

Economy and Transport Board

Agenda

Thursday 30 May 2013
11.00am

Smith Square Rooms 1 & 2, Ground Floor
Local Government House
Smith Square
London
SW1P 3HZ

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

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Economy and Transport Board

28 March 2013

The **Economy and Transport Board** meeting will be held on **Thursday 30 May 2013 at 11.00am** in **Smith Square Rooms 1 & 2**, Ground 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: Group Office: 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)

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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
Ann Steward	Norfolk CC
Mike Whitby	Birmingham City
<i>Vacancy</i>	
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

LGA Economy & Transport Board Attendance 2012-2013

Councillors	27.09.12	29.11.12	31.01.13	28.03.13		
Conservative Group						
Tony Ball	Yes	No	Yes	Yes		
Andrew Carter	No	No	Yes	Yes		
Philip Atkins	Yes	Yes	Yes	Yes		
Martin Tett	Yes	Yes	Yes	Yes		
Gillian Brown	No	Yes	Yes	Yes		
Nick Clarke	Yes	Yes	Yes	Yes		
Ann Steward	Yes	Yes	Yes	No		
Mike Whitby	Yes	Yes	Yes	Yes		
Labour Group						
Peter Box CBE	Yes	Yes	Yes	Yes		
Claire Kober	Yes	Yes	Yes	Yes		
Chris Roberts	No	Yes	Yes	No		
Barrie Grunewald	Yes	No	No	Yes		
Joan Dixon	Yes	Yes	Yes	Yes		
David Wood	No	Yes	Yes	No		
Lib Dem Group						
Roger Symonds	Yes	Yes	Yes	Yes		
Heather Kidd	No	No	No	Yes		
Colin Rosenstiel	Yes	Yes	Yes	Yes		
Independent						
Mike Haines	Yes	Yes	Yes	Yes		
Substitutes						
Phillip Bicknell	Yes			Yes		
Tony Page	Yes		Yes	Yes		
Peter Popple	Yes					
Heidi Allen		Yes				

LGA Economy and Transport Board

Meeting Dates 2012 - 2013

DAY (2013)	DATE	TIME	ROOM at Local Government House
Thursday	25 July 2013	11.00 – 13.00	Smith Square Rooms 1 & 2

Meeting Dates 2013 - 2014

DAY (2013)	DATE	TIME	ROOM at Local Government House
Thursday	25 July 2013	11.00 – 13.00	Smith Square Rooms 1 & 2
Thursday	19 September 2013	11.00 – 13.00	Smith Square Rooms 1 & 2
Thursday	28 November 2013	11.00 – 13.00	Smith Square Rooms 1 & 2
<i>Secretary of State for Transport, The Rt. Hon. Patrick McLoughlin MP and Sir Merrick Cockell to attend November Board.</i>			
DAY (2014)			
Thursday	30 January 2014	11.00 – 13.00	Smith Square Rooms 1 & 2
Thursday	27 March 2014	11.00 – 13.00	Smith Square Rooms 1 & 2
Thursday	22 May 2014	11.00 – 13.00	Smith Square Rooms 1 & 2
Thursday	31 July 2014	11.00 – 13.00	Smith Square Rooms 1 & 2

Agenda

Economy and Transport Board

30 May 2013

11.00am – 1.00pm

Smith Square Rooms 1 & 2, Ground Floor, Local Government House

	Item	Page	Time
Part 1			
1.	Notes of the previous meeting	3	11.00am
2.	Chair's Report	7	11.05am
3.	Emerging practice on regeneration – External speaker: Judith Armit, Chief Executive, Local Partnerships	11	11.10am
4.	Streetworks - External speaker: Matthew Lugg, Director of Environment and Transport, Leicestershire County Council	19	12.10pm
5.	Local Audit and Accountability Bill: Council Tax Referendums	25	12.35pm
For information			
6.	LGA Annual Conference and the development of the New Model of Local Government	29	12.50pm
7.	LGA submission to Spending Round 2013	35	12.55pm

Note of Meeting 28 March 2013

Title: Economy & Transport Board
Date and time: 28 March 2013, 11.00am
Venue: Local Government House

Attendance

Position	Councillor	Political Group	Council
Chairman	Peter Box CBE	Labour	Wakefield MDC
Vice Chair	Tony Ball	Conservative	Basildon DC
Deputy Chair	Roger Symonds	Liberal Democrat	Bath and North East Somerset
Deputy Chair	Mike Haines	Independent	Teignbridge DC
Members	Andrew Carter	Conservative	Leeds City
	Martin Tett	Conservative	Buckinghamshire CC
	Philip Atkins	Conservative	Staffordshire
	Nick Clarke	Conservative	Cambridgeshire CC
	Mike Whitby	Conservative	Birmingham City
	Gillian Brown	Conservative	Arun DC
	Phillip Bicknell	Conservative	Windsor & Maidenhead RBC
	Barrie Grunewald	Labour	St Helens MBC
	Claire Kober	Labour	Haringey LB
	Joan Dixon	Labour	Derbyshire CC
	Tony Page	Labour	Reading Council
	Colin Rosenstiel	Liberal Democrat	Cambridge City
	Heather Kidd	Liberal Democrat	Shropshire Council
Apologies	Ann Steward	Conservative	Norfolk CC
	Chris Roberts	Labour	Greenwich LB
	David Wood	Labour	Tyne & Wear ITA

In attendance: Ian Hughes; Eamon Lally; Piali Das Gupta; Rachael Donaldson; Charles Loft; Russell Reefer; Virginia Ponton;

Item	Decisions and actions	Action by
	<p>The Chair welcomed all to the meeting. It was agreed that the meeting would finish at 12.30pm due to travel disruption.</p>	
1	<p>Notes of the previous meeting</p> <p><i>Decision</i> The notes of the previous meeting were agreed.</p>	
2	<p>Chair's Report</p> <p>The Chair introduced the Chair's Report. He highlighted the Staffordshire County Council Town Hall Summit and thanked Cllr Philip Atkins for hosting the event.</p> <p>Cllr Mike Haines told members that the Bristol Skills and Growth Roundtable had been successful, with a great deal of feedback and information to feed into discussions with the Department of Business, Innovation and Skills (BIS).</p> <p>Members asked for an update on Part 6 of the Traffic Management Act (TMA).</p> <p>Actions Update on TMA to be provided.</p>	Eamon Lally
3	<p>Heseltine Review and 2013 Budget</p> <p>The Chair said that the Government's response to the Heseltine Review would be circulated to member. A more detailed paper considering the impacts of the announcements, as well as linking this to the New Model for Local Government, would be provided at a future Board after the Spending Review.</p> <p>Members discussed:</p> <ul style="list-style-type: none"> - the need for distinction between the devolved powers for LEPs and for City Deals and ensuring that LEPs work with democratic accountability and with reference to local government. - whether signing a City Deal allows you to also enter into other deals. - a lack of reference to combined authorities and of rural proofing. <p>Ian Hughes said that these issues would continue to be raised with BIS.</p> <p>Action The Government's response to the Heseltine Report to be circulated. A more detailed analysis paper to be taken at a future Board. Check any limitations on entering other deals after signing a City Deal.</p>	Virginia Ponton Officers Piali Das Gupta
4	<p>Transport Update</p> <p>The Chair updated members on a letter offering 2 places for the LGA to sit on the HS2 Roundtable. He proposed that the offer is taken up and that the political group offices put forward nominations.</p>	

Cllr Martin Tett noted his dissent.

