

Promoting Economic Prosperity: Considering the Implications of Eddington, Barker and Leitch

1. Overall

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

In previous submissions to the Lyons Inquiry London Councils (formerly the Association of London Government) emphasised that London is different to the rest of the country and that this needs to be reflected in any conclusions from the Inquiry. London has unitary boroughs and a directly-elected Mayor and regional tier of government. This has important implications for many of the issues considered by the Barker, Eddington and Leitch reviews. Some powers around transport are devolved to the Mayor; the London Development Agency (LDA) reports to the Mayor of London and recent changes have been made so that the Mayor now chairs the Skills and Employment Board in London.

In relation to economic development and regeneration, London Councils believes that London boroughs and the City of London have a crucial role to play and that these activities are key to delivering “place-shaping” at a local and sub-regional level.

London Councils and Greater London Enterprise (GLE) have recently carried out some joint research¹ into how deprivation could be addressed more effectively in London through community regeneration. The research found:

- Community regeneration funding is most effective when delivered in partnership with mainstream agencies. However, the research found that some boroughs experience was that some agencies were reluctant or unable to work in partnership at a local level. Whilst good partnership work has been developed with Jobcentre Plus, engagement is patchy and developing an approach tailored to local needs difficult;
- London boroughs are playing a key role as co-ordinators of regeneration activities through their Local Strategic Partnerships (LSPs) and Local Area Agreements (LAAs). However, this role is often undermined by other new government and regional projects that are established with no reference to the LSP or borough. When applying for the LDA Opportunities Fund, for example, there is an onus on independent providers to consult with LSPs. However, LSPs have no knowledge of which bodies are applying for funding, and therefore little control over this process. Following work by London Councils and the LDA, this has been remedied to a degree in the second round of the Opportunities Fund where projects have to demonstrate that they are informed by local strategies and policies, such as those of LSPs.

¹ GLE and London Councils, *The future of community regeneration*, (forthcoming) February 2007

The report therefore makes a number of recommendations to develop local authorities' role in economic development and make local delivery more efficient and effective which London Councils believes should be considered by the Lyons Inquiry:

- Jobcentre Plus (JCP) partnership working at a local level should be encouraged and actively supported by the Department for Work and Pensions through its inclusion of JCP as a delivery partner with a 'duty to cooperate' towards LAA targets in the White Paper on Local Government;
- Commissioners of regeneration funding, such as the London Development Agency, the Learning and Skills Council and Jobcentre Plus, should be required to consult the relevant LSP before distributing funds and establishing new projects;
- Central government should take the lead on improving the co-ordination of funding by focusing on the flexibilities and structures required for regional agencies and boroughs to work together. Improving co-ordination will lead to more effective targeting of resources and better value for money;
- Any new regional or sub-regional structures that are established which will affect community regeneration - for example the new London Skills and Employment Board - should be required to develop strong links with LSPs and boroughs;
- Boroughs should have the power to eliminate duplicative schemes at local level and simplify regeneration schemes in their locality, where appropriate.

2. Eddington Transport Study

a) General

London Councils strongly supports the first recommendation of the Eddington Transport Study that: "To meet the changing needs of the UK economy, Government should focus policy and sustained investment on improving the performance of existing transport networks, in those places that are important for the UK's economic success." London Councils considers that such an approach is essential for the UK, and would mean appropriate investment in London on initiatives such as Crossrail. London is integral to the economic success of the UK and currently contributes more to the UK's public finances than it gets back.

