

# **LYONS INQUIRY INTO LOCAL GOVERNMENT**

**Promoting economic prosperity:  
considering the implications of  
Eddington, Barker and Leitch**

**VIEWS OF THE CHIEF ECONOMIC  
DEVELOPMENT OFFICERS SOCIETY  
[CEDOS]**

**January 2007**

CEDOS is pleased to contribute its response to Sir Michael Lyons' latest consultation for the Inquiry into Local Government. It results from taking soundings from our members from across England. It includes views on the detailed questions on the implications for promoting economic prosperity of the Eddington, Barker and Leitch reports. In addition, we set out our views on the overall questions posed by Sir Michael, especially whether local authorities have the powers they need to effectively undertake their place-shaping role, particularly with regard to pursuing economic prosperity.

In relation to this, we believe the key point is not the need for additional powers but is about Government placing a clear responsibility on local authorities for exercising the existing power of economic well being. For this, we make a set of key recommendations:

- make promotion of the economy a *statutory duty* of local authorities;
- strengthen the Comprehensive Performance Assessment criteria to reflect more assessment of the economic promotion activities of Councils;
- give local authorities a defined lead role in local/sub-regional economic partnerships;
- restore the financial link between business growth and investment to enable local authorities to retain income derived from business rates;
- require key Government agencies and Regional Development Agencies to align resources with Local Area Agreements;
- give local authorities a leading role in Local Employment and Skills Boards.

We believe these are practical proposals, which will make a real difference to local government's place shaping role in achieving economic prosperity.

Linda Edworthy  
Chair of the Chief Economic Development Officers Society [CEDOS]

## **CEDOS**

1. The Chief Economic Development Officers Society [CEDOS] provides a forum for Heads of Economic Development in upper tier local authorities throughout England. Membership includes county, city and unitary Councils in non-metropolitan areas, which together represent over 47% of the population of England and provide services across over 84% of its land area. The Society carries out research, develops and disseminates best practice, and publishes reports on key issues for economic development policy and practice. Through its collective expertise, it seeks to play its full part in helping to inform and shape national and regional policies and initiatives

2. CEDOS strongly supports Sir Michael Lyons' emphasis on the place shaping role of local government and the recognition that the pursuit of economic prosperity is a key part of this role. Local authorities have a particularly crucial part to play in ensuring that partnerships that aim to shape local economies are successful. In the non-metropolitan areas of England, the strategic authorities – the County Councils and Unitary Councils have a particularly important role both within local areas and across local authority boundaries in a sub-regional context:

- they have a mandate to promote economic development as a key part of their community leadership in promoting economic, social and environmental well-being;
- the linkages between their economic promotion activities and their other service functions, in particular land-use planning, transportation and education, mean they can take a wide ranging, joined up approach to economic development;
- they have the scope and the specialist skills to tackle and take forward the big agendas;
- they have the strategic and corporate capacity to provide leadership and bring together and sustain the partnerships that are the pre-requisite of achieving and delivering successful economic development;
- as big players and good joiners, they have the influence to get other key players to the table and to use their resources to lever in match funding to maximise the ability to drive forward economic growth

3. We are pleased that the Lyons Inquiry has been given an additional period to consider the implications for local government of the Eddington Transport Study, the Barker Review of Land Use Planning and the Leitch Review of Skills. As Sir Michael points out, the issues raised by these reviews about the powers and responsibilities of local authorities, and about sub-national economic development more widely, are important ones for the future role of local government.

4. This paper presents CEDOS' views on the issues set out in the consultation paper issued on 11 December 2006. As with all our inputs to the Inquiry, the views put forward in this paper are the result of consulting with the whole CEDOS membership.

## **Overall questions for stakeholders**

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

5. The Local Government Act 2000 created a new power for principal local authorities in England and Wales to promote or improve the economic well being of their areas. In an overall sense, this provides sufficient power to enable local authorities to undertake their place-shaping role as regards pursuing economic prosperity. There are, however, some legislative issues that would benefit from re-examination. For example the legislation governing local authority controlled companies could be usefully looked at again. The current legislation [Local Government and Housing Act 1989] restricts local authority representation on a company to a maximum 20% of its directors and seems now to be overly restrictive and not in accordance with the Government's wishes for local authorities to be more entrepreneurial in the way that they approach their activities.

