

LYONS INQUIRY: QUESTIONS FOR STAKEHOLDERS

A Response from the Core Cities

This is the second of the Core Cities Group's collective responses to the Lyons Inquiry, which seeks to address the questions posed since its extension and consider the implications of a number of other reviews:

- The Leitch Review of Skills
- The Eddington Transport Study
- The Barker Review of Land Use Planning

In addition, the conclusions of the *Local Government White Paper* and the *Stern Review of the economics of Climate Change* have potentially profound implications for the role of England's Core Cities.

The Core Cities

Core Cities is a network of England's major cities outside London - Birmingham, Bristol, Leeds, Liverpool, Manchester, Newcastle, Nottingham and Sheffield: the regional capitals.

The umbrella theme for the joint activity of the Core Cities is economic development. We have established a number of priority areas flowing from our desire to increase our economic performance; 1-8 below. These are set out in more detail in the attached document *A Century for Cities*. The Core Cities have established expert working groups in some of these areas and are undertaking further research, evidence gathering and debate in others, developing proposals with their partners.

1. Transport
2. Supporting innovation and enterprise
3. Skills, worklessness and social inclusion.
4. Placemaking and sustainable communities
5. Climate change
6. Financing
7. The relationship between the 'Big Nine', the Core Cities and London
8. Governance and leadership

The Core Cities economic development and regeneration roles

The Core Cities have special significance because of their size and location. They are the economic drivers of their regions, with some of them producing the majority of their regions' GVA, whilst wholly recognising that this role relies on a symbiotic relationship with adjacent cities, towns and rural areas, and a two-way flow of benefits.

In addition, the Core Cities each sit at the point of convergence of complex networks and partnerships, travel to work areas and spatial economic interdependencies, providing urban and economic cores within wider city-region territories. They also have a distinguished track record in economic development and regeneration that clearly demonstrates the virtues and

positive outcomes of effective local government, with scores of examples of significant achievements. These underline the Core Cities leadership role in bringing together the partnerships that can deliver the components of a successful place. This is good local governance in action.

The Core Cities role as major centres of business and wealth creation - that in turn power the economy of the surrounding region - is recognised in recent Government research and analysis (*Our Cities are Back*, ODPM 2004; *Competitive European Cities: Where do the Core Cities Stand?*, ODPM 2004; *The State of the English Cities*, ODPM 2006; *Devolving Decision-Making: 3 – Meeting the regional economic challenge: the importance of cities to regional growth*, HMT 2006). They:

- are leaders in the knowledge economy;
- are the source of much of England's creativity and innovation;
- contain many of our top educational institutions;
- are important retail centres;
- contain a large share of high value employment;
- are the location of many of our most important businesses;
- have a major contribution to make toward climate change;
- are the location of many of our greatest cultural assets;
- have very diverse and vibrant communities; and
- despite all this, are still the setting for much of this country's disadvantage.

The Core Cities initial response

Many of our original concerns still stand and we therefore re-attach the original submission to the Inquiry; *England's Core Cities; why financial freedom would drive improvement* (T. Travers, LSE 2006).

The paper advocates devolved freedoms and resources for the Core Cities and we believe that increased local self-determination, resources and freedoms are necessary to improve economic performance. However, this is not advocated as an end in itself, nor is it just an argument for increased local accountability and a reduction of the democratic deficit, as important as these things are. The argument has two further points.

Firstly, that such devolution, by providing increased local control and coordination, will drive up local economies, improve quality of life, social inclusion, health and well being for all residents and communities of the Core Cities and city-regions. Secondly, that devolution to the Core Cities will, as articulated in the business cases of the city-regions submitted to CLG, help to deliver on core Government objectives, in particular improving economic competitiveness nationally and internationally, and reducing regional economic disparity. Recent reports, in particular *The State of the English Cities* (ODPM, 2006) have added a weight of evidence to the validity of these arguments.

Whilst having much in common as the economic drivers of their regions, the Core Cities and their surrounding city-regions have a diversity of character and need. In addition city-region partnerships are at differing stages of development, therefore not every element of the attached paper by Travers is applicable equally to every Core City. For example, different cities and city regions may need different governance models and/or financial freedoms to best suit their particular priorities, administrative boundaries and the stage of development of their partnerships. What is certain is that there is a common desire for increased freedoms in order to deliver the benefits described above.

