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Dear Sir Michael,

THE LYONS INQUIRY –IMPLICATIONS OF EDDINGTON, BARKER & LEITCH

We attach a submission in response to your latest consultation and welcome the fact that the link has been made by Government about their interconnectivity to your overall review of Local Government. Whilst this submission is made in the name of the AGMA it has been developed in collaboration with the Economic Development agency for the conurbation, Manchester Enterprises.

As you will appreciate, much of our perspective on these issues is based on our desire to see a system of more devolution of decision making to city regions like Greater Manchester. This formed the basis of our earlier submission to you in July.

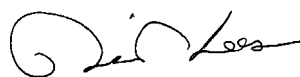
Since our earlier submission we have had the publication of the Local Government White Paper '*Strong and Prosperous Communities*'. We welcome the fact that this publication starts to address the issues of City Regions in its 4th Chapter, '*Strong Cities, Strategic Regions*' and that the issue is now being considered as part of CSR 2007 and the related sub national review. However there are some aspects of the White Paper where we think Government thinking needs further development, particularly in terms of Multi Area Agreements, and we have highlighted these in the attached submission.

We look forward to seeing the results of your deliberations on these issues. If you would like any further information on any aspects of this submission, please do not hesitate to contact us.

Yours sincerely,



Peter Smith, Leader AGMA



Richard Leese, Deputy Leader, AGMA

**THE LYONS INQUIRY – THE IMPLICATIONS OF EDDINGTON, BARKER & LEITCH
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THE LYONS INQUIRY – THE IMPLICATIONS OF EDDINGTON, BARKER & LEITCH

RESPONSE BY THE ASSOCIATION OF GREATER MANCHESTER AUTHORITIES

1 INTRODUCTION

- 1.1 AGMA welcomes the opportunity that has been provided for partners within Greater Manchester to input to the Lyons Inquiry on the implications of the Eddington, Barker and Leitch reports. It is helpful that the inquiry is looking at the three reports together. Their agendas are closely interlinked and represent priorities for local partners in Greater Manchester in terms of driving the prosperity and economic development of our city region as a whole.
- 1.2 In addition to considering the specific questions you raised against each of the three reports, we have used the “Overall” section of your consultation to set out additional views and comments relating to city region governance in its broadest sense. These are based on our earlier submission to you in July 2006 which we made in the context of advocating that in several policy areas – including those considered by Eddington, Barker and Leitch - there needs to be a city region wide approach.
- 1.3 All of our work, submissions and lobbying in this context is based around our shared vision for Greater Manchester to meet its capability of providing the only viable counterbalance to London and the South East and deliver the Government’s key objectives, set out in the Northern Way and in its Regional Economic Performance Public Service Agreement targets. Our shared belief is that whilst our joint work within Greater Manchester has had its successes, there are limits to which effective setting of priorities and taking hard decisions can be delivered without anything stronger than an encouragement by Government for there to be better collaboration by partners at a city region level.

2 OVERALL COMMENTS

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

- 2.1 The current, voluntary arrangements do not give us the necessary powers to realise our vision for the Manchester conurbation to fulfil its potential of being a globally competitive, world-class city region with a vibrant and dynamic economy delivering opportunity for all our communities.
- 2.2 Local authorities, both individually and collectively at the city-regional level, lack sufficient means of ensuring the proactive and consistent engagement of all public service providers in order to deliver a genuine ‘place shaping’ role. A new approach is needed to enable us to deliver sustained economic growth and effective social inclusion across all neighbourhoods and with all of our communities. In part this is an issue of the lack of local authority powers to require public agencies to act in response to specific needs. However, there is also a need to ensure that public agencies are empowered to respond to local need and circumstance and are capable of being held to account in respect of that response.

2.3 The governance, convening and funding of transport, planning and skills, alongside related and equally important agendas such as economic development, worklessness, housing and health, have been the subject of much discussion and active policy within Greater Manchester in recent years culminating in proposals submitted to the Secretary of State for Communities and Local Government in June 2006. These are summarised in the box below.

GREATER MANCHESTER – GOVERNANCE PROPOSALS

- an **Executive Board**, comprising the Leaders of the 10 Greater Manchester Authorities, to act as the primary agent for key services and activities for the conurbation as a whole. The Board will be established ultimately as a body corporate to enable it to act as an effective strategic authority. It will immediately act to integrate, at a strategic level, key public agencies across the conurbation and provide a clear focal point for regional agencies and Government.
- A **Business Leadership Council (BLC)**, to complement the Executive Board by developing private sector input to key issues being considered by the Board. Whereas the Board would have a wide and detailed agenda, the BLC's agenda would focus only on key issues that are of importance to the business community and the development of the economy.
- Six **Strategic Boards** which, once strategic directions have been set by the Executive, would enable action necessary to achieve agreed targets. In some cases this will be via specific delivery bodies; in others more the responsibility of individual authorities or agencies. The Boards will develop, in close consultation with key partners, models for delivering programmes of action. They will not usurp functions of existing agencies but will help provide clear and focused direction to ensure investment is geared to the real needs and opportunities of the City Region.