6. The central issue, though, is not the need for additional powers but is about Government placing a clear responsibility on local authorities for exercising the power of economic well-being. Local authorities have the power to promote economic prosperity, but there needs to be a much stronger emphasis placed on this by Government. This could be achieved by:

- making promotion of the economy *a statutory duty* [as originally proposed in the Bill preceding the 2000 Act];
- strengthening the Comprehensive Performance Assessment criteria to reflect more assessment of the economic promotion activities of Councils;
- giving local authorities a defined lead role in local/sub-regional economic partnerships.

7. The Department for Communities and Local Government's own research [Formative Evaluation of the Take-Up and Implementation of the Well Being Power - Annual Report 2006] indicates that the well being power is "*widely considered to be relatively weak and contains an uncertain message. It is therefore not given a high priority at corporate or service levels*". A statutory, monitored duty to engage in activities for the economic well being of residents will have more effect, especially if it is tied in to the Local Area Agreement [LAA] Block 4 process, the core mandatory outcomes for LAA's, the pooling of LABGI funding awarded to areas, and CPA assessment.

8. Along with the power of, and responsibility for, economic well-being, local authorities need to have enhanced ability to undertake place-shaping effectively. This requires:

- Government to devolve real responsibility to sub-regional/local areas;
- the availability of resources to implement the power of well-being;
- the removal of barriers that impede local authority economic place-shaping.

9. In a previous paper submitted to the Lyons Inquiry<sup>1</sup>, CEDOS has referred in some detail, with examples, to barriers that need removing. In addition to resource constraints, these include:

- the way resources are managed and spent by the Regional Development Agencies, often channelled through the equally unaccountable sub-regional

---

<sup>1</sup> *Barriers to the effective delivery of sub-national economic development and regeneration.*  
CEDOS October 2006

partnerships that many RDAs have set up to deliver their agendas, are governed by over-complex bureaucracies and decision making which handicap progress;

- too much filtering of funding through too many layers of bureaucracy that inhibits the 'local solutions for local problems' approach and runs counter to the principles of localism and Local Area Agreements – something that surely needs investigation by the National Audit Office/Audit Commission;
- changes in planning legislation and the creation of Regional Spatial Strategies and Local Development Frameworks [LDFs] have the potential to militate against economic development at the sub-national level. With the focus now on LDF's, there is very real potential for a lack of strategic planning in relation to employment and business land allocations in particular, as there may be, inevitably, a reluctance on the part of one authority to plan within its LDF for the requirements to accommodate the needs of another LDF authority.
- too many partnership requirements imposed upon local authorities, leading to an over-complex partnership landscape and, frequently, partnership overload and fatigue;
- too many staff resources taken up by time consuming and uncertain competitive and other bidding processes;
- having to 'jump through too many different hoops' to gain access to different funding streams with different application processes, criteria and performance monitoring arrangements;
- too often, RDA and other externally funded programmes are output driven to match the funder's own targets at the expense of other outcomes that could be more worthwhile;
- decision-making on many strategic issues is too remote and may not take into account the special circumstances that apply to a locality;
- the potential for too much emphasis on meeting national priorities and targets in Local Area Agreements and not enough progress on securing real freedoms and flexibilities.

### **Devolving real responsibility to sub-regional/local areas**

10. There is a need for real devolution of responsibility for economic development based on the principles of democracy and subsidiarity. Government rightly has the responsibility for economic affairs at national level. At the sub-national level, this should rest primarily with sub-regional/local partnerships. Local authorities should be given a clear responsibility and accountability for taking the lead role in sub-regional/local partnerships so as to provide the necessary accountability, accompanied by the necessary freedoms, flexibilities and resources.