The Core Cities recognise that the framework within which any devolved financial freedoms are to be delivered will need absolute clarity and to be both strong and sophisticated to secure the buy-in of partners, as well as taking an incremental approach to such devolution. The Core Cities' intention in arguing for freedoms is to utilise them for local benefit in a way that commands local support and engages local communities and agencies, including the private sector.

Each of the Core Cities is working with city-region partners to develop models of city-region governance which suit the local character and nature of need, the stage of development of that partnership and the issues that it has prioritised. The Core Cities and the city-region partnerships believe that these models will provide the appropriate level of public accountability and that they will have the ability to evolve in parallel to any devolutionary 'offer' and to the aspirations of partner authorities.

Our response to the Inquiry's extension and key questions

Overall Questions:

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

We welcome the extension of the Inquiry and its remit to consider the wider implications of the Comprehensive Spending Review and related reviews. The convening role of local authorities will be paramount in delivering many of the aspirations contained within these reviews, nowhere more so than in the Core Cities and surrounding city-regions due to the economic significance of these territories as centres of urban competitiveness nationally and internationally.

The degree to which effective place-shaping can occur is dependent on the powers available. We argue that the Core Cities have been very effective in place-shaping and have an excellent track record of regeneration and economic renewal, but that with additional freedoms they could achieve much more.

To ensure that responsible agencies coordinate properly locally and that everyone benefits from increased economic prosperity, local authorities need the power to ensure national agencies respond to locally identified priorities and vary their ways of working to meet local need. Whilst we welcome the

proposals in the Local Government White Paper and the Public Involvement in Health Bill regarding the duty to cooperate through Local Area Agreements and the enhanced scrutiny role for local authorities, it is not clear whether the proposals in the Bill, or for Multiple Area Agreements will assist sufficiently in this. This issue can only be addressed if national agencies are more accountable both nationally *and* locally when setting priorities and for their performance.

The Core Cities, sitting at the centre of city-regions, also need powers, duties and control over key functions (the priority areas identified in *A Century for Cities*) such as transport, skills, economic development, housing and spatial planning. The purpose of an increased level of local empowerment would be to ensure that in these key areas the responsible bodies plan strategically and operate coherently to improve economic performance and productivity across the board, with regard to the economic footprint of a city-region. Current structures do not always ensure that agencies in a city and city-region are working towards shared strategic goals.

At the local, city-region level, each of the Core Cities has established a city-region partnership. These aim to create integrated and consistent frameworks aligning priorities and programmes across key functions, in particular through the city-region business cases presented to central government in Spring 2006 and currently under negotiation. This partnership working has the potential to enhance economic competitiveness, reduce spatial inequalities and make more effective use of public resources for the long-term. However, continued and enhanced support from central and regional government is crucial for success.

The Lyons Review needs to make more of the leadership role of elected members in place-shaping, as the democratically accountable representatives who oversee and facilitate this process.

The answers to the challenges set out in the questions below fall roughly into two categories. Firstly, there are many long term challenges here that will take time to resolve; but secondly, there are also issues that can be dealt with quickly in the short term and that are deliverable within current resources. We believe it would be helpful if the Inquiry were to make recommendations in respect of funding that address the short term as well as potential long term transformational change. We support the principle of relocalisation of the Business Rate based on local investment strategies developed in conjunction with the business community that deliver growth and benefits for the business base. We also recognise that an incremental approach will need to be taken to achieving any relocalisation and that this is not likely to be a short term measure. Therefore it is important that the Inquiry produces options for shorter term integrated approaches, building upon existing initiatives such as the Local Authority Business Growth Initiative (LABGI). This will enable Local Authorities to develop appropriate local schemes for investment and build up a clear track record of delivery and competence that can, in the medium term, reinforce the argument for more radical approaches to business rates and the

creation of new frameworks to promote locally determined reinvestment of revenues from a range of existing and new sources.

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?

The reviews place a welcome focus on cities and their important economic role. For the Core Cities the importance of this role as regional economic drivers is magnified and this could be underlined more fully in the reviews. The reviews also recognise the need for appropriate economic geographies to be reflected in the spatial level of decision-making. We believe one of the major implications of these reviews is the need for additional powers and responsibilities for local authorities in city-regions to collectively determine major city-region issues of transport and planning (in particular) locally, in co-operation with each other within new city-region partnerships.

