

Economy and Transport Board

Agenda

Thursday 27 September 2012
11.00am

Rathbone Rooms 1 & 2, 7th floor
Local Government House
Smith Square
London
SW1P 3HZ

To: Members of the Economy and Transport Board
cc: Named officers for briefing purposes

Guidance notes for visitors

Local Government House, Smith Square, London SW1P 3HZ

Welcome!

Please read these notes for your own safety and that of all visitors, staff and tenants.

Security

All visitors (who do not already have an LGA ID badge), are requested to report to the Reception desk where they will be requested to sign in and will be handed a visitor's badge to be worn at all times whilst in the building.

Fire instructions

In the event of the fire alarm sounding, vacate the building immediately following the green Fire Exit signs. Go straight to the assembly point in Tufton Street via Dean Trench Street (off Smith Square).

DO NOT USE THE LIFTS.

DO NOT STOP TO COLLECT PERSONAL BELONGINGS.

DO NOT RE-ENTER BUILDING UNTIL AUTHORISED TO DO SO.

Members' facilities on the 7th floor

The Terrace Lounge (Members' Room) has refreshments available and also access to the roof terrace, which Members are welcome to use. Work facilities for members, providing workstations, telephone and Internet access, fax and photocopying facilities and staff support are also available.

Open Council

"Open Council", on the 1st floor of LG House, provides informal meeting and business facilities with refreshments, for local authority members/officers who are in London.



Toilets

Toilets for people with disabilities are situated on the Basement, Ground, 2nd, 4th, 6th and 7th floors. Female toilets are situated on the basement, ground, 1st, 3rd, 5th, and 7th floors. Male toilets are available on the basement, ground, 2nd, 4th, 6th and 8th floors.

Accessibility

Every effort has been made to make the building as accessible as possible for people with disabilities. Induction loop systems have been installed in all the larger meeting rooms and at the main reception. There is a parking space for blue badge holders outside the Smith Square entrance and two more blue badge holders' spaces in Dean Stanley Street to the side of the building. There is also a wheelchair lift at the main entrance. For further information please contact the Facilities Management Helpdesk on 020 7664 3015.

Further help

Please speak either to staff at the main reception on the ground floor, if you require any further help or information. You can find the LGA website at www.local.gov.uk

Please don't forget to sign out at reception and return your badge when you depart.

Economy and Transport Board

27 September 2012

The **Economy and Transport Board** meeting will be held on **Thursday 27 September 2012 11.00am** in **Rathbone Rooms 1 & 2**, 7th Floor, Local Government House, Smith Square, London, SW1P 3HZ.

Please note that there will be a Lead Members' Pre-meeting at 9.15am in Meeting Room 6.

Refreshments will be available upon arrival and lunch will be at 1.00pm.

Apologies

Please notify your political group office (see contact telephone numbers below) if you are unable to attend this meeting, so that a substitute can be arranged and catering numbers adjusted, if necessary.

Labour: Aicha Less: 020 7664 3263 email: aicha.less@local.gov.uk
Conservative: Luke Taylor: 020 7664 3264 email: luke.taylor@local.gov.uk
Liberal Democrat: Evelyn Mark: 020 7664 3235 email: libdem@local.gov.uk
Independent: Group Office: 020 7664 3224 email: independentgroup@local.gov.uk

Attendance Sheet

Please ensure that you sign the attendance register, which will be available in the meeting room. It is the only record of your presence at the meeting.

Location

A map showing the location of Local Government House is printed on the back cover.

Contact

Virginia Ponton (Tel: 020 7664 3068, email: virginia.ponton@local.gov.uk)

Carers' Allowance

As part of the LGA Members' Allowances Scheme a Carer's Allowance of up to £6.08 per hour is available to cover the cost of dependants (ie. Children, elderly people or people with disabilities) incurred as a result of attending this meeting.

Hotels and travel

The LGA has now negotiated preferential rates with Club Quarters Hotels in central London, opposite Trafalgar Square, in the City near St Pauls Cathedral and in Gracechurch Street, in the City, near the Bank of England. These hotels are all within easy travelling distance from Local Government House. A standard room in a Club Quarters Hotel, at the negotiated rate, should cost no more than £149 per night. To book a room at Club Quarters Hotels please use their website: <http://www.clubquarters.com>. Once on the website enter the password: localgovernmentgroup and you should receive the LGA negotiated rate for your booking.

Guest WiFi in Local Government House

This is available in Local Government House for visitors. It can be accessed by enabling "Wireless Network Connection" on your computer and connecting to LGH-guest, the password is Welcome2010LG and is case-sensitive.

Economy & Transport Board - Membership 2012/13

Councillor	Authority
Conservative (8)	
Tony Ball [Vice-Chair]	Basildon DC
Andrew Carter	Leeds City
Philip Atkins	Staffordshire CC
Martin Tett	Buckinghamshire CC
Gillian Brown	Arun DC
Nick Clarke	Cambridgeshire CC
Ann Steward	Norfolk CC
Mike Whitby	Birmingham City
Substitutes:	
Heidi Allen	St Albans City and DC
Phillip Bicknell	Windsor & Maidenhead RBC
Arif Hussain JP	Wycombe DC
Bob Lanzer	Crawley BC
Labour (6)	
Peter Box CBE [Chair]	Wakefield MDC
Claire Kober	Haringey LB
Chris Roberts	Greenwich LB
Barrie Grunewald	St Helens MBC
Joan Dixon	Derbyshire CC
David Wood	Tyne & Wear ITA [Chair of ITA SIG]
Substitutes:	
Tony Page	Reading Council
Liberal Democrat (3)	
Roger Symonds [Deputy Chair]	Bath and North East Somerset Council
Heather Kidd	Shropshire Council
Colin Rosenstiel	Cambridge City Council
Substitute:	
Ian Stewart	Cumbria CC
Independent (1)	
Mike Haines [Deputy Chair]	Teignbridge DC
Substitute	
Peter Popple	Scarborough BC

Economy & Transport Board – Meeting Dates 2012/13

DAY (2012)	DATE	TIME	ROOM / VENUE
Thursday	29 November 2012	11.00am – 1.00pm	Rathbone Room 1 & 2
DAY (2013)			
Thursday	31 January 2013	11.00am – 1.00pm	Smith Square Rooms 1 & 2
Thursday	28 March 2013	11.00am – 1.00pm	Smith Square Rooms 1 & 2
Thursday	30 May 2013	11.00am – 1.00pm	Smith Square Rooms 1 & 2
Thursday	25 July 2013	11.00am – 1.00pm	Smith Square Rooms 1 & 2

Agenda

Economy and Transport Board

27 September 2012

11.00am – 1.00pm

Rathbone Rooms 1 & 2, 7th Floor, Local Government House

	Item	Page	Time
Part 1			
1.	Note of previous meeting	3	11.00am
2.	Moving the Local Growth Campaign forward	7	11.05am
3.	City Deals	17	11.25am
	Miatta Fahnbulleh, Head of the Cities Policy Unit, Cabinet Office, will present to members		
4.	Roads Strategy	25	12.05pm
5.	Hidden Talents	31	12.25pm
For Information			
6.	Streetworks	41	12.45pm
7.	Transport Update	45	12.50pm
8.	Appointments to Outside Bodies 2012/13	51	12.55pm

Note of Meeting 19 July 2012

Title: Economy & Transport Board
Date and time: 19 July 2012, 11.00am
Venue: Local Government House

Attendance

Position	Councillor	Political Group	Council
Chairman	Peter Box CBE	Labour	Wakefield MDC
Vice Chair	Shona Johnstone	Conservative	Cambridgeshire CC
Deputy Chair	Mike Haines	Independent	Teignbridge DC
Members	Tony Ball	Conservative	Basildon DC
	Neil Clarke	Conservative	Rushcliffe BC
	Kevin Bentley	Conservative	Essex CC
	Gillian Brown	Conservative	Arun DC
	Roy Davis	Labour	Luton BC
	Claire Kober	Labour	Haringey LB
	Tony Page	Labour	Reading Council
	Guy Nicholson	Labour	Hackney LB
	Colin Rosenstiel	Liberal Democrat	Cambridge City
	Ian Stewart	Liberal Democrat	Cumbria CC
Apologies			
Deputy Chair	Roger Symonds	Liberal Democrat	Bath and North East Somerset
	Heather Kidd	Liberal Democrat	Shropshire Council
	Andrew Carter	Conservative	Leeds City
	Martin Tett	Conservative	Buckinghamshire CC
	Philip Atkins	Conservative	Staffordshire
	Anne Western	Labour	Derbyshire CC
Substitutes	Paul Yallop	Conservative	Worthing BC
	Peter Popple	Independent	Scarborough BC

In attendance: Ian Hughes; Philip Mind; Eamon Lally; Rachael Donaldson; Nick Porter; Virginia Ponton (LGA), Tim Goodship, BIS and Lorraine George, Essex CC

Item	Decisions and actions	Action by
------	-----------------------	-----------

The Chair welcomed all to the meeting and noted apologies.

1 Note of previous meeting

The Board agreed the minutes of the previous meeting.

