

Overall Questions

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

The Local Government White Paper 'Strong and Prosperous Communities' promised that central government would 'step back and allow more freedom and flexibility at a local level'. The extent to which this has been reflected in the Bill that followed the White Paper is debateable. Plymouth City Council agrees with the Local Government Information Unit that more devolved governance and taxation and clearer powers over transport, infrastructure, planning, economic development and skills will allow major cities like ours to compete more effectively with similar cities internationally.

- 1.2 **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?**

Regional imbalances, regional and local priorities and the role of principle cities within regions need to be drawn together in a cross-functional framework, with suitable delegation of decision-making and funding delegated to the local level.

- 1.3 **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?**

It is essential that whatever new arrangements are established sub-nationally that local authorities are at the heart of strategic accountability arrangements in their governance. It is equally important that the statutory frameworks governing other statutory partners provide the same incentives to collaborate as those affecting local authorities.

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

E1.1 The reformed planning system has provided the impetus for more effective collaboration between authorities on sub- regional strategies for these urban areas. Local government bodies have realised that it makes more sense for different units to work together across a more realistic economic area, and are working together on a voluntary basis, delivering good outcomes. This is more effective than creating new institutional or contractual arrangements. Even though the questions asked do not refer to specific policy recommendations made within the report, Plymouth City Council wants to challenge the arguments against high speed rail links to 'peripheral' regions. While some of the economic arguments are accepted, not enough weight is given to contributions of transport policies to longer term goals of regional development, social cohesion and environmental sustainability. This is particularly important given the city's ambitious targets for population and economic growth.

E1.2 In the South West, the Regional Transport Strategy, part of the Regional Spatial Strategy, has also been developed with extensive local authority input and member oversight – particularly at sub regional level when collaborating on joint area studies of the main urban areas. The strategy sets out a broad overarching framework for local authorities to operate, and co-operate, within. This is more effective than creating new institutional or contractual arrangements

E1.3 The Local Government White Paper makes clear that the greater the devolution of powers, the greater premium on clear and transparent leadership models. Directly elected mayors, particularly those covering more than one local authority area, may not be seen as appropriate in a large number of places. However, it should be possible to strengthen

partnerships of local authorities with executive member oversight to deliver good results and joined up policy.

E1.4 To strengthen joint working arrangements, dynamic sub-regional structures need to be established that are flexible and which can respond to changing travel and economic patterns. Within these partnerships local authorities will need leadership that is not only strong but collaborative and which brings together all the transport related powers and functions within a given area. By its nature, transport is a complex set of interactions to manage and account for. Multi Area Agreements are one potential way for local authority influence across areas to be extended on things like local rail, bus routes and large road schemes. There is also potential for new contractual arrangements to be explored between local authorities.

E1.5 The recent proposals from the Department for Transport '*Putting Passengers First*', as well as the ideas set out in the Eddington report to improve cooperation and coordination between bus providers and local bodies and allow local bodies the option of introducing a bus franchising model, offer local government a significant opportunity to improve and influence services within their areas without diminishing the role of competition. However, until the detail of the arrangements is made clear, it is hard to tell whether new arrangements will be workable.

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?

E2.1 Transport planning should be fully embedded in wider planning processes. This ensures that the vision for the local area developed by the Local Strategic Partnership and set out in Sustainable Community Strategies and as part of the Local Development Framework is not undermined. Local Area Agreements and Multi Area Agreements also provide an opportunity to consider and negotiate improved outcomes relating to transport, the economy and the environment.

E2.2 The new duty for partners 'to have regard to targets' in LAAs as well as the proposals to allow single pots for all LAAs and include more area-based funding streams in these is welcome. The change from an 'Economic Development Block' to an 'Economic Development and Environment theme' within LAAs is also a positive step.

Funding

- How could current funding arrangements best be reformed to support cost effective and appropriate spending and investment decisions at sub-national level?
- 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?
- Local authorities currently retain the revenues from local road pricing schemes. How might further developments in this area affect the use of those revenues?