The 6 Strategic Boards proposed are:

- Economic Development, Skills and Worklessness
- Transport
- Strategic Planning and Housing
- Health
- Safer Communities
- The Environment

2.4 Whilst each of the policy areas for which we propose strategic boards is sufficiently important and complex to deserve the type of single agenda reviews carried out by Eddington Barker and Leitch, their interrelated nature needs a coherent and comprehensive system of governance, covering all and ensuring coordination between them. At the same time, whilst coordination and setting of policy and priorities at a national and regional level is very often essential - as is service planning and delivery at a local level - sub-regions such as Greater Manchester have unique strengths, weaknesses, opportunities and threats, which are best understood and responded to at a sub-regional level.

2.5 However, the current organisational framework within the Manchester City Region features a range of mostly voluntary networks. Partners have entered into these because of a shared recognition of a need to collaborate in order to successfully develop the City Region in a sustainable manner. The most long standing of these

is AGMA itself, but the shared understanding of the benefits of voluntary cooperation has led to a number of key developments.

2.6 Firstly, AGMA authorities have pooled their sovereignty through the creation of 3 key agencies: -

- **Manchester Enterprises**, the economic development agency for Greater Manchester, with a strategic remit to deliver economic growth and to improve the prosperity of local people. responsible for economic analysis, economic development strategy formulation and implementation, and programme management.
- **MIDAS** Manchester's Investment Agency, offering extensive - and free - packages of advice and assistance for companies that want to do business in Greater Manchester.
- **Marketing Manchester** the Tourist Board for Greater Manchester

and to invite the private sector to play a key role in leading these GM-wide organisations.

2.7 Secondly, joint delivery arrangements have already been put in place in a number of key policy areas for the conurbation, including: -

Manchester Solutions; an integrated delivery vehicle across Greater Manchester to support the growth of the local economy through the delivery of high quality services to young people, adults and businesses

Manchester Knowledge capital: a partnership of the public sector, universities and leading businesses aimed at building a highly competitive combination of knowledge assets in order to stimulate and increase business innovation from research, science and knowledge and the growth of a city-region environment which facilitates business success

The development of a coordinated project across Greater Manchester, **Making Housing Count**, which will develop a robust and comprehensive evidence base to inform the development of a coherent strategy for housing in the city Region to support the long-term economic growth of the conurbation.

Both the examples in this and the preceding paragraph illustrate that within Greater Manchester we have the ability – and the willingness – to collaborate and undertake functions which the Government envisages in the White Paper could be the responsibility of city regions.

2.8 The difficulty with current arrangements is their voluntary nature in relation to bodies whose accountability is national. Whilst there have been notable successes, there are limits to which effective setting of priorities and taking hard decisions can be delivered by this route without any duty on agencies to respond to a City Region agenda or its priorities. Even where the voluntary route is effective there is no system to formally agree delivery and scrutinise performance within key policy areas.

- 2.9 Consequently, a key element of the proposals set out in our submission to the Secretary of State on new governance arrangements for Greater Manchester, is the idea of a duty of collaboration for all public partners geared to delivering specific and agreed outcomes for which agencies are held to account. This was based around the concept of a 'Metropolitan Area Agreement', which has been translated in the White paper into proposals for Multi Area Agreements' (MAAs).
- 2.10 Whilst MAAs could represent a practical step towards the type of governance arrangements needed in Greater Manchester if accelerated economic growth is to be achieved, the White Paper envisages them as only being voluntary. This in effect will not lead us on from the position we describe in section 2.6 above. MAAs need to be accompanied by a statutory duty to collaborate (much as the White Paper advocates Local Area Agreements (LAAs) should now be) including: -
- A more flexible and responsive relationship between local partners and Government on the priority outcomes to be achieved and the enabling measures needed to achieve them
 - A delivery framework which is agreed with local partners as opposed to it being imposed by Government agencies and
 - An explicit requirement for mainstream agencies to have regard to targets agreed within MAAs
- 2.11 There are also some major lessons to be learnt from the LAA system if MAAs are to be successful:
- **Enabling Measures** –viewed as critical to achieving the stretch targets set in LAAs, yet in reality few have been supported by Government in Greater Manchester. Unless there is more positive support by Government for enabling measures – which local authorities often proposed in LAAs with a fair degree of innovation – MAAs will not succeed. For example, typical enabling measures requested and refused relating to LAA Funding Block 4 included local target setting for JobCentre Plus, data sharing between partner organisations and reinvestment of benefit savings
 - **Pooling/Alignment of Funding** – a key aim of LAAs, yet in reality there has been very little funding pooled across Greater Manchester relating to LAA Funding Block 4
 - **Accountability for Targets:** - ownership and responsibility for meeting targets has not been clearly set out in terms of relevant mainstream agencies
- 2.12 Finally, on the overall aspects of City Region Governance, there are two other issues we would wish to highlight: -

City Development Companies (CDCs)

The White Paper introduces this concept and cites Manchester Enterprises as an example. The consultation on CDC's, launched by DCLG in December, acknowledges that a "one size fits all" approach will not work and highlights the importance of building on the success of existing approaches in different cities. However the ability of CDCs to make a real difference to performance in major City Regions like Manchester will rest on their ability to add value to existing institutional structures and to focus their activities on the specific issues faced by the City Region within which they operate. The institutional framework, priority issues and

interplay between different agendas in a city like Manchester differ from those in cities such as Birmingham, Leeds and London and therefore require bespoke approaches. Our concern is that the Government appears to believe that a very diversified product – based on what they envisage CDCs as potentially doing - can be delivered through a single structure with a single set of private partners. We hope that as CDCs are developed the Government will enable us to develop our organisational structures along current lines, given the fact that these arrangements appear to have exemplar status.