Charles Loft told members that the Streetworks Summit on 14 March had been successful, with broad agreement from the utility companies to work together with local government. The utility companies would be written to so that another meeting could be arranged.

The Chair stressed the achievement of getting all the utilities together and said that all were keen to work with the LGA and local government.

On streetworks, members discussed the need to look at the detail of what success looks like as well as ensuring a cost effective business model and understanding of the effects that separate contracting can have.

On the Strategic Roads Network, under Items 25.2 and 25.3, members said that the impact on local authority planning decision-making would need to be considered.

Members also wanted to ensure the Highways Agency is engaged on pothole issues.

A Passenger Focus report on buses was highlighted and can be found [here](#).

Action

Utility Companies to be contacted.

Charles Loft

5 New Model for Local Government

The Chair introduced the item, saying that the benefits as well as the principle of devolution needs to be more strongly articulated, as well as supported by evidence.

Members discussed:

- the importance of taking decisions at the appropriate level, and therefore not only at local government, but also the neighbourhood level.
- the lack of capital- and revenue-raising ability at local government level.
- how to align any new devolved funding with other government funding and ensure hypothecation of the returns.
- questions around authority and accountability and who directs the local vision.
- the need for the government to recognise that local government is good at what it does and to improve the relationship with government and civil servants.
- linking to the [Hidden Talents II](#) work.
- the NHS and local government must be more joined up and have more of a focus on preventative work.

Ian Hughes said that regional debates are on-going and that issues will be taken to the LGA Annual Conference to start a debate. Members' comments will also be fed into a paper for the Leadership Board and Executive, before going to Annual Conference.

The Chair urged members to also push this debate through the political group system.

Actions

Members' comments to be fed into the debate.

Ian Hughes

6 High Streets update

Cllr Mike Haines introduced the item, highlighting the Love Your Local Market campaign. A letter has been sent from Mark Prisk MP to local authorities to make them aware of the campaign and there is a new cross-sector High Streets Forum, at which Cllr Haines will represent the LGA.

Members discussed realigning messages in 15.4 to 'manage' rather than 'prevent' clustering, in order to reflect the positive effects that specialised areas of businesses can have, and to tone down the need for 'radical reform'.

In response to members' concern around unsustainable rents, Cllr Haines said that rents had been discussed and that there is recent research available.

Action

Research on rents to be circulated to members.

Virginia Ponton

The Chair thanked all for a good discussion and closed the meeting.

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Chair's Report

Purpose of report

For noting.

Summary

This report sets out Group Leaders' activity between the Board meetings. This report is presented to the LGA's Councillor's Forum as a record of Board activity.

Recommendation

Members are asked to note the report and comment as necessary.

Action

Officers to take actions as directed.

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

Chair's Report

Spending Review

1. I have been following debates within Government as departments have been submitting their bids to the Treasury for the 2015-16 spending round. Some tough decisions have to be made so that public spending is targeted to ensure growth and jobs. Ministers will need to remember that councils are one of the few parts of the public sector to use their resources to drive growth and jobs. The LGA put in a comprehensive submission to Government and central to our bid was a proposal to boost local growth. One big decision that the Government has to make in this spending review is whether or not to back Lord Heseltine's single pot for regeneration. We are lobbying hard to ensure that the ambition of Lord Heseltine for a substantial devolution of budgets to the local level is met. However, we have also put down markers that this needs to be devolved cash, rather than a recentralisation of cash already devolved to councils and LEPs (such as the transport majors funding). Lord Heseltine will speak at the LGA conference in July and I hope that we are all sharing good news at this plenary session.

Manchester Town Hall Debate

2. Our series of Town Hall debates to highlight what councils are doing to regenerate their towns and cities came to a conclusion in Manchester at a session held jointly with Universities UK (UUK), where we examined the role of universities in local growth. I chaired an excellent panel of speakers including Manchester CC Deputy Leader, Cllr Sue Murphy and Professor Rod Coombs from the University of Manchester. A joint publication with Universities UK promoting collaborative working was launched at the event and is available [here](#) on the LGA website.

Oral evidence to Local Growth APPG

3. On 16 April, I gave evidence on behalf of the LGA to the Local Growth APPG as part of their inquiry into local growth and skills. Speaking during the roundtable session, I highlighted the fragmented nature of the skills system and the resulting mismatch. I also said that skills and growth need to be decentralised as national approaches do not allow for local differences and pointed out that local councils are best placed to bring together local partnerships. Alongside my oral evidence, the LGA has also submitted written evidence to the APPG.

Update on Streetworks

4. Following on from our December publication which highlighted the cost of streetworks by utility companies to business and local growth, I chaired a streetworks summit in March which looked at how we can work with these companies and business to improve streetworks, better inform business of works being carried out and of compensation schemes and to ensure contractors do a much better job. The summit was attended by Norman Baker MP, Transport Minister, Louise Ellman MP, Chair of the Transport Select Committee, the Association of Convenience Stores, the British Retail Consortium, fifteen utility companies and the National Joint Utilities Group (NJUG). Local government representatives included Transport for London, the Highways Maintenance Efficiency Programme (HMEP) and the Joint Authorities Group

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(JAGUK). Cllr Nick Clarke, Cambridgeshire CC represented other Board members and led discussions at the summit.

5. The most important outcome of the summit was a recognition by local government and the utilities present that streetworks pose a problem for all and that we need to work together to improve performance in terms of coordination, minimising disruption and reinstatement. There was agreement to establishing a task force which will bring together partners to take matters forward and report back to the larger group. The first meeting of the task force is on 20 May.

High Streets development

6. On 17 April, Deputy Chair, Cllr Mike Haines, was a panellist on the Kilburn High Road Forum, which brought the London Boroughs of Camden and Brent together for the first public debate on the future of Kilburn High Road. Alongside councillors from both Boroughs and a local resident, Cllr Haines provided an overview of the national debate on the future of Britain's high streets, as well as the LGA's work in supporting councils to think outside of the box.
7. On 29 April, Cllr Haines attended the launch of the 2013 Love Your Local Market (LYLM) fortnight, hosted by Ann Coffey MP and the National Association of British Market Authorities (NABMA) in the House of Commons. This year's LYLM fortnight will run from 15-29 May and has already improved on last year's campaign, with a significant increase in traders and participating markets across the country.

Cycling All Party Parliamentary Group

8. Since Deputy Chair, Cllr Roger Symonds, gave evidence to the Cycling APPG as part of their inquiry titled "[Get Britain Cycling](#)", the APPG has published its report. The summary and recommendations of the report are available [here](#), and the full report authored by Professor Phil Goodwin, University of West England, is available [here](#).