We have moved quickly in England from seeing cities as problems to viewing them as economic and social solutions and we are keen to ensure that this focus continues to grow and be reflected in government policy, encouraging urban living and strengthening the link between density, regeneration, competitiveness and sustainability. The Core Cities would welcome an opportunity to work with government to research the climate change impacts of commuting and out of town development, making a comparison with increased city living within the Core Cities.

The Local Government White Paper has not concluded debate on the potential roles and powers of city-region partnerships and we are now working with the Sub National Review of Economic Development and Regeneration led by Treasury and involving CLG, to progress these issues. In concluding the CSR, it is important that city-region progress and arrangements currently being put in place on the ground are taken into account by Whitehall as part of ensuring a close fit between local and national policy and delivery. Clarity will be needed in defining the frameworks of responsibility between national, regional and local agencies and in particular between individual local authorities, city-region partnerships and regional bodies. This subject has also arisen within the Sub National Review, and the Core Cities are participating in workshops on these issues.

Local government is the central agency of place and one of its key roles is to bring together other public sector agencies, and social, economic and environmental partners to focus jointly on the different facets of a place in a coherent way. This point is recognised in the Inquiry's definitions of 'place-shaping' and the 'convening' roles of local government. However, a single nationally imposed model of partnership or other governance would contradict the stated objectives of government policies to increase local responsiveness and flexibility. A differentiated solution that first empowers local authorities that are most able to benefit from devolved arrangements is required, as opposed a 'one size fits all' approach.

In terms of the geography, London and the Greater South East have demonstrated their disproportionate economic growth potential in recent years. The Core Cities and London have been presented as the 'Big Nine' as the real drivers of the national economy. The Core Cities group has always viewed its relationship with London as complementary rather than competitive and at the Core Cities Summit in Bristol they agreed a shared platform on key challenges common to all. The parallel is not exact and whilst the same governance model is neither necessary, desirable nor deliverable for city-regions, the advantages of devolving real power to this spatial level can be seen in London.

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?

The Stern Review of the Economic Impact of Climate Change, and the issue of climate change more generally, has important implications for the future leadership role and finances of local authorities, if they are to adapt to and mitigate the implications of climate change. This is a key concern for the Core Cities in our future work in place-shaping.

The city-regions collectively generate 27% of the country's carbon emissions and there is clearly a role for the local authorities as both public sector leaders and as carbon producers, in reducing emissions. The annual emissions per capita are however significantly less within the Core Cities (2 kilotons) than the country's average (2.5 kilotons), due to higher density living.

However, the economic implications of carbon reductions, particularly for businesses that are heavily energy-dependant, is a particular concern for the Core Cities as economic hubs, and many of the Core Cities are planning substantial housing growth to help meet the economic and social needs of the whole UK. Here, our view is that the Core Cities' should be empowered to achieve carbon reduction in a way that is sensitive to the long term needs of the local economy and its residential and business communities.

For example, the cities, in accordance with the government's commitment to sustainable communities, will seek to minimise their carbon footprint through high-quality, high-density housing development, sustainable construction methods, and access to local services and provision. At the same time, however, there will be opportunities for the Core Cities arising from climate change. These could include – for example - supporting businesses to make the transition to low or zero carbon operations, supporting the redesign of business quarters and premises as well as the design and development of new zero carbon business premises and infrastructure, co-ordinating more effective ways of managing travel to work and promoting and championing environmental technologies in their business strategies. The Core City local authorities are best placed to deliver and enable the holistic and comprehensive approaches needed. Certainly, the cost of doing nothing will be greater than the cost of thoughtful early action.

One additional solution may be local Energy Supply Companies (ESCOs). These could potentially make large-scale changes in the way that energy is supplied and used at the local level, using renewable supplies more efficiently through long term relationships between a supplier and a locality. Several of the Core Cities are investigating the opportunities presented by ESCOs and one ESCO, the Birmingham District Energy Company, was established in December 2006.

The Core Cities have created an expert officer working group on climate change, one of several working groups that cover our priority areas, and we are able to respond to and engage nationally with issues collectively through that group.

