



**Leeds City Council's response to the Lyons Inquiry
into Local Government – Promoting economic
prosperity: considering the implications of
Eddington, Barker and Leitch**

19 January 2007

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Introduction

Leeds City Council welcomes the extension to the Lyons Inquiry and the opportunity to comment on the discussion document which seeks views on the implications for local government of the Eddington Transport Study, the Barker Review of Land Use Planning and the Leitch Review of Skills.

In delivering the many of the aspirations outlined in the three documents, the place shaping and convening role of local authorities will be paramount and nowhere more so than in Core Cities, such as Leeds, and our surrounding city regions.

As a founder member of the Core Cities Group, Leeds has always taken an active interest in the development of a clear understanding of the economic role and potential of England's major cities and their city regions and the nature of international competition. The City Council has played a key role in creating the conditions in which the city has flourished; becoming one of the most successful regional cities in the country. However, there is clearly the potential to do better and we have set ourselves the challenge of 'going up a league' as a city, becoming an internationally competitive city. The ability of the City Council to respond to this challenge would be greatly assisted by devolved powers which could provide the increased local control, coordination and responsiveness needed to drive up our economy and improve quality of life, social inclusion, and health and well being for all our residents.

The challenge of 'going up a league' is also in part being pursued by the City Council and the Leeds Initiative through city region collaboration. Led by Leeds City Council, the City Region Partnership has developed a City Region Development Programme which puts forward an enhanced growth scenario of 4% per annum growth in GVA per capita over the coming ten years. We are also developing governance arrangements at the city region level to align economic competitiveness policy and activity to the functioning economy; to take forward the aspirations outlined in our Development Programme and to provide an accountable body with which to develop a Multiple Area Agreement with Government

Overall

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

The degree to which effective place shaping can take place is dependent upon the ability of local authorities to effectively respond to local priorities and circumstances. The '*Leeds Business Case*' response to Rt Hon David Miliband MP and subsequently Rt Hon Ruth Kelly MP (attached at Appendix 2) included a number of proposals for greater freedoms and financial autonomy to enhance place shaping activities in the interests of economic competitiveness.

The Business Case presented the proposals grouped under five main themes:

- a) The need for greater financial autonomy and new mechanisms for place shaping investment
- b) Improving skills and employment levels
- c) Improving transport connectivity
- d) Tackling barriers to developing sustainable mixed communities
- e) Developing the functional Leeds City Region

Another key area is the ability of local authorities to influence national agencies to align their own priorities and spending programmes to local circumstances. We therefore welcome the proposals in the Local Government White Paper regarding the duty to cooperate through Local Strategic Partnerships, Sustainable Community Strategies and LAAs .

- *How do 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?*

As a member of Core Cities Group, which has over recent years helped to develop a solid evidential base for the understanding of the pivotal role of cities to the UK economy, we believe that the implications of the reviews should have differential impacts on different kinds of place. A range of reports, including 'The State of the English Cities' report, demonstrate the key role of cities as places where most economic activity takes place.

Cities matter because most economic activities are concentrated in city regions. Economic activities in city regions thus account in large part for the relative success or failure of regional economies. The overall characteristics of the national economy are also closely reflected in the sum of urban economies. (State of the English Cities, The competitive economic performance of English Cities)

In terms of the work undertaken by these three reviews, urban policy issues are to the fore. An example of this is the Eddington review, which identifies two of the three fundamental strategic economic priorities for transport as being congested and growing city catchments, and key inter-urban corridors which are showing signs of increased congestion and unreliability.

The Core Cities and London (presented as the 'Big Nine') have been shown to be the key drivers of the economy. The Core Cities Group has always viewed its relationship with London as complementary rather than competitive and has agreed a shared platform on key challenges common to all. While the parallel is not exact and would not be seen as a simple model for others to follow, Core Cities believe that the advantages of devolving real power to a city region can be shown in the London example.

We also believe that there is a need for a national spatial framework for England (developed within the context of PSA 2) which builds on and enhances the role that the Core Cities and their city-regions play in improving the competitiveness of their regions and which supports the growth of the UK economy. Such an approach to future development may also serve to relieve pressure on the capital city so that its

unique flagship role can be exploited, enabling London and the south east to attract more truly global economic drivers to the UK. A national spatial framework could also assist in testing and explaining the spatial dimension of the various policies and programmes of Government in a way which recognises the differential impact of policies on different regions and areas of England.