Parking Evidence Submitted

9. The Commons Transport Select Committee has opened an inquiry into local authority parking policy. The LGA has submitted written evidence to the Inquiry, which can be found [here](#) at PE42, page 163. The key messages are that council revenue from parking (including penalty charges) is dwarfed by council spending on transport; and that the need for parking provision or its restriction, and the appropriate level of charges, will vary from place to place even within a single district; these needs can only be properly assessed at the local level.

Hidden Talents

10. The LGA's Hidden Talents campaign features in an article in The Guardian, which writes of the good work being done by local councils and the LGA to match skills training with the needs of the local economy and to remove barriers for local businesses to employ young people. You can read the article [here](#) on The Guardian website.

Wave 2 City Deals

11. I chaired a meeting on Wave 2 City Deals on Tuesday 21 May, which I will verbally update on at the Board.

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Emerging practice on regeneration – Councils taking prudent financial risks to support growth

Purpose of report

For discussion and direction.

Summary

The Board's advice is sought for promoting the new ways in which councils are helping to regenerate areas and unlock growth through taking prudent financial risk. In order to facilitate discussion, the report considers three aspects of this emerging role:

- the emerging practice and the themes that are developing
- the financial barriers that councils continue to face in wanting to do more
- the likely consequential impact in local government role looking ahead.

Judith Armitt, the Chief Executive of Local Partnerships (LP), will give a short presentation to the Board on LP's role in support of councils on growth.

Recommendation

Members are asked to comment and provide a steer.

Action

As directed by members.

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Phone no: 020 7664 3174
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Item 3

Emerging practice on regeneration - Councils taking prudent financial risks to support growth

Background

1. Councils' leadership role in supporting local economic growth has entered a new phase in recent years. Since the recent banking crisis and subsequent squeeze on public finances, councils have recreated their role to be the facilitators of local growth. The approach to working with the private sector has been transformed – one where councils are using a variety of approaches to assume and manage prudent risk to unlock growth and ensure that developers and the private sector are able to thrive and increase local investment.
2. At the Board meeting in January, members debated emerging practice in financing local growth and were presented with examples of how councils were using their assets in innovative ways to fund growth initiatives. The Board requested that officers bring a report to a future meeting for further discussion on how the LGA can assist in helping councils who want to do more. This paper builds on that initial discussion by highlighting the breadth of actions which at their core have one thing in common – councils' willingness to take prudent financial risks.

Emerging practice

3. At a time of economic crisis and global economic and financial uncertainty, our businesses and residents require intense support from their councils. A review by Professor Tony Travers¹ in December 2012, demonstrated where councils collectively had risen to the challenge of a new economic era. The examples below illustrate a variety of approaches that demonstrate how councils are assuming and managing financial risk to ensure that developers and the private sector are able to thrive and increase local investment. Although in many cases the practice is still new and evolving, there are themes developing in the way councils are getting involved.
4. Councils are:
 - 4.1. Helping business to access finance which continues to be a barrier to growth for many small and medium enterprises (SMEs). Lancashire County Council made available an initial £100,000 to unlock the potential of local firms unable to raise cash from high-street banks. Calderdale freed up funds to support new SMEs, leading to 150 new businesses which in turn, created 500 new jobs and private sector investment exceeding the initial seed money.

¹ Local government's role in promoting economic growth - Removing unnecessary barriers to success. An independent report commissioned by the LGA. Professor Tony Travers.
http://www.local.gov.uk/c/document_library/get_file?uuid=5722bba1-04cf-44a6-bb61-623142db7a43&groupId=10171

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- 4.2. Using the strength of their own balance sheets to access prudential borrowing. London Borough of Waltham Forest's injection of capital investment has enabled the go ahead for the stalled redevelopment of the old Arcade site. The prudential borrowing that was required will be repaid by commercial rents achieved on the site. Thanet District Council have helped to bring together a cocktail of funding sources towards a new heritage amusement park, which includes £1.8 million of prudential borrowing.
- 4.3. Underwriting private sector risk. Eastleigh Borough Council has offered offer a "guaranteed purchase" model for those developers who had sites with existing planning permission but were unsure if they could sell the houses so development had stalled. The council offered to act as a purchaser of last resort if the developers could not sell them. Developers in Bradford found it difficult to obtain bank funding for the development of the prominent city centre gateway site. Bradford Council supported developers by providing a commercial loan of over £6 million secured by a second charge over the development. The development has secured over 760 jobs.
- 4.4. Facilitating growth through more strategic use of land, such as in Hackney where the council was a key partner with the London Development Agency (now Greater London Authority), Transport for London and Barratt Homes to deliver a new development based on 600 new homes. The council's role in the partnership was to provide land at nil value to facilitate the development and to assist with de-risking the financial viability of the project. Similarly Basingstoke and Deane Council contributed land for free towards regeneration of an area delivered jointly with a housing association.
5. Councils are also delivering and innovating on major infrastructure projects that will radically transform the economic viability of an area. Major projects such as the Mersey Gateway, will drastically reduce congestion and kick-start a major 20 year regeneration programme. The new bridge is being procured as a Public Private Partnership with over 70 per cent of the cost being funded by the private sector (financed through tolls collected).
6. An analysis of the emerging practice tells us that councils are clearly willing to take prudent risks to increase the potential for their local economies. It tells us that the political will is there as is the know-how and expertise. Professor Travers report also said that councils were able to do this as a result of maintaining a high level of budget stability since 1990 and have been effective and cautious in controlling indebtedness.
7. Looking ahead, we would suggest that there are three core actions in how the LGA should support councils and we would welcome the Board's views on these – especially on the best way to get information to busy members:
 - 7.1. To develop a narrative for partners that councils are serious players in unlocking growth opportunities – they have the willingness and know-how and financial integrity.

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- 7.2. To highlight to government, in particular Her Majesty's Treasury, that council leadership in taking financial risks needs to be supported and encouraged across the country. Central government's slowness to lift financial constraints and offer further incentives will prevent councils from innovating and finding lasting local solutions to economic challenges.
- 7.3. To share emerging practice with wider local government. Not all councils are at the same place in terms of expertise, experience and confidence in driving growth. The emerging practice could be used to encourage and support developing practice in all areas.

Remaining barriers

- 8. Whilst councils are already de-risking projects to unleash growth, they are keen to do more but are being hampered through limitations on their ability to raise funding and financing, which include:
 - 8.1. Limits to how much they can borrow on housing - the government has placed strict cash limits on HRA debt, preventing borrowing for investment, including new housing growth. Lifting the housing borrowing cap would allow councils to invest an additional £7 billion over 5 years resulting in up to 60,000 more homes over and above current plans and unlocking £20 billion in wider economic impacts.
 - 8.2. A lack of sufficient financial incentives to invest and innovate. The recently published report by the London Finance Commission, Raising the Capital, highlights that:
 - 8.2.1. Tax Increment Financing is endorsed by the Government but their use is heavily regulated.
 - 8.2.2. Many successful foreign cities are able to apply tourism and environmental taxes, to invest more in marketing and public realm improvements to boost growth.
 - 8.3. Unwillingness by central government to mainstream incentives put forward through city deals core package. In particular, councils were disappointed that the Manchester earn-back model is not being made available to more places. The model is expected to have a substantial impact on Greater Manchester. The locally funded element of the programme will deliver a short-term boost to demand in excess of £2 billion by 2016 and in the longer term the forecast economic impact of the local contributions exceeds £1 billion per annum by 2025.
 - 8.4. The LFC's report endorses the LGA's argument that sources of funding for infrastructure are "very heavily departmental in nature; new schools, hospitals, homes and major transport schemes are all nationally funded by separate central government departments through ring-fenced grants. This fragmentation makes

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co-ordination of investment decisions across sectors difficult, which can increase inefficiency and reduce effectiveness.”