2 City Deals

Philip Mind introduced the City Deals item, summarising the focus on youth unemployment, skills, the bringing together of economic investment funds and governance arrangements. Any new wave is likely to aim to extend deals, deepen them to be more ambitious and mainstream some aspects.

The Chair presented on the Leeds City Deal. He stressed the importance of being aware of realistic timescales and potential relationship tensions as well as the importance of discussing the role of and engagement with LEPs, ensuring cross-party buy-in, and being prepared to pool funds. Governance is key and the government is keen to see proposals which are strong in this area.

Members discussed:

- the need for a balance of bureaucracy, accountability and transparency with a practical structure that can deliver. Existing structures and mechanisms can be used rather than reinventing or duplicating.
- ensuring engagement with the Cities Unit.
- encouraging more involvement and engagement with neighbouring authorities; looking at the functional economic area rather than traditional boundaries.
- the difficulties of working with multiple local partners and two different government departments; BIS and DCLG.
- opportunities and the chance to be radical and redesign the local landscape to make it more practical.
- the importance of rural areas which often contain large economic hubs.
- the importance of focussing the new wave of deals on areas most likely to deliver rather than based on population size.
- ensuring a focus on outcomes; jobs, investment, improved rail network integration.
- the need to disseminate learning.

Ian Hughes said that an announcement on City Deals was expected in September.

Action

- Ian Hughes and Cllr Kevin Bentley to discuss peer support to future bidders.

Ian Hughes

3 Transport Update

The Chair updated the Board on an invitation to attend a HS2 Environmental Forum. Officers had attended with a watching brief only,

with a view to taking a decision on LGA involvement once the purpose of the meeting was clearer.

The Chair had met with the LGA Chairman on this issue. As there was a wide range of views on this issue in the sector, it was being recommended that that local authority interests at future meetings should be represented by four councils (rather than the LGA) to ensure that the widest views of the sector were aired.

Members raised a number of issues, including:

- The need to appreciate that views differed on this issue and that it was important to respect all views.
- The future of rail capacity.
- The lack of clarity on the terms of reference of the forum.
- The need for officer, rather than member, representation at the meetings.

Decision

For the LGA Chairman to request that that local authority interests at future HS2 environmental forum meetings should be by four councils to ensure that the widest views of the sector were aired. That this representation would be at officer level and that the decision could be reviewed once the meeting had clear terms of reference.

Cllr Tony Page abstained on the proposal.

Action

- A letter will be drafted from the Chair to the transport minister on TMA.
- Meeting with ORR and National Rail to be arranged.

Officers

4 EU Funds Post 2013 – Update and Lobbying Strategy

The Chair welcomed Tim Goodship, Local Growth Directorate, BIS and Lorraine George, Head of External Funding, Essex County Council.

Tim outlined the negotiations on regulations of structural funds, highlighting in particular the need to link funds to the EU strategy for growth and align with other funds. A greater local focus is bringing new opportunities locally.

Lorraine looked at what this means in practice for local authorities. She highlighted the importance of ensuring that the desired outcomes outweigh the time and risk in applying for funds, ensuring that funds align with local priorities and future plans and link to LEPs. Local authorities should have money to invest in these projects, treat EU funds as another source of funding rather than something more complex, consider match-funding, be prepared to work in partnership with Europe and support officers and members in travelling abroad.

Members discussed:

- the importance of applying for funds rather than being put off by the perception that funds are complex.
- difficulties for local authorities due to rules and goldplating around EU funds and the need for a more simplified process. Members asked Tim to take this back to BIS.

Action

- Presentations to be circulated.

Virginia Ponton

5 Moving the Local Growth Campaign forward

Ian Hughes introduced the item, saying that the campaign results were presented at conference and that more local authorities had come forward to ask for town hall debates in their areas.

Decision

The Board agreed to add 'SMEs in our local economies' to paragraph 11 of Item 5 in the agenda on new areas of work to develop.

The Board agreed the next stages outlined in the report.

Action

- Presentations to be circulated.
- 'SMEs in our local economies' to be added to the list of new areas of work to develop.

Virginia Ponton

Rachael

Donaldson

6 Performance Report 2011/12

The Board noted the performance report and the Chair thanked officer colleagues on the green ratings and the tremendous amount of work which had been delivered over a short space of time.

Action

- Full performance report to be circulated.

Virginia Ponton

7 Appointments to Outside Bodies 2012/13

The Board noted that the Motorists' Forum had not engaged with Cllr Neil Clarke over the last year.

Action

- Officers to speak with the Motorists' Forum.

Officers

The Board agreed to liaise with the political groups on appointments to the Bus Partnership Forum, Urban Commission and Rural Commission.

The Chair thanked all for attending and closed the meeting.

Item 2

Moving the Local Growth Campaign forward

Purpose of report

For discussion and direction.

Summary

This report sets out the conclusion of the Board's Local Growth Campaign of 2011/12 and the resulting priorities for action agreed with Members in July.

The report highlights developments in national policy since members' discussion in July, including preparations for the Government's Autumn Statement, and offers some options regarding future delivery of Board work.

Members are asked to consider the priorities agreed in July and to offer any further issues that need to be considered by the Board over the next year.

Recommendation

That members discuss the issues raised in this report.

Action

To be taken forward by officers as directed by members.

Contact officer: Ian Hughes
Position: Head of Programmes
Phone no: 020 7664 3101
E-mail: ian.hughes@local.gov.uk

Item 2

Moving the Local Growth Campaign forward

Background

1. In 2011/12, the LGA Economy and Transport Board developed a Local Growth Campaign to highlight the important role that councils have played and continue to play in developing their local economies and to examine any barriers to local growth which needed to be removed.
2. The evidence in the campaign was generated from a series of town hall debates across the country, reports from think-tanks and papers invited from councils.
3. A concluding report, *Local Leadership, Local Growth*, was delivered to the LGA conference (included in this dispatch to members), in July with the backing of business and other organisations. It set out councils' ambition to support national economic recovery and established where more localised economic growth levers were needed to drive growth.
4. At the July meeting, the Board reviewed the report and set out the following direction of travel for Board work over the next year. The next section sets out the main recommendations from the Board's conference report and members are asked to consider work taking these issues forward and any reflections on gaps or developing issues.

Councils' ambition for growth

5. One of the big messages from the conference report was the think-tank/academic evidence that UK growth can be boosted through devolution and action by local partnerships.
6. It was agreed to continue to highlight this evidence to support further devolution.
7. The following work was proposed:
 - 7.1. To commission more research which analyses the increasing economic clout of local partnerships as the devolution agenda is embedded. The report would examine the increasing ability of local partners to lever new investment as a result of, for example, Enterprise Zones, City Deals etc, and how local partnerships will be greater players in national economic life in the future. We would also investigate how further devolution to cities/sub-regions (which is the norm on other parts of the Commonwealth) would create more effective local engines for national economic recovery.
 - 7.1.1 *It is envisaged that we would develop this for the late autumn*
 - 7.2. To continue to collect and publish innovation in the sector on local economic development and highlight the leadership role that councils are playing in their areas to ensure that localities are open for business.

Item 2

- 7.2.1 *In the run up to the Chancellor's Autumn Statement, there has been a renewed impetus in Government to identify specific barriers to growth. The LGA has provided a number of case studies of where local development proposals are ready to run but delays have resulted from national bureaucracy (for example, Highways Agency rules). Members may wish to consider developing this work so that we have readily available evidence of local development projects which can support growth but which are hampered by the national red tape.*
- 7.3. At conference, an LGA "Growth offer" (to be tabled at the Board) to councils was published which set out the demands that councils could make on the LGA for support and development. This included customising peer reviews to look at councils' growth work and a series of leadership days for leading members.
- 7.3.1 *This work is being rolled out in 2012/13, including joining up with the District Councils' Network. A number of councils are focusing their corporate peer challenge on their economic growth strategy and the Planning Advisory Service have developed an "Open for Growth" review, looking at how organisationally prepared councils are for promoting growth priorities. One issue which members may wish to comment on is developing work on new sources of finance. Much of our work in recent months has been to ensure the devolution of powers to councils. Given that economic development work is now dependent on innovative forms of finance, a complimentary piece of work would be the dissemination of information on innovative projects which have ensured the leverage of private sector resources, new financial freedoms developed under City Deals and new packages of resources developed for regeneration projects.*

Removing barriers to local growth

8. From our Local Growth Campaign findings, the Board agreed to work on detailed proposals for the reform of national policy that had been identified as a barrier to local growth. The objective in this area is to ensure that these barriers are removed.
- 8.1. There was a call for City Deals to be made available for any council or group of councils that has a transformational idea that can deliver growth. This message has been delivered to ministers.
- 8.1.1 *There is a separate report on the agenda which deals with this issue.*
- 8.2. The national programmes which governed transport and skills policy were the two 'big issues' that were identified as barriers to local growth by local businesses. We have a number of councils (for example, Staffordshire and Cambridgeshire) who are working with us to demonstrate what further devolution of decision-making could deliver for the national growth agenda. There are commitments from both the Department for Transport (DfT) and the Department for Business, Innovation and Skills (BIS) for ministers to meet

Item 2

Board leaders to present our findings. These are being re-arranged post-reshuffle.

- 8.3. More detailed reports on both transport and skills are contained in later papers in this agenda.

