



MANCHESTER
CITY COUNCIL

Lyons Inquiry into Local Government: Questions for stakeholders

January 2007

Contact officer:

Eamonn Boylan
Deputy Chief Executive (Regeneration)
Town Hall
Manchester
M60 2LA

Tel: 0161 234 3263
Fax: 0161 234 3280
email: e.boylan@manchester.gov.uk

MANCHESTER CITY COUNCIL RESPONSE TO 'QUESTIONS FOR STAKEHOLDERS'

Manchester City Council welcomes this additional opportunity to contribute to the Lyons Inquiry on the issues raised for local government by the Eddington, Barker and Leitch reviews.

You will recall our earlier submission to the Inquiry, which called for devolution to local authorities in city regions on key issues such as transport, economic development, strategic planning, health, public protection and environmental standards.

QUESTIONS FOR STAKEHOLDERS

OVERALL

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

The City Council has made clear its view, shared with all other members of the Association of Greater Manchester Authorities (AGMA), that local authorities, both individually and collectively at the city-regional level, lack sufficient means to deliver the proactive and consistent engagement of all public service providers in order to deliver a genuine 'place shaping' role. We believe that a new approach is needed to enable us to deliver sustained economic growth and effective social inclusion across all neighbourhoods and with all of our communities.

Local authority powers should be strengthened to require public agencies to act in response to specific needs and to be held to account in respect of that response.

A central proposition of the proposals set out in AGMA's submission to the Secretary of State on new governance arrangements for Greater Manchester, is a duty of collaboration for all public partners geared to delivering specific and agreed outcomes for which agencies are held to account. This extends beyond a duty on local authorities, but requires a recognition that the delivery of a 'place-centred' agenda involves a much wider partnership response to the leadership that only local authorities can provide. While the strengthening of Local Area Agreements in the White Paper is a welcome step, this must be backed up by a determination to press all key agencies to engage in the LAA process with the aim of delivering key outcomes that are relevant to a defined place.

It is also important that under circumstances where there is a clear and demonstrable case that Multi Area Agreements (MAA) can maximise economic growth, a mandatory element requiring collaboration should be

incorporated. It is essential that buy-in to this approach takes place across Government and not solely by Communities and Local Government.

Eddington and Barker both call for the enhancement of powers to promote growth in those core urban areas where this is capable of being delivered. The major cities, which contain both the greatest opportunities and concentrations of need, must be the focus for developing new approaches **to incentive based activity**. Government needs to ensure that incentives are sufficiently strong and that they are based on a sufficiently wide set of criteria to enable us to deliver on the range of outcomes critical to cities such as Manchester.

Our proposal for a new duty of collaboration would deliver significantly enhanced benefit if linked to a coherent approach to incentivised activity to improve skills, business and employment growth and connectivity. The fundamental measure of success that must drive this is the contribution such action can make to drive up productivity. In short, the more you generate the more you can capture. There is much space to better align existing funding and to work on the principle of flexible 'single pots' of funding clearly tied to targets and outcomes. We believe that this will create a much stronger focus on the core city regions which are uniquely placed to generate significant uplift in productivity and output.

In addition we believe it would be helpful if the Inquiry were to make recommendations in respect of funding that address the short term as well as potential long term structured change. We should promote strongly the principle of relocalisation of the Business Rate based on clear private sector support for local investment strategies to grow the business base. However, if this cannot be achieved in the short term, it is important that the review produces options for integrated approaches, building upon existing initiatives such as the Local Authority Business Grown Initiative (LABGI). This will enable Local Authorities to develop appropriate local schemes for investment and build up a clear track record of delivery and competence that can, in the medium term, reinforce the argument for more radical approaches to business rates and the creation of new frameworks to promote locally determined reinvestment of revenues from a range of existing and new sources.

How do the issues raised by the three reviews, and the implications of their recommendations, vary between different parts of the country and different kinds of place, for example between rural areas and major cities?

The reviews all highlight the critical economic role of cities and the relationship they have both with their city-regions and the performance of the wider economy. This recognition of the particular role of cities provides further justification for a positive response to the business cases submitted by the Core City regions which set out the need for effective city-regional mechanisms suited to the particular circumstances and economic potential of each.