- 8.5. Uncertainty with borrowing rates. Recent increases in the Public Works Loan Board interest rates show that councils remain vulnerable to changes by ministers and are therefore keen to develop alternative sources of lending.
9. In addition to funding and financing barriers, Professor Travers’ report also highlighted the impact of continued council funding cuts on pro-growth services. As councils prioritise the protection of critical social care for children and older people services, as well as key environmental services, other council services have seen their expenditure disproportionately reduced.
10. As a result, spending on housing, highways and transport, cultural and, particularly, planning and economic development services is being reduced far faster than the average for all of local government.
11. In conclusion, despite local government’s willingness to support their local economies through taking prudent financial risks, they are being severely hampered by restrictive government policy on council borrowing, and lack of meaningful incentives to do more. The resultant impact is that the country invests less in housing and infrastructure than it could do.
12. Are there other restrictions on funding and financing that the LGA should be calling for changes to?

The LGA support offer

13. The LGA will continue to lobby to remove barriers to growth, but an equally important role is to ensure that emerging practice in the sector supports improvement in all councils.
14. The LGA already offers support to develop their capacity, confidence and know-how in the new roles they can play in driving growth. Our current offer includes:
- 14.1. Support for council leaders and portfolio holders on a range of issues - from visitor economy, culture and growth through to workshops on collaborating with partners for growth, and free councillor training sessions on development economics and viability.
- 14.2. Direct support - through the Planning Advisory Service (PAS) councils are offered support on getting their local plans in place; on joint plan-making; and advice on setting a Community Infrastructure Levy (CIL).
- 14.3. Peer challenge - the LGA’s free corporate peer challenge can be tailored to focus on council’s economic strategies and relationships. PAS’ ‘Open for Growth’ peer challenge offers a more tailored review on how a council’s planning policy and strategic planning functions help support growth. Councils

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can access an independent review of their housing services through a low cost peer challenge.

- 14.4. Using council's physical assets to promote growth - the LGA's capital assets programme is helping a group of councils to use their surplus assets to stimulate growth locally.
15. Members may wish to comment on the current offer and suggest how we develop this work in the future.
16. Councils can also get assistance with growth and regeneration projects from Local Partnerships (LP), a joint venture owned by the Local Government Association and HM Treasury. LP provide delivery support and commercial expertise to local authorities and other public bodies on key projects, financing and efficiency issues. LP is now expanding its offer to councils and Local Enterprise Partnerships (LEP) on the delivery of regeneration and growth. Judith Armit, the Chief Executive of Local Partnerships, will give a short presentation to the Board on LP's developing role, the issues councils face, and the opportunities to influence future direction.
17. The support to councils available from LP reflects its belief that issues relating to physical and economic regeneration are central to delivering growth at the local and national levels. It has to ensure the resources available to local authorities and other public bodies are targeted at delivering the same objectives – unlocking private sector investment and ensuring the benefit of the investment is retained in the local area. LP recognises that in the current economic climate none of us have the luxury of large delivery teams. LP can use the extensive experience of its staff to support the projects being promoted by councils and LEPs, integrate the growth agenda within service delivery and discourage re-invention of the wheel.

Next steps

18. The LGA is currently lobbying on a range of fronts to dismantle the barriers that prevent councils from doing more on supporting local growth. At the forthcoming LGA Annual Conference, the LGA will be presenting its reform plan for councils that will outline new ways of allocating public funding and providing services. This is based on the numerous local consultation events that the Chairman has led over the last few months.

Recommendations

19. Discuss that the emerging ways in which councils are doing economic development and regeneration, is the space that local government needs to occupy?
20. Discuss and suggest further development support on funding and financing of local growth initiatives and infrastructure.

Item 4

Streetworks

Purpose of report

For discussion and direction.

Summary

Members will recall that following a discussion at the board last year, the LGA produced a report entitled [*Holes in our Pockets – How utility streetworks are damaging local growth.*](#)

The report was well received and the utility companies responded positively to a subsequent invitation to a summit. This took place on 14 March 2013.

At the summit, the LGA invited utilities to work with us to address the issues. Utilities agreed that there was a problem to be solved and accepted this invitation. A task force was established to take matters forward.

Matthew Lugg, Director of Environment and Transport at Leicestershire County Council and a special Adviser to the HMEP programme at the DfT, will attend the Board on 30 May to give a brief overview of HMEP and how it can support councils' work.

Recommendation

Members are invited to comment on the work so far and proposals for future work.

Action

As directed by members.

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Item 4

Streetworks

Background

1. Launched at the House of Commons, [Holes in our Pockets – How utility streetworks are damaging local growth](#), found:
 - 1.1. 57 per cent of shops have had roadworks nearby over the past three years.
 - 1.2. 72 per cent of these were negatively affected, with issues including forced closure, delivery delays, reduced footfall and reduced sales.
 - 1.3. 31 per cent say roadworks reduced their footfall by at least a quarter with, at worst, some losing about 2,500 customers a week.
 - 1.4. Half say they lost at least 10 per cent of sales with, at worst, some losing about £7,500 a week.
2. The Annual Local Authority Road Maintenance (ALARM) survey found that contractors poorly resurfacing trenches after digging up roads cost taxpayers almost half-a-billion pounds over the past two years – the equivalent of filling eight million potholes. Last year 20 per cent of utility works were not up to standard meaning they had to be redone properly at the expense of local councils, causing more disruption and delays. This was up 3 per cent on 2011 and over the two years cost £435 million.
3. The report was well received and the utility companies responded positively to a subsequent invitation to a summit. This took place on 14 March 2013.
4. At the summit, the LGA invited utilities to work with us to address the issues. Utilities agreed there was a problem to be solved and accepted this invitation. A task force was established to take matters forward.
5. At last Board, members agreed that a key issue was what does good look like and discussed officers' initial assessment that good means:
 - 5.1. There are fewer works as a result of coordination and fewer works that take place after resurfacing by local authorities.
 - 5.2. Works are reinstated correctly.
 - 5.3. Major works are combined with maintenance and pothole filling where appropriate.