Relocalisation of Business rates

It would be helpful if the Inquiry were to make recommendations in respect of funding that address both the short term and potential long-term structured change. The principle of relocalisation of the Business Rate – where this is based on clear private sector support for local investment strategies to grow the business base – is one option we have begun to consider within Greater Manchester. However this would require the type of relationship between local authorities and the private sector we envisage in our proposal for establishing a Business Leadership Council within our governance structures. We recognise that this is not likely to be a short-term measure and it is important, therefore, that the review produces options for integrated approaches. This could build upon existing initiatives such as the Local Authority Business Grown Initiative (LABGI) by introducing more ‘incentivisation’ into fiscal regimes. If, for example local authorities (collectively or individually) negotiated targets with Government on areas such as jobs and employment there would then be the opportunity, if such targets are met for more retention of resources which could be applied to areas in terms of productivity within city regions; whether this be in terms of transport schemes, growing the business base or other agreed priorities. This could, in the medium term, reinforce the argument for more radical approaches to business rates and develop private sector confidence in devolution of business rates. It would enable us to create new frameworks to promote locally determined reinvestment of revenues from a range of existing and new sources.

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?

- 2.13 The reviews all highlight the critical economic role of cities (which we take to refer to cities in their wider sense; i.e. not just the authority at the core of each city region) and the relationship they have both within their regions and the performance of the wider economy. This recognition of the particular role of cities provides further justification for a positive response to the business case we have made to Government, setting out the need for effective city-regional mechanisms and suitably tailored to the particular circumstances and economic potential of each.
- 2.14 In addition to this we would argue that there is now sufficient evidence to show that city regions have a unique capability to drive productivity and growth. However without specific governance structures focused on city regions we will not be able to create the necessary flexibility in terms of aligning the funding priorities of different agencies in order to deliver the targets and outcomes necessary for city regions like Manchester to achieve this potential.

- 2.15 Present arrangements do not enable us to take decisions or manage procurement and delivery at the most appropriate level. Our aim is to facilitate decision making to sit at the lowest level consistent with the effective management of risk. In key areas, for example transport, this requires new partnership structures that can ensure effective coordination of action at the local level and which can absorb responsibilities from central agencies to enable strategic management and development of key infrastructure including both road and rail.
- 2.16 Effective sub regional coordination and leadership through, for example, the creation of an Executive Board as proposed in our business case, will be the means by which we can achieve a genuinely strategic approach that impacts on specific places through effective action. It will provide the clear framework through which we might seek to expand the debate around financial incentives to include consideration of how, over time, we might deploy resources generated through business growth to help support the development of infrastructure.

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?

- 2.17 The Barker review emphasises the need for consultation processes associated with the new Local Development Framework to be streamlined. There is a strong argument to go beyond this and set out the basis on which Local Authorities can determine their strategies for engagement with their communities and key local stakeholders without the existing, excessive constraints imposed by nationally defined requirements and restrictions. This is a key element in which the Inquiry can help to create a new and dynamic framework within which the roles of Elected Members can be enhanced and strengthened.

3 EDDINGTON TRANSPORT STUDY

GOVERNANCE

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

- 3.1 The current governance arrangements in metropolitan areas, with a multiplicity of authorities and transport companies with no overall body looking at strategic issues, do not lend themselves to efficient planning and delivery of transport strategies, unlike those in London.
- 3.2 We believe that there is a need to create new and empowered structures to enhance delivery of an integrated transport strategy. Within the context of our overall governance proposals (set out in paragraph 2.3 above) there is a need to strengthen arrangements within Greater Manchester by devolving powers and funding decisions to enable more effective delivery of transport priorities and to integrate them with other key strategies. A key component of this includes a greater role for local authorities, in partnership with the bus operators, for specifying bus routes, frequencies and fares and in ensuring effective oversight of the heavy rail network and services and input into decisions affecting the motorway network.

- 3.3 Within the Greater Manchester proposals for governance it is proposed that a Transport Strategic Board will be established to report to the new Executive. This Board will be supported by a delivery agency – Transport for Greater Manchester (TfGM), which will be responsible for actual implementation.
- 3.4 In the long term, we envisage this Board and TfGM developing similar powers to those given to the Greater London Assembly and Transport for London (TfL) under the Greater London Assembly Act 1999. In particular these bodies would need to take on responsibility for:
- Managing the funding and funding strategy including prudential borrowing, risk management and negotiations with the financial markets and rating agencies
 - The award of contracts and the delivery of the bus network including the use and deployment of subsidies
 - Negotiating the levels of rail services in the city region including specifying the package of rail investments necessary to deliver the city region’s growth agenda
 - Managing long-term maintenance contracts
 - Delivering the procurement of major transport schemes
 - The ownership, operation and future development of the Metrolink system (with the PTE’s statutory powers transferred to it) and
 - Working with the districts as highways authorities to ensure an appropriate interface and consistent approach between major and local highways schemes.
- 3.5 However we would also want to further develop transport governance on from the London model in enabling our structures to have a degree of control over heavy rail policy and the strategic highway network. Without such integration across all modes our aspirations for fully integrating transport planning with our wider aspirations for sustainable growth within the city region will remain disjointed.