E3.1 The Eddington report has rightly highlighted the problem with the current mix of capital and revenue funding that local authorities receive for transport, and the effect separate sources of money can have on policy decisions. This has often led to a preference for capital investment schemes, to prevent pressure on tight revenue budgets. In contrast, a simple cash funding regime, by scoring both revenue and larger, conceptually different, capital costs within a single budget would help to provide against systematic bias for capital expenditure and allow a full cost options appraisal to be considered. This would allow for the comparison of, for example, investment in bus schemes against new rail infrastructure.

E3.2 In the absence of integrated capital and revenue funding, there is concern that Department for Transport (DfT) processes and time frames for decisions on individual major schemes are opaque and variable. There is a need for greater transparency and certainty over decision making processes to enable the promoters of schemes to identify a critical path for delivery. The relationship between local authorities within regions and DfT should build on good practice in the regional funding allocation process and develop into more collective management of the indicative regional programme of major schemes.

E3.3 In addition, an increasing number of transport schemes are defined as major schemes by DfT on the basis that they cost more than £5 million. This limit has not been reviewed for a number of years, and takes no account of construction cost inflation over this time. Increasing this limit will enable relatively small schemes to proceed more quickly within the regional prioritisation framework and established resource allocations. This would require the adjustment of the Integrated Transport Block to allow schemes of above £5 million to a revised limit to be funded.

- E3.4 The need to align incentives and policy making has also been underlined. This means, in terms of road pricing as a demand management option, local authorities should continue to retain the revenues. Where national road pricing is introduced it will be necessary to consider whether routes are nationally, regionally or locally significant and hypothecate the revenues accordingly.
- E3.5 It is important for all the funding sources and policy instruments relating to transport to be brought together where possible. Local authorities can play an important role in joining these up at local and sub-regional levels. Similarly at a regional level, where local government agrees to work together and with other regional partners, there should be greater opportunity to influence government spending in the region. Earlier this year local authorities in the English Regions contributed to advice to the Treasury on Regional Funding Allocations, covering Transport, Housing and Economic Development. However, the advice on regional funding allocations only covered a small proportion of public money invested in each region (for example in the South West, it covered approximately 8% of transport, 40% of housing and 44% of economic development expenditure).
- E3.6 The RFA process should be expanded where possible to cover other investment in strategic (i.e. non local) functions. This could, for example, extend further local authorities' influence over the Highways Agency and Strategic Rail Infrastructure - as well as Regional Skills Partnerships and LSCs, Cohesion Funding, Waste Strategies, Strategic Health Authorities, Energy and Rural Development Funding. This would complement the duty to cooperate introduced for LAAs and the extension of local scrutiny powers announced in the Local Government White Paper.

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?**
- B1.1 SWLGA welcomes the proposals in the Barker report that homeowners should be able to build loft conversions, conservatories and extensions with minimum regulation. This needs to be accompanied by a review of building regulations to ensure they remain relevant and achieve the objectives intended. The introduction of an appropriate third party mediation service could also help local authorities avoid costly planning appeals. The proposals to streamline planning policy and processes are also welcome. Improving local plan-making processes so plans can be drawn up in 18-24 months (instead of the current 36-42) could save local authorities over £100 million over a three-year period.
- B1.2 SWLGA notes the findings of the Barker Review that "development should take place in locations that are best from an environmental perspective. Where this is near existing towns and cities green belt boundaries should be reviewed by regional and local planning authorities to limit the increased emissions and pollution caused by commuters 'jumping' the green belt". The draft Regional Spatial Strategy in the South West has also anticipated this approach and this will be tested at a forthcoming Examination in Public. It is right for Local Development Documents to establish the exact extent of any changes and it is clearly important for rigorous testing and a sound evidence base to be developed before any changes are made. However, it is also clear that this alone will not solve the lack of new homes. In many cases the barriers for development relate not to a shortage of land but to a lack of funding for infrastructure which can help unlock sites. Further comments on how this can be addressed are made in more detail later on.
- **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?**

