

Lyons Inquiry into Local Government

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

South Tyneside Council Response

19 January 2007



South Tyneside Council

South Tyneside MBC: Response to Lyons Consultation

Overall

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

1. We feel that Local Authorities require further powers and responsibilities to undertake their place-shaping role. The Local Government White Paper set out plans for the reduction in the number of mandatory outcomes and this has been very well received in our Local Strategic Partnership (LSP). However, in the first annual refresh of our Local Area Agreement (LAA), Government prescribed 24 new mandatory outcomes and 31 new mandatory performance indicators. We would like to see the commitments made in the White Paper become reality and we would welcome the proposed reduction in the number of mandatory outcomes and indicators becoming a reality.
2. To be an effective place-shaper, we would like to see further power over the wider determinants of economic prosperity such as health, education and transport given to Local Authorities. For example, Local Authorities might be given powers to convene non-economic partners such as Primary Care Trusts.
3. Some of these devolved powers are already evident via LSP's and LAA's. However national and regional priorities and drivers such as new mandatory national outcomes and regional strategies can crowd out local action and local priorities.
4. Through the Local Enterprise Growth Initiative, the Government has shown that local economic problems can be solved at a local level. This is encouraging and we would urge the Government to further develop this devolved approach; our successful experience with LEGI is already proving effective in promoting enterprise in disadvantaged areas. We would also like the Government to consider the remit of the Regional Development Agencies, where appropriate powers could be transferred to Local Authorities; as the democratic place-shapers in local areas, we feel strongly that regional strategies need to be as much bottom up as top down.
5. We welcome the Government's proposals to place a duty to co-operate on named partners. However, we would urge Government to go further and provide flexibility to allow Local Authorities to work even more closely with partners, particularly those who represent Government departments, who might be more responsive to the needs of local people rather than national priorities.

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6. The Association of North East Councils has responded to the questions on behalf of all Local Authorities in the North East and we endorse the broader points that they make, as we have had input to their response.

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?

7. The issues and implications raised by the three reviews vary between different parts of the country and different kinds of place. Given the three strategic economic priorities for transport policy outlined by Eddington, we feel that by focusing transport improvements solely on existing gateways and infrastructure, there is a danger of exacerbating congestion and contributing towards climate change. For example, if Government policy of focusing port growth were to switch from the South East to Northern ports, including the Port of Tyne, there would be a real opportunity for economic development and more employment. If expansion of northern ports were supported, there would be fewer HGVs on southern roads, as goods would be travelling by sea to the north and congestion could be reduced.
8. The needs of certain sectors of the population may need to be considered as the implications of the policy reviews emerge. For example, BME communities, which tend to be concentrated in urban areas, require different skills training to enable them to access the employment market and to help improve career development. We also have emerging evidence of a trend of migration into urban areas, particularly from abroad, which could impact on delivery of existing services such as health, education, employment and housing; the policy reviews need to consider these key issues.
9. The current debate about the role, remit and function of city regions also needs to be considered in the implications of the reviews. Government has recognised the economic importance of cities and their surrounding hinterland. We are closely involved with developments within the Tyne and Wear City Region and we look forward to continuing debate around governance and function.

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?

10. We feel it important to reiterate an issue we have raised above, which concerns the annual refresh of existing LAAs. To fulfill our place-shaping role, we worked closely in partnership with our LSP to develop 'Spirit of South Tyneside', our joint LAA, Sustainable Community Strategy and

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Neighbourhood Renewal Strategy. The document provides a clear focus on achieving our shared vision for our local area and has an absolute focus on the things that matter most to the people who visit, work and live in South Tyneside.

11. Following agreement of the document in April 2006, the Government introduced 24 new mandatory outcomes and 31 new mandatory indicators. We feel strongly that this goes against the spirit of LAAs and is contrary to the proposals in the Local Government White Paper. The requirement that we introduce these new outcomes and measures creates an unnecessary burden on the local authority and partner organisations particularly in relation to performance management and ultimately, front line service delivery. This very much appears to contradict with the proposals in the White Paper, the recommendations of the Varney Review and also the work being led by Michael Frater in chairing the 'Lifting the Burden' task force.