Adaptation to climate change is also a key issue for Core Cities and we are working with the *Tyndall Centre for Climate Change Research* to examine and produce a way of measuring climate vulnerability for different kinds of urban areas, what this will mean for urban growth and what measures might need to be taken by planners, designers and developers. There is a much bigger set of issues here and the Leaders of the Core Cities recently met with the Rt Hon Ian Pearson MP, Minister for Climate Change and the Environment, to discuss a Joint Declaration and future joint working on this issue.

Climate change cuts across many areas of responsibility, from public health and refuse, to maintenance of green and public spaces, to custody of the built environment through spatial planning and development and control. It is likely to have important financial implications in the near future.

Sustainable city living needs to be encouraged and that there is a strong connection between density, competitiveness and climate change. The Core Cities are in a strong position to continue to raise the bar on construction carbon footprints and more energy efficient development. Transport is also a major source of carbon emissions across the city-regions. This is a difficult challenge for Core Cities and city-region partners and would be better met if they had stronger powers, for example over infrastructure investment and public transport provision, with the aim of achieving modal shift and reducing congestion. This issue needs to be tied in to strategic planning at the city-region level for housing, transportation, economic development and spatial planning that seeks to reduce the carbon footprint of a city region.

Eddington Transport Study Governance

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

Increased freedom and investment in the area of Transportation is the top priority for the Core Cities. Local authorities in Core Cities and in city-region partnerships have a strong track record in partnership working to deliver effective transport solutions. The Core Cities however believe that new/reformed institutions are necessary. Where PTA/Es exist, they need to

be reformed and properly linked into other metropolitan institutions. For example, simply providing PTA/PTEs with highways powers may not necessarily deliver optimum outcomes as traffic management decisions on key routes should relate to more than just public transport priorities. The options being put forward by the Core Cities for multi-functional strategic decision making at a city-region level offers a more appropriate way forward. Strategic transport planning and delivery would be dealt with under a multi-functional arrangement to which PTAs would be connected and have an accountability relationship.

Any reform of transport institutions should relate closely to the place-shaping role of local authorities, facilitating leadership and ensuring the widest possible benefit from public spending. Powers should include being able to influence the specification and quality of public transport networks and services, granting operating rights and having better representation for the Core Cities on regional and national transport bodies. Examples of this include the need for representation on Regional Transport Boards and in providing advice to Government on productivity TIF arrangements. This is essential in achieving integrated transport solutions and in contributing to carbon emission reduction targets in a way that does not adversely affect the local economy.

This is not however simply an issue about buses, as important as they are, but also about rail and highways.

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?

In any city-region wide transport body, local authorities need to put aside more local concerns and consider the greater good of the city-region as a whole. This is already occurring in city-region partnerships and is a prominent feature of the governance arrangements that are developing within them.

A mechanism to support the evolution of these partnerships could be a “duty of collaboration”, supported through legislation. For transport, this could be enshrined, where appropriate, in a series of area agreements (commitments to outcomes) across corridors, which would aggregate into a Multi Area Agreement (MAA) both between partners and with Government. The MAA would provide the basis for articulating the city region’s achievements, assist in assessing key areas for action, and be a foundation for funding agreements.

Such agreements will work best if they offer flexibility and reduce rather than add to bureaucracy.

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 relates to the points made above. Strengthening PTA/Es, where they exist, without considering city-region governance across the piece will create a barrier to a properly joined up system of city-region governance. The links between transport policy and all other city-region policy areas are undeniable, as transport ultimately acts as a vehicle for delivering against all economic, social and environmental agendas.

We also believe that if we are to really achieve effective local decision making across the range of critical infrastructure and service issues, such as transport, that underpin the delivery of sustainable growth in the major conurbations we need to go beyond the conclusions in the Eddington Review with regard to buses. We need to develop an effective mechanism to deliver integrated strategies incorporating public transport (including rail) and involvement in all aspects of the highway network. This is entirely consistent with the promotion of effective integration of spatial and economic planning (as argued by Barker) and the delivery of key transport, economic and environmental outcomes (including congestion relief, sustainable employment growth and reductions in the carbon footprint of the city region).

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

Local bus networks make a crucial contribution to city-region economies – linking areas of need with sources of opportunity and, where quality has been achieved, offering an alternative to travel by car, reducing congestion.

