

**Lyons Inquiry into Local Government
Considering the implications of Eddington, Barker and Leitch**

Response to Questions for Stakeholders

Overall

1 Do LA's have the Powers they need to effectively undertake their place-shaping role, particularly with regard to pursuing economic prosperity?

The Local Government 2000 Act introduced well being powers which give Local Authorities (LAs) all the power they need to engage in economic development activity. We do not believe the headline issue here is about powers; rather it's about the balance of resource distribution, which enables that power to be wielded. Broadly we would therefore say that too much resource is allocated at a regional level as all discretionary funding is channelled through the RDAs. They are not democratically elected and do not have the in depth knowledge and holistic delivery agenda that local authorities have. Local authorities are also large enough to be strategic but small enough to have the local knowledge. The optimum size of local authority to fulfil this role would, we believe, roughly lie between 500k and 1.5m population.

With the growing emphasis on place changing and economic prosperity, it appears inconsistent that Economic Development is still a discretionary role and therefore it could be vulnerable. It would therefore be helpful and consistent with the Govt's broader agenda if economic development were a statutory duty for LA's. It would also be helpful for broader partner relations with, for example, the RDA's.

There are some activities currently delivered by arms length agencies that should be delivered directly through LA's - for example the DEFRA programmes that now go through the RDA's eg the Access to Services programme - these should have come direct to LA's as that would have been consistent with the Haskins review. In relation to the LSC - our relationship locally is a good one - but even so the role of the LSC in 6th form funding creates unnecessary complications for schools and CSA's. This funding ought to be returned to LA's. It becomes even more unnecessarily confusing when one tries to factor in the newly developing 14-19 agenda.

Similarly, the regionalisation of the business support agenda could create a loss of focus in local areas that county council's could fill.

In terms of transport, as with economic development, the issue is more about funding to discharge our functions, rather than the powers and duties themselves. There are perhaps two main exceptions to this.

The first is the need for local transport authorities to work in collaboration with other, mainly national, transport providers - like the Highways Agency. This would be made much more effective if there was a clear obligation on these organisations to co-operate with local authorities. This may require there to be appropriate statutory obligations on the agencies concerned to be effective.

Secondly, transport authorities do need greater powers to regulate the operation of bus services. The Government's recent proposals in this area are welcome and discussed further later in this response

2 How do the issues raised by the 3 reviews and the implications of their recommendations vary between different parts of the country and different kinds of place e.g. between rural areas and major cities?

Leitch Review

The delivery of Specialist Diplomas will be is a huge challenge to a predominantly rural county like Norfolk. There are in excess of 25,000¹⁴ – 19 learners spread unevenly across the county. Ensuring access to provision will mean that applied learning vocational centres will have to be established in a number of market towns across the LA. Even in achieving this expanded provision, there may be some of the Specialist Diplomas that will not be financially viable at a local level, as a result of equipment costs, eg Construction and or Engineering. This will result in new lengthy journeys for some young people particularly in the 14-16 age group at a higher than present cost.

The 2012 guarantee that all students will have access to all 14 Specialist Diplomas means that it will be necessary to develop a more comprehensive transport network. This will require additional funding and perhaps some flexibility of transport regulations in respect of community transport operators.

It needs to be recognised that there is a significant difference in logistics and subsequent costs – when comparing travel to learning in a rural area as opposed to an urban model.

The emphasis is on the need to provide opportunity for all citizens to participate in the labour market through providing them with appropriate skills. This involves a contribution from all. In a County context the increased role for employers presents an opportunity due to the stronger emphasis on manufacturing. This means that the requirement to up-skill and increase the flexibility of the workforce is paramount. The 2007 Comprehensive Spending Review will reveal how resources are allocated to this and what the emphasis will be. It is to be hoped that rural areas and regions of greatest need are targeted.

Eddington

Eddington recognises that different governance arrangements are in place in different types of areas, and that in some cases, these should be reviewed (eg in PTE areas, the responsibilities of the PTEs and local authorities could be reviewed). It would help to know exactly what Eddington means when he uses the term 'sub-national.' It is not clear if he is referring to existing recognised boundaries (eg regional level, larger metropolitan areas, etc...) or on new boundaries (eg regional cities). The County Council does not see any need to change boundaries in the context of Norfolk. We support the conclusions of the 'State of the English Cities' report commissioned by the Government that "City regional working is best encouraged through informal processes and networking rather than institutional change." The message from Europe is that structural change will not be worth the political time and effort.