- *Are there any 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?*

No comments.

Eddington Transport Study

Governance

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

In common with many other cities and city regions, poor transport connectivity is the biggest constraint on our present and future economic growth. Therefore, improving transport connectivity is our biggest priority. We have developed a comprehensive and long-term solution; the 25 Year Transport Vision for the Leeds City Region (included as part of Appendix 4). Our Transport Vision articulates clearly how connectivity needs to be improved across our city region over the next 25 years to deliver a transport system which enables national, regional and local aspirations for economic growth, sustainable development, the environment and social inclusion.

This has been a highly significant development as the Transport Vision covers eleven different local authority areas grouped into four separate local transport planning partnerships (West Yorkshire LTP, South Yorkshire LTP (part), York LTP, North Yorkshire LTP (part)). These sub regional arrangements meant that before the preparation of the City Region Transport Vision, the transport agenda was not fully aligned with the functioning labour market and travel to work patterns.

The starting point for our transport vision was to assess the quality and capacity of current links across all modes of transport. Economic growth, development and regeneration plans have then been superimposed to highlight where transport currently (or will in the future) act as a barrier to delivering our wider objectives. In order for the city region to function as a 'single economic space', the strategic links both within the city region and to other city regions must meet a minimum level of capacity and quality. In our vision, the key theme is 'accessibility through connectivity'. The Vision identifies schemes we can undertake ourselves (through Local Transport Plan processes), some of which we have already initiated, along with schemes which need major support from regional and national bodies.

In terms of the delivery of future strategic transport outcomes as outlined in the Vision, some governance changes will be necessary. As referred to above, the Leeds city region geography (and hence functioning labour market and travel to work area) currently cuts across four transport planning partnerships.

Accordingly, what is proposed initially is the creation of a City Region Leaders Board (constituted as a joint committee) supported by a number of theme based Panels covering strategic agendas around, for example, transport, skills, housing and economic development. We consider that for us, the Leeds City Region Leaders Board could provide the necessary strategic oversight to transport, rather than looking to simply strengthening existing single issue PTA authorities.

- *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?*

The Leeds City Region partnership has been in existence for two years working to a concordat which has outlined a shared vision and guided collaborative activity. As referred to above, it is now entering a new phase with the establishment of a formally constituted City Region Leaders' Board supported by themed panels, which is due to be in place by April 2007. Though it is early days for these arrangements, it provides a politically accountable and publicly transparent forum for the development of city region transport (and other) priorities.

The purpose of the Board and Transport Panel will be to:

- Own the 25 year Vision for Transport in the City Region and oversee the delivery of the Vision
- Explore demand management issues through the TIF process
- Inform Local Transport Plans by providing the strategic framework
- Provide a coherent view to the Regional Transport Board and input to the Regional Transport Strategy and Regional Funding Allocations on city region transport priorities
- Provide ad hoc advice on consultations and technical work, such as the Regional Planning Assessment for the railway.
- Initiate discussions on cross boundary agreements such as ticketing, information and timetabling.

In time, it may be appropriate to consider a single PTA covering the city region, and Local Transport Plans developed on a city region basis.

- *Do the issues considered by Eddington – particularly the potential benefits of aligning transport with other policy powers – offer the best overall design for governance arrangements?*

Our approach to the development of our Leeds City Region Development Programme has allowed us to make those connections between transport and other elements of the functioning city region economy. Furthermore, the establishment of the City Region Leaders Board and the themed panels on transport, skills, housing and economic development will provide the opportunity to align transport policy and planning with other policy areas at a spatial level which reflects the functioning economic reality.

We feel it has become critical that city regions are appropriately represented on regional transport fora and should be involved in giving advice to government on productivity TIF arrangements.

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

Since the publication of the Eddington report, the Government's recent paper on bus services '*Putting Passengers First*' has given more substance to the proposals, whilst not pre-empting the details of the Draft Road Transport Bill. We are broadly supportive of its approach to permissive powers to provide a greater degree of strategic direction to bus services in the interest of overall economic development. We do not however see giving PTAs / PTEs highways powers (which is implied in that report) would necessarily deliver optimum outcomes, as decisions on traffic management arrangements on key routes in urban areas require consideration across a number of issues, of which public transport priorities are but one.