We welcome the Eddington report's support for this view, in particular its important recommendations for regulatory changes to deliver the most appropriate bus product for local economic needs and “ensure that it delivers in the interests of users.” (para 1.163). We also welcome the observations in *Putting Passengers First*, that cities should be able to influence local bus networks, to get best value and service for users, to decrease congestion and to contribute to climate change targets.

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?

Local authorities need to ensure that the development of local transport strategies is effectively integrated with wider land use and regeneration strategies at an appropriate spatial level. This is particularly relevant for Core Cities given their regional economic role.

At present, there is no statutory requirement for a strategic land use planning function at the city-region level which parallels the requirement to produce a local transport plan. It is essential that these various functions are effectively aligned and that the agencies responsible for development and delivery are able and required to operate in this way.

Funding

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

It would be helpful if future Regional Funding Allocation arrangements were able to build more on sub-regional arrangements and activity, linking transport priorities closely to economic growth and productivity.

Different approaches have been taken across the Regional Development Agencies with regard to transport investment. The Core Cities would welcome a more consistent approach. Eddington's identification of the economic importance of connectivity suggests that it is worth examining which approaches have resulted in most benefit and why, channelling findings into future decision making.

The Eddington report reflects on the need to consider the full range of policy options – across modes and making use of existing capacity as well as enhancements. This is not always possible given the current 'silo' nature of funding dedicated to particular travel modes. We would also support the observations made in that report on the often perverse incentives created by the balance of capital and revenue funding arrangements. Eddington makes useful observations that sub national transport governance arrangements must have the right responsibilities and scope to support evolving patterns of local and regional journeys.

We would like to explore with government a power for local authorities to borrow against future revenue streams from development gain to finance the upfront infrastructure that enables the development to take place and so improve local economic performance. This may include some or all of a permanent LABGI, Section 106 contributions and in the future, PGS.

This could work on an extension of the prudential principle, and would help not only transport related projects but also in accelerating the pace of development in urban areas as a whole. We believe this solution could be easily implemented.

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?

As discussed above, we believe that a substantial proportion of transport allocations are best located at the city-region level. However, in some of our city regions there is a significant shortfall between the level of resource available under the entire Regional Funding Allocation and the scale of investment required to secure a local transport network that can effectively underpin the scale of projected economic growth. This shortfall is unlikely to be met in full with Transport Innovation Fund resources alone.

We are keen to engage further with the Lyons' Inquiry to investigate the potential of all additional funding solutions to this shortfall, including options

for prudential borrowing and the capture of infrastructure-related land value increases.

Funding allocations do not always adequately reflect the economic importance of the Core Cities or city-regions when set beside GVA, where the contribution to regional GVA of the area may be more than 50%, but the regional transport allocation received may be less than 20%.

The Core Cities are evolving a variety of approaches to demand management, based on local need, but we are in agreement that:

- there needs to be significant investment in public transport improvements and enhanced capacity in place prior to introducing any scheme;
- the scheme must complement the competitiveness and inclusion priorities and not undermine the competitiveness of the Core City and surrounding towns and cities - to this end, any local road pricing scheme needs to be set within a nationally agreed framework;
- the scheme must be widely accepted, not only by the public but by the business community; and
- the scheme must be sensitive to where congestion exists or where it may emerge in the future notwithstanding the advent of public transport improvements.

More effective local control of local bus services would be an essential prerequisite, so as to ensure that there is no perverse commercial incentive to react to any potential local road-pricing scheme with increased bus fares. In addition, this would be a critical factor in ensuring that the appropriate bus network quantity and quality can be secured in advance. There is little evidence that the current deregulated, commercial bus industry is appropriately structured to provide such a response effectively.

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

The current legislation provides for the retention of road pricing revenues for up to 10 years. It is likely that this would provide an insufficient horizon for authorities to effectively borrow against. We would urge the Inquiry to consider this matter further. In addition, it is essential for those local authorities that wish to pursue local road pricing to retain full local discretion over the allocation of local pricing revenues.

With the introduction of a national charging scheme within 10 years, it will be important to identify the impact of this on any local hypothecation of local scheme revenues.

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?

