalised. As work by the Policy Exchange has shown, the position in the UK where new development usually means a degradation in infrastructure and an increased tax burden, contrasts with the situation in other European countries, where development is accompanied by increased infrastructure and facilities, and lower taxes. This is highlighted in the South East where the Treasury and Nuffield studies shown that over many year there is less public investment than in other regions, despite pressure for development. Indeed the Government has been progressively redirecting grant away from the South East.

The Council would give a cautious welcome to national Statements of Strategic Objectives and an Independent Planning Commission. However such Statements would need to be subject to proper debate and consultation, and be more rigorous than current policies, and the new Commission properly independent with real powers and capabilities, and the ability to lay down requirements. Councils and local people have had to put a great deal of money and effort into Public Inquiries such as Heathrow Terminal 5 and Sizewell precisely because there were no clear national policies on transport or energy, and did not get proper outcomes because the Government could seek to avoid its obligations (as appears to be happening with the South East Plan).

In developing the Community Strategy for Surrey, the Surrey Strategic Partnership, led by the Council undertook a huge partner and public engagement exercise using scenario planning. In the resultant *Vision for Surrey in 2020* people living and working in the county made it clear that a defining characteristic of the county for them is its greenness. Despite being the most densely populated area outside any city, the Council's longstanding Green belt policy has prevented settlements coalescing, and maintained the countryside as areas of beauty and for recreation (and agriculture). A fair proposition of Surrey's landscape is not only nationally designated, but internationally too. For these reasons the Council would not support the erosion of the Green Belt as envisaged in the report, but would prefer to see fiscal incentives and infrastructure provision to make better use of urban land, providing this did not lead to urban cramming.

Leitch Review of Skills

Q10. Governance

- *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?*

Q11. Convening

- *What links need to be made between employment and skills provision, and other local services and responsibilities?*
- *What role should local authorities play in a new demand-led skills system?*
- *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?*

Q12. Funding

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

A10-12. The County Council already works closely with the Surrey Learning & Skills Council, and there are projects in both the second Local Public Service Agreement and the Local Area Agreement on education, skills and employment. The Council will be looking to work further with the LSC on 14-19 agenda (and indeed on the early 20s agenda for those who fell out of the system and not well catered for at the moment), and Learning and Development is one of the major sectoral projects to be commissioned by the County Council following its *Future of Surrey's Public Services* initiative. The Government's proposals in the Local Government White Paper for strengthening Strategic Partnerships and a new Performance Framework could be used to underpin this. In line with their strategic responsibilities for education and community strategies county councils should continue to play a leading role in working with business, in and outside Employment & Skills Board, to ensure an integrated approach to economic development and the quality of life.