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?*

We support the approach advocated in the Eddington report that the area under the decision making control of sub national bodies should reflect the urban area's economic activity. We think that this should vest broadly at a city region level.

As an example of how such holistic thinking can be developed by city regions, we feel our Transport Vision reflects the type of approach suggested above. At a city region level we believe that our thorough approach to our Leeds City Region Development Programme has allowed us to make those connections between transport and other elements of the functioning city region economy. The transport vision is predicated on delivering accessibility through connectivity that will:

- connect all our core centres within the city region to each other
- connect our population to core centres, to employment sites, to training provision, and to leisure facilities within the city region
- connect our core centres to other city regions in the UK – most importantly Sheffield, Manchester and London
- connect our core centres to international airports and ports serving the city region.
- provide choice and ensure that the growth in demand for car travel is minimised.

In developing those proposals in the vision strategy we have worked to the following principles:

- it is **demand led**, but also identifies opportunities
- **all modes of transport** have been considered
- the proposed interventions are those most likely to achieve the objectives and offer **value for money**

- the Vision **builds on existing networks** and successes (e.g. the doubling of patronage on local rail networks over the last 10 years)
- the focus is on **strategic links** between the main urban areas and key nodes. This is underpinned by a comprehensive network of local roads and public transport
- demand management and measures to **encourage use of sustainable modes** will have a key role alongside investment in infrastructure

Funding

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

The Eddington report reflects on the need to consider the full range of policy options – across modes and making use of existing capacity as well as enhancements. This is not always possible under current transport arrangements given the ‘silo’ nature of funding dedicated to particular travel modes. We would also support the observations made in that report on the often perverse incentives created by the balance of capital and revenue funding arrangements. Eddington makes useful observations that sub national transport governance arrangements must have the right responsibilities and scope to support evolving patterns of local and regional journeys.

There are issues regarding the split of existing regional funding allocations. We can demonstrate that taking economic performance measures into account – Leeds City Region does not currently secure an appropriate share of regional transport allocation funding. For example Leeds City Region is due to receive 19% of Regional Funding Allocation for transport over 10 years despite the fact that it contains 56% of the region’s population and provides approximately 60% of the region’s GVA.

We are supportive of the findings given in Eddington and later supported in the Pre-Budget report, that the current option appraisal methodology for transport projects should be refined to allow a more accurate evaluation of economic, environmental and social impacts across a full range of options. This is an approach which the Core Cities Group has been advocating for several years.

The Eddington report views TIF as a non modal spending pot which could incentivise a cross modal approach. We would advocate a review of transport schemes of national economic significance to identify those schemes which could more appropriately be funded by productivity TIF rather than through current regional allocations, which are often over committed. It is often difficult to secure funding for transport schemes of regional significance as limited budgets are partly committed to schemes which are of national economic significance and should more appropriately be funded by productivity TIF.

Current guidelines on congestion TIF are too narrowly focused on road charging as the only way forward in terms of demand management. There should be more

flexibility for authorities to bid for other schemes where they can justify that it will address congestion effectively.

- *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?*

The underlying message in the Eddington Review that pricing mechanisms should be used across all modes as a means of better utilising networks, particularly in congested urban catchments, could have the perverse effect of pricing users off the railways back onto the roads. Regulating demand by pricing without providing alternative means of travel is not only politically unpalatable; it will also serve to stymie effective labour market operation and climate change reduction targets. Investment needs to be directed to sustainable public transport alternatives (including rail) before trying to price people out of their cars.

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

We note the intention expressed in the Pre Budget report to pursue, if practical, a national road pricing scheme within 10 years. We would welcome clarification on how that might impact upon existing local schemes and their revenue. We would also seek assurances that any money secured through a pricing mechanism was truly additional funding that could be retained by the authority(s).

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?*

Flexibility at a local level is a positive step, providing that policy approaches are supported by the necessary evidence base and resources for implementation. Given the complex nature of issues and dependencies, it may in practice be very difficult to separate out issues which have a 'solely local impact' (for example Climate change). In reality such issues may be local manifestations of wider policy drivers at a strategic level. For example, as the regional capital of Yorkshire and the Humber, transport issues in Leeds are in part addressed at a sub regional level via the Local Transport Plan (which has a West Yorkshire focus) and at a city region via the 25 Year Transport Vision for the Leeds City Region. However, at a Leeds level there are congestion issues, which cannot be resolved via local means alone.