The Core Cities welcome the need to look at the green belt as a strategic policy tool. This is of particular relevance in cities where the green belt abuts sites of major economic significance that have the potential to grow but may be inhibited from doing so.

However, this must be placed within the context of Barker's continued support for the prioritisation of development within urban areas and on brownfield land, and it is important that any reviews of the Green Belt have strong regard to this central construct.

We support the increasing policy focus on the Core and other cities as centres of economic importance. Barker is right to highlight the need to remove constraints to productivity and household growth where appropriate. However, we need to ensure that this doesn't lead to perverse outcomes for existing urban areas by easing restrictions on edge of town development.

Particularly in under-bounded cities, a potential unintended consequence of loosening control of development on the outskirts and in the hinterland could be to threaten the competitiveness of the urban core, reducing consolidation and increasing commuting distances. The relationship between density, regeneration, competitiveness and sustainability needs to be firmly established in this context.

Linking this to the climate change agenda, we suggest that the Core Cities might work with government on a study of the carbon footprint of the Core Cities compared with the footprint generated by commuting, out-of-town development and other factors which are both the result of and a continuing cause of suburbanisation and population spread. We know, for example, that whilst the city-region areas produce around 27% of England's carbon emissions, the annual average carbon emissions per capita in the Core Cities themselves is 2 kilotons, considerably less than the countries average of 2.5 kilotons per capita. This is due at least in part to higher densities, but more work is needed to understand the links between density, competitiveness and sustainability.

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?

This is a key issue for the Core Cities. The regional level is sometimes a difficult spatial scale at which to plan, as it does not truly reflect the reality of spatial economic relationships and how places operate or inter-relate. Whilst

the Core Cities recognise the need to work with regional frameworks and regional partners to ensure delivery, the regional level is generally limited as an aid to local authorities in their place-shaping duties. The city-region level can have more value in relation to place-shaping, as the scale at which relationships are most meaningful and where strategic choices and priorities can be identified.

It will be important to work with regional agencies and government to gain clarity over roles and responsibilities in this respect and the Core Cities would support a working group that sought to achieve this.

Core Cities consider that appropriate statutory planning and housing powers and/or incentives for collaborative working at the city-region level would enhance the capacity of city-regions to maximise their contribution to overall regional and national performance. The powers (recently extended) available to London to decide whether to determine strategically important planning applications could be helpful in a city-region context as important planning applications have 'spillover' effects which are difficult to consider properly at a more local level. There needs to be a shared route of accountability between responsible regional bodies, the Core Cities and the city-regions to ensure that proper consideration is given to the city-region spatial dimension in strategic planning for housing, as well as spatial planning, transportation and economic development.

Within some city-regions, more localised problems may also occur due to the existence of inappropriate planning boundaries. Often, local authorities have on their own initiative developed ways of collaborating on local cross-boundary planning issues, but we should consider ways of encouraging or institutionalising such collaboration.

There is a particular issue for Core Cities in encouraging density of development and city living, something that is central to reducing environmental impacts and strengthening the urban and economic core.

Within a planning system built around regional strategies to support growth agendas, particularly within the Core Cities, our view is that some devolution of planning, that takes proper account of the city-region spatial dimension through a relationship of accountability, would deliver more economic growth more quickly, more effectively.

What role should local authorities have in relation to a future independent Planning Commission, and how should they best work with local communities on their concerns and potential benefits?

The Core Cities see benefit in an Independent Planning Commission (IPC) to consider developments of national importance, which would need to be carried out transparently and with appropriate democratic safeguards and ensure it works more effectively than current arrangements.

It will be necessary to ensure that the proposals considered by such a commission are of truly national strategic significance and that mechanisms are established to enable local, sub regional and regional views to be heard. Whilst it is recognised that some development may be of overwhelming importance to UK PLC it is equally true that often this can cause disproportionate harm and nuisance to local communities. There has to be a way to ensure that their views can be expressed otherwise distrust and disengagement will result, in direct opposition to the aims of the recent planning reforms.

For local authorities, the task will be to ensure that any proposal being handled by the IPC and affecting a particular authority undergoes the fullest scrutiny and provides the greatest potential benefit for its local communities. Where a local authority has concerns over a planning application, there is a potential mismatch between the roles of place-shaping and community engagement, unless that authority is empowered to ensure the proper degree of scrutiny.