But substantial growth in passenger usage will increasingly put a much greater strain on an already over-worked transport system in London. A study produced by a range of stakeholders in the wider South East and East of England *Commuter Flows in London and the Wider South East: 2001 to 2016/21*,² predicts a 31% increase in passenger kilometres by rail and underground by 2016. The report also predicts (under the London plan growth scenario) over 170,000 extra tube and rail commuting trips by 2016. This is

² City of London, GLA, LDA, TfL, SRA, South East England Regional Assembly, South East England Development Agency, East of England Regional Assembly, East of England Development Agency and the Association Of London Government

approximately equivalent to the total number of passengers carried throughout the entire day on the Metropolitan tube line and is an increase of 13% on 2004/05 figures. TfL envisages peak rail demand will grow by an additional 600,000 extra journeys per day (a 30% increase) by 2025. If this growth occurs without a corresponding increase in investment in the transport network, congestion and journey times will increase. London Councils is concerned that the Government proposals for Planning-gain Supplement could work against economic development in London by removing more transport funding out of the capital, which conflicts with the objectives of Eddington.

Eddington also recommends that attention should be focused on "...key international gateways that are showing signs of increasing congestion and unreliability' (Eddington Transport Study: Executive Summary, page 7). Whilst London Councils agrees with the importance of investment on key gateways (e.g. Heathrow Airport), Eddington's specific recommendations may not be the best way forward. For example, he cites the economic benefits of mixed mode operation at Heathrow but does not mention the social costs of such a measure. Instead, it may be more appropriate to fund long distance train routes. This could then replace domestic air travel in the UK and free up more capacity for international demand.

b) Governance

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

In his report, Eddington states that: "Government needs to ensure the delivery system is ready to meet future challenges, including through reform of sub-national governance arrangements and reforming the planning process for major transport projects by introducing a new independent Planning Commission to take decisions on projects of strategic importance" (Eddington Transport Study, Executive Summary, page 7). London Councils considers it important to emphasise the following in relation to this issue:

- Local authorities in London are working effectively in partnership to deliver transport improvements. This can be seen through the success in London of the partnerships set up - both on a sub regional basis (Thames Gateway, South East London etc) and on a modal basis (Bus Priority, London Cycling Network + etc).
- Any reform of sub national governance arrangements should not lead to further reduction in powers for local 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?

Local authorities need the flexibility to be able to meet their own local transport objectives. Eddington states that 'small scale and better use policies can often offer better rates of return'. In London these are the sort of schemes undertaken by the boroughs. However, the structure of funding and governance restricts London boroughs' ability to develop such smaller projects.

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?

In London, government funding for transport is provided through Transport for London (TfL). Each borough must demonstrate how its transport proposals meet the objectives of the Mayor's Transport Strategy. The Transport Strategy is linked to the Mayor's wider spatial development strategy – the London Plan. So in the capital transport is already aligned with other policy powers, and boroughs are required to act in accordance with all of the Mayor's strategies, including:

- The London Plan
- The Transport Strategy
- The Economic Development Strategy
- The Biodiversity Strategy
- The Municipal Waste Management Strategy
- The Air Quality Strategy
- The Noise Strategy
- The Cultural Strategy

The current structure may cause difficulties at a local level as boroughs are unable to take action on their local network without prior approval from TfL. Wider Mayoral policy objectives and local transport objectives do not always correspond. In this situation, the local objectives may lose out.

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

Eddington's comments and recommendations for bus powers generally refer to the current situation for bus operation and control outside London. He was interested in possible changes to promote economic development. The situation in London is different so appropriate comparisons cannot be made. However, in London it would be useful if local authorities had more influence over TfL's bus route planning process to help promote economic development locally. For example, some London boroughs are concerned that bus priority measures are restricting access to local shops and businesses. An appropriate balance must be struck between:

- Promoting bus usage;
- Ensuring the local authority meets its Network Management Duty for all traffic;
- Providing access to local businesses

c) 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?

Better use of Section 106 agreements would help link economic development to the local transport network. London currently uses Section 106 agreements relatively well in comparison with the rest of the country. Central government should consider how best to work with local authorities to improve utilisation of Section 106 agreements, though Section 106 would still require the flexibility so that each agreement is appropriate to the local area.

d) Funding

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

One way to facilitate this would be to ensure that development helps meet the cost of its impact on the surrounding transport network. The Government is currently consulting on proposals to introduce a Planning Gain Supplement to replace much of the current system of Section 106 contributions from developers. However, the PGS proposals would not necessarily ensure that the revenue was retained locally to mitigate the impact of any development. London Councils considers that a more appropriate route would be to build on the current use of Section 106 contributions. Additionally, the introduction of further standardisation to use of Section 106 would help add certainty to the process.