The Barker Review perceives Green Belt policy as a constraint to economic development. Green Belt designation is a long standing planning instrument designed to help facilitate the regeneration of urban areas and prevent urban sprawl. Through consultation and public examination, their role and application have been considered and implemented. The Regional Spatial Strategy and Local Development Frameworks provide mechanisms to review Green Belt boundaries in the light of prevailing circumstances. Given Government commitments to make better use of brown field land within urban areas, Green Belts provide a means of directing investment to such areas. This is especially important in Leeds, given the 'Vision for Leeds' and Leeds City Council Corporate Plan commitments to tackle urban regeneration through 'narrowing the gap'. Without the Green Belt, one of the unique selling points of Leeds (i.e. its green environment) would be severely compromised. At a European level, many of the cities Leeds is in competition with are characterised by extensive rural hinterlands and strong policies of environmental protection. Whilst we would agree with the need to consider Green Belt designation as a strategic policy tool rather than an objective in its own right, we do feel that Green Belt designation should not be perceived so negatively.

- *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?*

Leeds is currently engaging in a series of partnerships through the Core Cities Group, the Northern Way, the Yorkshire and Humber region, the Leeds City Region, the West Yorkshire Districts – through to local neighbourhood level within the city itself. The identification of key priorities should inform the development of

appropriate approaches – the ‘critical mass’ at which these operate, should in turn, determine the spatial level at which strategic decisions are taken.

Increasingly, in this part of the world, issues relating to the economic competitiveness agenda (transport, skills, housing) are being considered at the city region level. The Leeds city region represents the true geography of our functional economy, based on extensive research on a range of indicators of the city’s economic footprint, including travel to work, housing and leisure patterns as well as the realities of business supply chains and other forms of economic interaction. The city region acts as the foundation for analysing the dynamics of the city and its surrounding environment and provides a functionally coherent unit for developing forward planning strategies. The imperative driving Leeds city region collaboration has been the attempt to address issues that transcend the traditional sub regions (North Yorkshire, West Yorkshire, South Yorkshire), such as the long term transport needs of people travelling to access jobs in Leeds (covered by West Yorkshire PTA) from York or Harrogate or Selby (which lie within another transport planning boundary).

As referred to earlier in this submission, the Leeds City Region partnership has been in existence for two years working to a concordat that outlined a shared vision and which has guided collaborative activity. It is now entering a new phase with the establishment of a formally constituted City Region Leaders’ Board supported by themed panels, which is due to be in place by April 2007. Though it is early days for these arrangements, it provides a politically accountable and publicly transparent forum for the development of city region priorities across transport, housing, skills and economic development.

- *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?*

We do see some benefits in an Independent Planning Commission to consider developments of truly national significance, providing appropriate transparency and democratic safeguards were in place. However, it is difficult to see how such a Planning Commission would operate in the absence of a national spatial framework. A national spatial framework would be needed to join up policy at a national level and enable the identification of schemes of national significance.

However, a major concern relates to the extent to which such a Planning Commission would take away local discretion and decision making on planning matters. This is clearly a fundamental issue in relation to major and potentially controversial planning applications and could run contrary to other Government commitments to engage communities in the planning process at a local level. Where a local authority has concerns over a planning application, there is a potential mismatch between its roles of place shaping and community engagement, unless that authority is empowered to ensure community engagement and the proper degree of scrutiny. Such an approach could also lead to fragmentation and further complication of the planning process. For example, recent reforms to the planning system have introduced the preparation of Regional Spatial Strategies by the

Regional Planning Bodies – what would be the relationship of the Commission to the local planning authority and the regional planning body?

Convening

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

The fundamental issue is that there are currently plethoras of overlapping and in some cases independent strategies in place covering these topic areas. Each strategy is responding to different government legislation (and processes), to different timescales and to differing performance management regimes. For example, the preparation of the Local Transport Plan falls outside the Regional Spatial Strategy and Local Development Framework process – yet is a principle means to implement and monitor transport policy and to secure the necessary funding. At a local level the preparation of the Sustainable Community Strategy, Corporate Plan and LDF Core Strategy, provide a basis to link these policy areas but to do so effectively, local authorities need to work with a wide range of agencies and partners. In order for the linkages to be effective in the long term, agreed priorities need to be determined linked to funding streams for implementation and aligned to organisational responsibilities and monitoring.