Convening

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

This has been dealt with above. The most important issue here for the Core Cities is to ensure that, through effective city-region arrangements, there is a better fit between strategic planning for transportation, housing, and economic development. The solution is in part to refocus strategic planning at the correct spatial level and in part to provide city-region partnerships with the means to ensure that the relevant agencies can be held to account for their decisions at both national and local levels.

Funding

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

This is a critical issue raised by Barker. We would like to emphasise the need for Incentive based funding that does not necessarily take a one size fits all approach and may mean different things for different cities. As well as finding a means to increase investment, two further questions will need to be answered: firstly, how can incentives be used to encourage improved delivery within existing resources; and secondly, how can incentives be linked to the agenda for productivity and economic growth? In developing answers, consideration should be given to the role of Core Cities as economic drivers and to the 'accelerator effect' of increased investment in them. The Core Cities view is that providing increased freedoms that allow them to invest more in infrastructure, for example through relocalised income, will produce accelerated economic growth regionally and nationally.

The relocalisation of business rates would provide an incentive to grow the business base. Such an approach must be subject to a clear strategy developed in conjunction with the business community. The Core Cities also

recognise the need to develop and implement this incrementally. This strategy should set out those priorities that will be supported on the basis that they will contribute to continuing and sustaining economic growth. Such priorities may well include the creation of new public realm but might also include investment in transport infrastructure as it is clear that this is key to promoting sustained growth. There is a particular issue for the Core Cities in developing and sustaining their infrastructure as regional capitals within basically the same funding allocations as other local authorities. In brief, we suggest that local authorities should be allowed to retain a proportion of the business rate yield to support investment in local infrastructure. This could be seen as an extension of the LABGI scheme but on a larger scale and within a much longer timescale. For example, retention of 10% of the Leeds' business rate yield could support investment of over £300m in that city's infrastructure, borrowed over 25 years.

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?

If additional revenues were to be retained locally (as is the case to a limited extent with Council Tax on second homes), then it would be worth developing a scheme to allow flexibility to local authorities to limit the reliefs on empty business properties or charge on vacant and derelict sites. This could take place where there is a sound case for applying pressure on site owners to bring properties or land into beneficial use.

A balance needs to be struck between providing a greater incentive to redevelop or re-use properties, whilst not unnecessarily penalising owners who are genuinely unable to use their premises and are actively seeking to re-let or dispose of them. Many owners struggle to re-let, redevelop or dispose of their properties within the current three month exemption period and extending the exemption period from three to six months would help, bringing it in line with council tax.

We consider that there is no longer any justification for listed buildings to be universally exempt and that local authorities should be given the discretion to set local rules on this issue. Indeed, in order to preserve our heritage, everything possible should be done to encourage such properties back into active use, particularly within the Core Cities where regenerated and animated heritage plays an important part in the image and identity of the cities and therefore in securing inward investment.

Whilst we accept that some industrial properties have specific uses that make their sale or re-let more difficult, we do not believe that this justifies the current blanket exemption from empty rates charges. Industrial properties that are proving difficult to re-let and are left empty for long periods can contribute significantly to urban blight, and everything possible should be done to encourage their redevelopment. Our view is that exemption from empty rate charges is a significant disincentive to such redevelopment and, indeed, can

encourage owners to leave such properties vacant in the hope of windfall profits as the economic climate improves. The blanket exemption for industrial properties should be withdrawn, but in order to protect areas where small industrial units are being built to assist regeneration, we would suggest that an exemption should be maintained for properties with rateable values below an agreed level.

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?

Overall, we welcome a coherent approach to the strategic management and planning of skills activity for 14-19 year olds. We agree with Leitch that Learning and Skills Councils have an important role to play and should take a leading role in the management of commissioning processes. There should not, in theory, be any significant conflict with the role of Children's Boards, as the Learning and Skills Councils are intended to be key participants in the delivery of Children's Board activity. A key objective for the local authority is to connect school improvement strategies at primary and secondary level to the 14-19 agenda to ensure continuity from statutory education through post 16 and into adult learning in the workplace.