Eddington Transport Study

Governance

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

12. We believe that there is a need to continue to develop integrating transport planning linked to sustainable economic growth. This could be most realistically achieved by using a package of measures, which we feel should be developed locally as different areas have different needs, therefore solutions should be derived locally and not prescribed nationally by Government.
13. We would argue that Local Authorities do work effectively in partnership to deliver transport outcomes, but there is room for improvement in terms of co-ordination and integration. Local Members need the ability and capacity to become involved and to influence in leadership of place. To help deliver this, greater powers and responsibilities are required for public transport. Therefore, we welcome the potential of having more Local Authority involvement in the management and planning of public transport including a greater say in the running of bus services. A new city region transport board for the Tyne and Wear area is an option worth exploring.

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?

14. We would expect key behaviours of local authorities to include outstanding leadership and not being afraid to make tough decisions. Local Authorities

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need to be visionary and inspirational in their approach and in their message.

15. The ability to forge and maintain good working partnerships is essential when working to common outcomes, therefore an agreed vision and objectives for the authority and its partners are important. We feel we have successfully achieved this in South Tyneside through the development and implementation of Spirit of South Tyneside in close partnership with our LSP.
16. We need to be flexible and proactive in our approach and welcome challenge as well as being challenging. As place-shapers local authorities are best placed and have a democratic right to speak about what is needed at the local level. This also requires local authorities to exhibit persuading and influencing behaviours in working with our partners.
17. We feel that using LSPs or LAAs as a vehicle to progress partnership working, on condition that they were derived locally.

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?

18. This is dependent upon what policy powers that transport would be aligned with. It is important to reiterate that transport is a means to an end and not the end itself.
19. Other elements that might be integrated alongside transport would be jobs and enterprise, well-being, quality of life, sustainability and social inclusion.
20. We feel that the role of the business and private sector would also need to be taken into account when considering the best design for governance arrangements as we feel these sectors can contribute significantly.

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

21. The role of local government in making use of any new bus powers is potentially an exciting and significant development, which is warmly welcomed. With the necessary legal powers in place, we would look forward to working with partners to enable us to progress with Quality Contracts. Providing the right legislation is in place, there are many opportunities to help to make buses more attractive for people to use.

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22. Local Authorities could also have a say over bus routes, timings and pricing. They could use their influence to help set up routes that could serve areas of higher unemployment and low car ownership to help people access jobs.
23. There are many developments in terms of new technology such as smartcards, access to bus times via mobile phones that could help making the bus a more attractive proposition. Local authorities are already, through their partnerships, engaging with operators on how to make best use of the available technology.
24. Regional Planning Bodies and Local Authorities through the Regional Spatial Strategy and Local Development Framework process are encouraging economic development to be sited on areas of brownfield land that are well served by public transport, this process should be encouraged.
25. The use of the Article 14 powers enacted by the Highways Agency on behalf of the Department for Transport has led to a campaign organised in the North East by the local media claiming that economic development in the North East is being jeopardised by the Highways Agency. This is due to their power to refuse permission for developments if they think this will make their roads become more congested as a result of a development. Local Authorities should be able to exercise more influence in this regard, as they are the experts of what the local requirements are, as some have said this is a case of the national interest being more important than local needs.

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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?

26. There could be an opportunity to integrate some elements of Local Transport Plans with LAAs. In South Tyneside we acknowledge that a lack of access to transport is a fundamental barrier to employment and social inclusion. Our LAA is also our Community Strategy and Local Neighbourhood Renewal Strategy and there are good local examples highlighted below where we would be happy to provide more information.
27. Within the Jobs and enterprise thematic block we support “Wheels to Work” a project that provides mopeds to enable people to travel in and outside the borough to work. Within the Safer and Stronger block we have supported the Community business, “Connect” a community transport facility that provides low cost access to transport in areas with limited public transport coverage, thus enabling people to gain access essential to essential services. This level of innovation could be further strengthened through devolution of more powers to city regions/Local Authorities.
28. Through consultation and engagement with residents and community groups, there could also be opportunities to distribute small amounts of funding to communities to deliver local level transport improvements that they may have identified as being a priority, therefore empowering our communities. Local Authorities have a good understanding of the local evidence base and no-one knows local problems and solutions better than local people. We would be encouraged to see powers given to Local Authorities to convene public/private sector providers to deliver local partnerships.