11. Local authorities, as democratically accountable bodies, are uniquely placed to bring together both the services which they run and the other agency interventions often funded by Government, and apply resources in a locally responsive and connected way. Because of the variety and complexity of local economic circumstances, local authorities have experience of setting up and leading joint

working and partnership arrangements at a range of spatial levels, which can often overlap the boundaries of individual authorities [e.g. Local Area and Multi Area Agreements].

12. A defined local authority lead role in partnerships could reduce the conflicts inherent in a range of partners coming together to tackle problems at the local level. Sometimes there is an unwillingness of partners to bend funding and priorities to meet local needs. Certainly, looking up to the regional level, it is local organizations that have to convince regionally or nationally funded and targeted organizations to commit to their areas rather than the other way round. A change to prioritising from a “local up” perspective, requiring key agencies at national and regional level to respond, could be a powerful influence on place shaping.

13. It is important that Central Government is not prescriptive with a one-size-fits-all approach to defining the appropriate spatial level for sub-regional/local partnership working. This is best decided at a local level. The appropriate spatial levels will and should vary according to differing local and sub-regional circumstances. For example, in some areas this could indicate a city-regional approach, in others a county-regional one and in some it may be defined on economic themes, sectors or clusters such as with tourism and some other specific economic corridors. What *is* important is to focus on the characteristics that make for successful partnerships and the relationships and behaviours that underpin them<sup>2</sup>. Key characteristics are vision, trust and leadership and in this context, the importance of elected local government’s lead role in convening partners is referred to in Sir Michael’s interim report. In the non-metropolitan areas of England, CEDOS believes that the County and Unitary authorities have a particularly important role to play. In 2 tier areas, whether the intention is to pursue a unitary or an enhanced 2 tier approach, County Councils should be given the lead role in economic prosperity place-shaping for the reasons set out in paragraph 2 above.

14. As well as a sub-regional approach, there is also a case for action at the regional level. However, at present, CEDOS considers that too much power rests at the regional level with unelected and regionally and sub-regionally unaccountable Regional Development Agencies. Indeed, there is growing concern that far from more devolution to the sub-regional/local level, the trend is towards a greater concentration at the regional level, exemplified by the regionalization of Business Links, to be followed by the recently announced regionalization of Learning and Skills Councils. Whilst economic development remains an option rather than an obligation the withdrawal of local authorities from this arena could be a consequence of the regionalization of decision-making. There is a need for a return to real devolution of economic development responsibilities to the sub-regional local level, with the links between action by Central Government and Local Government led partnerships being made as direct and straightforward as possible, avoiding long chains of decision-making, unnecessary sieving processes and coordinating structures.

15. Whilst the Regional Development Agencies do have a role in setting regional economic strategies and taking forward projects of strategic regional significance, it is essential that there is greater transparency in their decision making, communication with stakeholders is improved, and that their actions are made accountable within their regions.

---

<sup>2</sup> For more detail on this, see the CEDOS paper *Cross-boundary Partnership Working* [October 2006] previously submitted to the Lyons Inquiry and the CEDOS/IDeA publication *A Toolkit for Evaluating Economic Development & Regeneration Partnerships* [August 2003]

## Resources

16. To be effective, the barriers to successful sub-national delivery by local authorities and their partners identified in paragraph 9 must be removed. In particular, local authorities need to have the resources to do the job, recognising the pressures on local authority spending and the likely consequences for economic development and regeneration if it remains a non-statutory function, as well as the likely impact of reductions in EU and other sources of external funding. The introduction of LEGI and LABGI has made a start in this but we need to go further. LEGI funding needs to be made much more widely available. At the very least, LABGI needs further developing to provide greater certainty of funding and a stronger prescription for its use for economic development and regeneration purposes, perhaps focusing on its use as a resource to support the implementation of Block 4 of LAAs.

17. CEDOS believes that there is a need to do more than this. A step change is needed to provide a sound basis for effective local authority economic prosperity place-shaping. The financial link between business growth and investment needs to be restored to enable local authorities to retain income derived from business rates linked to the introduction of the new duty and backed by reference in Comprehensive Performance Assessment to joined up working on behalf of the local economy.