Barker Review of Land Use Planning

The report makes a number of positive suggestions on issues such as resourcing and training for planning authorities. However, we are greatly concerned about the lack of democratic accountability of the proposed infrastructure commission, introduction of a 'presumption of development' and an easing of development in unsustainable out-of-town retail and business parks, which could threaten town centres.

There appears to be only one reference to County Councils in the whole report, which says they have responsibility for Minerals and Waste Planning. Even in the Glossary, LPAs are only defined as districts or boroughs, excluding unitaries! We are therefore concerned that the report has failed to appreciate the County Councils' statutory planning role as Section 4.4 authorities. While this is not a direct plan making function, we have a key role advising EERA on RSS reviews and importantly to prepare first proposals for sub-regional policies for the RSS. Also Barker seems to totally ignore the fact that Counties as Highway Authorities have an important role in ensuring RSS policy is joined-up and sustainable and advising districts on LDDs.

The Review's proposals are to be considered by the DCLG in drafting a new White Paper on Planning to be issued Spring 2007. There are a number of concerns we would express.

- **Legitimacy.** We reject the proposals for an independent national commission on major infrastructure projects (transport, energy and waste) as local councils and the communities they represent are likely to be excluded from key decision making. It is also not entirely clear what 'presumption in favour of development' means. There is no argument with an assumption that development should go ahead if all the relevant benefits

outweigh the costs or disbenefits. However, having a presumption to approve where development plan provisions are indeterminate or out of date will bring back planning by appeal and a spate of low quality, unsustainable developments. This is unacceptable to the County Council.

- **The threat to town centres.** Removing the test of “need” for development in relation to out of town locations is not thought through and the detail is unclear. The proposal is based on assertion (that its removal will reduce costs) rather than evidence (the test of need adds no additional cost, being part of an impact assessment which would be retained). The test of need is fundamental to the operation of the town centre first policy – a policy to which most retailers have adapted. Any change, which undermines support for this policy in favour of out-of-town expansion, would have serious consequences for Norfolk. Our main town centres are only now recovering from the effects of out of town expansion and other impacts such as the internet. The vitality and viability and regeneration of some could be damaged if further growth in out of town shopping was to be encouraged. Out of centre development does not generally provide for adequate transport choice and does not correlate at all with Local Transport Plan, Accessibility or Sustainable Infrastructure policies. The County Council is opposed to further out of town developments unless they can be clearly shown to result in improved sustainability and no detriment to existing centres.
- The suggestion that reflecting the cost of land in planning decisions in order to safeguard land for community benefit looks unworkable. It would introduce an element into the planning process that is currently excluded as it requires impossible judgements about the relative value of land in different uses. It would also make it far more difficult to retain land for lower value uses (e.g. employment) if there is demand from higher value uses (e.g. residential). The environmental value of land has not been recognised.

3 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?

(No response at this time)

Specifically, the 3 reviews.

Eddington Transport Study

Governance

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

Eddington recognises the importance of, and benefits to, partnership working. He also identifies that there may be unintended consequences, eg that partners may be working towards what is best for their organisation, rather than wider objectives as a whole. The complexities are exemplified on the rail network, where Network Rail is responsible for the infrastructure, and to a lesser extent on the road network where responsibility for the trunk road network lies with the Highways Agency.

Eddington identifies that the duties and powers vested in transport bodies should fully equip them to make decisions that:

- reflect the needs of all users
- consider all/a range of modes
- have assessed the most effective solutions from a broad range.

There are good examples of where local authorities have achieved this through partnership working. It is also noticeable that the major difficulties often come through working in partnership with the government agencies rather than private transport operators, eg through the Highways Agency power of direction on trunk roads and the difficulties of working with Network rail. In both cases, effective engagement is hindered by the narrow focus of these organisations on a relatively limited range of nationally driven priorities. This makes it difficult to reach decisions, which reflect the wider social and economic objectives of local authorities attempting to perform their place-shaping role.

The problem is compounded in geographically peripheral locations like Norfolk. There is no doubt that Norfolk suffers from being seen as peripheral to the network by both Network Rail and HA. This is reflected in a lack of investment, and just as significantly, a lack of management focus or attention. One way of tackling this would be to give a formal scrutiny role to local authorities in respect of these agencies operations in local areas, notwithstanding their ultimate accountability to ministers.

If reforms are being looked at, the role of local authorities must be strengthened. Eddington has suggested this in the case of bus regulation. There may also be opportunities through community rail designations (eg as on the Wherry Lines) where power for decision making in respect of level of services may be devolved down from government. However, on mainline rail services and trunk roads, local authorities do not work on an even footing with the government agencies. Government could develop a 'memorandum of understanding' between the various agencies to help partnership working.