Present arrangements do not enable us to take decisions or manage procurement and delivery at the most appropriate level. Our aim is to facilitate decision making to sit at the lowest level consistent with the effective management of risk. In key areas, for example transport, this requires new partnership structures that can ensure effective coordination of action at the local level and which can absorb responsibilities from central agencies to enable strategic management and development of key infrastructure including both road and rail.

Effective sub regional coordination and leadership through, for example the creation of an Executive Board as proposed in the Manchester City Region business case, will be the means by which we can achieve a genuinely strategic approach that impacts on specific places through effective action. It will provide the clear framework through which we might seek to expand the debate around financial incentives to include consideration of how, over time, we might deploy resources generated through business growth to help support the development of infrastructure.

Are there any other aspects of these reviews relevant to local authorities and to their place-shaping role that I have not identified? If so, what are they and what are their implications?

The Barker review emphasises the need for consultation processes associated with the new Local Development framework to be streamlined, we would support this. The statement of community involvement process is cumbersome and restrictive and should be reformed. There is a strong argument to go beyond this and set out the basis on which Local Authorities can determine their strategies for engagement with their communities and key local stakeholders without the existing, excessive constraints imposed by nationally defined requirements and restrictions. Existing constraints on Local Authority use of publicity, introduced to restrict inappropriate party political activity, are having the negative impact of limiting the effective ability of Councils and of Local Members to exercise effective leadership and to communicate with communities. Their roles should be reviewed.

This is a key element in which the Inquiry can help to create a new and dynamic framework within which the place-shaping and community leadership roles of Elected Members can be enhanced and strengthened.

EDDINGTON TRANSPORT STUDY

GOVERNANCE

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

The Greater Manchester authorities have a strong record on partnership working towards delivering transport outcomes. Key examples include the joint authority delivery of the Greater Manchester Local Transport Plan and the multi-agency Integrate partnership, which has brought together public and private sector partners to deliver a series of integrated transport initiatives.

Our city region business case sets out a clear framework based on the creation of an empowered Executive Board, for the development of a series of Strategic Boards that can support the Executive in developing clear and integrated strategies for economic development, transport and spatial planning.

We recognise the need for new partnership structures to support procurement and to vouchsafe delivery. We envisage a partnership structure for the city region that would be capable of managing the delivery of an integrated strategy incorporating demand management, infrastructure development and network management across the conurbation. Such a partnership could take on responsibilities for delivery of highly localised action as well as regulatory and procurement functions in respect of key infrastructure including local rail and the main highway network.

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?

Our proposed model requires a focus on long-term strategy and integrated solutions, both within the transport sector and also across policy agendas for economic growth, social inclusion and environmental improvement. Hence, whilst the local implications for transport strategy must always be taken into account, any future city region wide transport governance system will need to be structured to ensure that decisions can be made against the broader sub-regional context.

To support this, we have developed a proposed “duty of collaboration”, supported through legislation. In transport terms, this would be enshrined in a series of area agreements (commitments to outcomes) across corridors, which would aggregate into a Multi Area Agreement (MAA) both between partners and with Government. The MAA would provide the basis for articulating the city region’s achievements and would also assist in assessing key areas for action, as well as providing the basis for funding agreements and the development of appropriate delivery arrangements. We will be looking

for a sufficiently hard-edged delivery mechanism capable of effective implementation and integration of investment across the conurbation.

Do the issues not considered by Eddington – particularly the potential benefits of aligning transport with other policy powers – alter the best overall design for governance arrangements?

Yes, as discussed above. It is critical that any consideration of the powers, roles and functions is carried out in an integrated way in order to ensure that transport strategy is aligned with and consistent with sub-regional spatial and economic planning.

As discussed above, and articulated in greater detail in our earlier response to the Inquiry, the Greater Manchester authorities had identified the value of aligning policy powers and governance systems in advance of Eddington's publication. The linkages between transport policy and all other city region policy areas are undeniable, as transport ultimately acts as a vehicle for delivering against all economic, social and environmental agendas.