18. Government needs to give local authorities the leadership role for setting the agenda for the economic development and regeneration of their area and the teeth to ensure Government money works with the locally set priorities:

- As far as possible funding for Government schemes should be channelled through local authorities. For example, local authorities provide significant levels of support to rural communities and it would seem more sensible to channel funds such as the 'Access to Services' programme through them rather than Regional Development Agencies, an approach that would be consistent with Lord Haskins' proposed reforms to rural delivery<sup>3</sup>.
- Other funding opportunities should also be explored. Whilst there were lots of faults with the system, Single Regeneration Budget [SRB] type programmes gave an up-front financial reward for transforming specific areas. Good examples of successful SRBs exist – and the lessons from these could be developed further.
- Key Government Agencies [e.g. DWP, DfT, DFES, LSCs, Business Links, JobCentre Plus, Regional Development Agencies etc] should be required to have a development plan, which aligns and eventually pools resources through Local Area Agreements.

19. For Government funding, there is a need to:

- provide the scope for long-term funding for economic development and regeneration to enable continuity and a move away from short term delivery and focus on investment quality and provide confidence in commitment;
- provide for investment rather than spending programmes, providing scope for commissioning projects rather than receiving project bids – too many

---

<sup>3</sup> *Rural Delivery Review – A report on the delivery of Government policies in rural England.* Christopher Haskins. October 2003

regeneration programmes rely on creating funds to which potential developers of projects 'bid', while often projects that are really needed simply do not arrive;

- provide flexibility to allow for additional and innovative actions that would otherwise be missed.

**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?**

20. It is important that the variations in circumstances in different parts of the country and, for example, between urban and rural areas are recognized. There is a need to focus attention on both areas of opportunity and areas of need in the allocation of funding.

21. There are substantial variations between different parts of the country and between urban and rural areas, which need to be recognized. For example:

- A factor, now extending well beyond the South East, where it started, is the large variation between values of employment and housing land, where housing land fetches as much as three times the price of employment land. This has implications for planning policy, planning gain supplements, and economic policy, which tries to balance the detrimental impacts of high house prices with retention of employment land. The implications are considered by Barker and also have relevance to transport considered by Eddington.
- Restrictions on spending and the progressive disposal of council assets have had an adverse on local authority capacity to invest in premises and other infrastructure for economic development. In many areas, both urban and rural, the investment conditions are discouraging the private sector and this, and the absence of local authority investment, brings a shortage of affordable incubators and small business premises, which is suppressing business creation and growth.
- Eddington's three strategic priorities [congested cities, inter-urban corridors, and international gateways] are all about improving the better parts of our transport infrastructure. This will lead to improvements, but it is likely to result in peripheral areas being left further behind. Are there more incentives that could be offered to encourage the private sector to deliver transport services in rural areas, possibly through exceptions to state aid policies for transport? [as happens in Scotland with the CalMac ferries]. In Eddington, the emphasis is on congestion and the capacity limitations of existing routes. Within a strong national transport policy, due regard must be given to peripheral and rural areas which still lack the essential transport infrastructure to achieve economic prosperity.
- Barker Review – The introduction of a 'presumption of development' and an easing of development constraints in unsustainable out-of-town retail and business parks could threaten town centres. Any change which undermines support for the town centres in favour of out-of-town expansion would have serious consequences in areas where the main town centres are drivers of the local economy and service provision and accessible to all, but are relatively fragile in terms of vitality and viability

- The Leitch Review emphasizes the need to provide opportunity for all citizens to participate in the labour market through providing them with appropriate skills. This will require distinctive approaches and resource allocations targeted at the needs of particular areas e.g. those regions and parts of regions where there is still a strong dependence on manufacturing and traditional industries.

