

**Lyons Inquiry into Local Government**  
**Promoting economic prosperity : considering the implications of**  
**Eddington, Barker and Leitch – Questions for stakeholders**

**Introduction**

Hertfordshire County Council welcomes the opportunity to comment on Sir Michael Lyons' most recent interim report. The Eddington Transport Study, the Barker Review of Land Use Planning, and the Leitch Review of Skills have important implications for local government and we are therefore pleased that Sir Michael has raised these questions. Our response is set out below and is structured to respond to the specific points which have been raised. We hope that Sir Michael and the Review Team find these comments helpful. We would be more than pleased to amplify any of the points raised, or indeed to provide further illustrative material drawn from our experiences in Hertfordshire. We wish the review team every success in its current task.

## **Eddington Transport Study**

### Governance

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

From a perspective of looking only at local authorities (i.e. the relationship between county and districts in the two-tier structure, and between neighbouring highway authorities) and only at direct transport issues, there is no need for any fundamental changes in the structure. Current initiatives and proposals such as the Local Area Agreement and the Pathfinder approach to better two-tier working will help to improve partnership working.

However, the biggest potential problem is the way in which transport is handled in the planning system. The Local Development Plan process is not yet sufficiently advanced to see whether the divorced land use (at district level) and transport planning (at county level through the Local Transport Plan) functions will work.

*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?*

One of the biggest obstacles to working in partnership is the ability to use the funding that is available within the joint approach. Much of the funding is either explicitly or implicitly linked to a series of imposed targets, many of which may be relevant from a national perspective but which are not appropriate at the local level. Therefore government will need to give much greater freedom from the targets that it imposes.

*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?*

If the transport/planning issues can be developed by working better within existing governance, there is no reason why this cannot work for other policy areas.

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

The ability for local government to have some control over the local bus network will enable services to be better matched to current and future needs, and therefore provide a more attractive service to potential users. This may go some way to tackling the current infrastructure deficit that is restricting future growth.

However, there will need to be substantial grant increases if the new bus powers are to provide significant improvement to local bus services.

### 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 be free to set targets for indicators which are appropriate for the needs of their area, rather than for indicators which are set at national level.

### Funding

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

The move towards the Regional Funding Allocation approach has been a step in the right direction, although it still has a number of issues that need to be addressed. Firstly, the 'guaranteed' funding is only for a three year period, which mitigates long-term planning for schemes which are likely to take five to ten years to develop to a deliverable stage. Secondly, the inclusion of Highways Agency regional schemes means that a few very high cost schemes can either dominate the programme or be impossible to include. It would seem sensible to introduce a cost threshold, above which schemes are re-directed to a national funding programme. Thirdly, the experience in the East of England shows that there is merit in the highway authorities monitoring the programme and providing advice to the regional assembly as a separate process, as it is these authorities that know the progress and deliverability of the schemes.

*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?*

The general principle should be that all funding sources should be managed by the local highway authority wherever possible.

*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 local use of revenue raised is relatively straightforward where the scheme is for a standalone geographic area within one local highway authority boundary (or with clearly defined agreements amongst a small group of authorities). The situation will be different if a national scheme is introduced and large parts of the network covered. This may require a national charging process to be implemented, and therefore some formula for dividing up the revenue to deliver local transport improvements.

The County Council would also be concerned if road pricing were to be initially introduced on motorways and trunk roads only. In such a scenario the funds would probably be collected by the Highways Agency, but there would almost certainly be knock-on pressures on the local road network as a proportion of drivers seek to avoid the charges by using alternative routes. Therefore there would need to be a process whereby a percentage of the revenue raised is passed on to the local highway authority.

## **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?*

In many respects the Barker Report has picked up that Government Guidance does need to be rationalised and reduced, with only the key principles being set out in Planning Policy Statements and other statements of policy.

The amount of Central Government Policy Guidance has grown enormously in recent years and the scale of the documents has become cumbersome. A system of shorter, more direct policy statements, which can be reviewed quicker, would be much more valuable, and would enable more local discretion over matters of more local importance.

### A right to challenge

*Are there particular implications from the Review's recommendations on the use of Green Belt land?*

From the planning perspective there are significant implications of the Barker Review's recommendations.

Green Belt is about the function land performs, not the condition it is in. It is essentially about keeping land open, preventing settlements coalescing and preventing sprawl.

Existing Green Belt policy allows for Reviews of the Green belt boundary if exceptional circumstances exist. A legitimate special circumstance is whether there is sufficient land available for housing and other purposes. There can also be flexibility in terms of the types of development which are allowed in the Green belt, and in particular facilities for recreation are normally acceptable, provided they do not result in major built development.