We also believe that if we are to really achieve effective local decision making across the range of critical infrastructure and service issues, such as transport, that underpin the delivery of sustainable growth in the major conurbations we need to go beyond the conclusions in the Eddington review with regard to buses. We need to develop an effective mechanism to deliver integrated strategies incorporating public transport (including rail) and involvement in all aspects of the highway network. This is entirely consistent with the promotion of effective integration of spatial and economic planning (as argued by Barker) and the delivery of key transport, economic and environmental outcomes (including congestion relief, sustainable employment growth and reductions in the carbon footprint of the city region).

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

The local bus network accounts for approximately 80% of all public transport journeys in Greater Manchester. Hence, it provides a crucial contribution to the city region economy – linking areas of need with sources of opportunity and, where quality has been achieved, offering an alternative to travel by car.

We welcome the fact that the Eddington report supports this view and makes important consequent recommendations for regulatory changes to deliver the most appropriate bus product for local economic needs and “to ensure that it delivers in the interests of users” (para 1.163). In its response to the Government's informal consultation on bus policy, GMPTA set out a series of key bus policy outcomes required to enable the bus network to fulfil its potential in supporting economic growth and social inclusion. We will continue to engage with DfT to encourage the delivery of our aspirations, and those set out in the Eddington Report, through the forthcoming Local Road Transport Bill.

CONVENING

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

Local authorities need to ensure that the development of local transport strategies is effectively integrated with wider land use and regeneration strategies at an appropriate spatial level. At present there is no statutory requirement for a strategic land use planning function at the city region level which parallels the requirement to produce a local transport plan. It is essential that these various functions are effectively aligned.

In Greater Manchester the corridor partnership initiative is designed to ensure this alignment at a corridor level. The intention will be to develop appropriate multi-area agreements which set out planned transport, regeneration and societal objectives and targets with delivery incentivised at this level.

FUNDING

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

AGMA has expressed its concerns with regard to the current Regional Funding Allocation arrangements, which have not adequately reflected the economic importance of the city region to the North West as a whole. The RFA process needs to take account of the spatial priorities identified by the Regional Spatial Strategy and must explicitly consider the part played by rail in its investment programme. We believe that the sub-regional level provides a more appropriate scale for decision-making over allocations.

In addition, we have concerns over the lack of consistency across the approaches taken by Regional Development Agencies with regard to transport investment. Eddington's identification of the economic importance of connectivity should require RDAs to recognise their role in this regard.

A single pot approach to agreed overall strategic outcomes and a 5 year funding settlement would allow both flexibility and certainty of funding to implement schemes in the medium term, needed to support economic growth.

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?

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

We are keen to engage further with the Lyons' Inquiry to investigate the potential of all additional funding solutions to this shortfall, including options for prudential borrowing and the capture of infrastructure related land value increases. The use of prudential borrowing, utilising transport related revenues, is currently almost impossible to structure given the current 'Minimum Revenue Provision' accounting rules. We are particularly interested in the potential of replicating the longer term funding deal which Government has agreed with Transport for London, where TfL has permission to borrow against a forward funding stream provided by DfT. We believe that as well as generating more investment this would also be a more efficient way for DfT to manage its limited resources over a period of time. Whilst the Department for Transport and the Treasury are sympathetic to the issues, we await a solution.

A particular issue for us is the balance between capital and revenue funding. With the current system, it is much easier to build new infrastructure than maintain it; it is also difficult to fund complementary measures to infrastructure (for example provision of travel planning advice, bus services, and marketing). Implementation of local transport schemes has meant a growing burden of revenue demands which are not properly linked in the financial system – for example, maintenance and renewal of white lining, signing and surface colouring on Quality Bus Corridor and road safety schemes.

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

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

- The scheme must be relevant to where congestion exists or where it may emerge in the future notwithstanding the advent of public transport improvements.

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

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

The Department for Transport currently propose the retention of road pricing revenues for no more than 10 years. It is likely that this would provide an insufficient future revenue profile for authorities to effectively borrow against. We would urge the Inquiry to consider this matter further. In addition, it is essential for local authorities to retain full local discretion over the allocation of local pricing revenues, we need greater flexibility so that arrangements can be negotiated with individual areas to suit their particular circumstances.

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?