Notwithstanding the above, real efforts are being made to join up work on transport, housing, skills development and spatial planning across the Leeds city region. Our approach to city region working is based on spreading the prosperity of Leeds to the wider city region. Sustainability issues are fundamental to our approach to planning transport connectivity, which in turn is informed by our work on skills and labour market, housing and sustainable communities, sectors and clusters, and work on the location of new sites and premises for business.

For example, research into the growth of financial and business services (FBS) across the city region has highlighted amongst other issues:

- issues with intra-regional, national and international transport connectivity
- skills shortages which are now becoming evident both in terms of basic skills and higher skills in specialisms such as corporate finance, venture capital, risk management and regulation, and international business, further exacerbated by low graduate retention rates
- spatial over-concentration increasing pressure on office sites and transport infrastructure
- pressures on the housing market in the ‘golden triangle’ to the north of Leeds
- uneven levels of development of the sector across the city region

One of our aims is to spread the benefits of growth in FBS more evenly across the city region. Whilst Leeds will continue to provide the critical mass of FBS activity and continue to experience significant growth in this sector in absolute terms, the development of other centres will be supported. We recognise that our towns and cities bring different attributes and benefits; for example, York with its innovation and

science links, and Wakefield with its available supply of office sites and back-up potential.

Spreading FBS growth across the city region will:

- help capture 'second generation' investment within the city region that might otherwise locate elsewhere and reduce the amount of unnecessary 'leakage' of business services activity outside the city region
- allow greater supply chain development
- reduce the potential for overheating within the Leeds commercial property market
- create more sustainable patterns of growth, thus reducing pressures on commuting and development
- and have a catalytic effect on the city region economy

Funding

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

Despite Leeds' clear economic success (on a variety of city league tables we are doing well) there is a strong case for greater financial autonomy in order to invest in the city's infrastructure priorities in the interests of overall economic competitiveness.

Leeds has traditionally been a low spending and low taxing authority (we have the 15th lowest Council Tax in the country). But whilst this has been good value for money for Council Taxpayers, it means that we struggle to find the financial capacity to undertake major place shaping investment. Unlike many other cities Leeds has not, over the years been in receipt of significant Objective 1 and 2 funding for this type of expenditure. Additionally, Leeds has historically experienced low grant settlements compared to other Core Cities and we have not been able to capture the benefits in the uplift of business rates income which have accrued from overall economic growth in the city.

We have strongly welcomed two developments which have been very helpful in supporting the Council's contribution to the economic growth of the city. These are the relaxation of borrowing controls and the Local Authority Business Growth Incentive scheme. These have allowed us to, in the first case, make some good investment decisions where there has been a clear financial return in the future, and in the second case, for the Council to begin to reap some, albeit limited benefits, from the substantial and sustained economic growth which the City has experienced over many years.

However because of the significant pressures on our revenue budget and on council tax, we are limited in the scale of investment we can undertake and therefore some of the major infrastructure investments which we need to make are beyond our financial capacity.

Leeds City Council put forward detailed proposals on supporting local business growth in a letter to the Inquiry dated 20th July 2006. We also submitted proposals as part of our 'Leeds Business Case' response to Rt Hon David Miliband MP and subsequently Rt Hon Ruth Kelly MP. In brief, we suggest that local councils such as Leeds should be allowed to retain a proportion of the business rate yield to support investment in local infrastructure. This could be seen as an extension of the LABGI scheme but on a larger scale and with a much longer timescale. For example, retention of 10% of the Leeds business rate yield could support investment of over £300m in our infrastructure, borrowed over 25 years. We propose that this money should be ring-fenced to infrastructure developments that would be subject to the agreement of appropriate partners, in particular the business sector. The Leeds Chamber of Commerce has consulted members in the context of the Lyons Inquiry on the issue of business rates. In principle they have said:

“If relocation is to go ahead then the business community must be involved in the development of plans that would identify where the rate income would be spent. Leeds Chamber would not support relocation without involvement and representation i.e. restrictions placed on the level of business rate and a “cap” on rate rises, a process by which the local authority is accountable to the business community for the delivery of services which businesses need (a role in scrutiny might be a solution) and an increased role in local economic development and delivery”.