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?

- 3.6 Our proposed model requires a focus on long-term strategy and integrated solutions, both within the transport sector and also across policy agendas for economic growth, social inclusion and environmental improvement. Hence, whilst the local implications for transport strategy must always be taken into account, any future city region wide transport governance system will need to be structured to ensure that decisions can be made against the broader sub-regional context.
- 3.7 As explained in paragraphs 2.9 – 2.11 of this submission, to support this, we have developed a proposed “duty of collaboration”, supported through legislation which would be embodied in a Multi Area Agreement. Whilst, informally, we understand that the Government is envisaging MAAs as being economic development based, their interpretation of economic development seems wide and, we would argue, should include transport. In transport terms, we could develop a series of

commitments, both between partners and with Government, to outcomes across transport corridors, which would aggregate into the MAA. The principle is that we would want to see, within transport aspects of an MAA hard edged delivery mechanisms capable of effective implementation and the integration of investment across the conurbation.

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?

- 3.8 As discussed above it is critical that any consideration of powers, roles and functions is carried out in an integrated way in order to ensure that transport strategy is aligned with and consistent with sub-regional spatial and economic planning. The linkages between transport policy and all other city region policy areas are undeniable, as transport ultimately acts as a vehicle for delivering against all economic, social and environmental agendas.
- 3.9 If there is to be truly effective local decision making across the range of critical infrastructure and service issues which underpin the delivery of sustainable growth in the major conurbations, such as transport, we need to go beyond the conclusions in the Eddington review with regard to buses. We need to develop an effective mechanism to deliver integrated strategies incorporating all forms of public transport (including heavy rail) and involvement in all aspects of the highway network. This is entirely consistent with the promotion of effective integration of spatial and economic planning (as argued by Barker) and the delivery of key transport, economic and environmental outcomes (including congestion relief, sustainable employment growth and reductions in the carbon footprint of the city region).

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

- 3.10 In responding to this specific question we first want to make clear that our aspirations in terms of city region governance on transport matters goes beyond buses. As set out in paragraphs 3.4 - 3.5 above there is a case for much more integrated control, including both heavy rail and the strategic highway network if transport is to fully contribute and support sustainable economic development within city regions.
- 3.11 The local bus network accounts for approximately 80% of all public transport journeys in Greater Manchester. Hence, it provides a crucial contribution to the city region economy – linking areas of need with sources of opportunity and, where quality has been achieved, offering an alternative to travel by car. The fact that the Eddington report supports this view is welcomed, as are the consequent recommendations for regulatory changes to deliver the most appropriate bus product for local economic needs and “*to ensure that it delivers in the interests of users.*” (para 1.163).
- 3.12 Deregulation of buses has resulted in bus companies focussing on the profitable, often main arterial, daytime routes to the detriment of neighbourhood routes and evening services that are essential in social inclusion terms. We believe that by implementing the governance proposals explained in this submission, partners within the City Region will be able to ensure that the bus system is utilised in the

most effective and efficient manner and help to prevent transport acting as a barrier to social inclusion and employment. We will continue to engage with DfT to encourage the delivery of our aspirations, and those set out in the Eddington Report, through the forthcoming Local Road Transport Bill.

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?

- 3.13 The proposals contained in Greater Manchester's governance submissions would enable a strategic overview to be applied to decisions related to six linked strategic boards: economic development, skills & worklessness; transport; strategic planning & housing; health; safer communities and the environment.
- 3.14 However local authorities need to ensure that the development of local transport strategies is effectively integrated with wider land use and regeneration strategies at an appropriate spatial level. At present there is no statutory requirement for a strategic land use planning function at the city region level which parallels the requirement to produce a local transport plan. It is essential that these various functions are effectively aligned.
- 3.15 Within Greater Manchester the corridor partnership initiative (explained in the box below) is designed to ensure this alignment at a corridor level. The intention will be to develop appropriate elements of a multi – area agreement at this level.

TRANSPORT CORRIDOR PARTNERSHIPS

Corridor partnerships are seen within Greater Manchester as the vehicle to ensure delivery of transport objectives for the conurbation at both a strategic and local authority level; but more importantly at the community level in accordance with the Government's "double devolution" principle. Within Greater Manchester we envisage a network of 15 such partnerships operating across the conurbation of which 4 have been identified as a priority for early action.

At the community level, these partnerships will be the mechanism for integrated planning and resources expenditure to deliver a set of agreed and shared outcomes, aligning the corporate planning and priorities of public and private sectors. Membership will be drawn from those parties required to work together to deliver agreed outcomes, including the constituent districts, the business community and other key agencies and stakeholders (including the transport operators).

