

# **London Borough of Hounslow's response to the Lyons Inquiry into Local Government. Promoting economic prosperity: considering the implications of Eddington, Barker and Leitch**

## **Section 1: General 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?

### **Hounslow's Response**

Local government requires the finance system to be properly deregulated to be more able to fully influence local economic prosperity. Hounslow would suggest a greater degree of locally raised revenue than that currently provided by Council Tax, re-localisation of business rates and lessening of Central Government ringfencing including the controls on the direct schools grant.

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?

### **Hounslow's Response**

Hounslow feels that London is in a unique position with regard to the emphasis in Barker to streamlining the planning process, in particular the commitment to the number of cases suffering delays due to the call in process. The recent GLA bill with its provisions for extended powers for the Mayor of London to call in planning applications judged to be of strategic importance may mean an increase in the number of cases suffering delays due to call in for London Boroughs.

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?

### **Hounslow's Response**

Leitch places emphasis on the cost of raised ambitions to be shared between government, employers and individuals. As such more emphasis needs to be given to engaging the business community to ensure that skills provision can be planned and targeted. Essentially this involves providing incentives for involvement with the Local Authority and its partners. This could be achieved through a more flexible and innovative approach to LSPs.

The new power for the Mayor of London to join the Secretary of State in directing changes to an Authority's Local Development Scheme also puts London in a unique position with regard to its place shaping role. The Authority feels that these changes will impact on democratic accountability and the ability to make local decisions, which take full account of local views. There is potential that developer will pay much less regard to

the council in pre-application or post application negotiations and may give much greater priority to projects within the GLA family to the possible detriment of locally-promoted projects.

## **Section 2: Response to detailed consultation questions**

### **2.1 Eddington Transport Study**

#### **2.1.1 Governance**

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

#### **Hounslow's Response**

London local authorities including LB Hounslow can and do work effectively in partnership to deliver transport outcomes. The local authorities work together in sub-regional groups: LBH is a leading member of Sweltrac (the South & West London Transport Conference) and WESTtrans (formerly West London Transport Strategy). These groups formulate responses to pan-London transport issues and opportunities, and design and implement local transport infrastructure improvements, especially where two or more boroughs are involved due to the nature of the area or transport service. There is also a West London Strategic Transport Group, chaired by LB Hounslow, which was established under the West London Alliance to deal with major forward-looking transport issues in the sub-region.

The major transport institution in greater London is of course Transport for London, which is a relatively new institution that is still, in Hounslow's opinion, in the process of establishing the appropriate systems, processes and relationships to allow it to work effectively with the boroughs to deliver the best transport outcomes across the full road and public transport network. While there is some concern that TfL has already grown too large, there is no immediate need for a major review of its structure or purpose.

- 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?

#### **Hounslow's Response**

Some of this is covered above. A side dis-benefit of the rapid growth of TfL is the difficulty that most London local authorities are experiencing in attracting and retaining sufficient qualified transport planning personnel to exploit the new opportunities that have arisen from increased TfL funding and to work fully effectively in partnership with TfL, neighbouring boroughs and other disciplines within the individual borough.

- 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?

### **Hounslow's Response**

Hounslow would stress that any issues not considered by Eddington which may have a bearing on outcomes need to be taken into account. In particular Aviation policy and future aviation industry performance will be a key factor.

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

### **Hounslow's Response**

Key issues that need to be tackled to promote economic development include:

- Routes which serve a particular labour market or a potential labour market which generally cross Borough boundaries.
- Where the objective is to open up new 'routes to work' the long term impacts and economic viability must be assessed. This is particularly important as new routes are likely to be unprofitable at the outset.
- The authority also believes that consideration needs to be given to financing. The current means of subsidising initially non-profitable routes for example through s106 funds are inadequate.