**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?**

22. Eddington Study – In relation to governance, there is relatively little consideration of the potential for businesses to adopt more flexible working policies e.g. home working and the transport benefits that can derive from it. Moreover, research published by the Commission for Rural Communities<sup>4</sup> has underlined the increasing significance of home-based working nationally across a range of sectors. Indeed, research in rural West Sussex<sup>5</sup> revealed the highest proportion [30%] to be in financial and business services. Although more research is needed, the trend towards home-based working, particularly in rural areas, may be indicative of the fundamentally de-centering effects of modern technology developments. Local authorities are very well placed to encourage and promote best practice in the application of flexible working policies and the development of homeworking generally, particularly through their economic development services, which interface with the business community on an ongoing basis.

23. CEDOS believes it is important that the decision making process of major infrastructure resources such as Network Rail properly take into account the views of stakeholders particularly at important gateways such as Heathrow and its surrounds. Whilst this is a national asset and access point, there are nevertheless local issues, which are also of strategic significance. In Slough<sup>6</sup>, for example, the Borough Council's views on increasing the frequency and capacity of fast rail services between Slough and London and Slough and the West were not taken into account when Network Rail set the criteria for proposed cuts. We believe that consultation with local/sub-regional interests should be carried out at the outset, not after such strategically important decisions have been taken.

**Eddington Transport Study**

**Governance**

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

24. Generally, existing institutional arrangements at the local/sub-regional level such as Passenger Transport Executives, Metropolitan Transport Executives, Local

---

<sup>4</sup> *Under the RADAR – Tracking and supporting rural home based business.* Tim Dwelly with Kath Naguire & Frances Truscott. Published by CRC July 2005

<sup>5</sup> *Home-based businesses in the south east of England.* Step Ahead Research for West Sussex Enterprise Centre, SEERA & SEEDA 2005

<sup>6</sup> Slough is the 3rd most productive town in the UK outside of London and hosts some of the UK's premier national and International companies including O2, Yell, Slough Estates, ICI, LG, Masterfoods [Mars] many of whom cite communication links as key factors in their decision making.

Transport Partnerships will probably be sufficient. Often, delivering successful transport outcomes will require joint working across administrative boundaries. Whilst some areas may need to develop new institutional arrangements, as a previous paper submitted by CEDOS to the Lyons Inquiry has shown<sup>7</sup>, the strategic local authorities have demonstrated their ability to develop and lead multi-area partnerships and there is reason to believe they be effective in doing so to deliver transport outcomes.

**What are the key behaviours required of local authorities to work in such partnerships?**

25. CEDOS has referred in some detail to the key behaviours/characteristics of successful partnerships in a previous submission to the Lyons Inquiry – see the paper on Cross-boundary partnership working.

**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?**

26. A key issue here is identifying the appropriate spatial level at which transport, planning and economic development matters are assessed. This should not be imposed centrally but is best decided at a local level. Appropriate spatial levels will and should vary according to differing local and sub-regional circumstances.

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

27. An important issue here for local government is ensuring that local transport is aligned with local labour markets and to ensure that communities are connected effectively to employment centres across the local/sub-regional area. The targeting of particular services, the development of Bus Quality Partnerships and the ability to pump prime new developments would greatly assist local government in promoting economic development. The extent to which Government re-prioritises existing subsidies and whether or not additional funding is forthcoming will clearly have a bearing upon the extent to which local government can make use of any new bus powers outlined in the draft Road Transport Bill [March 2007].

**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?**

28. Suggested approaches are:

- Engaging with the business community as in Hampshire, where the County Council set up a business led partnership some years ago. This operates a number of task groups focused on particular themes. One of these, the Hampshire Economic Partnership Transport Task Group, engages business through debate on the barriers and improvements needed to address transport infrastructure issues.
- Local Authorities should be assessed as part of CPA as to the extent of their involvement and consultation with business users.

---

<sup>7</sup> *Cross-boundary partnership working* CEDOS October 2006

- Targeting land use allocations to sustainable locations and by working with neighbouring authorities and external transport providers to promote sustainable development.
- The ability to more clearly hold operators to account for the provision of their “public” services would contribute to better overall economic outcomes.