The Partnerships will be underpinned by a sharing of risk across all parties and shared outcomes, to be set out in an agreement or memorandum of understanding to which all parties will sign up. This would take the form of a commitment between each Partnership in return for which Government would be asked to commit the necessary resources from the Transport Innovations Fund to enable the priority major transport schemes within the corridor to be delivered.

FUNDING

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

- 3.16 The next review of Regional Funding Allocations (RFA) needs to take into account explicit regional priorities identified either through the Regional Spatial Strategy process, or other processes which have prioritised regional problems and issues. The eventually agreed investment programme needs to explicitly address these priorities and also include rail schemes. These are currently excluded from the process completely, which prevents any regional decisions on transport infrastructure priorities from being fully integrated.
- 3.17 More specifically, and as an illustration of how the RFA process currently operates outside regional priorities, the current arrangements make no allowance for the economic importance of the city regions. The criteria for assessing priorities needs to reflect some of the economic realities about the contributions city regions can and will make in terms of economic competitiveness and where success will be dependent in part on the provision of an appropriate and sustainable transport system.
- 3.18 There is also a lack of consistency across the approaches taken by Regional Development Agencies with regard to transport investment. In our view their role should be one of commenting to Government on how RFA recommendations align with Regional Economic Strategies, but the dual system of seeking RFA agreement via both Regional assemblies and RDA boards is not a clear or accountable model of regional governance.
- 3.19 It will also be important to reform the current approach to capital and revenue investment to ensure that infrastructure can be maintained effectively and that complementary measures, requiring revenue funding, can be implemented alongside capital investment. An ability for local authorities outside London to raise resources for local public transport schemes (which have been identified as being essential for sustainable economic growth) through innovative means would also help to deliver investment of local priority.
- 3.20 In this respect our aspiration for Transport Investment Fund resources is that these should not be viewed simply as a capital grant. Our priority is to use TIF in a creative way in order to maximise leverage. We will be seeking to generate a long term income stream against which we can borrow; replicating the longer term funding deal, which Government has agreed with TfL. This has allowed TfL to access prudential borrowing as a source of finance for its investment programme, based on permission to borrow against a forward funding stream provided by the Department for Transport (DfT). This is not simply a means to generate more investment but also a more efficient way for DfT to manage its limited resources over a period of time.
- 3.21 A single pot approach to agreed overall strategic outcomes and a 5 year funding settlement would allow both the necessary flexibility and security of funding to implement medium-long term activities to deliver accelerated economic growth.

3.22 Finally, whilst welcoming the Eddington study's support for "*sustained investment on improving the performance of existing transport networks*", there is a need for a significant increase in total transport investment if we are to achieve the scale of sustainable economic growth projected for Greater Manchester and the UK's other principle city regions. We believe that our proposals for the establishment of new local funding opportunities could provide an important contribution to a larger overall funding resource for our city region's transport infrastructure.

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?

3.23 We believe that most transport allocations are best located at the city region level. However, we have identified a significant shortfall between the level of resource available under the entire Regional Funding Allocation and the scale of investment required to secure a local transport network that can effectively underpin the scale of economic growth envisaged for our city region over the next 15 years. This shortfall is unlikely to be met in full with Transport Innovation Fund (TIF) resources alone.

3.24 We are keen to engage further with the Lyons' Inquiry to investigate the potential of all additional funding solutions to this shortfall, including options for prudential borrowing and the capture of infrastructure related land value increases. The use of prudential borrowing, utilising transport related revenues, is currently almost impossible to structure given the current 'Minimum Revenue Provision' accounting rules. We understand that the Department for Transport and the Treasury are sympathetic to the issue and we would be keen to contribute in finding a solution.

3.25 One option we are keen to explore is the potential for the hypothecation of a proportion of income from the growth in business rates to support transport development.

3.26 On congestion charging, AGMA has identified four key pre-requisites to be satisfied in advance of the advent of any hard-edged transport demand management options:

- There must be significant investment in public transport improvements, including Metrolink, and enhanced capacity in place prior to introducing any scheme;
- The scheme must complement the competitiveness and inclusion priorities of the sub-region and not undermine the competitiveness of the regional centre or the town centres in the area;
- The scheme must be widely accepted, not only by the public, but by the business community; and
- The scheme must be relevant to where congestion exists or where it may emerge in the future notwithstanding the advent of public transport improvements.

3.27 We also believe that effective local control of local bus services is an essential pre-requisite, so as to ensure that there is no perverse commercial incentive to react to any potential local road-pricing scheme with increased bus fares. This would also be a critical factor in ensuring that the appropriate bus network quantity and quality can be secured in advance – there is little evidence that the current deregulated,

commercial bus industry is appropriately structured to provide such a response effectively.