Renewed local leadership for growth

9. The Local Growth Campaign report examined levers for local economic development which were well-established in other developed nations, but where the UK appeared to be lagging behind. The Board agreed to concentrate on three areas where changes in national policy were required.
- 9.1. Based on a challenge from Commonwealth LGAs and German cities, councils' role in forging relationships with foreign investors and marketing their place abroad was under-valued in national growth strategies. Whilst councils are 'just doing it' in their localities, there is a need to translate this work into an offer to UK Trade and Investment (UKTI). Early research from a think-tank seems to show that councils could play a pivotal role in work to develop links with emerging economies. This research and evidence of successful work by councils will be developed into a clear offer from councils to support national economic recovery.
- 9.1.1 *To develop these arguments, we are organising a town hall summit with UKTI in Basildon in November. The aim will be to develop the 'local government offer' in securing new foreign investment and ensure it becomes a valued part of the UK trade policy.*
- 9.2. At the Cambridge Town Hall debate in early 2012, we were challenged that the link between Higher Education (HE) and local economic development is under-developed in the UK. A report by the Institute for Public Policy Research (IPPR) to Universities UK (UUK) has also challenged university Vice-Chancellors to embrace civic leadership in the UK. Whilst much good work is already being developed in this area, we have approached the UUK to develop a more detailed programme to see how the local role can be developed in comparison to other developed economies.
- 9.2.1 *Work is developing with the university sector on this issue. The Board Chair will be on the platform at a UUK conference with university vice chancellors in November. The LGA is developing an early 2013 summit proposal for council leaders and university vice chancellors to look at a greater role of HE in local growth.*
- 9.3. At the last Board meeting, members asked for work on SME support to be developed. This will be addressed at a Town Hall debate in York in late 2012.

How we deliver

10. As set out above, the Board's work in 2011/12 was based on a series of Town Hall debates which were held across England to establish the evidence from our conference report and the barriers to local growth. The demand from councils to continue to hold

Item 2

these events (outside of the LGA) is great. Thus a new series of events have been planned. They will be designed as a series of 'Town Hall Summits', based on the model we are developing with Basildon with UKTI, i.e. at which a specific local government offer (such as on skills issues) is developed, which will demonstrate how devolution to localities could better drive growth. These Town Hall debates (details **attached at Appendix 1**) will continue to be a showcase for local innovation, which can be used to enhance the Board's lobbying.

Influencing national policy over the autumn

11. Whilst the Board developed its thinking on work priorities in July, the national debate on growth has accelerated over the summer and there are some key events in the period up to Christmas that give the Board the opportunity to influence national policy and to promote its priorities for economic devolution.

11.1 The Heseltine Review: Lord Heseltine was asked by the Prime Minister to review British competitiveness and to prepare a personal report to the BIS Secretary of State (Vince Cable) and the Chancellor (George Osborne). A number of Board members have met Lord Heseltine in the development of his review and he will present his findings in late October to influence the Government's Autumn Statement. Whilst no conclusions have yet to be made, Lord Heseltine has been clear in his desire for more devolution and he has made statements about the need for a more localised approach to skills and transport. He has agreed to share his early conclusions in the early autumn with leading organisations including the LGA.

11.2 The Autumn Statement: The Chancellor will make his Autumn Statement on 5 December. Once party conferences have concluded, a formal LGA submission on the Autumn Statement will be prepared for submission to the government.

11.3 A new Economic Development Bill is likely to be presented into the House of Lords in December (as a result of Parliamentary time being created by the Lords Reform Bill). There are few details about the Bill at present, but it is likely to concentrate on recent announcements on housing and growth that require primary legislation. (NB – Planning issues are dealt with by the LGA's Environment and Housing Board).

11.4 The All Party Parliamentary Group (APPG) on LEPs produced its first report in September. Evidence was provided to the enquiry by the LGA and Cllr Shona Johnstone (former Board Vice Chair) gave oral evidence. The report was extremely sympathetic to localism. Its recommendations are **attached at Appendix 2** of this report. The APPG's Chairman was Brandon Lee MP, who has recently become a DCLG minister. DCLG will make a formal response to the report in the autumn.

12. Members are asked to consider this report and to identify any issues for more detailed discussions at a future Board meeting.

Town Hall Summits

Appendix 1

Theme	Where	When
LAUNCH Councils 'Just doing it'	Dacorum Borough Council Hemel Hempstead, Hertfordshire	18 th September
Inward/outward investment	The Basildon Centre, St Martin's Square, Basildon, Essex	13 th November
2013 Summits - Themes and locations TBC		
SME's	York	December
Innovation/HE	Manchester	January
Skills (Youth Unemployment)	Reading	5 th February
Transport	Staffordshire	March
Skills (Adults)	Bristol	March/April
Rural economies	Cumbria	April/May

Summary of recommendations

Recommendations to Government

- 1)** Government needs to trust LEPs and give them time to work without imposing radical changes to the fundamentals of the system or introducing time-consuming bureaucratic requirements.
- 2)** Government should commit to providing a modest amount of core funding to LEPs in order to ensure that they have a basic level of staffing and the ability to act independently and balance different local interests.
- 3)** Government should commit to consolidating funding streams available to LEPs and extending local financing mechanisms to enable LEPs to invest in local economies.
- 4)** Government should commit to negotiating local growth deals which devolve funding and powers to LEP areas, building on the first wave of 'City Deals'.
- 5)** Government should commit to empowering LEPs to play a greater coordinating role on work and skills provision in their areas, and actively explore how this can be done.
- 6)** Government should maintain high level access to Government for LEPs, ensure consistent communications with LEPs and Enterprise Zones (EZs) across departments and provide a single point of contact on LEP issues.
- 7)** Government should ensure that all departments and agencies are committed to local growth objectives and involve LEPs in setting the national economic agenda.
- 8)** Government should ensure that England's inward investment offer is aligned with LEPs and particularly with EZs.

Recommendations to LEPs

- 9)** LEPs, supported by Government, need to strike the right balance between formulating a strategic vision for their areas and undertaking project delivery.
- 10)** LEPs need to widen and deepen engagement with a broader spectrum of local businesses and with key sectors in the local economy, industry and the community.
- 11)** LEPs, supported and incentivised by Government, need to collaborate across boundaries, particularly on strategic planning, transport, housing and infrastructure.

Recommendations to local authorities and others

- 12)** Drawing on their unique local democratic mandate, local authorities should show leadership in promoting a business-friendly environment across their whole LEP area(s), and use LEPs to help them collaborate across tiers and boundaries.

Item 3

City Deals

Purpose of report

For discussion and direction.

Summary

This report updates members on City Deals and looks to the Board for views on the next steps for the LGA's work in this area.

Miatta Fahnbulleh is Head of the Cities Policy Unit at the Cabinet Office and will be attending the Board meeting to provide an update on where government is looking to take the next phase of City Deals.

Recommendation

Members are asked to use this paper and the presentation at the meeting to inform discussion on the next steps for the LGA's work on City Deals.

Action

Officers to take actions as directed.

Contact officer: Sarah Bull / Philip Mind
Position: Adviser / Senior Adviser
Phone no: 0207 665 3872 / 3243
E-mail: sarah.bull@local.gov.uk / philip.mind@local.gov.uk

Item 3

City Deals

What are City Deals?

1. City Deals provide functional economic areas (FEAs) with the opportunity to have access to levers and powers normally held nationally. This gives local leaders and businesses the ability to shape local economic factors in order to drive extra growth, boost entire areas and get the national economy growing.

Background

2. At a time when Britain was in recession the Government felt that a focus on growth was essential to ensure that the economy recovers and grows. As such, Government set up the Growth Review as a rolling programme to last the whole of this Parliament. It calls on business to challenge the Government to remove barriers to growth. It is focused on four ambitions for the UK economy:
 - 2.1 To create the most competitive tax system in the G20.
 - 2.2 To make the UK the best place in Europe to start, finance and grow a business.
 - 2.3 To encourage investment and exports as a route to a more balanced economy.
 - 2.4 To create a more educated workforce that is the most flexible in Europe.
3. The LGA's Local Growth Campaign in November 2011 identified the key role councils have in driving local economic growth and their ambition to do more. It set out that a key way to deliver councils' ambition for growth would be through more devolved powers and matching finances so that more levers of growth could be handled locally.
4. This position was supported by the launch of *Unlocking Growth in Cities* document by the Cabinet Office in December 2011 which set out that cities were seen as having the potential to drive economic recovery. It felt that having the ability to determine the precise shape of local improvements in, for example, transport infrastructure, skills would improve the place, encourage investment and drive growth for that area.
5. The Government saw the Core Cities (Liverpool, Manchester, Birmingham, Sheffield, Leeds, Bristol, Nottingham and Newcastle) as key to driving forward national economic recovery. But it was also acknowledged that these cities needed to be empowered locally to address the under-performance of most UK cities compared to their European counterparts. Outside London, Birmingham is only the 71st largest city economy in the world, with Manchester 73rd and Leeds 85th. To realise the potential of these cities the government recognised that this would require a large amount of private sector investment, it would mean finding and retaining graduates and skilled workers, creating the conditions for firms to innovate and grow, and empowering strong decisive leaders who are able to take tough decisions. This would only be achieved through "a

Item 3

fundamental shift in the relationship between national government and cities – starting with a genuine transfer of power”¹.