#### 2.1.2 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?

### **Hounslow's Response**

Local authorities can make the links between transport and other elements of economic development and quality of life most effectively at the local level by working closely with relevant parties within the borough, including staff across all sections of the Council and local interest groups, and by working sub-regionally and with TfL as the transport authority for greater London. All this currently happens, but sometimes superficially, and opportunities are not always fully exploited, mainly due to professional resource shortages as noted above. In addition, the authority feels that this can be supported through harnessing existing structures such as through fuller involvement of the LSP in discussions over strategic transport planning.

#### 2.1.3 Funding

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

## **Hounslow's Response**

In terms of public transport and local road management, the funding mechanisms are satisfactory, however the quantum of funding available to bring the road network up to an acceptable level is insufficient, especially given the effect on carriageways of higher frequencies of heavy vehicles, including large buses and Heathrow-related freight vehicles.

- 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?

## **Hounslow's Response**

Congestion charging and road pricing are best managed pan-London, by TfL or the Department for Transport; however local demand can also be managed by parking controls, which should continue to be the prerogative of the local authorities, provided there is some pan-London commonality of approach.

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

The London local authorities have benefited from the additional transport funding that TfL has been able to make available through congestion charging revenues. These revenues are likely to increase as the scheme develops, however there is some concern that the contractual relationships developed by TfL with the system's suppliers have resulted in lower overall revenues available for use in improving transport either directly by TfL or via the local authorities.

Parking revenues are also expected to increase, and be complemented by camera-enforcement revenues from moving traffic offences; these should be ring fenced for local transport and street improvements.

## **2.2 Barker Review of Land Use Planning**

### **2.2.1 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?

## **Hounslow's Response**

The most effective way of ensuring appropriate flexibility at the local level would be to retain those discretionary powers that already exist. The current proposals in London for extending the mayor's planning powers threaten that

flexibility and are driven by the desire to impose top-down solutions to matters which are beyond the truly strategic and are essentially local place making decisions.

- 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?

### **Hounslow's Response**

The development of common objectives is critical to Local Authorities working effectively together. Where this is not the case brokerage and arbitration is central to partnership working.

- 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?

### **Hounslow's Response**

The proposed Planning Commission is a development of recent changes that have seen the findings of local plan inspectors become mandatory on local planning authorities. It is the existing ability of individual local plan inspectors to take binding decisions on more local matters, and therefore act effectively as a one person planning commission, that is of concern. This seriously undermines the place-shaping abilities of the local authority.

Work with local communities should take place through the LSP.

#### **2.2.2 Convening**

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

### **Hounslow's Response**

LSPs are central to linking work on planning, housing and transport. In addition the council links and considers planning, housing and transport issues through the LDF and its core strategy.

However Hounslow is concerned with the duty afford to the Mayor of London to produce a statutory London Housing Strategy to which housing corporation and local housing strategies prepared by Local Authorities should be in general conformity. Hounslow feels that the results of this proposal when fully implemented will give less discretion for individual Authorities in matters of housing strategy. The Boroughs are key stakeholders in the delivery of affordable housing and it is important that they continue to be more than just delivery vehicles for regional strategies. The move to make the London

Housing Strategy statutory has the potential to create an extra layer of statutory strategies cutting across national and local strategies. It may also reduce accountability and flexibility in meeting local needs and undermine engagement at the local area in key housing issues. The Authority is also concerned that the legislation required to give the Mayor statutory housing responsibilities could take away the powers and influence of Borough LSPs and LAAs.

### 2.2.3 Funding

#### **Hounslow's general response**

There is a link between the Lyons Report and the future of S106 agreements, being consulted separately by DCLG and HM Treasury. A separate response will be provided on the issue of planning obligations. The response to the initial ODPM consultation (Dec 2005-Feb 2006) on the Planning Gain Supplement set out the Councils concerns regarding the method of allocating the Planning Gain Supplement.

In summary Hounslow feels that the proposal could shift responsibility away from the locality by removing the ability of local communities to directly gain from new developments towards meeting local needs.

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

#### **Hounslow's Response**

Hounslow suggests that a first step would be a thorough review of the Business Growth Incentive scheme (LABGI) to establish if use of Business Rates is a potentially effective incentive and what a reformed LABGI scheme might deliver.