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

- 3.28 The current legislation provides for the retention of road pricing revenues for up to 10 years. We do not believe that this will provide sufficient future revenue profile for authorities to effectively borrow against. In our view a considerably longer period of time would be necessary to enable a suitable scale of borrowing. In addition, it is essential for local authorities to retain full local discretion over the allocation of local pricing revenues. We would also argue that there needs to be greater flexibility so that arrangements can be negotiated with individual areas within a scheme in order to suit their particular circumstances.
- 3.29 Finally, with the Government's desire to introduce a national charging scheme within 10 years, it will be important to identify the impact of this on any local hypothecation of local scheme revenues. We would want to see local schemes remaining local to allow for better local planning of transport schemes and a continuity of revenues.

4 BARKER REVIEW OF LAND USE PLANNING

GOVERNANCE

What specific measures are needed to ensure that local planning authorities have appropriate flexibility over issues of solely local impact?

- 4.1 We recognise the need to have an up to date and 'flexible' planning system to provide the spatial focus to underpin other strategies across Greater Manchester. We also recognise that communities and the development industry alike value 'certainty' but there is a tension between achieving both flexibility and certainty. Barker recognises this and advocates a deregulatory approach with the application of design codes, extension of permitted development rights etc. There is clearly some merit in this, however we consider that this could lead to a loss of local accountability, as it is often the more 'local' proposals, which engage local communities and, by extension, elected members.
- 4.2 There is evidence that the use of locally driven design standards can and have produced significant improvements in the quality of the built environment. It is these locally driven standards that should be built upon rather than simply relying on national standards, where there is a concern that these will be applied with little or no input from local authorities, producing variable results, or in some cases a lowering in quality compared to what has been achieved through local standards.

Are there particular implications from the Review's recommendations on the use of green belt land?

- 4.3 We welcome the need to look at the green belt as a strategic policy tool to achieve particular outcomes rather than, as has become the case, a policy objective in its own right, the protection of which is to be preserved at all costs. This is of particular

relevance within Greater Manchester given the location of one of the key economic drivers for the North West, Manchester Airport, within the green belt.

- 4.4 However as a strategic policy tool the existence of a green belt helps in terms of sustaining developer pressure for regeneration of brownfield land. This is a particularly important issue for Greater Manchester where many brownfield sites sit in deprived areas of the conurbation that would benefit from development and employment creation.

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?

- 4.5 Spatial planning needs to be aligned and integrated with - and to positively respond to - respond to clear and widely recognised regional and sub regional priorities. We believe that we have developed these priorities within Greater Manchester but the current spatial planning system does not always reflect them.
- 4.6 The regional level is not always an effective spatial scale because – at least in the North West - it is an administrative construct that does not necessarily reflect how places operate or inter-relate. Consequently it is not always helpful as a general aid to local authorities in their ‘place making’ duties. The sub-regional level (in our context Greater Manchester) has most value, as this is the scale at which relationships are meaningful and where sensible strategic choices and priorities can be identified.
- 4.7 There is a strategic deficit in that whilst plan-making can happen at the sub regional level, the Planning & Compulsory Act 2004 gave a strategic role in this respect to shire county councils, but ignored the logic of giving a similar role to local authorities acting collectively within metropolitan areas. We would want to see legislation providing local authorities within metropolitan areas of Greater Manchester with the statutory duty to collaborate over sub regional spatial strategies; to which local development frameworks (LDFs) would need to conform.
- 4.8 Local authorities can work effectively in partnership as AGMA has already demonstrated amply. On the planning side the 10 Greater Manchester authorities are currently engaged in the preparation of a joint Waste DPD and are about to commission a Strategic Flood Risk Assessment for the City Region.
- 4.9 In our governance proposals it is proposed that a Housing and Strategic Planning strategic board would be commissioned by the Executive with the requirement to demonstrate, through a collectively owned spatial plan for Greater Manchester that certain requirements and linkages (between the delivery of the regional economic strategy spatially within the City Region) had been adequately met. This is one aspect of Greater Manchester’s plans where we intend to move in advance of any ministerial or legislative intervention.
- 4.10 It logically follows from this concept of increased collaboration at city region level that we can envisage more decisions on strategic planning being taken at a sub regional level. The role of local planning authorities in approving or rejecting planning applications would remain. What could change would be the level at which

“call in” decisions would be made. Currently, the Secretary of State may “call in” decisions but we see the opportunity – where applications are of a city region wide significance – for the powers of determination to be delegated by the Secretary of State to the Strategic Board within Greater Manchester.

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?

- 4.11 We see benefit in an Independent Planning Commission (IPC) to consider developments of national importance as long as this is carried out transparently. It is difficult however, to envisage how an IPC could operate without a national spatial framework to provide context. It will be necessary to ensure that the proposals an IPC considers are truly of strategic significance nationally and that mechanisms are established to enable local, sub regional and regional views to be heard. Whilst it is recognised that some development may be of overwhelming importance nationally, it is equally true that often this causes disproportionate harm and nuisance to a relatively small group of people. There has to be a way to ensure that these views can be expressed in order to avoid distrust and disengagement occurring at the local level.
- 4.12 As a particular example we would not support any IPC having any role in taking decisions – for example on issues where there is potential development outside the green belt - in an arena where there is no local (or sub regional) accountability. The role of local planning decisions reflecting local views within a firm plan framework must remain. Local authorities would need to be key advisors to any processes developed within an IPC. There is the opportunity to use mature local authority representative bodies, such as AGMA, to ensure greater ownership and commitment to the process of dealing with major applications and the Commission’s recommendations.