- B2.1 The influence and success of local authorities working within voluntary regional and sub-regional partnerships to secure economic, social and environmental benefits for their communities should be recognised.
- B2.2 In all parts of England, authorities continue to work through voluntary partnerships at the regional level (such as Regional Local Government Associations and Regional Assemblies) to secure economic, social and environmental benefits for their communities. This way of working enables difficult regional issues like strategic planning and transport, funding for housing, asylum and migrant worker issues to be tackled in a coherent way. Local Government can work within established structures to provide the regional leadership required to lobby and promote shared and common interests - and work in partnership to develop multi-agency, cross sector support to get the best deal for their areas – whilst ensuring increased accountability to elected representatives.
- B2.3 In the South West of England, there are many examples of local authorities working effectively in voluntary partnerships both at sub-regional and regional levels. Key sub-regional elements of the Regional Spatial Strategy have been developed as Joint Study Areas – partnerships of local authorities centred on functional urban areas, brokered by the South West Regional Assembly. This has been accompanied by an overall regional approach which aims to ensure sub-regional elements are complementary and overseen by leading local authority members from all authorities. There may be scope to expand existing sub-regional and regional governance arrangements beyond plan-making to taking decisions on strategic infrastructure and approving or rejecting proposals.
- B2.4 It is essential to the success of spatial strategies that local authorities are involved at all stages of development. In aligning regional economic and spatial strategies, the importance of a shared evidence base and concurrent development has been noted – and this has happened in the South West. The relevance and impact of both strategies would be significantly diminished without appropriate local authority involvement and endorsement.
- B2.5 Local authorities have also cooperated to produce joint Local Transport Plans and there is further potential to produce joint Local Development Frameworks (LDFs) at a locally determined spatial scale. There is an opportunity to link these with the development of Multi Area Agreements (MAAs).
- B2.6 Joint LDFs and MAAs will both require clear democratic accountability in their governance arrangements. It is important that the 'statutory duty to

cooperate', the 'duty to have regard to key targets' and the accompanying scrutiny arrangements proposed for key public sector agencies in Chapter 5 of the White Paper are not confined to LAAs. The development of MAAs further underlines the importance of appropriate representation for sub-regional and local interests at a regional level. This allows the functionality of places – particularly larger urban areas which cross authority boundaries - to be considered strategically, within a coherent overall framework that helps ensure local action is mutually supportive.

B2.7 LDFs are often seen as the spatial expression of Sustainable Community Strategies, with Local Area Agreements their delivery plan. The Government has recently committed itself to publishing new streamlined guidance for Sustainable Community Strategies. This should cover occasions where it may be appropriate to consider how sustainable community strategies can inform joint LDFs and MAAs. It is also important for Sustainable Community Strategies and other local and regional plans to have regard to each other and the guidance should ensure a wide range of plans is covered when this is considered. There is also a need for greater clarity about how aspects of the national growth agenda – including Growth Points – relate to developing proposals for LSPs and MAAs.

B2.8 The Government has also recently announced consultation on the introduction of City Development Companies. It may be possible to extend some of the benefits proposed for stronger cities' to principal towns in country areas.

- **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?**

B3.1 Members of the proposed Independent Planning Commission need to be accountable and seen to be accountable. Whilst the proposals for the Planning Commission make clear that Ministers will set out up-front strategic objectives and that there will be monitoring and auditing arrangements, it is essential that the appointed representatives understand local planning authority processes and embed consultation with local authorities into considerations of community views. Local authorities have a vitally important role in reflecting local views and helping to set the place-shaping agenda for their area.

B3.2 To improve accountability, it may be appropriate for: the Local Government Association to appoint a member to sit on the Commission

and report back to relevant groups; a stakeholder group with representatives of Regional Planning Bodies (RPBs) to be established to inform the work of the Commission (RPBs include local authority representatives); the Planning Commission to undertake assessments of major strategic infrastructure projects' compatibility with Regional Spatial Strategies as well as national strategic objectives.

Convening

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

B4.1 Local Strategic Partnerships, convened by local authorities, have an important role in developing Sustainable Community Strategies to set out an overall vision for their area. The integration of LDFs into Sustainable Community Strategies (SCS) can ensure that LDFs truly are the spatial expression of the SCS – linking housing, planning and transport issues holistically.

B4.2 Recognising the wider functional areas local authorities operate within can also ensure more effective work on linking planning, housing and transport issues. A good example of this is the establishment of Choice Based Lettings Schemes based on sub-regional Housing Market Areas. Regional Housing Bodies (which in the South West includes representatives of local government) can help inform their development. Similar principles apply for Travel to Work Areas and Retail Catchment Areas.