## **Funding**

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

29. Suggestions are:

- Whilst it is necessary to have a regional approach where transport infrastructure is regionally significant, there is a need to devolve funding streams for infrastructure of more local/sub-regional significance.
- There is potential to make more use of Business Improvement Districts [BIDs] at the local level, to encourage adoption of green travel measures [e.g. staff commuting practices].
- Government also needs to ‘*think outside the box*’ by aligning e.g. e-government, broadband support, flexible working, school opening times and other soft infrastructure measures to tackle congestion with relevant resources channelled through local authorities.

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

30. A simple test should be introduced into any revision of Planning Policy Guidance Note 4 [Industrial, commercial development and small firms], which would require the local planning authority to explicitly consider the *local* economic benefit of an application. At present only its national economic significance is a material consideration, which most economically beneficial applications cannot pass.

#### **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?**

31. The successful promotion of economic prosperity can require planning decisions on strategically important developments to involve cross-boundary collaboration between local authorities. As a paper previously submitted by CEDOS to the Lyons

Inquiry has shown<sup>8</sup>, County and Unitary authorities have demonstrated their ability to develop and lead multi-area partnerships and there is reason to believe they will be effective in doing so in terms of strategic planning decisions.

**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?**

32. There is concern amongst CEDOS members at the possibility of a future 'Independent Planning Commission' being established to deal with major infrastructure projects. It would lack democratic legitimacy, be likely to result in more bureaucracy, and would result in key decisions being made centrally and effectively excluding local councils and the communities they represent, thus placing a limitation on the local authority place-shaping role.

**Convening**

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

33. As referred to above, County and Unitary authorities have demonstrated their ability to develop and lead multi-area partnerships. In addition to the examples given in the CEDOS paper Cross-Boundary Partnership Working<sup>9</sup>, the Partnership for Urban South Hampshire [PUSH] shows how multi-area planning, transport, housing and the economy can be linked in an overall strategy.

**Funding**

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

34. Suggestions are:

- The further development of the principle of the Local Authority Business Growth Initiative [LABGI] to enable a restoration of the link between business growth and investment by enabling local authorities to retain income derived from business rates, explicitly linked to a new statutory duty to promote economic well-being and backed by reference in Comprehensive Performance Assessment to joined up working on behalf of the local economy.
- Additional basic Standard Spending Assessment or specific grants would allow greater intervention for land assembly, decontamination, infrastructure provision etc.

**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?**

35. Empty property business rates relief can have two detrimental effects:

---

<sup>8</sup> *Cross-boundary partnership working* CEDOS October 2006

<sup>9</sup> *Cross-boundary partnership working* CEDOS October 2006

- it allows developers to sit on property/land, which they may regard as a long term investment and yet the land/property is regarded as allocated by the planning system – this can often lead to an overestimation of the true availability of employment land.
- the relief allows time for the developer to sit on land at little cost and then argue the case that there is no or little demand for employment land in order to gain change of use to housing [e.g. in Hampshire where the value of land as housing is up to three times that for employment land].

36. Developers/landlords should be required to demonstrate that they have made every reasonable effort to market their property if they are to be awarded relief.

## **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?**

37. Work based skills development and programmes such as ‘Train to Gain’ are quite properly based in the Learning and Skills Councils [LSCs] and Business Link. However, we are not convinced that Train to Gain has yet sufficiently proved itself. To focus resources on that particular programme may be premature. As regards the reform of Learning and Skills Councils, there is considerable opposition amongst local authorities to the announcement in the Further Education and Training Bill that local LSCs are to be abolished in favour of Regional Councils. It is likely that local areas/sub-regions will have little say or influence on the new Regional LSCs.

38. Identifying skills needs in the local community, addressing the development of vocational skills especially amongst the young, and the issues of low or poor skills amongst the workless and in deprived communities, should all be the remit of strategic local authorities as part of their economic development role. In delivering these agendas they would work with their partners in the local Employment and Skills Boards.

39. Amongst the young they are well placed to manage curricular development and already have responsibilities as Children’s Services Authorities [CSAs] for education. In this context, there is a great deal of confusion and overlap as a result of the current LSC roles in both 14-19 education and post 16 sixth form funding. There needs to be return to sixth form funding delivered via CSA’s and the 14-19 element that is school related.