CONVENING

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

- 4.13 Joint working on planning, housing and transport has already taken place and continues to do so in Greater Manchester, with all ten local authorities recognising that the three issues listed have to be dealt with at an appropriate spatial level. In Greater Manchester this has resulted in the ten local authorities entering into voluntary arrangements to identify the spatial priorities for the City Region through production of the Manchester City Region Spatial Strategy. To support this work we have spent a lot of time assembling a common evidence base and developing a forecast model for future economic and population growth, so that we can effectively plan for future housing and transport needs. This work has informed key strategies, such as the Greater Manchester Local Transport Plan, and will form the basis of a potential Greater Manchester submission for Transport Innovation Fund resources.
- 4.14 The Manchester City Region Spatial Strategy was agreed by the AGMA authorities and was submitted to the North West Regional Assembly as a contribution to the review of Regional Spatial Strategy (RSS). It sets out the vision, key strategic

principles and critical elements of the spatial policy framework for the Manchester city region that the city region's stakeholders believe should be reflected and incorporated in RSS. The Spatial Strategy does not aim to provide a comprehensive policy framework. Instead, it focuses on the key policy areas of the economy, housing and transport which are critical to the city region's future and for which we believe a distinct sub-regional framework is required within RSS.

- 4.15 Although, as set out above, much work has been taken forward on a voluntary basis to link the planning, housing and transport agendas, the cross boundary nature of these thematic areas in planning terms mean that integrated sub regional governance arrangements are needed to arrive at the right decisions to maximise economic, social and environmental benefit from development. The governance proposals for Greater Manchester, detailed previously, envisage an Executive Board, which would ensure the integration of planning, housing and transport decisions.

FUNDING

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

- 4.16 Any relocation of business rates would clearly provide an incentive to grow the business base. Such an approach would need to be the subject of a clear strategy, endorsed by the business community. That strategy should set out those priorities that will be supported, on the basis that funding will contribute to continuing and sustainable economic growth. Such priorities may well include the creation of new public realm but might also include investment in transport infrastructure as it is clear that this is key to promoting sustained 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?

- 4.17 If additional revenues were to be retained locally (as is the case to a limited extent with Council Tax on second homes), then it would be worth developing a scheme to allow flexibility to local authorities to limit the relief on empty business properties or charge on vacant and derelict sites. This could take place where there is a sound case for applying pressure on site owners to bring properties or land into beneficial use.

5 LEITCH REVIEW OF SKILLS

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?

- 5.1 Overall, we welcome a coherent approach to the strategic management and planning of skills activity for 14-19 year olds. We certainly agree with Leitch that

Learning and Skills Councils have an important role to play and would take a leading role in the management of commissioning processes. However following the regionalisation of the Learning and Skills Council and the proposed abolition of the local councils, it becomes all the more important to create effective mechanisms, particularly in city regions such as Greater Manchester, to address the very distinctive, skills and employment issues facing each city or sub-region.

- 5.2 It is therefore very welcome that the Leitch Review recognises the need for flexibility to adapt local Employment and Skills Boards (ESB) to take account of the very different local contexts and needs. In Greater Manchester's case, it will be important for such an ESB to cover the City Region geography, the natural travel to work/labour market area. In Greater Manchester this would allow the ESB to be based on the employer-led Strategic Board for Economic Development, Skills and Worklessness (proposed as part of the proposals for future city region governance in Greater Manchester – see paragraph 2.3 above). This broader remit would recognise the strong overlap with economic development issues and also the strong employer interest in such issues and their aversion to being asked to engage with governance structures which are inefficient and result in duplication or overlap of effort.
- 5.3 However, the Leitch report makes a serious mistake in underestimating the importance of 14 to 19 education for addressing skills issues. The demand - led skills system upon which Leitch (rightly) places so much reliance for addressing skills issues is geared primarily to the one third of the LSC budget which relates to adult provision. This ignores the remaining two thirds dealing with those who are 19 or under.
- 5.4 One of the disappointments with the LSC to date has been its failure to use this budget to address skills issues in any systematic or effective way. This is not to argue for all sub-19 funding to be subordinated to local economic needs. However, there is a strong case (as Leitch acknowledges) for taking more effective action to ensure that young people are given much more up-to-date, and comprehensive advice about economic and employment trends. We would extend this to argue that 14 -19 provision, particularly (but not exclusively) the more vocational elements of FE College provision (and apprenticeships), needs to be developed. This should be both in terms of the type and volume of provision in such a way as to reflect the emerging needs of the labour market rather than (as still happens) what is most convenient for education and training providers.
- 5.5 This would mean that in a city region such as Greater Manchester, the Employment and Skills Board (within which local authorities would be key players, both as substantial employers and with their strategic leadership role) should have the responsibility for :-
- monitoring employment and skills action relating to adults,
 - overseeing the development and dissemination of effective labour market information for all age groups, (through the Connexions service and the new adult careers guidance service),
 - working with the LSC, individual local authorities and schools and colleges to ensure that there was a reasonable match (in terms of volume, content and

mode of delivery) between the provision being made available to young people and what is required (based on employer feedback) to equip them to play an effective role in the local labour market; and

- encouraging employers to engage with young people and help prepare for the world of work through meaningful work placements and mentoring, particularly to the more vulnerable.