B4.3 Another way of strengthening working across functional areas might perhaps be a duty for councils to cooperate with neighbouring authorities and strategic planning bodies in work which has wider significance beyond administrative boundaries.

B4.4 Given their local knowledge, local authorities have an inbuilt advantage when considering how to integrate local planning, housing and transport schemes.

Funding

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

- B5.1 Local authorities should be given financial incentives for delivering housing growth – however, there are two important factors to consider when doing this.
- B5.2 Firstly, it is important to ensure that the incentivisation of local authorities to deliver housing as a priority does not lead to the provision of housing in locations which are unsustainable. Housing that is delivered should be consistent with its distribution as set out in spatial plans.
- B5.3 Secondly, it is also essential that local authorities deliver the right rate of growth. Too little may further exacerbate affordability problems and lead to increased housing pressure in neighbouring authorities. Too much, too soon, may also mean a mismatch develops between housing and labour markets – leading to long distance commuting, dormitory towns, and a lack of community infrastructure.
- B5.4 To address this, it may be possible to introduce a housing growth target – with floors and ceilings similar to that for the Government’s inflation target. Local authorities could then be rewarded for delivering housing within negotiated target levels, consistent with the phasing of delivery set out in spatial plans. The financial incentivisation could be provided through planning delivery grant, retention of increased business rates and could also be considered through other grants to local authorities.
- B5.5 To deliver sustainable communities, it is also important for the right mix of housing to be delivered. Affordability of housing, particularly in the “key worker” and the more dynamic sub-regional markets, is critical to local authorities in the South West. In recent years, increases in house prices have far outstripped average earnings. As a consequence, the house price/earnings ratio for the region as a whole has increased significantly from 5.8 in 1999 to 9.8 in 2004. This is higher than London and the South East, making the South West’s affordability position more acute than any other region. To address this, the Government should support growth and an appropriate mix of housing by: giving greater weight to lower quartile house price to income ratios in the funding formula for Regional Housing Pots and; strengthening incentives within the housing and delivery planning grant to encourage an appropriate mix of market and affordable housing, as well as ensuring that the Planning Inspectorate reflect community aspirations for affordable housing provision.
- 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?

- B6.1 Plymouth supports the proposals to reform business rate relief for empty property – it is essential that local authorities retain the increased revenue from this source. Further work on exploring the options for a charge on vacant and derelict previously developed land would also be welcome. The funding for this could be one source used to help fund infrastructure to unlock difficult sites for development.
- B6.2 Upfront funding for infrastructure to unlock the development of difficult sites could be another innovative and highly effective way of tackling the problem of derelict land. In October last year, local authorities in the South West contributed to regional advice submitted to Ministers to inform the Comprehensive Spending Review. This advice outlined the concept of a Regional Infrastructure Fund (RIF) and sought to allow for the capitalisation of pre-development costs to enable the region to deliver a Capacity Fund. Regional Development Agencies and Assemblies in the South West and South East are now taking this forward with a joint submission to Government seeking approval to proceed.
- B6.3 The primary purpose of the RIF would be to assist in the timely provision of regionally or sub-regionally significant infrastructure that supports delivery of planned growth. The fund would not support delivery of infrastructure where it can be secured through traditional funding mechanisms. It would receive and recycle revenues derived from planning gain obligations and a proportion of the proposed Planning Gain Supplement – as signalled in the Chancellor’s pre-budget statement - and use these to support infrastructure in line with sustainable development principles and practices.
- B6.4 The proposal is to initially establish the RIF with funding from the public sector (including money vired from regional funding allocations), however, proposals are currently being developed for the Fund to access private finance, once it is established and the risks/benefits associated with it become more clearly defined. In the South West, it is proposed that the Fund be overseen by a Board with appropriate representation from regional and local agencies, as well as the private sector. The Board would approve an initial Business Plan, based on known requirements and available resources. The potential to deliver a transformational change in infrastructure delivery lies in the opportunity to use the RIF creatively with delivery agencies to make things happen on the ground, as well as to lever in additional private sector resources.
- B6.5 The start up funding for the RIF will come from regional funding allocation (RFA) sources, specifically transport and economic development. The

RFA would also provide funding for the development of a 'Regional Capacity Fund', which would be available to address technical capacity/expertise issue within local authorities in particular to bring forward key infrastructure projects. It would allow for funds, such as the regional housing allocation and the transport allocation, to be used to invest in capacity for local authorities to develop and deliver capital investment schemes limited to a proportion of the capital cost of the scheme. It will require an agreement from Government to allow pre-development feasibility and modelling activity to be capitalised.