40. The Leitch Review proposes that more responsibility for skills of non-employed learners should be given to Job Centre Plus. We have real concerns regarding their capacity or motivation to deliver on training. Although they are in touch with some 7 million benefit claimants, they currently act only as a reference point and clearing house. Whilst this may be seen as a route to address the needs of the individual unskilled, the issue for local authorities is the concentration of those with skills deficits in deprived communities. In many areas, arrangements to deal with communities with high levels of deprivation are already in place with local strategic

partnerships addressing the skills deficits of those communities. With this existing structure in mind and with the development of Local Area Agreements a more rational approach would be to build on the present partnership arrangements so that resources can be pooled to ensure coherent and holistic approaches can be developed to respond to local needs.

41. Given that the vast majority of learners/non learners below level 2 are not in the workplace, greater efforts should be placed on community based learning. Our view is that the emphasis and therefore resources should be placed with the learner and we are supportive of the individual learner accounts with rigorous checks and balances that appear to be working well in Scotland.

### **Convening**

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

42. A range of local authority activities impact upon the skills agenda: education, economic development, welfare to work etc. Therefore, the involvement of local authorities in plans for employment and skills at both strategic and operational levels is essential in the proposed arrangements.

43. The recent LSC consultation on Education Business links [in many cases facilitated or managed by local authorities] underlines the importance of links between employers and schools. This is reinforced in the specialised diplomas, which require a high level of work experience for learners and, consequently, a significant input from employers. In many areas, local authorities are the most important employer and they need to take their obligations to support work experience more seriously. Even more importantly, they have the opportunity to facilitate collaborations between schools on specialised diplomas and to manage or broker the necessary employer engagement through their education business links and children and young people's departments.

44. Whilst Leitch has focused on workforce skills and upskilling school leavers, he gives little if any response to the need identified by many employers for the development of the softer skills associated with work readiness and employability amongst school leavers. Employers identify this as a cultural issue and look for measures to be taken much earlier than the 14 year old threshold. Many local authorities, often working through education - business links, have recognized this and have responded, often bringing to bear the resources of local employers to support this agenda and this role needs to be recognised and funded.

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

45. There will be a need to improve awareness in businesses of the skills issues and of the obligations of businesses to support the training of their employees. This will be the case particularly in areas where the economy is dominated by small enterprises. Local authorities can provide the leadership and support to local partnerships to raise awareness and the ambitions of both employers and employees, and facilitate understanding and effective decision-making on targeting of resources.

**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?**

46. Local Authorities have led the way in developing employment and skills strategies particularly for excluded or disadvantaged groups and deprived communities. With their responsibilities for youth care, delivery of Sure Start programmes, social care etc, local authorities have the experience and track record to lead multi agency partnerships which co-ordinate holistic, client centred provision of support and training. With their community leadership and strategic place-shaping role, local authorities should be the driving force behind, and given the convening role for, the Employment and Skills Boards proposed in the Leitch review.

**Funding**

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

47. If strategic responsibilities relating to 14 – 19 are truly to be discharged for the benefit of local people, the funding streams for 14-19 education should be restored to local authorities, with appropriate conditions attached regarding the partnerships to be formed with businesses, and other regional and local stakeholders.

48. Overall, the ambitious targets expressed in the Leitch review will require substantial funding to make a real difference. Our preferred approach is for local authorities to facilitate a co-ordinated approach at a sub regional level through Local Area Agreements. This would provide opportunities for greater efficiencies and more effective programmes through greater coordination and multi-agency approaches. Most Local Area Agreements have policies that relate to skills and employment issues. Involvement in the LAAs should be used as the drivers for Government to grant greater freedoms and flexibilities to its agencies and the active alignment and eventually pooling of Government Department funds in locally developed and managed partnership strategies under the LAAs. In addition, new EU funding regimes, notably ESF, ERDF Competitiveness, Co-operation and the Rural Development Programme for England all offer potential to apply to skills issues.