- *How should the empty property relief in business rates be reformed?*

Leeds supports the case for the reform of empty property relief as put forward in paragraphs 2.26 and 2.27 of the Barker Review and agrees that reform could be used to encourage early redevelopment and re-use particularly in urban areas. There appear to be two ways in which this could be approached:

- a) By reducing the empty rate allowance from the current 50% to a lower percentage. This would have the immediate effect of encouraging early redevelopment or re-use of properties subject to empty rates. Leeds would not, however, support the abolition of empty rate relief altogether; a balance needs to be struck between providing a greater incentive to redevelop or re-use properties, while not unnecessarily penalising owners who are genuinely unable to use their premises and are actively seeking to re-let or dispose of them. Perhaps a reduction in relief from 50% to 25% would be appropriate. In Leeds, many owners struggle to re-let, redevelop or dispose of their properties within the current three month exemption period. Leeds would therefore favour extending the exemption period from three to six months which would also bring it in line with council tax.

For council tax, billing authorities now have discretion over the level of empty relief they allow. However, Leeds does not believe that similar local flexibility would be appropriate for business rates. We anticipate that the smaller market would lead to distortions and disincentives if levels of empty rate relief differed markedly between adjacent council areas.

- b) The current regulations exempt certain categories of properties from empty rates, including listed buildings and industrial properties and around half of unoccupied properties in Leeds are exempt. Firstly, we consider that there is no longer any justification for listed buildings to be exempt. Indeed, in order to preserve our heritage, everything possible should be done to encourage such properties back into active use.

Secondly, whilst we accept that some industrial properties have specific uses that make their sale or re-let more difficult, we do not believe that this justifies the current blanket exemption from empty rates charges. Industrial properties that are proving difficult to re-let and are left empty for long periods contribute significantly to urban blight, and everything possible should be done to encourage their redevelopment. Our view is that exemption from empty rate charges is a significant disincentive to such redevelopment and, indeed, can encourage owners to leave such properties vacant in the hope of windfall profits as the economic climate improves. The blanket exemption for industrial properties should be withdrawn, but in order to protect areas where small industrial units are being built to assist regeneration, we would suggest that an exemption should be maintained for properties with rateable values below, say, £5,000.

- *How should a charge on vacant and derelict brown field land be introduced into the existing local land and property tax system?*

Leeds agrees with the economic and environmental arguments in favour of taxing vacant and derelict brown field land put forward in the Barker Review and we agree the best way to achieve this would be by including such land within the existing non-domestic rating framework. This would mean that a rateable value would need to be calculated for each piece of vacant land. This could be done on a flat rate basis, but it would be preferable to take account of local circumstances and the degree of contamination applying to the land. In the absence of rental evidence, capital valuations converted to net annual values might be the most appropriate way of determining rateable values, although the views of the Valuation Office Agency would need to be sought on this. Whatever method of valuation was chosen it would be important to have a “de minimis” provision to exclude small pieces of waste land. Derelict or vacant land owned by the designated persons subject to Central List assessment should also be included within local lists.

- *Would any local flexibility on such measures be desirable?*

Although local flexibility would have some advantages in allowing individual billing authorities to influence their local economies and encourage redevelopment, we believe that flexibilities, unless accompanied by a general return of rates to local control, could be counter-productive by distorting local property markets and adversely affect local development plans. On balance, we believe that if the proposals are implemented, they should be applied across the board without local discretion.

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?*

The restructure of many services within Leeds City Council, especially the creation of separate Children's and Adult Services and the development of a Local Area Agreement, means the authority and the Learning and Skills Council are readily developing closer links. The Leitch review recommendations on refocusing the LSC strengthen the commissioning process and reduce the potential for overlap or complications in delivering the 14-19 agenda within the city.

The LSC has recently undergone a restructure along regional and sub/regional lines to allow it to become significantly more responsive to local needs. Local economic development advisors are being placed within cities, providing a flexible resource for planning provision within the City. This development is useful and consideration should be given to continuity of these roles as and when the LSC is re-tasked.

It is clear that the new strategic role of the Local Authority will require the development of new structures and thus new forms of governance. Any new local approach will require the development of trusts which bring elements together to improve outcomes and progression routes. We would envisage these trusts would develop networked learning places linked to further and higher education and business partners to address skills development, family and adult learning.