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- 5.4. When major planned works are carried out a relationship is established between contractors and local businesses that results in minimised disruption.
- 5.5. Works are not left unattended (e.g. over weekends).
- 5.6. Contractors know what they are supposed to do, how to do it and take responsibility for their work.
- 5.7. Poor contractors do not get work for utilities or highway authorities.
- 5.8. Businesses are aware of and understand compensation schemes and how to access them.
- 5.9. Best practice is understood and adopted by both highway authorities and utilities.
6. This has been shared with utilities and businesses and utilities have shared their own assessments.
7. The task force met for the first time on 20 May. Cllr Tony Ball, Cllr Mike Haines and officers attended for the LGA. Cllr Haines chaired the meeting and Cllr Ball spoke for the LGA.
8. Other attendees were: Paul Jewel - Western Power; Jeremy Bending - National Grid; Anita Solanki - National Joint Utilities (NJUG) and SevernTrent; Samantha Brothwell - NJUG and Western Power; Dave Capon - Joint Authorities Group UK (JAGUK); Mark Beasley - Transport for London (TfL); Shane Brennan - Association of Convenience Stores (ACS); Barbara King - Department for Transport (DfT); Matthew Lugg - Highways Maintenance Efficiency Programme (HMEP). The British Retail Consortium sent apologies.
9. The contractors trade association, The Civil Engineering Contractors Association (CECA) has written to Peter Box expressing a desire to engage with the task force and will be invited to the next meeting (as will BT to represent the telecoms sector).

Key issues

10. The key issues discussed at the meeting were:
 - 10.1. What does good look like? The LGA's list was broadly accepted, subject to legal clarification on one point. The meeting agreed that the LGA would take forward further work on 'What Good Looks Like' combining existing documents from NJUG Severn Trent and TfL with the list previously discussed by the Board.
 - 10.2. We therefore have a way forward towards agreement on a framework against which performance can be judged.

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- 10.3. Business Compensation - The most significant outcome so far from the task force is a commitment from the utilities to make public in one place all compensation schemes. NJUG will produce a draft list indicating what businesses can expect from different sectors/companies conducting streetworks outside their premises to which Highway Authority information can be added. This will include but not be limited to, information on compensation schemes. Potentially this list could be circulated by the LGA to councils and by the ACS and other business organisations to their members.
- 10.4. Performance information - One of the issues discussed at the meeting was the need to share data across sectors in order to effectively monitor contractor performance. JAGUK will work on how data can be shared more effectively and report back to the group.
- 10.5. There was a discussion on the data collected through the Electronic Transfer of Notices system to monitor and improve contractor performance. This data covers all streetworks including councils' own work and is reported by councils who produce notices or permits for all street openings.
- 10.6. All councils and utility companies will be obliged to use the new system - known as the electronic transfer of notices (or ETON) system - when legislation comes into force in October. Councils and utility companies will be given a 6 month window to move over to the new system, with all councils being encouraged to use the new technology by 1 April 2014.
- 10.7. It would be helpful if members could feed back any difficulties that councils are encountering with this new data collection system.

Working together on improvements

11. The Highways Maintenance and Efficiency Programme (HMEP) is a sector-led transformation programme designed to maximise returns from highways investment and deliver efficient and effective services. Aimed at the local highways sector, the programme runs to 2018 and is sponsored by DfT who are providing £6 million funding. HMEP is a partnership between public and private sectors, and the programme team consists of representatives from local and highway authorities, companies and central government.
12. Following the publication of our initial report and its reception HMEP wanted to incorporate work on streetworks into its programme. LGA officers have worked with HMEP to draft a project proposal.
13. Utilities have been invited to work with HMEP on this project to drive improvement across both sectors.

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14. Early progress is being made. Another meeting will be held in July. Both LGA and utilities are committed to further work on this issue.
15. Matthew Lugg, currently Director of Environment and Transport at Leicestershire County Council and a special Adviser to the HMEP programme at the DfT, will attend the Board on 30 May to give a brief overview of HMEP and how it can support councils' work.
16. To note: a HMEP/LGA conference is being held on 10 July 2013. It will showcase the work of HMEP and good practice examples across England.
17. Members are invited to comment on the work so far and proposals for future work

Item 5

Local Audit and Accountability Bill: Council Tax Referendums

Purpose of report

For discussion and direction.

Summary

The Local Audit and Accountability Bill makes an amendment to Chapter 4ZA of Part 1 of the Local Government Finance Act 1992 so that the key referendum principle takes account of levy increases.

As proposed, the legislative change will have an enormous impact on Integrated Transport Authorities, the local authorities in the areas they cover and the city deals that those authorities have negotiated with government. This paper discusses the implications and actions to be taken.

Recommendation

Members are asked to consider the implications of the Local Audit and Accountability Bill for Integrated Transport Authority areas.

Action

As directed by members.

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Item 5

Local Audit and Accountability Bill: Council Tax Referendums

Background

1. The Localism Act 2011 introduced measures which mean that council tax increases which exceed a level pre-determined by the Secretary of State are put to the local electorate for approval in a referendum. At present, levies are excluded from the billing and precepting authorities' calculations of whether their council tax increase is above the level set by the Secretary of State and requires a referendum to be held.
2. The Local Audit and Accountability Bill amends the legislative framework for council tax referendums. For the financial year beginning 2014:
 - 2.1. Increases set by levying bodies such as Waste Disposal Authorities, Integrated Transport Authorities, Pension Authorities and Internal Drainage Boards will be taken into account when local authorities determine whether they have set an excessive amount of council tax each year.
 - 2.2. Referendum criteria for 2014/15 can, at the discretion of the Secretary of State, include the level of council tax increase in 2013/14 once the new definition of the basic amount of council tax, which will include levies, is applied. This means that the legislation as proposed is retrospective.

Impact on city deal infrastructure/transport investment funds

3. Local government has endured the steepest reductions over the current Spending Review with 33 per cent cuts in real terms. The current financial position of many councils is unsustainable in the medium to long term. Including increases in levies set by outside bodies in the calculation of council tax referendum limits adds further uncertainty to council finances and could lead to further reductions in essential local services.
4. The LGA opposes a centrally imposed limit on council tax levels as the cycle of local elections is the democratic and proper place for people to pass judgment on their council.
5. The implications of the Bill for those city regions that have included transport investment funds in their city deals are very significant. The investment funds have been established on the premise that transport body levies would contribute to these funds. City deals have been developed with the full engagement of the Department for Communities and Local Government, HM Treasury, the Department for Business Innovation and Skills and others. The changes outlined in the Local Audit and Accountability Bill undermines the city deals and the enormous amount of work that has gone into their development.
6. The proposed legislative changes challenges those city deals that are already established transport investment funds and will prevent others from going ahead with their plans. There is a significant risk that infrastructure projects that support economic growth will not go ahead as a result of the measures set out in the Bill.

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7. The purpose of the funds is to give long term stability for transport investment. However, this is put at considerable risk if all the authorities in an Integrated Transport Authority area are required to hold referendums every year.
8. Further, the cost of the referendums could be prohibitively expensive. An impact assessment on the council tax referendum scheme, published in August 2010, set out the estimated costs, stating that “it seems reasonable to estimate the range of costs of such referendums as £85,000 - £300,000”.
9. Local authorities are currently considering whether a combined authority precept is a possible alternative to levies as these will not be included when establishing the basic amount of council tax.