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 most appropriate incentives to encourage the adoption of demand management options at the local level would be the surety that revenue raised is retained at the local level and can be used to benefit the local area.

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

London Councils has been concerned about the plans by the Mayor of London to introduce a Low Emission Zone through a scheme order rather than a traffic order. As a result, TfL and the Mayor can be the only charging authority on London's roads. This then precludes any of the boroughs from setting up road pricing schemes in their local area. The Government should ensure that local authorities cannot lose their powers and ability to introduce road pricing schemes.

3. Leitch Review of Skills

a) 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?

London Councils welcomes the acknowledgement in the White Paper on Further Education that local authorities will play a strategic leadership role in ensuring the integration of 14-19 reform with the wider agenda of children and young people in the local area. At a local level the local authority should have the predominant leadership role to which the LSC then has to respond. Local authorities should be able to significantly influence how the LSC deploys its funding in securing its 16-19 entitlement.

London Councils welcomes the proposed new universal adult careers service. It will be important that any new careers service should be linked to Information, Advice and Guidance (IAG) services for young people that local authorities will commission from 2008 onwards as part of the 'Youth Matters: Next Step proposals'.

b) Convening

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

It is essential that in a demand-led skills system the Government recognises that some disadvantaged people with multiple barriers to getting employment will need support and confidence building to begin to attend training courses and become more employable. Homeless people, people with drug and alcohol addiction, some refugees, people with mental health problems, and ex-offenders, for example, may need prior support so that they can regularly attend training courses and address their skills needs. They will also need access to other support services to deal with their individual problems to improve retention rates on training courses or when entering a job. Provision of this service is particularly important in London which has a high proportion of individuals (just over 30 percent) who face two or more key barriers to work³.

Local authorities, working with the voluntary sector and other local partners, are in a good position to provide or commission this support and the Government should ensure that funding is available for the delivery of this service. Local authorities provide or commission a wide range of services that address other social problems that can affect an individual's employability. Some boroughs provide packages of support to address a range of related issues that result in social exclusion. For example, the London Borough of Barking and Dagenham is taking a whole family and preventative approach to deliver the 'Every Child Matters' agenda. Children and their parents will have access to a range of support programmes through Child Centres that links health, housing, education and employment services. The London Borough of Brent is using its Citizenship Ceremonies as an opportunity to refer unemployed people onto its language and job search programme.

Research undertaken by London Councils, Greater London Enterprise (GLE) and Greater London Authority (GLA)⁴ found that London boroughs and their LSPs have undertaken quite detailed analysis of the needs of local population in relation to employment and training (although were less well informed about employment opportunities). Local authorities and LSPs therefore have significant local knowledge about the support needs of their local population and have used this to develop evidence based strategies and policies. Boroughs and local partners need to continue to work with Learning and Skills Councils, the new adult careers service and training providers to ensure that the availability of local training provision reflects the skills and other needs of the local population.

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

³ HM Treasury, *Employment Opportunity for all: Analysing labour market trends in London*, March 2006

⁴ GLE, GLA and ALG, *Local Strategic Partnerships: Tackling Worklessness*, December 2005

Local authorities, in their local strategic leadership role with a duty to promote economic well-being, could play the following role in a demand-led skills system:

- Within the national and regional employer-led strategic and delivery framework, local authorities should work with the Learning and Skills Council, Jobcentre Plus and the Employment and Skills Board to ensure that local business needs can be addressed through these frameworks. Many local authorities and LSPs have local business networks that can input into this process;
- Disseminate information on the new system, provide referrals and undertake outreach – individuals may approach local training providers and councils about training opportunities. Local authorities can raise awareness of the new system locally and work to ensure that there is ‘no wrong door’ of entry into skills and employment provision. Local authorities can also proactively raise awareness through their own services about new opportunities and entitlements under a revised skills system to their residents e.g. through Sure Start schemes, social housing initiatives and library services etc;
- One-stop shops – many local authorities have already established or are planning one-stop shops that include training and employment provision. The one-stop shops proposed in the Leitch Review (if implemented) should build on these. For example, the London Borough of Enfield is planning a children’s centre that for 11-18 year olds will provide access to JobCentre Plus advice and support, vocational training, basic skills training as well as health services and youth offending interventions;
- Simplifying skills and employment provision in their communities – emerging research by London Councils and GLE⁵ has identified that the majority of London boroughs interviewed have mapped different funding streams and provision relating to skills and employment and other regeneration initiatives, through their LSP. The picture is often complex and disjointed. LSPs are working to try and align or pool funding to target it better and make it more relevant to the needs of their resident and business communities. There needs to be better communication and consultation between local and regional service providers (e.g. boroughs and regional development agencies) around any new initiatives for skills and employment available locally;
- London boroughs involved in the East and West London City Strategy Pilots are working to develop improved, simplified and employer-led training and employment provision across 5 to 6 boroughs. Lessons learnt from this approach should be disseminated nationally and regionally and the Government should encourage other local authorities (and their local partners) to consider joint working around employment and skills provision, through Multi-Area Agreements (MAAs) for example.

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

⁵ London Councils and GLE, The future of community regeneration (draft), February 2007

It is essential that local authorities should have a strategic input to the work of the regional Employment and Skills Boards, given that:

- Boroughs are large employers in their own right and in some boroughs, are the largest employers. London's councils employ just over 250,000 people;
- Each board will need to link its strategy closely to training and education provision for 14-19 year olds. Local authorities have statutory duties and a strategic role relating the provision for 14-19 year olds in this area;
- Boroughs are working with other agencies, such as Jobcentre Plus, the London Development Agency and the LSC to identify priorities and align funding to improve the skills and employability of their communities through Local Area Agreements and are commissioning activity through funding such as the Neighbourhood Renewal Fund (NRF).

Local authorities should be given at least one place on the Employment and Skills Board. In London, there are currently no borough representatives on the Board. However, London Councils will be working closely with the GLA to facilitate borough input into the development of an adult skills strategy for London.

Funding

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

It is difficult to identify implications at this stage, given that details around implementation of Leitch and the funding available for it have not yet been agreed.

Most local authority skills and employment activities are funded through non-mainstream provision (such as European funding, NRF monies and area-based initiatives) and the focus is on filling the gaps left by mainstream funding in their community. As stated earlier, it will be important to ensure that some disadvantaged groups are given support that may initially result in non-vocational outcomes but will make them ready to enter and succeed in mainstream training and employment provision.

Learner Support Funds are currently managed by Further Education Colleges and local authorities. Leitch is proposing that these are replaced by a new Skills Development Fund that will be managed by advisers in the new adult careers service.

4. Barker Review of Land Use Planning

General

The key themes of the Barker Review of Land Use Planning are:

- to enhance the responsiveness of the system the economic factors,
- improve the efficiency of the system to reduce costs associated with delivering desired outcomes,

- ensure that there is an appropriate use of land.

London Councils agrees that it is essential that the planning system is as efficient as possible to minimise needless delays that may stifle development and community enhancement. However, it is also important that any and all decisions occur in relation to correct democratic process and every site/planning application is assessed on its own merits.

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 recommendation on the use for green belt land?