Convening

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

Leeds City Council are aware of the benefits of linking employment and skills provision within the city, such as ensuring effective planning and delivery arrangements to ensure progression routes are available for all individuals. However it is also clear that the landscape of the learning and skills agenda is complex, as are the needs of individual learners.

Whilst there are clear linkages that underpin the skills agenda (namely the Local Authority, the LSC, and JobCentre Plus working together to drive the agenda forward at a local level), ensuring a life cycle approach to employment and skills provision may require different links at different times.

Tackling the needs of the long term workless in the city for example, could require links between the Local Authority, JobCentre Plus (and thus statutory involvement

through DWP), training providers, health services and housing providers. Level 2/3 learners may require strengthened links between employers, Jobcentre Plus, and training providers.

The employment and skills boards mooted in the Leitch review provide suitable vehicles for creating and maintaining these links.

Additionally, there are clear links to the schools and 14-16 agendas which will need to be strengthened as part of the pathway to increasing employment opportunities and skills levels

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

As Local Authorities develop into strategic place shaping agencies they must ensure that resources and activities are planned, focused, and relevant to the needs of the city, its economy, employers and inhabitants.

Local Authorities are key to ensuring a fully demand-led skills system. They are privy to, and generators of, a range of local (and / or sub-regional) intelligence that help to shape and focus commissioning activities. Examples include labour market information, some benefit claimant information, educational attainment levels, inward investment decisions and details, labour market activities, transport developments and planning decisions.

This does not mean they simply become management information tools. Local Authorities are well placed to intervene in the learning and skills agenda, as both large employers and strategic drivers. They must have a role in brokering or convening the potentially complex relationship between industry, learners, learning providers and long term economic strategies and growth predictions.

- *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?*

Local Authorities should play prominent roles in employment and skills boards, for the reasons indicated above. Local Authorities are uniquely placed, as both employers and strategic drivers, to act as brokers for the parties involved in the agenda. Local Authorities should also provide leadership and accountability to employment and skills boards.

Funding

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

Whilst Leitch does not recommend the devolution of budgets to cities, it does recommend that Government should 'target help where it is needed most'. We would welcome clarification on this and whether it relates to additional resources for

tackling worklessness. This clarification may not be possible until the CSR07 is approved. However as part of the CSR process we would welcome the alignment of funding streams to allow the efficient and effective utilisation of all available resources.

If additional resources are released for tackling worklessness, Leeds City Council would support a delivery model similar to that of the City Strategies, allowing a local flexible approach.

The streaming of all adult funding through the Train to Gain programme is welcomed. However provision may need to be made for large employers who have previously been unable to access the fund. In addition, further discussions will need to be had with Local Authorities who may not be Train to Gain providers and could theoretically not be able to undertake in-house training using the Train to Gain system.

Appendix One

Leeds and its City Region

Leeds

Leeds is one of the most successful regional cities in the country. It made the top three in the two most recent OMIS Britain's Best cities for business reports. It is the most important legal centre outside London and has a cluster of higher order financial and e-commerce operations. The '*State of the English Cities*' report places Leeds in the top quartile for economic performance. It is the powerhouse of the region's economy, creating 113,000 jobs over the last 20 years, representing over a quarter of all jobs created in the Yorkshire and Humber region. Private sector investment in the city demonstrates real confidence with approximately £10 billion of property investment taking place in Leeds over recent years. However, there is clearly the potential to do better and we have set ourselves the challenge of going up a league as a city, becoming an internationally competitive city. This challenge is in part being pursued by the City Council and the Leeds Initiative through city region collaboration.

Vision for Leeds 2004 to 2020

Prepared by the Leeds Initiative, the Vision for Leeds 2004 to 2020¹ is the second community strategy for Leeds. Building upon the first Vision for Leeds which was published in 1999, the strategy was developed over two years through an extensive research and consultation process. The Vision was developed from two main building blocks:

- An objective analysis of Leeds' performance over the last 6 years, against the objectives and priorities of the first Vision for Leeds 1999 to 2009, and against the performance of other cities in the UK and across mainland Europe; and
- An extensive consultation exercise that reached out to stakeholders, communities, politicians, policy makers and a range of special interest groups.

