

Local Government  
Yorkshire and  
Humber



## **LYONS INQUIRY INTO LOCAL GOVERNMENT**

**PROMOTING ECONOMIC PROSPERITY:  
CONSIDERING THE IMPLICATIONS OF EDDINGTON, BARKER  
AND LEITCH**

**RESPONSE BY LOCAL GOVERNMENT YORKSHIRE AND  
HUMBER**

Local Government Yorkshire and Humber has responded to the Lyons Inquiry and has initiated a number of conversations and discussions within the Yorkshire and Humber region on the questions and issues raised by the Eddington, Barker and Leitch reports.

Many of the Councils in the region have prepared and submitted individual responses. As a regional organisation we have sought to consider regionally specific issues and to make overarching, strategic comments rather than answer the detailed questions since there are differences of opinion within the region on some of these.

Our key comments in the light of our discussions would be:

There needs to be key principles applied in the devolution of powers design system, the creation of structures, the development of policy and strategy and the delivery of outcomes. We would suggest these as tests:

- that building up from the very local, neighbourhood level makes sense and is better for delivering outcomes even on strategic objectives
- that traditional structures and boundaries are not the answer, that more dynamic, open networks, alliances and partnerships are needed.
- that structures, strategies, policies and initiatives are not a substitute for resources though an integrated approach can enable better use of resources.
- that the role of politics and democracy in balancing development at different levels is respected and enhanced.

## **Place Shaping Role of Local Government**

The Lyons report 'National Prosperity, Local Choice and Civic Engagement' described place shaping and the ultimate purpose of local government as 'taking responsibility for the well being of an area and its communities, reflecting its distinctive identity and promoting its interests and future prosperity' and 'requires councils to take responsibility for influencing and effecting things beyond their narrowly defined public service responsibilities'.

Strong local partnerships involving the key public sector organisations, the business community, the third sector and the community itself are required to achieve the above. Leading through partnerships, local authorities can deliver prosperity, inclusion and cohesion. However, in reality local authorities have limited influence over a considerable amount of spending in a locality and on such issues as strategic economic planning. An example of this is Sheffield where 80% of the economy in Sheffield is not under the council's control.

To ensure effective place shaping by locally elected leaders they need to have adequate influence over the prioritisation of the totality of public sector investment in an area. The central funding of such areas as health, where prioritisation is directed by national policies, reduces the ability of local leaders to develop their areas.

Place-shaping requires attention to detail and a focus on outcomes rather than means. A balance needs to be struck between national policy expectations and local ambition and accountability.

The sources of funding for local government determine its scope for decision making and its ability to determine and deliver priority investment.

Suggestions of new organisational and institutional arrangements for local government will not work if imposed on a 'one size fits all' basis.

The transport, economic development and skills agenda are not well integrated, and we are required to plan using a geography that does not recognise economic reality. On top of all this, such powers as we do have, are subject to an excessive level of central government interference and prescription.

The bottom line is that local authorities need greater freedoms more resources, and fewer instructions if we are truly to fulfill our responsibilities for \*Place Shaping\*.

The Local Government White Paper acknowledges the unique role of local government with its democratic mandate and places increased responsibilities on it to be the convener of local services and introduces the new duty to co-operate on all partners. However, this comes at a time when an increasing number of responsibilities and funding are being vested in non-elected regional bodies and quangos which are delivering a regional and national set agenda rather than focusing on the local issues where targeted activity will have greatest impact.

## **Powers and Funding**

The issue for local authorities is not specifically about requiring increased powers but rather adequate funding. In exercising existing powers there are often constraints associated with funding such as hypothecation and pass porting, this removes the ability for local discretion and reduces the democratic mandate of local government.

The funding of local authorities should be addressed, there should be fairer funding formulas introduced and resolutions to the issues surrounding council tax and business rates need to be agreed. The pressures on council tax must be reduced and a more democratic and accountable system of local government finance introduced. On the issues of council tax capping, this conflicts with both the principles of local accountability and the place shaping agenda.