Retrospection

10. As currently drafted, the Bill (clause 39 (15)) could allow the Secretary of State to retrospectively impose a different referendum limit on authorities where their council tax increase for 2013-14 would have been excessive under the new definition, but not under the current definition. This is not fair on those authorities who have taken decisions in good faith based on the legislation in place at the time.
11. Seven local authorities in Greater Manchester, which have already begun the process of establishing a transport fund as part of its city deal, could be affected by the retrospective element of the new legislation. The authorities are Bolton MBC, Bury MBC, Manchester City Council, Oldham MBC, Rochdale MBC, Stockport MBC and Tameside MBC.

Conclusion and next steps

12. The LGA is calling for the Government to remove clause 39 from the Bill.
13. The LGA prepared an on the day briefing to support the second reading on 22 June and will continue to engage with members through the successive stages of the Bill.
14. The LGA is coordinating its work with Passenger Transport Executive Group (PTEG).

Item 6

LGA Annual Conference and the development of the New Model of Local Government

Purpose of report

For information.

Summary

This report informs members about the development of a new model of local government to be launched at the LGA Annual Conference and provides information on events at conference which may be of interest to Economy and Transport Board members.

Recommendation

Members are asked to note the report.

Action

As directed by members.

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Item 6

LGA Annual Conference and the development of the New Model of Local Government

1. At the last Board meeting, members discussed a series of detailed, draft policy papers setting out the framework for a new model of local government. These papers in six key policy areas (growth, welfare reform, finance, children services, adult care and independent local government) had been reviewed and debated in a series of deep dives and road-shows across the country in early 2013. The comments of councils, councillors and partners are now being assessed and a paper setting out what a new model of local government could look like will be launched at conference. There will be an oral update on this at the Board.
2. At conference, a number of plenary events and workshops are being organised to develop the Board's work on local economic growth.
3. The major economic debate at conference will be a plenary session chaired by the Board Chair, Cllr Box, at which Lord Heseltine will give the keynote address. This session will be just after the announcement of the Government's Spending Review, when the scale of the single pot will be known.
4. Appended to this report is a list of workshops and sessions at conference for members' information. As the conference agenda has yet to be finalised, members are advised to check details once they receive the final agenda.

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**LGA Annual Conference and Exhibition
 Manchester Central on 2–4 July 2013**

For further details and updates to the conference programme, please visit the LGA website:
www.local.gov.uk/annual-conference

Tuesday 2 July

4.45pm	<p>Workshop Making your Local Economic Partnerships (LEPs) work</p> <p>Speakers: David Marlow, Third Life Economic Ltd Nick Forbes, Leader, Newcastle City Council Chair: Councillor Peter Box, Chair, Economy and Transport Board, LGA</p>	Exchange 4-5
4.45pm	<p>Workshop The visitor economy: a powerhouse of local growth</p> <p>Speakers: James Berresford, Visit England Councillor Ann Steward, Cabinet Member for Economic Development, Breckland District Council Councillor Wendy Simon, Cabinet Member for Culture and Tourism, Liverpool City Council</p>	Exchange 1
4.45pm	<p>Workshop Planning for prosperity: using your planning service to attract investment</p> <p>Speakers to be confirmed</p>	Auditorium
5.50-6.20pm	<p>Networking session South Shields 365 – a £100million masterplan</p>	Networking zone 1
From 6.45pm	<p>Evening fringe Growth & Investment: Lessons from the Commonwealth and beyond</p>	Exchange auditorium
From 6.45pm	<p>Evening fringe Going for Growth: Delivering Place Leadership</p>	Exchange 6
From 6.45pm	<p>Evening fringe A one pot recipe? Making the local growth fund work (IPPR)</p> <p>Speakers include: Anna Turley, Senior Research Fellow, IPPR North (chair) Michael Burton, Editorial Director, The MJ Andrew Carter, Deputy Chief Executive, Centre for Cities</p>	Exchange 10

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Wednesday 3 July

11.15am	<p>Workshop Local government is ‘open for business’ Role of regulation.</p> <p>Speakers: James Lowman, Association of Convenience Stores Wade Lyn, Cleone Foods Ltd Chair: Councillor Mehboob Khan, Chair, Safer and Stronger Communities Board, LGA</p>	Charter 2
1.15–1.45pm	<p>Networking session Tackling Youth Unemployment: Local councils leading the way</p> <p>APSE (Association for Public Service Excellence) to host.</p>	Networking
2.50pm	<p>Plenary session A new partnership for growth</p> <p>Speakers: The Rt Hon the Lord Heseltine Chair: Councillor Peter Box, Chair, Economy and Transport Board, LGA</p>	Exchange Hall
6.45pm	<p>Evening fringe Improving Bus Services – What can be achieved working together (First Bus Group)</p> <p>Speakers: Giles Fearnley, Managing Director, First UK Bus Other speakers to be confirmed A buffet will be available. Open to all delegates.</p>	Exchange 1
6.45pm	<p>Evening fringe Accelerating local growth - support from the peer challenge approach (LGA)</p>	Exchange 10

Thursday 4 July

9.15am	<p>Plenary session Hidden talents, reducing youth unemployment</p> <p>Speakers: Baroness Stedman-Scott, Tomorrow’s People Henk Kool, Deputy Mayor, The Hague Other speakers to be confirmed Chair: Councillor Gerald Vernon-Jackson, Vice Chair, LGA</p>	Charter 3
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LGA Submission to Spending Round 2013

Purpose of report

For information.

Summary

The 2013 Spending Round which will set out government department expenditure limits, including one for local government, for 2015/16 will be published on 26 June 2013. Following a submission to government on the Spending Round in March 2013, the LGA submitted a series of more detailed papers to government departments on 29 April.

The LGA Executive discussed the LGA's submission and plan for taking the work forward on 16 May 2013.

Recommendation

Members are asked to note the report and provide any comments.

Action

Officers to proceed as directed.

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LGA Submission to Spending Round 2013

Background

1. In advance of the March 2013 Budget the LGA submitted a paper to central government to influence early discussions on the 2013 Spending Round. This submission and plans for a more detailed submission in late Spring were discussed by members of the Executive at its last meeting.
2. In Budget 2013, the government reconfirmed that total spending in 2015-16, 2016-17 and 2017-18 will continue to fall in real terms at the same rate as during the Spending Review 2010. Individual department spending plans, known as departmental expenditure limits, for 2015-16 will be announced as part of the 2013 Spending Review announcement on 26 June 2013. This will include expenditure plans for local government funded through the Department for Communities and Local Government.

The LGA Submission

3. On 4 April 2013, Brandon Lewis MP, Parliamentary Under Secretary of State for Communities and Local Government, wrote to the Chairman of the LGA inviting us to submit views on the 2015/16 Spending Round on behalf of the sector by 29 April 2013.
4. In response to this letter, the LGA developed a series of 12 papers to influence the forthcoming Spending Round. These include a summary of the LGA's asks of government for the 15/16 Spending Round, and a paper outlining how a typical council has dealt with the funding reductions to date, its contribution to growth, the impact of further reductions in 2015-16 and how our proposed measures would help the council.
5. The papers relating to growth and transport are **attached**. The other papers are available on the LGA website, [here](#).
6. The LGA Chairman has met Treasury ministers to discuss the papers and the Secretary of State for Transport has asked to attend a future meeting of the Economy and Transport Board to discuss the long-term ideas in the transport submission.
7. The Secretary of State and Sir Merrick Cockell will attend the Economy and Transport Board on 28 November 2013.