Funding

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

29. Some of the funding allocated to the Highways Agency could be allocated to Local Authorities to spend, although this would mean a likely review of the road network.
30. We would welcome flexibility in terms of being allowed to spend money and perhaps derive funding from different sources. The recent Regional Funding Allocation exercise which asked regions to advise Ministers on how money should be spent in the areas of transport, housing and economic development. The guidance said that funding could be

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switched between different pots of funding. Further investigation and discussions into the opportunities to develop this would be welcomed. The formula used for the distribution and allocation of funds in RFA was based on population, which was seen as detrimental to the North East, as a region due to its lower population. Representations were made that encouraged Government to consider alternative aspects of the formula to consider factors such as economic deprivation and need.

31. Funding arrangements and reform will be dependent upon the outcomes of the Comprehensive Spending Review. The discussions in Tyne and Wear regarding governance arrangements for transport at the city region level, may also help to influence appropriate spending and investment decisions. The recent challenges encountered in Tyne and Wear regarding concessionary travel highlighted an issue with the Government's funding allocation. This has had a knock on effect, in that some bus services have had to be reduced to accommodate the shortfall in funding.
32. Ultimately a balance of need and opportunity is required when considering reforming current funding arrangements.

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?

33. The Government has awarded Tyne and Wear Authorities over £1million to fund a study to look at demand management measures and public transport improvements from the Transport Innovation Fund.
34. The Government is encouraging local authorities to begin to consider the option of introducing road user charging through the TIF process. There should be opportunity for Local Authorities to investigate the possibility of being able to ring fence money raised from road or congestion charging to improve public transport for example.
35. The Government should incentivise and reward local authorities that have worked to try to reverse the decline and ultimately increase the numbers of people using public transport. Local Authorities can be instrumental in cutting congestion and pollution.

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

36. There are various issues that are relevant here. Local Authorities need the flexibility to decide on whether revenue raised from any future road charging should be ring-fenced or whether it should help fund other policy

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outcomes. The congestion charge in London has proved to be successful, but some have suggested that as a result of its success, more people have switched to public transport, and are therefore not paying the congestion charge which has led to lower than expected revenues.

37. If the number of cars on the roads were to decline as a result of road user charging, this could affect the amount of revenue raised. On the other hand, local authorities may choose to spend the money raised from road pricing on other council priorities, which would affect any improvements to public transport and highway infrastructure.

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?

38. Barker says that 'with land supply limited, developers have responded to growing demand by building houses at greater density...lower income groups in cities have tended to enjoy increasingly little green space in their area due to infill developments'.
39. This may be true, but high-density developments can be designed in such a way as to include open spaces, be they squares or paths thus providing recreation and social interaction opportunities. Building at high density can be very much to the advantage of mass transit systems and given the Stern and other reports should not be overlooked.
40. The issue here concerns issues of 'solely local impact'. A recent residential offer report highlighted that the South Tyneside market is independent to the housing market in the rest of the sub-region, and is relatively self-contained. We would welcome flexibility in markets of this nature where there is potential for that flexibility to have a positive impact on regeneration, provided there is evidence of a robust monitoring regime, which measures impacts on housing market areas. We feel greater flexibility on housing numbers and planning could be granted to self-contained housing markets.
41. We support the intention that call-in powers are to be reduced, with a stated intention that these focus on significant departures from the Core Strategy or RSS, rather than site specifics. This could allow greater flexibility to deliver regeneration, which could be particularly helpful where major unforeseen sites come forward for development that would assist in delivering regeneration. However there could be an issue where this could impact upon existing regeneration proposals where investment has

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been made but are not far enough through the LDF to protect from rival sites.

Are there particular implications from the Review's recommendations on the use of green belt land?

42. In South Tyneside, there is currently no intention to review greenbelts and whilst Barker's review implies that greenbelt land is a potential target and one that there was less concern over its protection than other environmental designations, the size of the relevant greenbelt also needs to be considered. In South Tyneside, the greenbelt is relatively small and is seen as the breathing space between key parts of the conurbation. Barker states that there are various types of quality of greenbelt. We agree that this is the case and close analysis of landscape character and its contribution is required before any conclusions about their role and value are made.