- 5.6 This Board would then be complemented and supported by the Local Strategic Partnerships, 14-19 and other partnerships operating at local authority level which would focus on more local issues, typically leaving the more specific occupational and vocational skills issues to be addressed at the level of the natural labour market, i.e. the City Region.

CONVENING

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

- 5.7 It is sensible to link employment and skills issues together in a way that enables more effective planning and delivery arrangements to reduce worklessness. The creation of clear progression routes from unemployment into work that involves a range of local service providers is a key challenge for the new City Strategy initiative being developed in Greater Manchester. In addition to formal learning and training, greater links need to be made with other public services where there is a strong and complementary relationship with the 'client'. This includes health services, housing providers, adult learning and adult social care services etc. The objective of these links are to enhance the progression route and to support individuals to overcome specific barriers to learning and work.
- 5.8 A disappointing feature of recent years has been the repeated statements made by Government recognising the need to make more effective connections between employment and skills provision, and the repeated failure of the relevant departments and their subordinate agencies to take effective action to address this. This has left local authorities and other partners struggling through all available mechanisms to try (usually unsuccessfully) to stitch things together locally. It is therefore very welcome that the Leitch Review has seized upon this key issue.
- 5.9 Like the Review members, we would accept that past evidence suggests that expensive, institutional changes (e.g. Departmental mergers and other such surgery) are not necessarily a panacea for resolving this issue. What is required is a much firmer, and clearly articulated, transcending agenda to be adopted by central government, reinforced by a stronger role and centrally-endorsed role for local authorities and Employment and Skills Boards in holding the relevant departments and agencies to account, and in driving action but in turn being held to account for delivering stretched performance.

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

- 5.10 Local authorities have a role as enabling bodies in ensuring that local intelligence is being used to determine and focus the commissioning activities of mainstream agencies. Related to this is an important role in ensuring that the voice of other

employers is articulated clearly and effectively in each discrete labour market so that distinct local needs can be taken into account by providing institutions and also be reassessed continually by employers and individuals to provide reassurance that the analysis is still correct. Within Greater Manchester local authorities, using existing City Regional institutional structures such as Manchester Enterprises, can ensure that the needs of the labour market geography as a whole are well articulated and understood by all relevant agencies. Finally it should not be forgotten that local authorities are typically either among the largest employers in any given area or key purchasers of services. They therefore have a strong self-interest in ensuring that the education and training system delivers the skills which they require as employers or from those they commission services.

- 5.11 There is also a need for local authorities to help to redress the omission by the Leitch Review of the important role which 14 -19 provision can play in addressing skills issues and which is not amenable to solution through the Review's preferred mechanisms of Learning Accounts and Train to Gain. What the local authorities can and should do, with and through the Employment and Skills Boards, is to help to ensure that up-to-date information is secured from employers and others on future employment and skills needs so that these can be translated into the planning of school and college curricula, and the types and volumes of provision offered to young people.

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?

- 5.12 Local authorities would want to play an active role in the Employment and Skills Boards to ensure a balanced approach to building the skill level of the whole adult population as well as focusing on improving the skills and productivity of those in employment. The Boards will have responsibility for achieving the aspiration of 95% of adults with functional literacy and numeracy.
- 5.13 The role of schools will be critical in delivering this outcome and Local Authorities will need to take a leadership role in ensuring that there is a very clear focus on this activity. Resources will be critical issue, particularly in areas where the gap between current attainment of functional literacy/numeracy falls far short of the Leitch target. Resources will need to be focused on narrowing these gaps and in addressing the key drivers of poor attainment in those communities and locations where the gaps are widest.
- 5.14 Local authorities can also make an additional contribution by coordination of LAA and other budgets to reinforce and support strategies adopted by Employment and Skills Boards.

FUNDING

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

- 5.15 Leitch should make it much easier and more necessary for local authorities to work with the LSC and Jobcentre Plus in tailoring funding and initiatives to address local employment and skills issues. In this context, it would be very desirable for as much

of the LSC and JC+ funding as possible, to be made “clean”, so as to facilitate matching with available EU funds

- 5.16 Leitch is however disappointingly tentative in its comments about the Connexions service and the need to ensure that its future evolution does not result in a diminution in the quality or volume of careers advice and guidance to young people. One implication of Leitch ought therefore to be a much clearer obligation upon local authorities to ensure that the quality of such services is not only maintained, but enhanced, because in a demand - led system choices need to be informed by as good and up-to-date information as possible.
- 5.17 Finally, Leitch suggests that much of the funding for skills should be delivered through the Train2Gain programme, which is focused on employers. However community learning funds are being managed separately to this. This is a flaw, given the importance of community based learning and the need for ‘first step’ learning that leads to Level 2 qualifications and above. A key task will be to ensure that community learning is helping to develop pathways from unemployment into work and that lifelong learning issues are then picked up in the workplace through Train2Gain and with the support of the employer themselves.