The government suggestion that including rail in the Regional Funding Allocation at some point in the future may also be a step towards ensuring achieving overall desired outcomes. If this is the case, then clearly considerably more funding will be required in the Regional Funding Allocation.

- *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?*

We are strongly of the view that County Councils are best placed to take account of the strategic dimension of transport. This can be delivered through effective partnership working (eg establishing joint delivery agencies).

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

We welcome the proposals to make it easier to implement Quality Contracts, and Statutory Partnerships. However, the resources available for investment in public transport will strongly influence the effectiveness of regulation. Introducing high quality standards of public transport provision could widen effective labour markets and help to promote economic development. Bus reliability impacts upon the confidence of employees to use public transport as well. If buses are unreliable, people will be restricted in the types of jobs they can apply for. If they have access to a car, this will lead to increased car use, if they do not they will be restricted in their choices.

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 already do this through our LTP and Council Plan. We have helped shape this through effective engagement of appropriate local stakeholders, predominantly through LSPs and the County Strategic partnership. Our LAA already makes reference to improving access to public transport, especially for people in rural areas.

The single biggest barrier to making this link at present is the significant infrastructure deficits that the county faces, mostly in terms of road infrastructure. Our two primary road links (with London and the West) are still single carriageway in places, making Norwich the largest settlement not properly connected to the main network in the UK. The attached appendix contains extracts from two reports, which highlight the necessity of tackling this as it certainly severely impacts upon economic performance and quality of life. The County Council are strongly of the opinion that these deficits must be corrected.

Funding

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

In Norfolk, our real concern is that we are disproportionately dependent on the RFA. There are few trunk roads in Norfolk and none of them are on the core network and classified as roads of "national importance". This means we do not have access to the much larger pot of HA funds for what are deemed as national schemes. We are the only County Council in the region in this position. Nor do we have access to the very significant sums of money available for transport infrastructure in the designated Growth Areas – despite the fact that Norwich is planned to take more growth than any other urban area in the region.

This is very difficult to reflect in a prioritisation process within the region, which only relates to the RFA. In our view the A11 and A47 should be included in the core national network and funded accordingly – recognising the importance of the A11 in linking Norwich to the motorway network and the status of the A47 as a TENS route.

The RFA process has created a significant barrier to the funding of local major schemes. EERA's prioritisation methodology understandably emphasised schemes of regional significance. While the A140 Long Stratton Bypass would bring major benefits to the local community, and reduce congestion on a key strategic route into Norwich, it is not significant on a regional scale. The Bypass was included in the County Council's First Local Transport plan as part of our longer term Transport Strategy and considerable preparation work has been undertaken over many years to develop the scheme through the Statutory Processes. Our concern is that the new approach to funding local authority major schemes has made it very difficult, if not impossible, to secure funding for schemes like the Long Stratton Bypass, the benefits of which are mainly local.

The issue of funding for major schemes, which produce significant but local benefits, needs to be re-examined in the light of this experience. DfT could make clear that regional methodologies must make provision for good value local schemes.

Presently, rail improvements which local authorities can promote, such as improvements to stations and interchanges, are included in the RFA. It is likely that the inclusion of major rail network improvements, which are not procured by local authorities, will make the prioritisation process more difficult as the assessment processes will not be the same. Also, they tend to be very expensive. In view of this it may be better not to include any further types of rail expenditure in the RFA itself. Nevertheless there is desperate need to better integrate decisions on rail investment with the development of regional strategies. If larger rail schemes were included in the RFA, it is likely that they would also be marginalised, as we see with the trunk roads, due to the geographical position of the county.

- *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?*

LTP funding must be managed locally. Revenue funding to support local bus networks best served through local management. Revenue raised from local road pricing schemes should be available to be re-invested in the local area, so that the clear link between charges and investment can be demonstrated. The County Council is strongly opposed to any moves away from local decision making.

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

Retention of the revenue raised from road pricing is a major incentive towards using this as a demand management measure where this is an appropriate element of a local transport strategy. Other incentives may be to provide additional revenue funding such that public transport could be developed as a viable alternative.

The County Council is opposed to moving towards a national road pricing network. If local schemes become established, there will be a steady demand for spending the funds on transport schemes at a local level to meet local needs.

The Barker Review of land Use Planning.