Growth spending round submission



April 2013

1. Summary of key proposals

The ability of local partners to drive growth and create new jobs has been recognised in recent government policy through City Deals, LEPs and its response to the Heseltine Review. The spending round offers the opportunity to drive local growth further by creating a single pot for local regeneration, rationalising expensive governance arrangements, extending the success of City Deals and increasing the value of skills and transport budgets.

Heseltine ‘plus’ – we support the ambition of Lord Heseltine’s for devolution to localities and the alignment of EU funding. There is a strong case for further skills related funding to be added to the pot, but there is also a strong case against a re-centralisation of funding already devolved to LEPs and councils. We believe that there is the opportunity for councils to play an even greater role in economic development and growth.

Mainstreaming new innovation to drive growth – we call for an ambitious package which offers local areas the chance to retain a greater share of investment returns (for example through earn-back deals or a share of VAT receipts).

Geography, alignment and governance - local areas need to be given the opportunity, through local deals, to rationalise the call for departmental plans and offer streamlined governance.

Jobs and skills – we propose devolving the majority of 16–19-year-old and post 19-year-old skills and apprenticeship budgets to localities and giving local authorities the levers to directly link skills training to employment support in their area.

Regulation - we need a new regulation and licensing regime that can respond to the unique business environment in each local area.

Planning – we call for more local flexibility to set planning fees to reflect the full cost of delivering the service.

2. Context

Growth continues to be the number one priority for central and local government. The devolution of powers to councils, businesses and other local partners is already a key component of government policy.

The original eight City Deals are expected to create 175,000 jobs and 37,000 new apprenticeships over the next 20 years.

We need to build on these successes and follow the clear direction of travel set by the Heseltine Review. Building on the Local Growth Deals offered to all local partnerships by 2015, our

proposals seek the most cost-effective journey in driving local growth.

3. A single pot (Heseltine “plus”)

The Government has promised to consider delivering the Single Local Growth Fund through the spending round. **We would support the ambition of Lord Heseltine for devolution from Whitehall and the alignment of EU funding to localities, but suggest that there is also a strong case for further skills related funding, such as that set aside for 16-19 year-old skills programmes, to be added to the pot – as set out in Appendix A.**

As many local economies are in transition with private sector jobs not replacing the loss in public service employment, a rethink of skills and employment policy is needed. As a first step we would advocate that a robust single funding pot with a clear focus on skills and employment could help to promote a clear alignment of growth and employment policies and provide a better lever in tackling worklessness, supporting private sector investment and rebalancing growth across the country.

The City Deal negotiations have shown that competition between councils is not required for innovative proposals to be developed. We would argue that business wants long-term stability in public investment so the case for allocation and negotiation of the single pot is stronger than the case for competition.

We support the alignment of EU funds to LEP areas after 2014. The European Social Fund (ESF) has huge potential to support local growth by equipping people with skills so they can compete in the labour market. However its rigid national design and commissioning process does not enable LEPs to provide the required skills for job creation nor enable ESF to tackle deep seated pockets of worklessness in local areas. The design of the three-year, £200 million ESF families with complex needs provision continues to encounter challenges to get to a steady state, and runs alongside the Troubled Families initiative, which councils warned would risk duplication.

To make more effective use of future limited ESF during 2014-2020, councils and Local Enterprise Partnerships must be afforded maximum flexibility to target need and tailor provision, which will both stimulate growth in local areas and contribute to the national economy.

Lord Heseltine has proposed that some budgets already delegated to local partners (for example, capital spend and major transport projects) should be allocated to the single pot. This would be seen as centralism rather than localism by LEPs and business partners. These budgets should remain at a local level.

4. Mainstreaming new innovation to drive growth

Since 2010 numerous government initiatives to help drive local growth have helped to develop successful, devolved local levers for growth. Many were exemplified in the first round of City

Deals. These initiatives provide the opportunity for an ambitious menu of options for future Local Growth Deals.

Most importantly, we need to consider the incentives that businesses and local partners need to drive local growth. **An ambitious package which offered the chance to retain a greater share of investment returns (for example through earn-back deals or a share of VAT receipts) would increase incentives for local public and private partners to match such resources locally.** The most ambitious local growth programmes have been routed in such incentives (rather than competition between areas). We must grasp this learning.

5. Geography, alignment and governance

The devolution of economic powers to “functional economic areas” is supported by councils. We need to ensure that the local landscape is fit for purpose. There is already overlapping governance, multiple LEP plans being called for by different parts of government and a patchwork of funding initiatives.

Local areas need to be given the opportunity, through local deals, to rationalise the call for departmental plans and offer streamlined governance arrangements (for example, merging LEP and Local Transport governance) whilst promoting greater public accountability. This also offers a real incentive for councils to consider their own contributions within a rationalised structure. Councils have already developed innovative new governance structures, such as combined authorities, in response to devolution.

6. Jobs and skills

As we drive growth locally we also need the tools to ensure that local growth results in employment opportunities for local residents. In many areas the fall in public service jobs has not been balanced by a rise in private sector employment. Therefore, an alignment of skills/employment policy and growth drivers is needed urgently.

Building on the Heseltine report there is the opportunity to align skills and growth policy through the single pot. This should include the majority of skills and apprenticeship budgets for 16 – 19 year-olds and post 19 year-old age groups. Responsibility for reducing youth unemployment would shift to local partners.

Public investment in skills and employment provision must begin to deliver better returns. In 2010/11 total FE college income was more than £7.5 billion, flowing to the courses students wanted and which colleges fill, and not sufficiently meeting local employer demand or helping individuals to progress in work. This has led to systemic skills mismatches, delivering poor value [See Appendix B].

Lord Heseltine sets out a strong case for devolution to address immediate employer demand, which is welcome, focusing on helping people into jobs that exist by devolving post-19 skills and

funding to reduce youth disengagement. Local Growth Deals should go further, enabling local partners to bring together skills and employment services in local economies to deliver better outcomes for residents and employers, and to unlock significant public service savings.

We propose devolving the majority of 16 – 19- year-old and post 19-year-old skills and apprenticeship budgets to localities, enabling them to adapt skills provision to meet short term employer demand as well as to help drive longer-term local economic productivity. Local authorities should also be given the levers to directly link skills training to employment support in their area, increasing sustainable job outcomes delivered by Jobcentre Plus and Work Programme.

This approach is proven; Community Budget Pilots forecast annual public savings of up to £1.7 billion a year, and there are numerous examples of councils successfully improving outcomes for young people in particular, who, through the devolved model, would aim to reduce overall youth unemployment by 20 per cent in three years.

7. Heseltine plus recognising the role of councils

Whilst the Government's response to the Heseltine report was encouraging and set out a good direction of travel, we believe that there is the opportunity for councils to play an even greater role in economic development and growth.

Despite the recent pressure on local government finances, councils have been remarkably effective in maintaining their services for growth – although these are discretionary services.