Core Cities will need to work closely with the LSC in their new role at a strategic and local operational level. There are existing mechanisms to do this through the Children's Boards as indicated above and also through other bodies for example the Public Service Board that has been established in Manchester and the Skills Boards in most other cities. Through these structures the Core Cities should have the ability to influence strategic planning arrangements and to support cross sector working and the more effective integration of skills programmes with other elements of economic development and urban regeneration. However, consideration should be given to powers of enforcement where voluntary arrangements fail to work.

The Core Cities Chief Executives will shortly be meeting with the LSC to take forward this relationship, and will be delivering a high-level seminar on Skills at the LGA Urban Conference in February to shape their future joint work programme and drive the growth and competitiveness of business.

One of the issues that will need to be resolved is the fact that, whilst Core Cities are well placed to detect emerging supply gaps in skills, in reality they have no power to respond to changing skills demand beyond providing funding and lobbying the relevant institutions. Having a simpler mechanism operating between the point of recognising a need and the point at which it is addressed, working in partnership between the Core Cities and other agencies, would greatly improve the impact of interventions.

Convening

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

It makes sense to link employment and skills issues together in a way that enables effective planning and delivery arrangements to reduce worklessness. The creation of clear progression routes from unemployment into work, supported by a range of local service providers, is a key challenge for City Skills Strategies. In addition to formal learning and training, better links need to be made with other public services where there is a strong and complementary relationship with the 'client'. This includes health services, housing providers, adult learning and adult social care services and others. The objective of these links should be to enhance, coordinate and streamline learner-employment progression routes and to support individuals to overcome specific barriers to learning and work.

In progressing this, consideration should also be given to skills needs above Level 2. The Core Cities see a great deal of their future economic opportunity in growing their knowledge economies, which requires high-end skill sets. These are not just at the technical level, but also generic skills like partnership and cross-sectoral working, understanding financing and accessing investment.

Responses to skills issues need to take place at differing spatial levels. There is a need for local flexibility to target communities where we know skills levels are lowest, but also a need for the strategic capacity to plan and deliver occupational skills at a city region level best reflecting the natural labour market. Leitch proposes the establishment of Employment and Skills Boards, a move already made by some of the Core Cities. The extension of these boards to include employment issues makes sense and would enable more effective joint planning arrangements between employer support providers and in-work skills commissioning. Several of the Core Cities are already piloting this approach through their DWP City Employment Strategy Pathfinders and this model has the scope to be stretched into a Skills and Employment Board – a mechanism which is able to oversee the full continuum of measures from worklessness through to high level skills via workforce development.

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

Local authorities have a role as enabling bodies in ensuring that local intelligence is used to determine and appropriately focus the commissioning activities of mainstream agencies on the strategic economic ambitions of the cities and those parts of the economy and society where the greatest needs and opportunities exist. All such services should be customer focused and driven by demand, but the Core Cities, as regional economic hubs, have an important role in brokering or convening the potentially complex relationships between industry, learners, learning providers and long term economic strategies and growth predictions. A demand led system should result in a balance between the need for individual learning and employment and current

and future market and industry needs. The Core Cities, with their knowledge of local opportunities and needs are well placed to achieve this.

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?

It is essential that Core Cities and the city-regions play a very active role in the Employment and Skills Boards. One of the main characteristics of Core Cities is that they are major employment centres, importing and exporting significant numbers of workers from the surrounding areas. In this respect the Core Cities have a specific need to ensure the best possible match between demand for skills and the actual provision being delivered across the whole of the travel to work areas of which they are the economic hubs. Moreover, part of the role of their local authorities is to ensure that disadvantaged communities benefit from the growth in employment opportunities. Many of the Core Cities have significant concentrations of deprivation and among these communities skill levels are very low indeed. In addition, Core Cities and the surrounding areas are major centres of employment growth and part of the role of their local authorities will be to ensure that disadvantaged communities benefit from the growth in employment opportunities. The boards should be an example of good local governance in action and the Core Cities should have a central role.

Funding

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

Leitch proposes that Government should 'target help where it is needed most'. If we assume this means more resources to tackle basic skills and employment issues in areas such as the Core Cities, where the greatest opportunities and needs exist, then this would be a significant step forward, although the need to consider skill-sets above Level 2 will be important. The Core Cities, their city-region partnerships and the associated Skills Boards are ready to deliver, and provide the ideal mechanisms for taking Leitch's proposals forward.