Local authorities are currently working hard to ensure that they deliver local planning policy and guidance in accordance with their Local Development Schemes. London Boroughs need to maintain the right to develop the Local Development Framework, Statement of Community Involvement and various master and site specific plans for the present and future in wide consultation with the general public. London Councils notes that London boroughs are working hard to produce all the necessary documents, in accordance with wider regional and national planning guidance, such housing, waste and CO² reduction targets etc. Continuing support from Government, nationally and regionally, is required to assist boroughs to complete these local planning documents. Initiatives such as the proposed Planning and Housing development grant is one way to support boroughs to perform at the local level.

Within London the Mayor's London Plan is explicit in its protection of greenfield land (mostly around the outer fringe of London) from residential development. London Councils notes that England may have more greenspace than other European countries. However, such green fields particularly around and within London provide open spaces available for all to use and maintain a unique character between intensively developed central city areas, dense urban/suburban areas and parks and recreational fields. London Councils is opposed to losing any greenfields within London.

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?

For London there is already an existing culture of sub-regional and interregional partnerships to help facilitate cross-boundary planning and decision making. These include the North London Strategic Alliance, West London Alliance, Thames Gateway and South London Partnership which all look to co-ordinating planning and economic development between local authorities where appropriate. There are also other 'issue based' partnership organisations such as Western Riverside and the East, West and North London Waste Authorities which cover waste planning and disposal.

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?

Contrary to the objectives of the Planning and Compulsory Purchase Act 2004, which was intended to promote greater local community involvement in the planning process, London local authorities are about to lose further influence over their own local area as a result of the DCLG review of Mayoral planning powers. A new independent Planning Commission should not take further powers away from local planning authorities.

Convening

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

Local authorities are the ideal strategic leaders of local development and regeneration by virtue of their accountability, legitimacy, experience and local knowledge. However, a legacy of centralised funding and decision-making means that they do not always have the appropriate powers and autonomy to link these key elements (and others) together.

London Councils notes that the Mayor's London Plan is the vehicle that helps to provide the vision for London for the next 20 years. This document recognises the need to ensure that planning, housing and transport issues are interrelated to ensure development and further planning happens in a co-ordinated manner. This strategic directive is being reflected in local borough planning through the Local Development Frameworks and regionally through sub-regional partnerships and policy documents. However, there is concern that the London Plan may be too top down and not allow for sufficient local flexibility to enable local authorities to meet local objectives.

In addition to co-ordinating policies, funding reforms such as the proposed Housing and Planning Delivery Grant would go some way to strengthen the links between planning and housing. London Councils also notes that additional funding reforms such as re-localisation of business rates and tax increment financing for infrastructure, along with greater use of strategic land assembly measures would help enable local authorities to tie together the necessary strands of local development. For example, the London Borough of Barking and Dagenham is developing an asset investment vehicle to assist in this aim.

Funding

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

All London boroughs experience problems encouraging developers to complete granted planning applications. Many developers do not start building developments as soon as the planning application is granted, and may actually sell on the development. Greater incentive is needed to encourage developers to bring forward the development start and completion. Similar concerns relate to encouraging private property owners and developers to bring forward development on vacant or derelict properties. It may be that a penalty on vacant or derelict brownfield land could assist in encouraging property owners to ensure land is in productive use (i.e for housing or employment purposes).

Additionally, London boroughs are effectively using S106 to secure funding to provide for new and improve existing infrastructure to mitigate the impact of developments on communities. Boroughs should be encouraged and supported to make the best use of

the S106 process. This could include particularly the pre application charging process, which can help to achieve a reduction in planning processing times, as well as clarify the S106 contribution, should the application be approved.

In addition to S106, the government is currently consulting on proposals to introduce a Planning-gain Supplement to replace much of the current system of Section 106 contributions from developers. However, the PGS proposals would not necessarily ensure that the revenue was kept to mitigate impact of the development. London Councils considers that a more appropriate route would be to build on the current use of Section 106 contributions.

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?

On the brownfield land charge, London Councils suggests that flexibility would be necessary to ensure that developers of large sites with unavoidably lengthy build-out rates or extenuating development problems are not unduly penalised. London Councils does not want to see development discouraged, but more ways to incentives development.