We recognise the need to have an up to date and 'flexible' planning system to provide the spatial focus to underpin other strategies of the City Council. We also recognise that 'certainty' is valued by communities and the development industry alike but there is a tension between achieving both flexibility and certainty. Barker recognises this and advocates a deregulatory approach with the application of design codes, extension of permitted development rights etc. There is clearly some merit in this, however we consider that this could lead to a loss of local accountability as it is often the more 'local' proposals which engage local communities and, by extension, members. The City Council is committed to raising the quality of design in development and to this end is in the final stages of preparing a Supplementary Planning Document as a 'Guide to Development'. There is a concern that application of national 'design standards', with little or no input from the local authority and no quality threshold, will produce variable results.

We welcome the need to look at the green belt as a strategic policy tool to achieve particular outcomes rather than, as has become the case, a policy objective in its own right, the protection of which is to be preserved at all costs. This is of particular relevance to Manchester given the location of Manchester Airport within the green belt. Manchester Airport is a major economic driver for the city region and indeed the wider north west region and its growth is currently inhibited by existing planning rules. This is a clear example of the need to align spatial planning with widely recognised sub-regional and regional economic priorities if we are to achieve a step change in economic growth.

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?

This is a key issue for Manchester City Council and one on which we have made significant representations to both this review and in our city-regional business case. The regional level is not a helpful spatial scale for the North West as it is an administrative construct that does not reflect how places operate or inter-relate. It is not helpful therefore generally as an aid to local authorities in their 'place making' duties. The sub-regional level has most value, which in the context of Manchester, means the 'city region' as this is the scale at which relationships are meaningful and where sensible strategic choices and priorities can be identified.

Local authorities can work effectively in partnership as AGMA has already demonstrated amply. On the planning side the 10 Greater Manchester authorities are currently engaged in the preparation of a joint Waste DPD and are about to commission a Strategic Flood Risk Assessment for the City Region.

AGMA's proposals are for an Executive Board, supported by strategic boards, one of which will focus on Spatial Planning and Housing (SPH). One of the key tasks for the SPH Board will be the further development of the Manchester City Region Spatial Strategy involving an implementation plan and monitoring and review framework.

It is considered that there is much value in this type of collaborative working. However, such arrangements can currently only be voluntary and rely on maintenance of good relations between all parties to move forward. This approach runs the risk of planning to the 'lowest common denominator', as agreement between all districts needs to be reached by negotiation. The City Council considers that this could be detrimental to the delivery of the spatial strategy for the Manchester City Region, the objectives of which are explicitly to raise economic performance and simultaneously reduce disparities. Inevitably this involves making difficult strategic choices.

AGMA considers that statutory planning and housing powers at the city regional level would enhance the capacity of the city region to maximise its contribution to overall regional and national performance.

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?

The potential benefit of an Independent Planning Commission to consider developments of national importance is recognised. The process must however be transparent, accountable, connected to clear national economic and spatial priorities and focused on projects that are truly of strategic significance nationally. We need to understand the relationship between the determination of a principle about development and the detailed definition and evaluation of the project details. The second part of this is crucial and needs to incorporate the legitimate views of regional, sub-regional and local stakeholders.

CONVENING

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

AGMA (as explained above) is formulating proposals to link planning, transport and housing, as well as skills, environmental protection and health through new governance arrangements. To support this work we have spent a lot of time assembling a common evidence base and developing a forecast

model for future economic and population growth, so that we can effectively plan for future housing and transport needs. This work has informed key strategies, such as the Greater Manchester Local Transport Plan, and will form the basis of a potential Greater Manchester submission for Transport Innovation Fund resources.

FUNDING

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

We believe that there is much scope to work with Government to better align existing funding and to create more flexible 'pots' of funding spanning Government Departments/themes, tying this firmly to the delivery of agreed outcomes, focussed on productivity.

The relocalisation of business rates would be a very direct way to incentivise growing the business base. Such an approach must be subject to a clear strategy, endorsed by the business community. That strategy should set out those priorities that will be supported on the basis that they will contribute to continuing and sustainable economic growth. Such priorities may well include the creation of new public realm but might also include investment in transport infrastructure as it is clear that this is key to promoting sustained growth.