Finally there has been a great tradition in areas such as Hertfordshire to actively manage the Green belt, where urban pressures may degrade the landscape, in order to maintain attractive and usable space. This does not have to be facilitated by large scale enabling development.

In short many of the concerns raised in the Barker Report, which are used to justify a major change in the approach to Green Belt, can be overcome within existing provisions and policy guidance.

Interestingly, one of the examples of good practice given from Europe – the Copenhagen finger plan – is presented as a sustainable planning approach based on fingers of development through green belt. However a key component

of the sustainability of this approach was significant investment in public transport systems, to establish high accessibility corridors in which development could be located. Such investment in public transport is something which the UK appears unable or unwilling to confront, to support good planning.

*What different approaches could be taken to enable strategic decisions to be taken at the appropriate spatial level?*

Whilst there are quite understandable concerns about how long it has taken the planning system to reach decisions on major or complex development proposals, there are dangers in the proposed approach which is discussed in the Barker Report, to speed up decisions by removing them from local planning authorities.

There is for example an equity issue to be considered in the new system of Regional Planning, where Local Development Documents have to be in conformity with Regional Spatial Strategies, but the Authorities who have to prepare the Local Development Frameworks have only the same rights of consultation as any other party. Given that the RSS system will effectively determine the scale and general location of new development, and that once set in an RSS there is no option but to follow the guidance, natural justice would suggest that Local Authorities should have at least the opportunity to make additional submissions should they choose to, in order for them to effectively represent and protect the interests of their constituents.

One point which does appear to flow from this consideration is that the gap between regional and national decisions making and District Councils is too big, and that a sub regional level of governance, such as County Councils, still has much to offer in terms of ensuring that decisions are taken at an appropriate level.

*Can local authorities work effectively in partnership across wider areas to do this or are new/reformed institutions necessary?*

It is possible for Authorities to work jointly across boundaries in an effective way, as set out in the examples contained in the Report.

However, it has to be recognised that often the administrative arrangements to establish joint working are very cumbersome, in the case of formal joint planning committees, requiring Parliamentary time in order to establish such arrangements.

Also such arrangements are also difficult in two tier Authority areas, where for example the responsibilities for planning are held at District level and transportation matters at County level. It is our understanding for instance that the responsibility for local Transport Plans cannot be delegated to a formally

constituted Joint Planning Committee. This leads to obvious shortcomings in terms of attempting to achieve comprehensive and effective planning solutions.

In addition, such arrangements can only work where the objectives of the Authorities are commonly shared. In the south of England for instance, it would be common to find an urban authority who wish to promote development, but the adjoining predominantly rural District upon whose land development will take place, will be in opposition. In such circumstances, voluntary joint arrangements are unlikely to work, and the Government may have no alternative but to consider imposing Delivery Agencies on the Authorities in order to make progress.

*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?*

What should be essential is that if decisions are to be made by bodies such as an Independent Planning Commission, that directly affected plan making authorities i.e. Authorities who will have to deal with the consequences in land use terms of an in principle policy decision, have the right to participate in any review or Inquiry process which takes place at the strategic level.

In addition, a key concern about the functioning of the Independent Planning Commission is how public consultation will be dealt with. There is no way a national Planning Commission will have the capability or understanding of local circumstances to ensure adequate public consultation on major developments. This is an area where the Local Authority must be given responsibility and resources, to be able to deliver a sound and responsible approach to engaging local communities in such decisions.

#### Convening

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

Local Authorities already work quite effectively on these issues. In fact it is national Government that struggles far more in terms of ensuring a joined up approach to these issues.

The one area where there are sometimes difficulties with Local Authorities is in two tier areas, where different Authorities may have different priorities. Many problems may be overcome by good channels of communication, but it must be recognised that if there are two democratic organisations, they have the right to hold different opinions.

The other potential problem area is where the functions are carried out in isolation, and with no understanding of the respective issues. However, this is something that can be addressed by having a common approach to sustainability

appraisal of plans and policies, which should identify both all the strategies and policies of relevance, and potential conflicts between different strategies.

### Funding

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

By ensuring that the costs of new development do not impose additional burdens on a local authority, both in terms of the capital costs of infrastructure provision or the revenue costs of service provision.

There needs to be a far more effective method of ensuring that infrastructure can be provided up front, perhaps underwritten by Central Government, with income from the development being used to repay the investment over time. At present there is no confidence that adequate infrastructure to support new development can be delivered either through the planning system or even through the proposed Planning Gain supplement. From a local perspective therefore all new development appears to stretch the capacity of existing infrastructure which is often rightly perceived as being under pressure or inadequate.