6. As a result, the City Deals concept was developed. The aim of which:
 - 6.1 Empowers local leaders so they can look outwards to the private sector rather than upwards to central government.
 - 6.2 Businesses can benefit from dynamic new partnerships with civic leaders that yield new opportunities for investment and growth.
 - 6.3 Local people gain access to new job opportunities, better local transport and a housing market that is more responsive to local needs.

Wave 1

7. City deals have been signed by the eight Core Cities (Liverpool, Manchester, Sheffield, Leeds, Newcastle, Nottingham, Bristol and Birmingham). They have each negotiated a deal with government to devolve powers and levers previously held nationally on the basis that they can deliver extra growth by having local control of those powers and levers. **Appendix 1** sets out the anticipated outcomes of the Wave 1 City Deals.
8. Together the eight city deals aim to create 175,000 new jobs, 37,000 new apprenticeships and secure an additional £17 billion worth of investment all over 25 years. Alongside this:
 - 8.1 budgets on transport have been devolved.
 - 8.2 cities are making critical investment in green infrastructure and technology.
 - 8.3 cities are testing new ways of pooling funding on economic development.
 - 8.4 cities are testing a model that incentivises a city to invest in growth in return for a share of the national tax take.
9. Several of the deals have led to City regions developing new governance structures. Bristol has voted to have directly elected mayors which will be supported by decision making structures across wider economic area. Leeds and Sheffield are moving towards creating West Yorkshire and South Yorkshire Combined authorities. Nottingham’s deal is based solely within the city councils boundaries and they have set up a private sector governance arrangement to deliver the deal.

Key features of the Deals

10. Whilst the content of each of the deals is bespoke to the specific area, there are some key issues which underpin each deal:

¹ Unlocking Growth in Cities – Cabinet office

Item 3

- 10.1 A transformative idea which leads to the reform of public services, such as the earn back deal in Manchester.
- 10.2 The unlocking of new private sector finance to support investment in local initiatives that will boost economic development
- 10.3 Robust governance arrangements around FEAs – for example the combined authorities in the case of Manchester, Sheffield and Leeds.

Lessons learnt

- 11. In developing this first wave of City Deals, lessons have been learnt in relation to the process.
- 12. It is key that in negotiations:
 - 12.1 A city deal can be seen as a way to facilitate a growth strategy, it may not in itself be a means to an end.
 - 12.2 Need to be clear about the powers/levers you wish to control.
 - 12.3 Need to set out why doing it locally is better than the current situation – how will extra growth be derived, is there evidence to support this?
 - 12.4 Need to have clear objectives on what you will negotiate on and if diluted what will not meet your needs.

Expansion of City Deals – Wave2

- 13. The LGA's *Local Leadership, Local Growth* paper in July 2012 signalled that not just cities are responsible for driving growth and leading Britain out of recovery. It summarised that "Councils are ambitious to do more to target growth incentives and programmes more effectively to local economic circumstances".
- 14. A number of councils – outside of the core cities expressed their desire to broker a deal with central government along the lines of City Deals. The LGA has been lobbying ministers on this issue to support new city, country and rural bids.
- 15. It is expected that an announcement on Wave 2 will be made soon. The LGA will be offering support to those prospective councils.

Longer term strategy

- 16. Evidence suggests that cities have potential to drive extra growth if powers and levers held nationally can be devolved. If this is the case then there must be untapped potential to drive extra growth in other cities and FEAs.
- 17. It is evident from the ambition of councils to do more that most councils will have a growth strategy/plan in place and that in many cases councils are just getting on with it.

Item 3

18. Getting a deal is not necessarily needed for all areas. It maybe through a mainstreaming programme that councils will have access to the tools that have worked from Wave 1. As such the LGA view the longer term goal as those measures that have been shown to work being made available to all cities/functional economic areas without having to negotiate separately.
19. For example this could be:
 - 19.1 Economic Investment Fund – the power to pool multiple funding streams and business rate income into a single investment fund, leverage private sector capital and invest in local priorities. Cities will be able to create self-sustaining investment funds that will reduce dependence on central government grants.
 - 19.2 City Apprenticeship hubs – enabling cities to boost apprenticeship numbers by supporting SME’s taking on apprentices through Apprenticeship Training Agencies, brokerage and incentive payments.
 - 19.3 Localised Asset management – joint investment programmes that bring together local and national assets in an economic area to unlock resources for housing development and regeneration.
 - 19.4 Transport devolution – matching local resources with devolved transport budgets so cities have the power and resources to make strategic transport investments.

Further LGA Asks

20. Whilst the LGA will continue to press for an extension of City Deals to more councils or groups of councils that have new transformational ideas, members may wish to consider other issues:
 - 20.1 That measures negotiated by the Core Cities, that are present in the majority of deals and shown to work, should be made available to all cities/FEAs without each having to negotiate separately.
 - 20.2 The LGA is planning to undertake analysis to see what impact some of these measures might have if they were available to other cities/ FEAs (As referenced in Moving the Local Growth Campaign forward at Item 2 of this agenda).

Item 3

Appendix 1 – anticipated outcomes of Wave 1 City Deals

City	Outcomes	Key tool
Birmingham	Birmingham estimates that the deal will deliver more than 10,000 additional jobs, through new investment in the life sciences and expansion of the Green Deal programme, alongside leveraging in over £15bn of private sector investment over 25 years as a result of new financial powers.	Localised asset management – joint investment programmes that bring together local and national assets in an economic area to unlock resources for housing regeneration and development.
Sheffield	The Sheffield City Deal will create over 4,000 new apprenticeships and an additional 2,000 up skilled employees over a three year period and 7,000 new jobs through a city centre development scheme.	Local skills funding model – a new model of skills funding that will match local contributions (public and private) with national funding to provide a skills budget that cities will control to invest in the skills that local businesses need.
Leeds	Leeds estimates that its deal will create 20,000 new opportunities for young people across Leeds City Region and a further 20,000 extra jobs as a result of new freedoms, powers over skills, employment and transport.	Localised youth contracts – local alternatives to the national 16-17 youth contract programmes with cities having the power to design and deliver local models to reduce NEETs.
Liverpool	Liverpool estimates that it deal will support over 35,000 people into work and create 6,000 apprenticeships through new powers over skills and employment, alongside delivering an International Business Festival which will deliver £100m return on investment.	Skills bank – an employer owned mutual that will match public sector funding and private sector investment and allow businesses to buy the skills and apprenticeships that their local economy needs.
Nottingham	Nottingham estimates that the deal will create 10,000 jobs and	Local Venture capital fund - a localised model that will

Item 3

	1,000 apprenticeships in and around the Creative Quarter.	match national funding with local contributions to create a venture capital fund that will invest in high tech start-up and growth businesses across an economic area.
Bristol	Bristol estimates that the deal will deliver 40,000 jobs across the Enterprise Areas and existing Enterprise Zone and over £1bn of investment to drive local economic performance over the next 25 years, as a result of new financial powers.	Business growth hubs – city led business hubs that brings together all the support advice and services that investors and local businesses need to locate, grow and trade.
Newcastle	Newcastle estimates that the deal will create around 13,000 jobs and secure £1bn of investment over the next 25 years as a result of new financial powers, alongside an additional 8,000 jobs in the marine and offshore sector in the North East and 500 new apprenticeships in Newcastle.	Accelerated Development Zone – unlocking city centre growth which will provide £1bn boost to the North east economy. New tax increment financing powers with all growth in business rate income generated within the four site retained by the two councils for 25 years.
Manchester	The Greater Manchester deal will support 40,000 jobs in the next 20 years and 6,000 apprenticeships for young people, alongside new powers which will allow Greater Manchester to ‘earnback’ up to £30m a year of tax for growth it creates.	Earn back - a new payment by result model that incentivises a city to invest in growth in return for a share of the national tax take.

Item 4

Roads Strategy

Purpose of report

For discussion and direction.

Summary

This paper discusses the Department for Transport's roads strategy. It highlights the opportunity for the strategic and local roads network to be managed in an integrated way and sets out a potential role for local government as the key decision-maker across the whole network.

The paper sets out in very general terms the benefits of greater local government involvement in roads decision-making and asks members to consider the role of the LGA in engaging government on this issue.

Recommendation

Members are asked to consider the future role of local government in relation to decision-making on the whole road network.

Action

Officers to take actions as directed.

Contact officer: Eamon Lally
Position: Senior Adviser
Phone no: 07799768570
E-mail: eamon.lally@local.gov.uk

Item 4

Roads Strategy

Background

1. Transport is key to unlocking and smoothing the way for increased local growth. Localisation is still seen as an important method of improving transport decision-making. However, the continuing economic downturn presents a tension in Whitehall between making investment decisions quickly using existing national processes and devolving decision-making in a way that provides the greatest opportunity for local partners to stimulate growth.
2. Thus, as policy is developed by the Department for Transport (DfT), there is going to be a continuing need to press the case for greater local influence. For example, following on from the [Cook Report](#) on the Highways Agency and the subsequent government response, the DfT is now developing a roads strategy and is undertaking a feasibility study which will look at options for longer term radical reforms of the institutional arrangements for managing the strategic roads network (SRN). In order to bring a localist influence to bear on the development of this policy, LGA officers recently hosted a technical meeting between senior local authority officers and DfT officials to look at the benefits of a local approach in this area.
3. This report sets out some options for Board members to influence the debate at a political level.