Where possible an incentive would be to supplement other expenditure on local skills and employment development and address skill shortages and potential sectoral growth through revenues from planning gain.

- 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?

#### **Hounslow's Response**

Empty property relief should be strictly time limited (e.g. 6 months maximum). Extensions should only be permitted with concrete evidence of development proposals or active marketing at realistic local values based on existing permitted use. District valuers should have powers to enforce the marketing of the property at an adjusted "real market" value after a specified period of time should the property remain unsold. This would deflate the "hope" value of land, reduce land banks and bring derelict sites back into uses that are

currently perceived as unprofitable because of the artificial bidding up of land values. However these measures would have to be carefully designed to ensure it did not act as a brake on sustainable development

## **2.3 Leitch Review of Skills**

### **2.3.1 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?

#### **Hounslow's Response**

Hounslow feels that the work of Education Business Partnerships within Local Authorities is already building effective links between employers and local LSCs particularly in relation to work with disadvantaged young people or those likely to leave school without recognised qualifications. The strengthening and development of this work could make a significant contribution to the LSC. Local Authorities can also relate to the reformed LSC on 14-19 education issues through the development of existing mechanisms such as LSPs and regional skills forums.

The Local Authority should continue to have a strategic role through the chairing of the 14-19 partnership board and bringing together partner organisations to strategically determine need and delivery. Hounslow is also concerned about potential conflict in the current combined roles of education (training) provider, education authority and broker. The accountabilities of the LSC and the strategic role of Regional Development Agencies (RDAs) also need to be factored into any new arrangements.

### **2.3.2 Convening**

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

#### **Hounslow's Response**

Local Strategic Partnerships have already proved effective in building links between elected members and the local business community. Increasing the incentives for local businesses to become involved in these existing arrangements would be an effective and cost effective method of increasing business representation. An example of this could be through returning LABGI funding to businesses to fund training.

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

## **Hounslow's Response**

Local Authorities have a critical strategic role through the links they have with key groups such as local employers, Chambers of Commerce and business support services. Local Authorities should ensure linkage between Skills and Employment Strategies, Community Plans, Local Development Plans and Regional Plans. The Local Authority has a bank of knowledge of the local economy and is in a central position to be the co-ordinating and commissioning body for local skills training through mechanisms such as Local Area Agreement (LAA) targets and funding streams.

Local Authorities are also often major local employers and as such they can set an example and lead the way for other public and private sector employers. One example of this is in relation to the new employers 'Pledge' to employees.

Local Authorities could also use s106 funds of the new planning gain supplement to play a key role. One example of this is through the Employment Development Plan to return money to employers with stipulations that significant investment in the training of existing staff is undertaken in partnership with local training providers.

- 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?

## **Hounslow's Response**

Local Authorities already play a role through LSPs and other links with groups representing employers at a borough or sub-regional level. As representatives of the local community Local Authorities would be the obvious choice to chair and facilitate the Employment and Skills Board. The Authority feels that more thought should be given to how employers in particular will be given incentives to participate meaningfully in the Employment and Skills Boards.

### 2.3.3 Funding

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

## **Hounslow's Response**

Hounslow is concerned that if all vocational funding is routed through the Train to Gain programme this could work against Local Authorities supporting (either directly or indirectly) adult education services. The Local Authority uses this funding to deliver the local authorities priorities and can target work against known areas of deprivation and skills gaps in its locality. The use of this targeted funding supports other multiple soft targets such as crime reduction child poverty, mental health issues, social cohesion and community regeneration. As the Train to Gain programme is currently defined it will

discriminate against smaller training providers without the infrastructure to engage effectively and directly with employers.

Hounslow also has concerns that the as the funding is linked by provider to individual employer and therefore responsive to only one employer at a time rather than a sector or geographical area. This situation will make it hard for Local Authorities to influence the skills training commissioned and delivered in its borough and this will make it hard to plan against need or projected growth in sectors.

Funding could also shift from schools to private sector providers under a new ILA system, creating uncertainties and undermining existing provision.