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?

43. In the North East there is clear evidence of Authorities working together across former county boundaries. Within Tyne and Wear there is an extensive tradition of joint working with our partners on joint services like Tyne and Wear Museums and transport through the work of the Tyne and Wear Local Transport Plan. More recently we have worked with Gateshead on our joint Building Schools for the Future and are continuing to develop our partnership on waste disposal with Gateshead and Sunderland. We have also worked jointly with Tyne and Wear partners on providing input to the Regional Spatial Strategy.

44. The opportunities offered by the City Region proposals are exciting and provide the chance to enhance joint working with our partners, to develop transport, the employment consortium, better policy making and analysis and the proposed Property Regeneration Partnership. The Property Regeneration Partnership would potentially bring together a range of public sector assets to place into a partnership, bringing in substantial private sector investment for regeneration priorities and could provide an effective forum for local authorities to work together to meet planning challenges across the Tyne and Wear City Region.

45. Some efforts could be made towards planning across real rather than artificial boundaries – e.g. Housing Market Areas, regeneration areas etc. There is already evidence of collaborative working across Local Authority

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boundaries, with work on LTP's and the development of Tyne & Wear City Region Business Case,

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?

46. We agree with Barker, in that the role of the IPC should be limited to strategic development of national importance. One of the strengths of the planning system is that it is subject to a degree of democratic accountability and it would be unfortunate if this were lost. There needs to be a clear distinction between what LA's and IPC would be responsible for and would be keen that they are limited to very strategic developments. There would also need to be clear terms of reference established. The role of Local Government Association will be essential in brokering the initial set-up and terms of reference.
47. The Community leadership of Local Authorities is an important consideration within this. We feel strongly that the Local Authority is responsible for place. We would welcome further discussions on how accountability is implemented and potential powers for call in, particularly if two or more Local Authorities had concerns.

Convening

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

48. The recent Regional Funding Allocation (RFA) exercise gave the opportunity for regions to advise Government Ministers what it thought were the economic, transport and housing priorities for the region. There was an opportunity to vire funds between the three elements; to meet any areas of over/under spend, but on this occasion, it was decided not to investigate this. However if there is a second round of RFA, then this may be something to reconsider.
49. It may be appropriate to review the current arrangements of the RSS/RES to look at a closer alignment. The RES tends to be more aspirational, and has a higher forecasted rate for economic growth. They could be better aligned to maximise sustainable economic growth that benefits Local Authorities by integrating processes as much as possible.
50. Use of Multi Area Agreements could have a role in encouraging Local Authorities to work more closely together. We would welcome opportunities to pool housing numbers in Multi Area Agreements, which are targeted at areas of need and opportunity with flexibility.

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Funding

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

51. The suggested approach of allowing advance investment of expected increases in tax income within regeneration areas would be a useful incentive to kick start regeneration and in particular encourage business 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?

52. Local flexibility is desirable because there are differences between land value and interest between different parts of the country. A blanket national catch-all tax would not work; we would require the local flexibility to ensure that we would not disincentivise areas that require regeneration.
53. We are aware of discussions at the moment on whether local authorities should be allowed to introduce a specific land tax on property developers who buy land, then develop many expensive properties and sell them on for a big profit. We would welcome the opportunity to discuss how any tax raised from this could be distributed or kept by the Local Authority and how smaller and more deprived local authorities with marginal (and often highly contaminated) development sites would not be disadvantaged.

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?

54. Local Authorities need to work with LSC's as the strategic partner on behalf of an area. Local Authorities need to take the lead on developments within the 14-19 curriculum, including the facilitation of a Consortium and the development of the new collaboratives (between schools and learning/training providers). This intends to deliver new diplomas, increase the number of 16-18 year olds in education, employment or training (reducing the number of NEETs) and increase the number of 16-18 year old with a level 2 qualification. We would welcome the opportunity to develop a strategic partner type model with the LSC to potentially pilot any arrangements.