The strategy sets out an ambitious but realistic vision for the future of the city over the next 15 years. The three aims of the Vision are:

- *Going up a league as a city*, making Leeds an internationally competitive city, the best place in the country to live, work and learn, with a high quality of life for everyone.
- *Narrowing the gap* between the most disadvantaged people and communities and the rest of the city.

¹ The Leeds Initiative (2004), Vision for Leeds 2004 to 2020

- *Developing Leeds' role as the regional capital*, contributing to the national economy as a competitive European city, supported and supported by a region that is becoming increasingly prosperous.

The City has a long history of partnership working – the Leeds Initiative was formed as early as 1990 and is widely recognised as one of the most successful and innovative strategic partnerships in the country. Unlike many others, our Local Strategic Partnership is not solely focused on neighbourhood renewal, but also has a clear emphasis on improving the city's economic competitiveness.

Leeds City Region

Leeds sits at the heart of the wider Leeds city region. The Leeds city region covers all of West Yorkshire (Bradford, Calderdale, Kirklees, Leeds and Wakefield), plus Barnsley in South Yorkshire and Craven, Harrogate, Selby and York in North Yorkshire.

The work we and others have undertaken over several years has demonstrated unequivocally that the 'functional Leeds city region' economy extends well beyond the boundaries of Leeds itself and beyond the boundaries of the West Yorkshire sub region. The Leeds city region represents the 'true geography' of our functional economy, based on extensive research on a range of indicators of a city's economic footprint, including travel to work, housing and leisure patterns as well as the realities of business supply chains and other forms of economic interaction. The functional city region therefore consists of ten local authority districts and cuts across three existing sub regions.

The current city region partnership includes the ten local authorities, plus North Yorkshire County Council by virtue of their strategic role in transport and economic development. We have chosen not to just build organically on existing sub regional working arrangements as we don't believe that would meet the real economic and spatial challenges we face. We are now pursuing arrangements to formally constitute a City Region Leaders Board (as a joint committee) supported by a number of theme based Panels covering strategic agendas around, for example, transport, skills and economic development. The City Region Leaders Board will have the remit of promoting the economic well being of the city region area and will provide the political accountability and 'voice' for the Leeds city region.

Over the past two years we have been working together to develop interventions to promote the growth of this true 'functioning economic space'. As part of this work we have developed a City Region Development Programme (CRDP). The CRDP was agreed by the eleven partners in September 2006 councils and is essentially the economic plan for the city region, focussed on areas where we can add value and deliver our Vision which is to *'Develop an internationally recognised city region; to raise our economic performance; to spread prosperity across the whole of our city region, and to promote a better quality of life for all of those who live and work here.'*

Our CRDP puts forward an enhanced growth scenario of 4% per annum growth in GVA per capita over the coming ten years, creating 150,000 net additional jobs and resulting in an economy worth £67 billion (an increase of £21 billion over current GVA). This growth rate would close the productivity gap with the UK average within a ten year timescale. Whether the city region achieves this level of economic growth will ultimately depend on effective collaboration across the city region and the willingness of Government and other agencies to support the interventions contained within our Development Programme.

Leeds City Region Development Programme Priorities

To achieve 4% GVA growth, the CRDP proposes actions under three key areas:

1. Maximising the city region's key economic assets:
 - Financial and business services
 - Electronics
 - Bioscience and medical research
 - Digital and creative industries
 - Science hub and the European Spallation Source

2. Addressing underlying inhibitors:
 - Transport connectivity
 - Skills and labour market
 - Business infrastructure and support
 - Housing and sustainable communities
 - Quality of life, quality of place, culture, marketing and image

3. Developing the Leeds – Manchester – Sheffield economic core
 - Financial and business services
 - Creative and digital industries
 - University collaboration
 - Transport connectivity

Key 'Asks' Of Government

Importantly, the CRDP identifies areas where the city region partners will cooperate and work together to enhance economic growth. However, it also highlights the key 'critical asks' of Government particularly through the 2007 Comprehensive Spending Review. Specifically we ask that:

- Government supports the creation of a third science hub in the North of England, and announces its intention to bid for the location of the European Spallation Source within the UK and specifically at Burn Airfield, Selby.
- Government and regional agencies support the transport improvements outlined in the city region's 20 Year Vision for Transport.