A more transparent system of funding is also required where there is clarity to local citizens about what their taxes are funding both at a national and local level. This would increase both confidence and accountability.

Additionally, whilst local authorities do have the powers to shape places and pursue economic prosperity these are often diminished by Government policies and the centralising tendency of government.

The influence local government has over resourcing is crucial to ensuring the required outcomes at a local level and adequate funding is required to enable local authorities to utilise existing powers. The sub-national review of economic development needs to ensure increased control of resources at a local level to resolve local problems as this will provide greater local governance and improve place shaping.

The Local Government White Paper offers recognition of and scope for effective place-shaping via its proposals for Multiple Area Agreements (MAA's), however the lack of autonomy in the areas of physical regeneration, transport infrastructure and skills development is constraining the growth of cities.

MAA's should be a means to deliver sustainable economic development, however, clarity is required about who should take a leadership role in their development, governance and delivery. Key issues such as transport, housing and skills could be delivered through MAA's, however, real devolution, increased flexibility and necessary funding are required to make significant impact and deliver real improvements.

Local Area Agreements (LAA's) have provided new opportunities for local authorities to work together more effectively with their partners and communities, however, as they have developed they have become too prescriptive and this has reduced their effectiveness to deliver on local priorities. It is felt that they have been another vehicle to enable Government to control activities at a local level and this cannot be replicated with MAA's.

For MAA's to be successful there needs to be increased collaboration across Government Departments. This will also enable improved delivery across all public services at a local level. Government must devolve more powers to the local level on such issues as health.

Local authorities' place-shaping roles are heavily influenced by EU and national policies, strategies and decisions on funding. In terms of economic development, spatial planning, housing and infrastructure provision decisions taken at the regional level are also constraining the scope for local authorities to determine the manner in which their areas should develop.

Increasingly, local authorities have to work in partnership with each other and with external agencies to deliver change. This raises significant issues over local accountability as many of the agencies involved, including those at the regional level, are non-elected bodies. This lack of accountability and plethora of organisations diminishes the confidence of the public in Government, both local and national. To address this structures are required which are simplified and provide the ability for citizens to influence decisions.

Local authorities should have greater influence over policies that have an impact on local economic development, including transport, planning and skills. Local authorities require increased flexibility to effectively place shape their area and greater resources and incentives to build prosperous places.

In the rapidly changing global economy the current decision making and funding arrangements do not allow for the necessary swiftness of response at a local level. Increased devolved decision making and funding is required to ensure cities maintain their competitiveness.

In Yorkshire and Humber overall economic performance is below all other regions in England with the exception of the North and North West and devolution of funding and decision making to local authorities would assist in addressing this.

## **Key Regional Specific Issues**

Local Government Yorkshire and Humber has commissioned some research with the Association of North East Councils and Regional Development Agencies from New Local Government Network to consider what powers and structures are needed at the regional level.

The region is a dynamic concept which needs to reflect the current context and political balance. As was stated in the principles it needs to be a strategic alliance which brokers and co-ordinates across the boundaries of local areas as appropriate.

If regional strategies; economic, spatial, housing and transport are to reflect real issues and are to be delivered they need to be built upon the engagement of local areas.

Regional engagement must add value through connecting communities on the issues that matter. Regional Political Leadership needs to broker on different decisions and priorities.

Government Offices as the administration of Government in the region seek to work through the Regional Assembly as strategic partnership and in partnership with Yorkshire Forward.

Local Councils are developing city region and sub-regional networks and structures to make sure that urban and rural issues and priorities are tackled.

Local Government Yorkshire and Humber plays a role in ensuring that Councils can be effective in leadership and that regional activity is value added.

Regional Assemblies have the role of achieving an integrated strategic approach. Connecting strategy and delivering is critical. Too often they are separated. Multi-Area Agreements offer an opportunity to connect them.