Strategic Roads Network Reform

4. The government's response to the Cook Report on the Highways Agency broadly accepted Cook's recommendations and outlined how these might be implemented. It acknowledged the need for:
 - 4.1 A 20 year roads strategy, which is now being developed.
 - 4.2 A look at future funding and organisational arrangements for the Highways Agency. This is currently being considered and a report to Ministers is being drafted.
 - 4.3 A route-based approach to strategy planning and prioritisation (setting its requirements of, and funding for, motorway and trunk roads at the level of individual routes and route segments, informed by route-based strategies rather than for the network as a whole and in doing so liaising more with local government).
5. The LGA has already advised DfT that these changes affect local government and any decisions on future approaches to managing the strategic roads network must take this into account.

Item 4

Integrating decision-making on the strategic and local road networks

6. The strategic network represents about 2 per cent of the total roads network in the UK. The Cook Report considered that the strategic network was almost complete and that the future focus would be on maintenance and enhancement rather than wholly new routes.
7. However, the government's feasibility study and roads strategy will in part look at how additional non-government investment in roads might be achieved and how you might use this funding. A key factor here is the government's expectation that usage on the strategic network will increase by 40 per cent in the next 20 years. This assumption runs counter to much expert opinion.
8. The LGA has advised DfT that considering the strategic road network in isolation fails to take into account the other 98 per cent of the network which is managed by local authorities. The local network has been under strain for many years. Enhancing the strategic network in isolation will not have the desired beneficial effect on economies because the local network will not be able to accommodate this growth in traffic without substantial additional investment.
9. Another issue that has been raised with DfT is that the distinction between the national strategic road network and local roads is misleading. Journeys do not begin and end on the strategic network; measures that increase its capacity will not provide economic benefits if they are considered in isolation. Increasing network capacity is best achieved through addressing local bottlenecks rather than through centralised national plans. For example 89 per cent of the delays caused by congestion occur in urban areas, simply cutting the time it takes to reach this congestion adds to the problem. Action that reduces commuter traffic in a particular area may bring benefits to the strategic network without requiring any physical alteration to it by taking short distance commuter traffic off a through route.
10. This raises the question of how we can manage investment decisions most effectively on the network as a whole.
11. The Cook Report noted that the Highways Agency is an anomaly amongst infrastructure providers including water, electricity and rail and highlighted the need for institutional change to bring about a new relationship with government, based on a performance framework, but also as a means of accessing new finance. The government has subsequently said that it will look at radical reform, which will no doubt assess the applicability to highways of institutional arrangements in other infrastructure sectors. However, radical reform which fails to integrate decision-making across the local and strategic network is unlikely to deliver the desired economic benefits that are at the heart of the policy.

Local government as decision maker

12. One approach could be to integrate decisions on the strategic and local network with local government and their partners as the key decision makers.
13. Following the announcement on the new arrangements for managing local majors scheme funding, new Local Transport Boards are being created, which conform to a LEP

Item 4

geography. The LGA has always contended that the creation of this new administrative tier is unwarranted for the relatively modest sums associated with the local majors scheme funding. However, the model makes more sense if it incorporates all funding on the local and strategic network.

14. Such a move would ensure that:

14.1 Planning and prioritising takes place across the whole network.

14.2 Decision-making and budgetary responsibilities are integrated at the local level.

14.3 Local knowledge is used more effectively in value engineering.

14.4 There is greater responsiveness to local economic opportunities.

15. Local authorities would also be able to commission new provision where that was required and establish relevant investment delivery vehicles. Local decision-making would not preclude central government from commissioning wholly new routes.

16. This approach would enable a better balance to be struck between road maintenance and network enhancement. For example, investment in road maintenance provides a much faster way to stimulate local economic activity.

Next steps and conclusions

17. There is an opportunity to set out the additional role that local government can play in managing the roads network as government considers its options in the coming months.

18. A draft of the National Transport Strategy is also beginning to be developed by DfT. It is expected that this will set out the overarching aims for transport policy and delivery in the coming years and in particular for the next spending review. Officers will update members on this at the Board. Consultation on the first draft is expected in late 2012.

19. The work on the roads strategy and feasibility study is ongoing. The feasibility study, which is being developed with No 10 is expected to report to the Prime Minister in early autumn.

20. There is an opportunity to press for a greater role by local authorities in roads decision-making as outlined above. This needs to be done now in order to influence government announcements later this year. There are several ways in which we could engage with government both at official and political level, which could include bringing a more detailed proposal to the attention of the new Secretary of State for Transport and the Prime Minister.

21. The LGA is continuing to work with a number of authorities (including PTEG, Cornwall, Cambridge and Staffordshire as set out in previous papers) and the DfT to understand the most appropriate approaches to transport devolution. Through these demonstration projects we will continue to explore opportunities and barriers to growth arising from the current approaches to roads policy making.

Item 5

Hidden talents

Purpose of report

For discussion and direction.

Summary

Over 1 million young people are out of work, but beneath the headline statistics the numbers of 16 – 24 year olds unemployed for a year or more had increased from around 100,000 in 2008 to 250,000 in 2012. This is a structural trend that pre-dates the recession, but has been accelerated by it.

Councils have a responsibility to look after the welfare of all young people in their area. As the champions of young people in their area, councils want all young people to participate in some form of work, learning or volunteering – but are frustrated by the lack of levers over services delivered in their areas to achieve this.

The LGA's Hidden Talents campaign aims to shed light on this group of the most disengaged young people, and to seek public service reform that ensures councils and their local partners have the levers to deliver better outcomes for them.

Recommendation

The Board is asked to comment on the paper.

Action

Officers to progress proposed next steps subject to members comments.

Contact officer: Nick Porter
Position: Adviser
Phone no: 020 7664 3113
E-mail: nick.porter@local.gov.uk

Hidden talents

Background

1. The youth unemployment figures are high. This is not a new phenomenon, even before the 2008 downturn, there were many people disengaged from work and learning.
2. In particular, the growth in structural youth unemployment is a real worry for local government. The numbers of 16 – 24 year olds unemployed for a year or more had increased from around 100,000 in 2008 to 250,000 in 2012.
3. Councils have a responsibility to look after the welfare of all young people in their area. As the champions of young people in their area, councils want all young people to participate in some form of work, learning or volunteering – but are frustrated by the lack of levers over services delivered in their areas to achieve this.
4. Reducing youth unemployment is a priority for government, which has launched the Youth Contract, created more apprenticeship opportunities, and consolidated welfare to work services in the Work Programme. It is also raising the compulsory participation age to 18 by 2015. But long-term youth unemployment continues to rise.
5. “Hidden Talents” aims to shed light on this group of most disengaged, and to seek public service reform that ensures councils and their local partners have the levers to deliver better outcomes for them.
6. The activity is jointly led by the Economy and Transport Board, and the Children and Young People Board.

Analysis of the problem

7. Activity to date has focused on assessing the challenges facing young people, and the capacity of current public services in meeting them with a view to making general recommendations for reform.
8. This was the primary focus of the first LGA report, *Hidden Talents: supporting the most disengaged young people into employment, education and training*, which included:
 - 8.1 Research emphasising the highly personal characteristics among the most disengaged young people - or ‘core NEETs’ - which are most affected by the economic downturn, and in most need of personalised services.
 - 8.2 Demonstration of the fragmented and centralised public services, where 33 schemes and services from 8 national organisations spanning 13 different age groupings – with no levers for councils to bring together services around the most disengaged, despite their responsibilities for young people such as supporting the raising of the compulsory participation age (**attached at Appendix 1**)

Item 5

- 8.3 A recommendation for a community budgeting approach to bring services around the most disengaged – where councils would offer early identification of young people at risk and bring together the commissioning of high performing organisations to deliver results.
9. The report was widely covered by the press, including the BBC and the Metro.
10. Following the report, the LGA has published subsequent work emphasising the need for education and training provision to reflect the needs of local labour markets, and the need for the system to enable local authorities, employers and other partners incentivise this locally, including:
- 10.1 Hard evidence of the mismatch between skills gained by young people and the jobs available in local economies. For instance at the national level more than 94,000 people complete hair and beauty course for 18,000 jobs, in Basildon 530 trained for 30 jobs; while there is undersupply in other sectors, nationally 40,000 people were trained to fill 72,000 new jobs (**Appendix 2**).
- 10.2 Analysis of the geographical variations in graduate unemployment rates across the country. In some places one in three graduates are in work, in others two in three graduates are in work. Despite rising unemployment graduate unemployment nationally, it has fallen in some areas – including Bolton and Wakefield.
11. This research has been covered by the Observer and the Daily Mail.
12. This work has been tested and developed with over 40 young people at an LGA Youth Summit, and with councils and partners at a cross-party roundtable led by Rt Hon David Miliband MP and DWP Minister, John Hayes MP.
13. The Hidden Talents evidence has also informed a number of other initiatives, such as the ACEVO Youth Unemployment Commission, the Work and Pensions Inquiry into Youth Unemployment, and the Richard Review into Apprenticeships.
14. Reports and press releases can be found on the [Hidden Talents pages](#) of the LGA website.