Governance

- *What specific measure 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?*
- *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?*
- *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 County Council rejects the proposal for a new independent Planning Commission. The proposal is particularly worrying where it strays into the potential to determine non-national strategic infrastructure applications such as housing and commercial development. The recommendations say that decisions of local importance only should stay with LPAs. However there is no clarity on what 'Strategic Infrastructure' actually means. Currently, County Councils determine applications for their own development such as schools, waste disposal facilities and roads (eg NDR). Counties are large enough to make these strategic decisions which are either local or sub-regional in effect and do not require an independent non-democratically accountable body to determine.

LAs are demonstrating that we can work together across administrative boundaries eg for Norwich and Great Yarmouth/Lowestoft, without the need for reformed institutions.

Convening

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

LAs can work together most effectively on planning and transport issues by sharing skills and information. The new planning system is very demanding on districts and particularly the need for the evidence base. Barker's recommendation to reduce DPD preparation to 2 years ignores the time taken to produce evidence (Page 105), which is often done by consultants, and certainly would be hard to do within the 8 months (maximum) of her 1st stage timetable. Much of this work will be similar across County areas and there could be benefits in time and cost savings for Counties to assist with this. This could be by actually producing the evidence on a consistent basis such as accessibility and key service centre work, or by project managing the process for consultants to produce studies. Norfolk is about to

procure a new land-use monitoring system, which all districts are delivering into to provide consistent and reliable monitoring data. This is a good example of working together more effectively.

There is a danger that the new LDF frameworks will be disconnected from the Regional Spatial Strategies. Strategic sub-regional issues are now not likely to be addressed when they cover more than one LDF. The Sub Regional tier needs to be more firmly established through RSS and we will be commenting in depth on this in respect of the SoS Proposed Modifications to the East of England Plan currently out to consultation.

Despite the difficulties created by the abolition of structure plans, we are looking for ways to address the sub-regional strategic gap in the planning system. One idea we are exploring in Norfolk is to use the Norfolk Sustainable Community Strategy as a mechanism for co-ordinating a county-wide spatial context for community planning.

Funding

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

Growth point funding is an example of an effective incentive to support growth and is welcomed whereas the proposed PGS is not, in terms of contributions to County Council services. The proposed PGS leaves uncertainties as to where the accumulated money would be delivered and importantly leaves out 30% to go into a shared pot, which counties would have to bid for. If introduced this could be a very significant disincentive to support growth as 'no infrastructure - no growth' has been a constant concern throughout the whole RSS process.

LABGI funding is a missed opportunity. It should be applied more in recognition of real added value growth, which may not result in a simple increase in floor space – whereas a new warehouse, employing a tiny number of people might generate considerable LABGI receipts. The LABGI receipts should also be ring fenced so that they can be recycled to support growth agendas, not absorbed into councils' general budgets. Perhaps the LAA is the right mechanism through which to direct receipts for LABGI.

The Leitch Review

Governance

- *With their new strategic leadership role, how can local authorities relate most effectively to a reformed Learning and Skills Council in 14-19 education issues?*
- *What are the merits of the different options for managing the division of these responsibilities?*

The Local Authority, LSC and Connexions have established a partnership in relation to the implementation of the 14-19 agenda across Norfolk. The on going challenge within that Partnership is to understand and work effectively with the emerging remit of the regional LSC versus the local LSC. Lack of clarity about "who decides what" can limit our effectiveness locally as well as create a degree of frustration. This situation may become more complex with the implementation of the "demand led approach" which will fundamentally change the role of the LSC as a funding body

Convening

- *What links needs to be made between employment and skills provision, and other local services and responsibilities?*
- *What role should local authorities play in a new demand-led skill system?*
- *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?*
- Links - more effective links with Jobcentre+ will be essential in moving this agenda forward
- Demand led skills system - the Local Authority role would be to use its links and networks across the business community to promote the demand led approach. In common with a number of other areas it could be the strategic commissioner/planner for such a system in conjunction with key partners. As a large employer it should also lead by example by identifying demand committing to the "Skills pledge" (enabling every employee to gain a first level 2 qualification)
- Employment and skills board - ensuring these Boards are employer led will be a significant challenge. The Local Authority could take the lead however it would be important to have the commitment of the business community. Past experience would suggest that this kind of activity, sitting on Boards, does not engage the business community. A County as large and diverse as Norfolk would struggle to put together a Board that could really work "to ensure that local services meet employer needs". Shaping Norfolk's Future includes a strategic goal around skills, which could act as a foundation.
- A key role of the LA is that, as children's champion, we have to ensure that all young people are provided with the skills training that they require.