How should the empty property relief in business rates be reformed? How should a charge on vacant and derelict brownfield land be introduced into the existing local land and property tax system? Would any local flexibility on such measures be desirable?

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

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?

Overall, we welcome a coherent approach to the strategic management and planning of skills activity for 14-19 year olds. We certainly agree with Leitch that the Learning and Skills Council has an important role to play and would take a leading role in the management of commissioning processes. There should not, in theory, be any significant conflict with the role of Children's Boards, as the Learning and Skills Council is intended to be a key participant in the delivery of Children's Board activity. In Manchester, the LSC is both a member of the Children's Board and is chair of the Achieve Economic Well-Being sub-group, dealing with NEET and progression issues for 14-16 year olds. A key objective for the local authority is to connect school improvement strategies at primary and secondary level to the 14-19 agenda to ensure continuity from statutory education through post 16 and into adult learning in the workplace.

Local authorities will need to work closely with the LSC in their new role at a strategic and local operational level. There are existing mechanisms to do this through the Children's Boards as indicated above and also through bodies such as the Public Service Board that has been established in Manchester. Through these structures local authorities will have the ability to influence strategic planning arrangements and to support cross sector working. Consideration should be given to powers of enforcement where voluntary arrangements fail to work.

CONVENING

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

It is sensible to link employment and skills issues together in a way that enables more effective planning and delivery arrangements to reduce worklessness. The creation of clear progression routes from unemployment into work that involves a range of local service providers is a key challenge for City Strategy. In addition to formal learning and training, greater links need to be made with other public services where there is a strong and complementary relationship with the 'client'. This includes health services, housing providers, adult learning and adult social care services etc. The objective of these links are to enhance the progression route and to support individuals to overcome specific barriers to learning and work.

Responding to skills issues needs to take place at differing spatial levels. There is a need for sufficient local flexibility to target communities where we know skills levels are lowest, but also, a need for strategic capacity to plan and deliver occupational skills at city regional level that best reflects the natural labour market. Leitch proposes to establish Employment and Skills Boards that would seem to follow the principles set in Manchester following the creation of the Manchester Skills Board in 2004. The Manchester Skills Board brings together the principal funders and deliverers of adult skills services to agree strategic priorities and inform local commissioning arrangements. Its focus is on the relationship between the skills 'offer' and the demand for skills in the real economy of the city. It is, therefore, well placed to respond to a new employer led commissioning environment.

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

Local authorities have a role as enabling bodies in ensuring that local intelligence is being used to determine and focus the commissioning activities of mainstream agencies. Within Manchester, the experience that we have had through the establishment of the Skills Board and in developing the new arrangements for the governance structures in Greater Manchester reinforces the importance of the local authority role to target activity and to focus provision on those parts of the economy in our communities where there are the greatest needs. Most of the proposals contained in the Leitch Review would sit very comfortably with the direction of travel that the City has taken on young people and adult skills issues. However, we need to be cautious that in implementing the Leitch Review, the local authority is able to work with the LSC to shape provision to meet the needs of all sections of the economy, and ensure that future skills needs are recognised and that delivery of demand led training does not increase the burden on employers.

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 would want to play an active role in the Employment and Skills Boards to ensure a balanced approach to building the skill level of the whole adult population as well as focusing on improving the skills and productivity of those in employment. The Boards will have responsibility for achieving the aspiration of 95% of adults with functional literacy and numeracy.

The role of schools will be critical in delivering this outcome and the Local Authority must take a leadership role in ensuring that there is a very clear focus on this activity. Clearly resources will be critical issue, particularly in areas, like Manchester, where the gap between current attainment of functional literacy/numeracy falls far short of the Leitch target (81% literacy and 61% numeracy as opposed to overall target of 95%). It is essential that resources are focused on narrowing these gaps and in addressing the key

drivers of poor attainment in those communities and locations where the gaps are at their widest.

FUNDING

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

Leitch suggests that much of the funding for skills should be delivered through the Train2Gain programme, which is focused on employers. Community learning funds are being managed separately to this. This analysis is somewhat flawed, as a key task is to ensure that community learning is helping to develop pathways from unemployment into work and that lifelong learning issues are then picked up in the workplace through Train2Gain and with the support of the employer themselves.