

Promoting economic prosperity: considering the implications of Eddington, Barker and Leitch Questions for stakeholders

London First response to Questions for stakeholders

London First is a business membership group whose aim is to improve and promote London with the objective of ensuring that London maintains and enhances its position as a leading world city. We deliver our activities with the support of 300 of the capital's major businesses in key sectors such as finance, professional services, property, ICT, creative industries, hospitality and retail. Membership also includes all of London's higher education institutions as well as further education colleges and NHS hospital trusts. Our members represent about 25% of London's GDP.

In responding to this discussion paper, we have endeavoured to answer as many of the questions posed as possible but our response is limited to those issues upon which we are able to take a view, based on the knowledge, expertise or experience of our business members.

We include in our response our full submissions to the Eddington and Barker reviews and a speech made recently on skills by London First Chief Executive Baroness Jo Valentine, which considers the Leitch report. We would also refer you to our previous submissions to this inquiry for further detail on local government funding in particular.

Overall

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

London is unique in having a regional tier of local government with responsibilities for economic development, transport and strategic planning. Overall the Greater London Authority (GLA) and its functional agencies have the necessary powers – or will do so following enactment of the current GLA Bill and Further Education Bill.

The boroughs have their own place-shaping role, but their powers to undertake it are relatively limited and, to a large degree, they have to rely on influencing GLA strategies and programmes.

- **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.

Eddington Transport Study

Governance

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

In London, Transport for London (TfL) has the primary role. However there is also a need for sub-regional strategies and a better co-ordinated approach to managing and improving the local road network – TfL's negative powers over the most important borough roads are not sufficient for this purpose. Additionally, governance of the rail networks remains fragmented. Decisions affecting the development of the local and regional rail network, and its integration with other transport modes, depend on agreement being reached between the Department for Transport, Network Rail and Transport for London. This arrangement unnecessarily adds inertia to efforts to improve and develop an already heavily overcrowded network and cope with high current and forecast population growth.

- **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?**

A more strategic approach to managing major borough roads could be achieved by building on existing sub-regional partnerships such as SWELTRAC and more focused use of TfL's funding for borough projects. The London Lorry Control Scheme should be operated by TfL rather than the boroughs.

- **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?**

This alignment is achieved within the GLA. In most boroughs transport is well aligned with environmental policies but often fails to take account of economic development. However this is a failure of policy rather than governance and underlines the need for a strong London-wide strategy.

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

Not relevant for London.

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?**

In many London boroughs there is a tension between quality of life for residents and economic development. These links can best be made through sub regional development frameworks.

Funding

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

We have proposed that the GLA should be funded through an assigned share of income tax collected in London which would allow greater autonomy in allocation of resources.

- **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?**

Research undertaken by London First has shown that hypothecating net revenues from road user charging schemes locally increases support for such schemes. Eighty three out of 100 businesses surveyed by London First in 2006 wanted to see net revenues used to expand and improve London's transport.

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

We have recommended that road user charging schemes should be introduced with a package of measures tailored to suit local conditions, with net revenues invested in public transport, roads and public spaces – see *Getting London to Work* (London First, December 2006) – http://www.london-first.co.uk/publications/bb_3606.pdf.

Barker Review of Land Use Planning

Governance

- **What specific measures are needed to ensure that local planning authorities have appropriate flexibility over issues of solely local impact? Are there particular implications from the Review's recommendations on the use of green belt land?**

We strongly support the recommendations for reducing Ministerial call-ins and speeding up the appeals processes. In London, this is even more important given the Mayor's role in strategic planning. Issues of wider than local significance are addressed by the Mayor and should therefore not trigger a call-in. A call-in should only be for matters genuinely of national significance.

We propose that the Government pilots improvements to the appeal system in London, including the appointment of London specific and specialist Inspectors. We consider that development in London is sufficiently distinct and important to the nation's well-being to warrant this.

- **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?**

In London we support the clear definition of what is 'strategic', as defined in the Mayor of London Order. We have also emphasised the practical issue of shortage of planners. It is unlikely that all 33 boroughs will have high calibre chief planning officers and a full range of specialists. Many have no experience of major projects. We therefore believe there is a need for a London-wide approach to the recruitment and retention of planners.

Boroughs should be encouraged to collaborate more and work together, including pooling planning resources where appropriate, building on the experiences of the Olympic Joint Planning Team. They could also outsource the processing of applications to other boroughs as well as consultants.

- **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?**

It should be for local authorities to represent the interests of their area to the Commission. They should therefore carry out public consultation.

There should be scope for more generous compensation as a result of major infrastructure projects, including a premium over market value to compensate for the use of compulsory powers. Local authorities should be able to negotiate more extensive mitigation measures, including an element of 'planning gain' for the local community, similar to s106 contributions by developers.

Convening

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

The GLA will be well placed to do this for London following enactment of current legislation.

Funding

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

We have recommended that local authorities should retain rate income from new commercial development (with a share going to the GLA in London). There should be greater scope for them to enter into joint ventures with developers. The rules that determine whether investment in public private partnerships constitutes public borrowing should be applied more flexibly so as to enable local authorities to behave in a more entrepreneurial way.

- **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?**

We do not believe that development in London is held up by lack of incentive to exploit vacant land or property.

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?**

We strongly support the creation of a London Skills Commission, chaired by the Mayor and with a majority of business members which is able to decide the allocation of funding for adult skills training.

Convening

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

Training is not enough by itself to ensure employment of disadvantaged people: it must be combined with social and community programmes. In London, this can be achieved through the London Development Agency (LDA). However some of the relevant programmes and budget are managed by the Government Office for London (GOL). These should be transferred to the LDA.

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

At a London wide level the local authority role is carried out by the Mayor and LDA. Boroughs also have an important role through identifying specific local issues and through their own community development and regeneration programmes. They could be more effectively integrated into the process if GOL programmes were transferred to the LDA.

Funding

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

None immediately – funding remains with DfES via the Learning and Skills Council (LSC). However we do not believe this is sustainable in the longer term as there is bound to be tension between meeting national LSC targets and local priorities.