- The recommendations are predicated on employers being able to articulate effectively what they need in terms of skilled employees for the future and on there being a collective employer voice. In practice, it is unlikely that small and micro employers would be able to articulate as well as larger employers what skills training they need, nor are they likely to be able to or find the opportunity to get their voice heard. There is a risk therefore that the skills agenda will be driven by the demands of the employers selectively and that many skills needs would remain unmet. This is of particular concern in Norfolk where there is a large proportion of small and micro employers

Funding

- *What implications for local authority funding do the Leitch recommendations or related proposals have?*
- There will need to be extra resources put into schools to meet the diverse Specialist Diploma requirements, particularly in relation to the rural challenges
- As for any employer there will be costs associated with the "skills pledge". There will also be resource issues where the LA takes a strategic lead. This inevitably means time spent by staff on this activity will not be spent on other activities.
- There is a specific proposal within the report in relation to "a new universal adult careers service providing labour market focused careers advice for all adults", the existing adult advice service (Next Steps) is not funded or targeted to work in this way. Additional funding will be required to deliver this new approach.
- There is an assumption that employers will be prepared to pay a larger proportion of the cost of training. It will be unlikely that many small and micro employers will find the resources to pay more for training, which is of particular concern for Norfolk because of the large proportion of small employers. The funding available for adult learning has declined as the take of learning by 16-18s has increased. Lack of funding could result in unmet demand for skills training.

Comments drawn from and related to the 2000 Steer Davies Gleave Infrastructure Benchmarking Study,

Although now some 6 years old, this study did make it clear that infrastructure investment may be a necessary condition for improved economic performance:

- Where there is existing buoyancy, it helps sustain it and to build on success, particularly growing High Value Added clusters
- Catalytic role alongside other public/private investment
- In poor performing areas
- Improve perception where areas are remote from economic activity.

Infrastructure plays a critical role in Economic Development for Norfolk and each of the above factors could apply to Norfolk in equal and severe measure.

The study also identified the importance of being able to cater for through traffic generated by key ports. Norfolk has not been on a road to anywhere of major significance in the past but with the advent of Eastport this will change. The A47 is part of the trans-European network and its profile and funding needs to be raised. At what point should we commence lobbying for infrastructure improvements to cater for the increased traffic. At the very least we need to make sure that Eastport is considered in the same league as other ports as well as Norwich International Airport (NIA) as its passenger numbers increase - at least partly by attracting fliers from outside of the county.

Whilst the A11 between Thetford and Fiveways is still not dualled, there is every reason to believe that a scheme will commence in the future. However, the situation with the A47 is much less clear.

The A47 forms part of the Trans-European Network. Apart from the M25, it is one of only two in the region and demonstrates its strategic importance by providing a strategic link between Gt Yarmouth, Lowestoft and the trunk road network. It also forms part of the high and heavy load network and is a key holiday and leisure route. It also provides a key regional role by supporting for commuter movements between major population and employment centres. It also provides for the distribution of goods and services between the towns and cities along the route and is a key link to the Regional Airport at Norwich. Yet it is not treated as a strategic route and each of the many dualling schemes has to demonstrate its own significance in isolation. The result is severe congestion, diversion of traffic to the more predictable A14 and a continuation of the feeling of isolation for the people and businesses of Norfolk.

Comments drawn from the 2006 British Chambers of Commerce Infrastructure study.

Previous government road building targets and commitments have been dropped or downgraded - Norfolk has suffered more than most. It is estimated that the deficit is costing businesses £15bn per yr. Direct transport costs = 10% of all business cost. 48% have experienced business loss as a result in poor infrastructure. 39% stated that it had frustrated/prevented growth. Yet growth and demand for transport infrastructure increases year on year. (62% increase in passenger miles since 1980 to 2004 - 679 billion passenger kms) Mostly increased car use.

Freight moved by road has increased by 43% and now accounts for 64% of all freight movement.

56% of business respondents cited transport infrastructure as having a major influence on relocation decisions.

UK is ranked poorly in EU and worldwide terms.

Business cannot identify how to lobby properly and to whom, they perceive a confused picture.

Business wants investment decisions on infrastructure based more on delivering economic benefit. Helping business to compete in a global marketplace. Where direct benefit can be demonstrated.

Major gaps in infrastructure, least amount of motorway and dualled rd expressed as km/1000 pop. Yet Lyons/Eddington speaks about utilising existing infrastructure only.