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55. Local Authorities need to work with LSC's on behalf of an area, taking a leadership role. Local plans need to be bottom up to city region level and then to the regional LSC. It is important to ensure that any local intelligence of skills is not lost, particularly in the context of South Tyneside with its multiple disadvantaged resident cohort, i.e. the starting point for many learners is further away from employment than in other areas. This is also true of the Basic skills levels in South Tyneside, which are some of the lowest in the UK. It is vital that there is the representation on the appropriate forums to influence the allocation of resources to meet South Tyneside's specific needs.
56. The further moves proposed by Government on the independence of schools make it increasingly hard for Local Authorities to fulfil a strategic role in generating future skills supply, given the diseconomies of scale in vocational provision if all schools want similar specialisms yet only offer limited facilities.

Convening

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

57. The Local Authority is well placed to lead the local partnership to deliver employment and skills based on local evidence. Increased and improved skills lead to employability and eventual employment. Skills and employment cannot be seen in isolation. Local information from local employers on skills gaps (locally) is available. The services within the Local Authority need closer joining up, as currently learning, training and employment initiatives exist in separate directorates and across many services with limited coherence of funding, focus, quality assurance and commissioning. This leads to lost opportunities to maximise impact from different funding streams. The Local Authority role is to facilitate and encourage connectivity and collaboration through convening partnership meetings, developing a shared strategy and action plan on Skills and Employment, which is overtly reflected in Strategic plans, for example, the LAA. The Local Authority also needs to ensure that it maximises the impact of diverse funding streams such as NRF, LSC etc indeed the expectation of the LSC is that the local authority will match LSC funding with NRF to achieve shared outputs.

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

58. The local authority has two roles, one as a major employer within South Tyneside and one as the conduit for information on employer and learner needs. The Local Authority is also a learning/training provider and will need to play a part in meeting those skills needs. It also will need to be aware of national and regional priorities, and the needs of Sector Skills

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Councils and mesh those priorities with local needs, on the one hand raising awareness locally of national and regional priorities on the other hand flagging up local priorities, which are substantial and need to be reflected perhaps regionally or even nationally.

59. Local Authority delivery needs to be developed in partnership with other providers so that there is no local duplication and that the best provider is the deliverer. There is a role for the Local Authority to bring together employers (STEP) and also bring together providers (Learning and Skills group and the 14-19 Consortium) and to facilitate those forums and to actively participate to ensure that needs are identified and met.

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?

60. There is a significant opportunity for the role of Members on a proposed Employment and Skills Board, given their democratic accountability. This work links directly to many Council services and partners which are sometimes seen in isolation, like Every Child Matters is about joining up all children's services. Leitch is about joined up skills delivery to meet identified needs in an efficient and effective way. The challenge is to ensure seamless links between local, city regional and regional levels to deliver the skills agenda. However we recognise that the Labour markets, employer needs and skills provision operate much wider than local authority boundaries so there is an emphasis on us to co-operate with our neighbours.

Funding

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

61. As an employer we will be expected to ensure that all our staff are trained up to a full level 2, in the first instance, and then a full level 3. There is an expectation that as an employer we will contribute to the costs of that training/learning and allow time for staff to complete. This directly links to Workforce Development. There is also acknowledgement of the need to retrain and upskill an ageing workforce. There is also a discrete element in which the local authority is seen as a potential best practice employer to influence other employers.
62. The implication is that funding that the authority has access to is used smartly and coherently to make the links to achieve maximum impact. Current LSC funding to the local authority will change and become Train To Gain whereby there will be an expectation that Employers and/or learners will contribute to the costs of those programmes. This will mean that the LSC will want to see increased numbers of learners on certain

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programmes for the same amount of money. We would welcome the opportunity to explore these funding implications further but would expect to see national funding for this through LSC's or otherwise.

63. There will be increased funding available for apprenticeships, which are seen as a key priority in upskilling a future work force. Although we note that there is no mention of mature apprenticeships for older learners. We feel that there may be a need for increased funding for apprenticeships, which we see as a key priority for upskilling the workforce. South Tyneside is currently developing an innovative approach called the Guaranteed Apprenticeship, which we feel will tackle our NEET cohort as part of our approach to well being. We would be happy to provide further information on this.