## **Transport**

The Region is the fifth largest of the nine English regions at 15,411 sq km and forms almost 12% of the total land area of England. Almost 5 million people live in this region, about 8% of the UK population. It is at the cross roads of national transport networks North/South and East/West– M1, A1, A1(M) and East Coast mainline, M<sup>A</sup>, M18 and north and south trans pennine rail routes.

There are 3 operational airports and the Humber ports complex is UK busiest with 40,000 international shipping movements per year. The Region's rail network carries 40% of all UK freight and almost a third of all national rail freight tonnage moves to/from and through the Region. However, major capacity and speed restrictions on the railway network in Humber adversely affect both freight and passenger transport.

The Region has some of the most congested sections of the national motorway network and road traffic in the Region has grown faster than the national average. Congestion on the Region's roads needs to be addressed if the Region is going to be an economic success and close the gap between most of the other regions. The improvement of transport in Yorkshire and Humber is the key issue that needs to be tackled if the Region is going to be economically prosperous.

To improve the economic performance of the Region it is essential that there is sufficient funding and flexibility to;

- Improved access to the north sea ports
- Better integrated public transport services within and between the Region's cities
- Improved access to rural services and improved public transport.

However, in reality funding decisions on transport do not support the needs of the Region, for example, it has been identified that in the future 80% of the Regions jobs will be within the Leeds City Region, however, only 9% of the Regions' transport funding will be directed to it. Also, the Leeds experience where it took 15 years for Government to consider their tram proposal and then to refuse permission, cannot continue.

## **Planning**

In Yorkshire and Humber there are 22 planning authorities, including 2 national park authorities. In the past year the region has had the highest increase in all the English regions of planning applications received by planning authorities. Between 2003/2004 and 2004/2005 the number of planning applications increased by 5% to over 63,000.

Local authorities require increased flexibility to effectively place shape their area and have a greater powers over strategic economic planning. They need greater resources and incentives to build prosperous places.

There is concern that some of the proposals in the Barker Review, such as the independent Planning Commission to handle major infrastructure projects and the extended permitted development rights, will reduce the scope for local decision-making.

There needs to be recognition at the national level that local planning authorities represent local communities and need the flexibility to be able to respond to local issues, needs and circumstances.

Councils have a key role to play in co-ordinating agencies to work together to respond strategically to skills needs The Local Government White Paper offers positive and welcome comment on the role and place of Planning within local authority structures. However, the ability to exercise greater local discretion is an inevitable requirement for Planning to be seen as a worthwhile area of strategic activity for a local authority rather than simply a regulatory task. There is doubt that the current plan-making is sufficiently appealing when compared with other areas.

Incentives for local authorities to support appropriate growth assume that they are not doing so. This is somewhat of an assertion. Until Government changes the purpose of the Planning system, its participants will expect a balanced approach to decision making. There is already an expectation from some quarters that the planning system can act as a development tax. The key issue is infrastructure provision and for the majority of authorities outside the growth areas there is insufficient critical mass of new development for the Planning system to manage this. What is required is a more apparent linkage between development and infrastructure investment.

## **Skills**

Information on the performance of the Region in education and skills includes;

- Y&H is below the England average for key stage 2 attainment
- The Region is last place in the regional rankings for GCSE/GNVQ results
- Forth place in regional rankings for A Level attainment
- The Region had the highest rate of economically active adults with no qualifications

Considerable improvements are required on these issues if the Region and localities within are to be competitive. In order to address the issues it is paramount that policy interventions are at the lowest possible level. The Local Skills and Employment Boards should address this but local authorities should play a leadership role on the Boards.

If strategic responsibilities relating to 14 – 19 are truly to be discharged for the benefit of local people then local LSC funding should be redirected into Local Authorities and channeled through local partnership arrangements.

In order to achieve a strong and prosperous economy, it is vital that employment and skills provision is well connected to both analysis of key growth sectors, as well as interventions that promote job growth. Such linkages ensure that local residents are supported to gain and progress within *available* employment, and equally supports the productivity of local businesses.