What next, evidenced propositions and campaigning

15. Hidden Talents has moved the LGA and local government to the centre of a debate on tackling youth disengagement from work and learning.
16. A second joint Lead Members Meeting for the Economy and Transport Board and Children and Young People Board is being planned for October, with the purpose of reviewing work to date and agreeing next steps for the campaign.
17. The campaign is now working with a number of local authorities to develop and test specific propositions for tackling youth disengagement, and to ensure there is sufficient evidence of success to reinforce our proposal for a local approach. This will be the

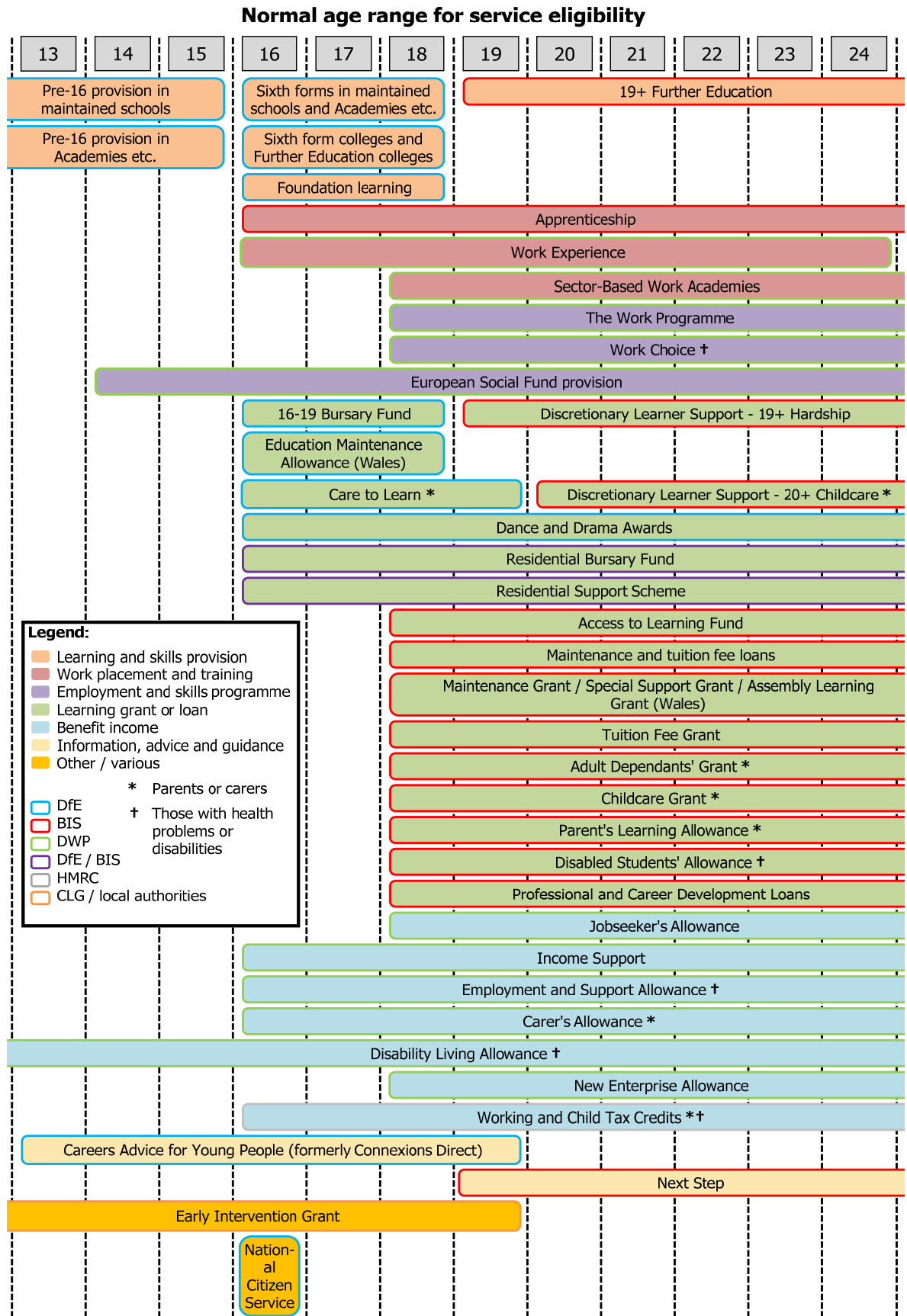
Item 5

final stage of the work with a clear localist offer to Government to help address youth unemployment. It will be delivered in late 2012.

18. The final report will include work with Whole Place Community Budget Pilots, by City Deals with devolved elements of the Youth Contract for 16 and 17 year olds, by councils involved in Raising of Participation Age trails, and others.
19. An event took place on the 21 September to bring together a number of local authority officers and partners to explore better local delivery.
20. Economy and Transport member views are sought on the areas for potential propositions, which for instance might include:
 - 20.1 Greater local commissioning of services for the most disengaged young people, such as the Youth Contract for 16/17 year olds, to bring together with other support for that group.
 - 20.2 Intelligence led vocational skills provision for 16 – 19 year olds and post-19, with incentives for local partners to link provision with needs and opportunities in local labour markets.
 - 20.3 Local targeting of wage incentive payments and apprenticeship grants to SMEs, using subsidies to help drive growth, and reduce deadweight.
 - 20.4 A new relationship between local partners, Job Centre Plus and Work Programme prime providers.

Appendix 1

Diagram showing services and interventions available to young people of different ages



Appendix 2

'Skewed training system failing young people' – LGA press release

England's skewed approach to training is failing young people by churning out armies of hair and beauty workers, personal trainers and media professionals – all qualified for jobs that don't exist – while not producing enough people with skills where there are jobs, new research by the Local Government Association reveals.

The report, which is released today, shows that despite the recession many businesses are crying out for more young people trained to be electricians, plumbers, engineers and environmental officers than the system is creating.

However, last year more than 94,000 people completed hair and beauty courses despite there being just 18,000 new jobs in the sector, meaning there were five people qualified for every job. Of these, more than 60 per cent – 57,280 people – were 16 to 18-years-old.

More than double the number of people were trained to work in hospitality, sport and leisure than there were jobs advertised in these fields, with 97,000 people training to fill just 43,000 positions in roles such as personal trainers and tour guides.

Applications to work in media were also heavily over subscribed, with colleges training more than 83,000 people to fill 65,000 jobs in broadcasting, journalism and public relations.

Last year, fewer than 40,000 people trained to fill around 72,000 new jobs in the building and engineering trades. Similarly, in the construction sector around 123,000 people, including just 44,000 16 to 18-year-olds, were trained for around 275,000 advertised jobs – more than two jobs for every qualified person.

The environmental industry created an estimated 89,000 jobs last year, but only 27,000 young people were trained to take them. There was also an inadequate supply of training for textile designers, accountants and jobs in the automotive industry.

It means that despite rising unemployment and more than £4 billion being spent on Further Education last year, as many as 17 per cent of job vacancies in England are now directly attributable to skills shortages.

The LGA is warning that this huge 'skills mismatch' is the result of colleges receiving funding from Whitehall based on studying and passing qualifications rather than on job outcomes, particularly local work. This in turn is resulting in tens of thousands of students being steered onto popular courses that they can easily pass but that are unlikely to help them into future employment.

The LGA is now calling for Government to look at how devolving responsibility for education, skills and training to local partnerships – made up of local authorities, schools, colleges and employers – will allow them to match skills training with local jobs.

As champions of young people in their area, councils can offer:

- Matching of education and skills provision to local labour market need, reducing disengagement, slashing the level of skills mismatch, and saving public money.
- The creation of clear progression routes for individuals not going to university, with local employers playing a central role in preparing young people for work.
- The involvement of young people in the design, scrutiny and delivery of all education and skills provision in their area.

- Integration with additional support for identifying young people most likely to disengage and joining up support to reengage them.

Cllr David Simmonds, Chair of the LGA's Children and Young People Board, said:

"Incentivising colleges to steer students onto low-prospect courses, rather than those that will help them gain meaningful employment, is indefensible. Young people can make a brilliant career out of hairdressing or personal training but the huge number of students studying these skills swamps the number of jobs available each year.

"A nationally driven one-size-fits-all approach doesn't work. We need a shift in training priorities which prizes and rewards those that help students toward meaningful careers. It's not right that young people trying to secure a good future are being deceived by a system that fails to look at what is best for them, or the taxpayer, and instead focuses on a bums-on-seats approach to education.

"Failure to get this right is not only disastrous for young people, but for taxpayers too. Young people who are trying to get on the career ladder are instead finding themselves without a job and potentially falling into long-term unemployment. This can have scarring effects that last a lifetime and have a huge cost to the taxpayer in welfare and benefits."

The research also shows that a national approach to training is not effective and that local partners must have a bigger role.