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?

L1.1 The current division of responsibilities between local authorities (14-16) and LSCs (16-19) means that effective management arrangements need to be in place to ensure the split responsibilities are undertaken in an integrated way. Planning and funding arrangements for those aged 16-19 should be outlined in a strategy that is jointly developed and implemented with Local Authorities.

L1.2 A reformed Learning and Skills Council should continue to liaise with local authorities and play an active role in local partnerships and the Regional Skills Partnerships (or the proposed Employment and Skills Boards). A 14-19 reference group – including local authority representatives and the Learning and Skills Council – can help to guide the work in this area.

L1.3 In the development of the proposed Employment and Skills Boards appropriate links should be made with wider business support available – to ensure skills are fully embedded into business support programmes.

L1.4 Regional Skills Partnerships (RSPs) have proved an effective mechanism to improve the co-ordination of demand-led skills delivery, backed by a wide range of partners, including local government representatives. Having demonstrated competency, RSPs are well placed to ensure that national funding is effectively tailored to meet regional and local needs. However, this coordinating role could be strengthened in two ways. Firstly, by requiring LSCs and JobCentre Plus to seek RSP endorsement of their regional delivery plans. Secondly, by requiring Sector Skills Councils to seek the endorsement of proposals for National Skills Academies located in the region, to reduce the possibility of duplication or adverse impact on other providers.

Convening

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

L2.1 As highlighted in the Leitch Review, Local Strategic Partnerships can play an important role in convening employers and skills providers at local level. Local authorities can help to establish well balanced partnerships of schools, employers and Further Education. Regional Skills Partnerships have also established varying sub regional structures to engage local partners in planning in appropriate functional areas – and it is clear that there is no simple one size fits all solution – these should be developed on a bottom-up basis. RSPs should also provide the opportunity for local authority representatives to engage more readily with Sector Skills Councils and the Train to Gain programme, following the Leitch proposals to expand their remit.

L2.2 Local Area Agreements also allow space for consideration of skills and connections whether other policy areas. LAAs in this respect have the potential to be forward looking and link skills with areas such as business support, inward investment and the development of employment sites.

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

L3.1 Local authorities can play an important role not only in ensuring 14-19 education issues address skills demands but in informing an understanding of what skills needs are and liaising with local employers and potential inward investors.

L3.2 The proposal to increase LSC funding allocated to the Train to Gain programme and learner accounts should ensure adult skills needs are much more demand led. However, questions remain over the role a reformed LSC will now play as well as how further education colleges fit into the overall process. It is important that local authorities are aware of skills demand so this can feed into related work on economic development. Local authorities can also play a role in helping meet skills shortages by tailoring programmes for young people appropriately, making students and adults aware of the opportunities and stimulating demand for taking up training.

- 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?

L4.1 Local authorities will need appropriate representation on the proposed Employment and Skills Boards – and the boards will also need to ensure clear and transparent consultation arrangements are in place. Local authorities can assist with the roll out, publicity and provision of the new

Specialised Diplomas and can also help to pilot the new models for the sector skills councils.

Funding

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

L5.1 Amongst other things, the Leitch recommendations highlight the responsibility of the public sector – and local government – as an employer. It is important that local government ensures its own internal training procedures are up to scratch but this will of course have funding implications within tight budgets. Improved and effective training can, and has, helped local government achieve efficiency savings – however there is a limit to the amount that local government can set aside up front to deliver in this area.

L5.2 It is not yet clear how the proposed Skills and Employment Boards proposed for core cities would be funded. This could have further negative repercussions on local government finances. Core city boards should be integrated into the sub regional arrangements developed by Regional Skills Partnerships on a bottom-up basis.

South West LGA draft response to Lyons Inquiry with Plymouth City Council
amendments

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