The capability to undertake prudential borrowing is not enough in itself, unless there are guarantees that there will not be revenue consequences for the Authority of going down this path.

In terms of revenue support, there needs to be a far more speedy, effective and transparent way of improving how Local Authorities receive increased income to support growing numbers of households and consequent demands on services.

*How should empty property tax relief in business rates be reformed?*

We are reflecting on this question and are not offering a specific response at this time.

*How should a charge on vacant and derelict brownfield land be introduced into the existing local land and property tax system?*

We are reflecting on this question and are not offering a specific response at this time.

*Would any local flexibility on such measures be desirable?*

In general Hertfordshire County Council would support measures to encourage both the more rapid return of empty premises to active use, and to encourage vacant and derelict land to be brought back into use.

Some degree of local flexibility would be a necessity, simply to reflect the variation in land values and market attractiveness, which results from the unique locational aspect of land and its condition and potential acceptable end use.

## 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?*

Local authorities (LAs) have a strategic leadership role in 14-19 and draw together the different partners with responsibilities, accountabilities and an interest in this age group. Although these partnerships are relatively new, they are quite effective in delivering change as recent Government Office/ LSC 'progress checks' demonstrate.

There are a number of processes and 'tools' already in place to assist these partnerships. These include:

- the 'Every Child Matters' framework, which provides a common language for all partners working on 14 -19 learning and training. This clearly recognises the important contributions that different agencies can bring to supporting the 'rounded' development of a young person.
- Children and Young People's Plans – which should clearly state how the LA is leading the local delivery of the Government's 14 -19 Implementation Plan, and the contributions of each of the strategic partners (including those, such as the LSC, that have a duty to cooperate)

In Hertfordshire these 'tools' are used effectively within a clear governance framework through the Hertfordshire Children's Trust Partnership, the linked 14-19 Strategic Partnership facilitated by the LSC, and 14-19 Strategic Area Planning Groups which give consortia of schools, colleges and work-based learning providers devolved responsibility with earmarked funding to co-ordinate the curriculum offer in their area.

Having two key strategic partners (the LA and LSC) operating in the 14 -19 sphere has to date not presented a difficulty – there have been benefits and real opportunities to harness the strengths of two sets of expertise, of networks and influence. The Education and Inspections Act and various proposals in the Further Education White Paper create potential for duplication of responsibilities and emphasise the importance of governance arrangements at local level.

In terms of future options, there is a need for Government to set out in statutory guidance the expectations in terms of governance arrangements and partnership working, building on the duty to cooperate which is enshrined in the Children Act 2004. Structural changes, for example unifying LSC and LA responsibilities for 14-19 education and training under the local authority might promote simpler

arrangements for the 14-19 phase but at the expense of greater fragmentation across the further education sector as a whole.

### Convening

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

Coherence is needed across the range of services which support employment and skills e.g. transport systems, planning, information services, social services, Jobcentre plus; working alongside the learning and skills sector– especially where focus is on workless households/ individuals. Ideally there should be clear arrangements for each area setting out skills and employment priorities and defining respective roles and responsibilities.

There are also links to inward investment, wider regeneration and social integration programmes – i.e. skills and employment as one element of a programme for spatial regeneration alongside health, transport, etc.

The role of LAs as employers is also important. Up-skilling the current workforce, providing opportunities for local employment for those not in work; using contracting powers to influence contractors to engage in this agenda e.g. housing regeneration projects

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

LAs have a duty to work in partnership with others to ensure employment and skills services are integrated with wider programmes for economic development, regeneration and social integration. There is also a role in influencing other public sector organisations to play an active role in economic development e.g. NHS trusts.

There is also a role to work with other key stakeholders to identify future skills needs of employers and employees in particular circumstances (e.g. in relation to inward investment or significant redundancies) and plan to develop these ensuring that local people benefit from these opportunities (especially unemployed and deprived communities).

LAs should recognise the importance of developing skills of their own workforce – their employees and in contractor organisations (employment charters) and be proactive about this. By identifying skills needs and development opportunities of the workforce (especially focusing on low skilled) arrangements can be developed with local providers/LSC to improve these.

*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?*

Local authorities will be leading players in the proposed Employment and Skills Boards to enable them to exercise their strategic influence so opportunities and issues are identified and rapidly responded to in an innovative way, particularly in ensuring that the employment and skills dimension is properly aligned to the local community strategy agreed by the Local Strategic Partnership, for instance through a cross-agency workforce plan for the LA area.

### Funding

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

Local authorities need to have flexibility to align funding/activities with those of other partners. This alignment should reduce both duplication and gaps in activities. The employment and skills agenda for young people, adults and employers can only be successfully delivered by a wide range of partners working together and aligning their funding, activities and outcomes.