Cllr Peter Box, Chairman of the LGA's Economy and Transport Board, said: "This is simple stuff which other countries manage to get right. We are teaching too many young people the wrong skills and we can't go on pretending that all courses are intrinsically the same and have the same long term prospects. Too many courses are effectively leading young people nowhere, while there are real skill shortages in other areas

"Ensuring we get this right is also crucial to small businesses which are the drivers of the local – and ultimately the national – economy, and rely on local people having appropriate skills. Central government is in no position to understand this and provide young people with the skills they need. Only councils can bring colleges and employers together to address this locally, but they must have the tools to do so."

The research also revealed huge regional variations in the level of 'skills mismatch' across the country, further demonstrating that a nationally driven system is struggling to train people in the skills needed by local businesses.

- Basildon, Essex, has one of the largest oversupplies of hair and beauty skills with around 20 people trained for every job. A total of 530 people trained for just 28 jobs last year. However, the area has an undersupply of skills in almost every other sector.
- Daventry trained 810 teenagers as bricklayers, roofers and plumbers for just 462 jobs.
- Nottingham has a massive oversupply of hospitality staff, travel agents and other leisure and travel skills, training 1,140 people for 61 jobs – 20 people for every job.
- However, many places have large undersupplies of skills. Windsor and Maidenhead needs more hairdressers, with only 20 teenagers training for 43 vacancies.
- In Harrogate, only 70 teenagers were trained for 387 jobs in leisure and tourism.
- In Cambridge, there is a massive undersupply of trained construction workers such as bricklayers, roofers and plumbers. Just 50 people trained for more than 2,000 vacancies last year.

Item 6

Streetworks

Purpose of report

For discussion and direction.

Summary

This paper briefly sets out the work planned to press for increased influence for local authorities over the quality of streetwork reinstatements by utility companies and their contractors.

Recommendation

Members are asked to consider the planned work on streetworks and also the implications of the recent broadband announcement.

Action

Officers to take actions as directed.

Contact officer: Charles Loft
Position: Adviser
Phone no: 020 7665 3874
E-mail: charles.loft@local.gov.uk

Item 6

Streetworks

Background

1. Poor reinstatement by utility companies and their contractors continues to be a financial burden on local authorities and the communities they serve. The cost to local authorities is estimated at £70 million per annum.
2. Successive governments have been reluctant to implement regulations that would give local authorities sufficient powers to deal with this issue.
3. The Board has asked in previous meetings that further work be done on streetworks to impress on government the need for the powers contained in the Traffic Management Act Part 3 to be activated. This report updates the Board on proposed work.
4. Members will also be aware that recent announcements on broadband have suggested that the regulatory framework in which utilities operate could be further relaxed.

Planned work on streetworks

5. One of the key concerns expressed by Government is that inappropriate additional regulation will place a burden on business which will slow economic growth. Councils are sympathetic to this view. However, anecdotally we know that the poor reinstatements which lead to additional road works also places costs on local businesses. We are now seeking to understand this impact in more detail. In partnership with the Association of Convenience Stores, this autumn we will be surveying businesses that rely on good local access so that we can better understand the implications for footfall and income associated with streetworks.
6. In addition to transport regulation, we are considering other approaches to working with the utility companies to address the poor quality of reinstatements and the long-term impact on the integrity of the network. We are developing work which will look at how local government can work more effectively with utility companies and how higher quality outcomes can be incentivised. The aim is for this draft report to be ready before Christmas for consideration by members.
7. Following the publication of the business survey findings we will be seeking further roundtable discussions with the utility companies and Government.

Broadband announcement

8. On 7 September 2012, the Government announced a package of temporary relaxations of planning requirements, which it believes will make it easier for communications providers to deploy broadband infrastructure. The Government has said it will insist that any new local authority streetwork permit schemes approved between now and 2015 are restricted to the most traffic-sensitive streets. It also stated that it will review all existing

Item 6

permit schemes and the way works are classified, in order to streamline processes, shorten timescales for approval of works, and reduce fees.

9. Councils are already focussing permit schemes on traffic-sensitive streets and, as permit fees are based on cost recovery, removing them will increase operating costs for local authorities.
10. The LGA's response has been to point out that the real barrier to broadband roll out is the fact the Government does not have the EU's permission to spend the £530 million it wants to allocate to broadband. In the absence of state aid clearance, there will be no substantial superfast broadband programme and resolving this blockage must be the main focus for Government. The LGA has also noted that the drive to meet broadband targets should not force through measures that put local environments and road networks at risk.
11. The Government's announcement appears to be at odds with its previous intention to remove the requirement for the Secretary of State to approve permit schemes. This was consulted upon between January and April this year as part of the Government's localism agenda and DfT Minister, Norman Baker MP, referred at the time to the need to free councils from 'unnecessary bureaucracy'. The responses have yet to be published. The Government's Regulatory Policy Committee has accepted the argument that the burden imposed on businesses carrying out streetworks would be outweighed by the benefits to businesses of reduced congestion, in relation to Lane Rental (which is clearly more burdensome for companies than permit schemes). This suggests that relaxing controls on streetworks will be counter-productive as a means of boosting growth, because any benefit to utility companies will be outweighed by disbenefits arising from congestion.
12. In a recent Parliamentary answer, Norman Baker MP noted that "these [permit] schemes differ in their operation, but evidence shows they are delivering promising improvements to the effective use of the road network". We are continuing to liaise with the DfT on this issue as it seeks to align its policy with the Department for Culture Media and Sports on Broadband.

Conclusion and next steps

13. Members are asked to consider the planned work and also the implications of the recent broadband announcement. (NB. Broadband policy at the LGA is developed by the Culture, Tourism and Sport Board).

Item 7

Transport update

Purpose of report

For discussion and direction.

Summary

This paper updates members on recent transport announcements and events

Recommendation

Members are asked to consider the future role of local government in relation to decision-making on the whole road network.

Action

Officers to take actions as directed.

Contact officer: Eamon Lally
Position: Senior Adviser
Phone no: 07799768570
E-mail: eamon.lally@local.gov.uk

Item 7

Transport update

New Minister

1. The new ministerial team at DfT is set out in **Appendix 1** to this report.
2. An initial letter requesting a meeting for the Board with the new Secretary of State, Rt. Hon. Patrick McLoughlin MP, has been sent by the LGA Chairman. The Board might also want to seek an early opportunity to meet with the new roads minister and the minister with responsibility for rail devolution.

Local Majors Scheme funding devolution

3. On 18 September the government formally published its plans for devolving Local Majors Scheme funding. The plans are as outlined in the Government's response to the consultation which was published on 31 January. The key features of the scheme are:
 - 3.1 The primary decision making bodies on the use of the devolved funding will be Local Transport Bodies (LTBs), voluntary partnerships of local transport authorities, local enterprise partnerships (LEPs) and possibly others.
 - 3.2 LTBs will have non-overlapping boundaries, to be broadly based on the geography of LEPs and ideally determined by local agreement.
 - 3.3 LTB membership must be open, as a minimum, to all the constituent local transport authorities (LTAs) that are within the LTB area, and to the primary LEP or LEPs upon whose geography the LTB is based.
 - 3.4 Representation of other bodies such as District Councils, other public bodies and NGOs should be for local decision.
 - 3.5 There will be no funding retained at the centre as a top-slice for larger schemes, which, if required, will need to be funded by a combination of pooling LTB resources and securing contributions from other sources.
 - 3.6 There will be no centrally imposed minimum cost threshold for schemes but the Department encourages the setting of local thresholds appropriate for the LTB.
 - 3.7 The available funding will be distributed on a simple per-capita basis. Indicative figures for planning assumptions will be provided for each LTB in October 2012. Confirmation of the actual level of funding available will be made following the next Spending Review.
 - 3.8 LTBs will need to operate within assurance frameworks that meet minimum standards of governance, financial management, accountability, meeting value for money and environmental considerations. The frameworks will need to be approved by the Department and we will set out the minimum requirements in more detailed guidance shortly.

Item 7

- 3.9 LTBs must have a high degree of transparency, including routine and timely publication of all key documents, as well as arrangements for involving local stakeholders that are not represented on the LTB.
- 3.10 The Department's Transport Business Case guidance and WebTAG, the DfT appraisal framework must be used for all schemes considered by LTBs for funding. The Department will provide support and advice on how WebTAG may be used in a proportionate way.
4. Local areas have been asked to confirm the geographical basis for their local transport bodies by 28 September 2012.
5. In general there are still some concerns about the approach to geography taken by the DfT — the LGA called for the money to go directly to councils. There is also concern that the DfT is insisting on the use of the WebTAG appraisal framework, which does not easily admit broader economic and social factors into its cost benefit analysis.

Stopping up orders

6. Stopping up orders allow roads to be closed when development makes this necessary or desirable. The Government announced on 18 September that following the outcome of a consultation that ended on 24 August it will seek an early legislative opportunity to implement changes which will allow stopping up and planning applications to be made concurrently.

Traffic Management Act

7. In 2011 the Board challenged DfT's claim that there was little demand for the powers to enforce moving traffic offences under Part 6 of the Traffic Management Act to be made available to councils outside London. We successfully encouraged those councils who wished to use these powers to lobby the DfT using our template letter (which at least one bus operator also adapted and sent). In July, DfT Minister, Norman Baker MP's latest letter on the subject accepted that there is demand for these powers in the sector, but claimed that the evidence available on the benefits in terms of safety and reduced congestion (as opposed to increased compliance) is not sufficient to satisfy the requirements of the regulatory review processes the Government has put in place. The minister is therefore working with Sheffield and Nottingham on modelling exercises as part of the city deal process. The LGA has responded, refuting these arguments and asking for a meeting between DfT, LGA, our Technical Advisory Group, Association of Directors of Environment Planning and Transport and the British Parking Association.

Reform of Bus Subsidy System

8. In March, the Government published 'Green Light for Better Buses', in which it set out plans for reforming local bus subsidy arrangements and regulations in England outside London. An 8-week consultation on these plans was launched on 13 September. Officers are working on a response for members to consider.

Transport Ministerial Team

Following the government reshuffle earlier this month, there is now a new ministerial team:

Rt Hon Patrick McLoughlin MP Secretary of State for Transport

- Overall responsibility for department
- Transport strategy, including economic growth and climate change
- Transport security, including Transec
- High speed rail

Rt Hon Simon Burns MP Minister of State for Transport

- Rail
 - London - including Crossrail
 - Europe and international engagement
- Aviation - including Air Accident Investigation Branch

Norman Baker MP, Parliamentary Under-Secretary of State for Transport

- Rail - commercial and operational performance
- Buses - including concessionary fares
- Taxis
- Light rail and trams
- Smart ticketing including rail fares and ticketing
- Regional and local transport - including local roads, maintenance, major projects, winter resilience
- Natural environment - including biofuels
- Sustainable travel - including walking and cycling
- Accessibility and equalities
- Traffic management
- Alternatives to travel
- SMEs and growth

Stephen Hammond MP, Parliamentary Under-Secretary of State for Transport

- Strategic roads and Highways Agency
- Motoring agencies
- Road safety and standards
- Freight and logistics, including lorry road user charging
- Maritime and dangerous goods, including Maritime and Coastguard Agency
- Better regulation

Item 8

Appointments to Outside Bodies – 2012/13

Purpose of report

For approval.

Summary

The document **attached** at **Appendix 1** details the outside bodies to which the Economy and Transport Board should appoint members. These appointments will be sent to the LGA Executive in October for endorsement.

Recommendation

The Board is asked to agree appointments to the outside bodies.

Action

Appointments will be submitted to the October LGA Executive for endorsement.

Contact officer: Virginia Ponton
Position: Member Services Support Officer
Phone no: 0207 664 3068
E-mail: virginia.ponton@local.gov.uk

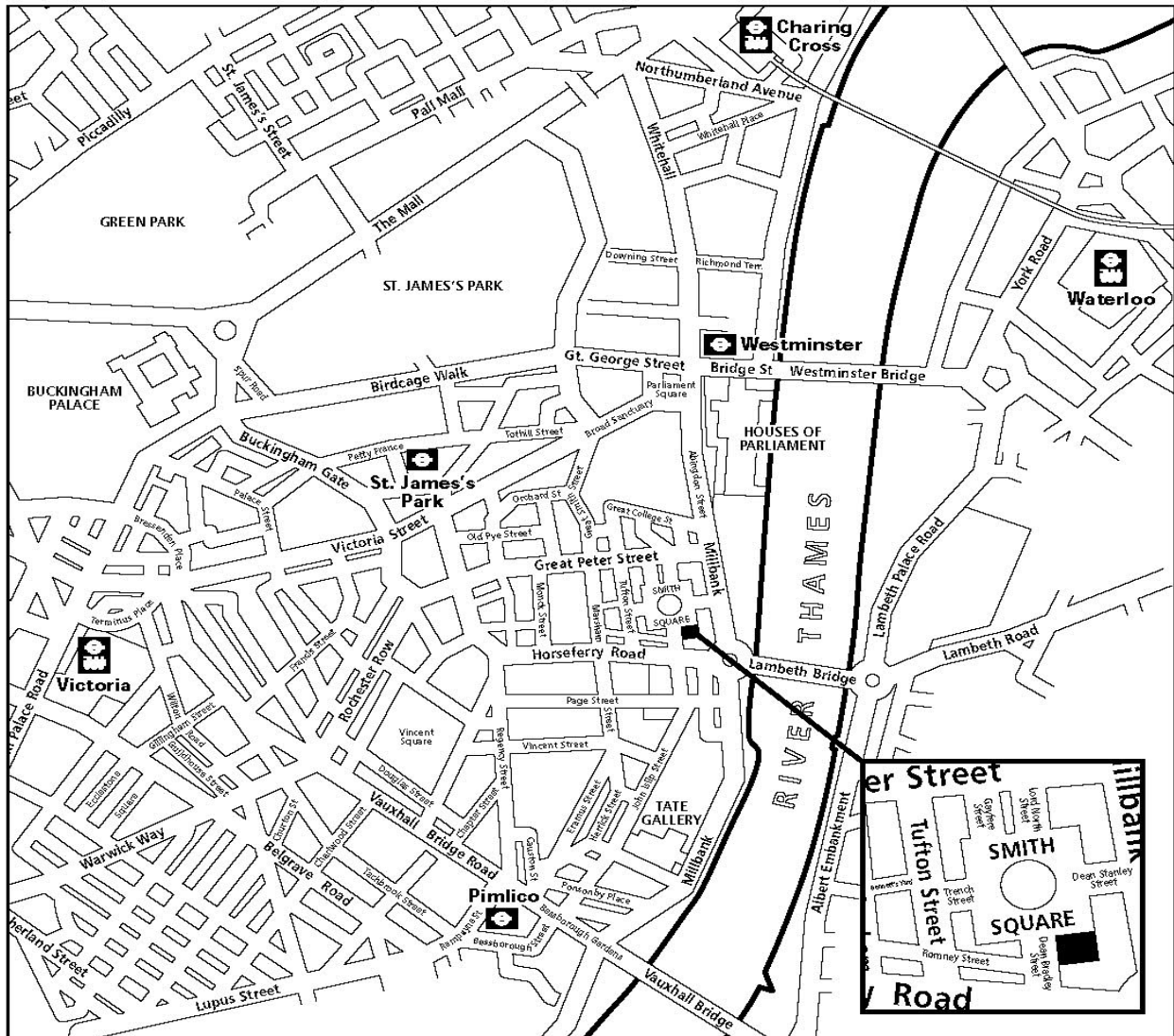
LGA Economy and Transport Programme Board

Appendix 1

Appointments to Outside Bodies

Outside Body	Background	Representatives	LGA Contact Officer
Bus Partnership Forum Department for Transport	Brings together senior representatives from the bus industry, central and local government.	4 places Conservative Labour Liberal Democrat Independent	Charles Loft charles.loft@local.gov.uk 020 7665 3874 Eamon Lally eamon.lally@local.gov.uk 020 7664 3132
Outside Body Rural Commission LGA	Background Provides a forum in which rural authorities can discuss common issues and share good practice. It ensures the LGA considers rural needs, priorities and aspirations. It helps the LGA promote the role and interests of rural areas and their communities.	Representatives 1 place Labour	LGA Contact Officer Eleanor Gasse eleanor.gasse@local.gov.uk 020 7664 3124 Virginia Ponton virginia.ponton@local.gov.uk 0207 664 3068
Urban Commission Steering Committee LGA	Background Provides a forum in which urban authorities can discuss common issues and share good practice. It assists the LGA in considering urban needs, priorities and aspirations. It helps the LGA promote the role and interests of urban areas and their communities.	Representatives 1 place Conservative	LGA Contact Officer Nick Porter nick.porter@local.gov.uk 020 7664 3113 Virginia Ponton virginia.ponton@local.gov.uk 0207 664 3068

LGA Location Map



Local Government Association

Local Government House
 Smith Square, London SW1P 3HZ
 Tel: 020 7664 3131
 Fax: 020 7664 3030
 Email: info@lga.gov.uk
 Website: www.lga.gov.uk

Public transport

Local Government House is well served by public transport. The nearest mainline stations are;

Victoria

and **Waterloo**; the local underground stations are **St James's Park** (District and Circle Lines); **Westminster** (District, Circle and Jubilee Lines); and **Pimlico** (Victoria Line), all about 10 minutes walk away. Buses **3** and **87** travel along **Millbank**, and the **507** between Victoria and Waterloo goes close by at the end of **Dean Bradley Street**.

Bus routes - Millbank

87 Wandsworth - Aldwych **N87**
3 Crystal Palace - Brixton - Oxford Circus

Bus routes - Horseferry Road

507 Waterloo - Victoria
C10 Elephant and Castle - Pimlico - Victoria
88 Camden Town - Whitehall - Westminster - Pimlico - Clapham Common

Cycling Facilities

Cycle racks are available at Local Government House. Please telephone the LGA on 020 7664 3131.

Central London Congestion Charging Zone

Local Government House is located within the congestion charging zone. For further details, please call 0845 900 1234 or visit the website at www.cclondon.com

Car Parks

Abingdon Street Car Park
 Great College Street
Horseferry Road Car Park
 Horseferry Road/Arneway Street