A review of local growth, by Professor Tony Travers in December 2012, demonstrated where councils collectively had risen to the challenge of a new economic era. Calderdale had freed up funds to support new small and medium sized enterprises, leading to 150 new businesses which in turn created 500 new jobs and private sector investment exceeding the initial seed money.

This is one of many examples where prudent risk taking by a local council has ensured that developers and the private sector were able to thrive and increase local investment.

There are many examples of such prudent risk taking by local government:

- The prudential borrowing by South Staffordshire, Wolverhampton and Staffordshire councils which secured the Tata investment in the Jaguar Land Rover low emissions engine plant in South Staffordshire. The councils leveraged a £400 million private sector investment.
- Eastleigh Council enabled a new housing development to go ahead by promising to purchase houses not sold. This allowed for the investors to come into the project. The

council took on more risk to the benefit of the community through the provision of new housing stock and construction jobs during the build.

The Travers report commended the role that councils can play in taking managed financial risks to secure investment. The author noted that councils have maintained remarkable budget stability for the whole period since 1990/91 and have been effective and cautious in controlling indebtedness. He promoted greater financial and other autonomy which would allow councils to do more to encourage economic development and infrastructure improvement.

However, there was a clear warning in Professor Travers' report. **Local government is one of the few parts of the public sector that promotes economic growth. If local government's funding base declines further, the pro-growth services of councils (which are vital to the success of LEPs and Local Growth Deals) will be threatened.**

8. Regulation

The LGA wants to ensure that councils have all the necessary freedom and flexibility to free businesses from red tape, whilst still ensuring we have the right tools to tackle high risk business activity that poses the greatest threat to residents and the local business environment. We want to reposition regulation and licensing at heart of the local growth agenda, leading to the establishment of a flexible system built on a solid understanding of what local businesses want, rather than a framework of central control and restriction.

In order to deliver this we need a new regulation and licensing regime that can respond to the unique business environment in each local area. A more targeted approach to licensing, locally designed, will ensure councils can focus their efforts on the small minority of problem businesses (less than 5 per cent), whilst rewarding responsible businesses with new freedoms and flexibilities.

9. Planning

Ensuring planning services are properly resourced will support economic growth. However, significant reductions in funding mean that planning services have been cut hard. Planning fees are centrally set and the current system does not properly reflect costs, meaning local authority planning services operate at a loss of around 40 per cent. This equates to a public subsidy of around £110 million each year. It also means that some applicants are heavily subsidised and others pay more than necessary, with council tax payers picking up the difference. Providing local authorities with the flexibility to set their own planning fees to reflect the full cost of delivering the service would adequately resource planning services, ensure that fees were set transparently and fairly and see fees go down for many commercial applications.

Appendix A

Heseltine Plus – Skills and employment Single Funding Pot

	Current Funding Stream	Department
Skills budgets proposed by Lord Heseltine	Adult Skills Budget (includes 19+ apprenticeships)	BIS
	Offender Learning and Skills Service	BIS
	Community Learning	BIS
	Learner Support	BIS
	Information, Advice and Guidance	BIS
	Skills infrastructure	BIS
	Capital Grants	BIS
	Apprenticeships (to 18 years old)	BIS
Heseltine Plus	16 – 19 Skills Funding	DfE
	16 – 19 Bursary Fund	DfE
	Foundation Learning	DfE
	Traineeships Programme	DfE / BIS
Employment support budgets proposed by Lord Heseltine	Work Programme	DWP
	Remploy Work Choice	DWP
	Specialist and Flexible Programmes	DWP
	Youth Contract	DWP / DfE
	European Social Fund (aligned)	DWP
Heseltine Plus	Jobcentre Plus (local priority setting)	DWP
	Jobcentre Plus Flexible Support Fund	DWP

Appendix B

Hidden Talents – Skills mismatch

Further Education and skills achievements by occupation / sector (disaggregated by all ages and 16 to 18-year-olds) compared to vacancies, England, 2010 /11.

Occupation / sector	Vacancies	All ages		16 to 18-year-olds	
		FE and skills achievements	Vacancies per skills achievement	FE and skills achievements	Vacancies per skills achievement
Automotive industries	89,017	36,800	2.4	24,200	3.7
Building services engineering (electrotechnical, plumbing etc)	71,789	39,740	1.8	10,510	6.8
Construction	273,969	123,370	2.2	43,980	6.2
Creative and cultural industries	65,672	82,950	0.8	62,080	1.1
Fashion and textiles	39,112	3,780	10.3	730	53.6
Hair and beauty	18,016	94,420	0.2	57,280	0.3
Health and safety	2,053	10,010	0.2	130	15.8
Hospitality, leisure, travel and tourism	43,174	97,910	0.4	51,830	0.8
Land-based and environmental industries	89,601	48,020	1.9	27,260	3.3
Marketing and sales	289,601	2,040	142.0	280	1034.3
Security industries	69,358	11,760	5.9	1,220	56.9
Supporting teaching and learning in schools	29,612	24,130	1.2	480	61.7
Total	3,475,937	1,826,580	1.9	755,840	4.6

Sources: Individualised Learner Record, The Data Service; Jobcentre Plus Vacancies, ONS; Labour Force Survey, ONS; *Inclusion* calculations.

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Transport spending round submission



April 2013

1. Summary of key proposals

Our objective – to drive growth by supporting local transport development.

Investment programmes – can be developed to be more efficient through funding for local highway maintenance.

Roads programmes – more value in the roads programmes can be created by giving councils a co-commissioning role in the Strategic Road Network (SRN).

Bus funding – we support a more radical approach to devolution of bus funding.

2. Context

Transport is a major influence on growth. In particular the physical deterioration of the roads network and increasing congestion are damaging the economy and have an impact on air quality.

Government has recognised the value of local decision-making by private and public partners and has already devolved Local Major Transport Scheme funding and decision making from 2015/16. It has also devolved a proportion of Bus Service Operating Grant (BSOG) to the local level and is working with local authorities on the devolution of the regional rail network.

Important steps have been taken to ensure that transport is a driver of local growth. The spending round provides an opportunity to make further steps on this journey, by developing a more efficient road maintenance programme and creating more value in the roads programmes by giving councils a co-commissioning role in the SRN. This would increase the integration of transport decisions with the skills, employment, housing and health agendas at a local level.

3. Developing more efficient investment programmes

In order to stimulate growth in a more cost-effective way, we propose an enhanced investment programme in roads maintenance. These projects can bring immediate benefits in terms of work for the construction sector and its wider supply chain; they will have a lasting economic benefit.

Local authorities have reduced the cost of highways maintenance. Since 2008 the cost of repairing a pothole has gone down by 25 per cent¹. However, long-term underinvestment and recent significant weather events have led to a growing funding gap. This has implications for the UK economy as the Government recognised when it injected an additional £215 million into local authority roads maintenance in December 2012. In March's Budget the Government announced a £3.5 billion increase in capital expenditure from 2015/16.

¹ ALARM Survey 2008-2013, Asphalt Industry Alliance

It is also important that the 2015/16 spending round provides a settlement for highways maintenance out to 2020/21 so that local authorities can plan with some confidence. The LGA wishes to work with government on identifying more sustainable long-term funding arrangements for highways maintenance.

This programme has significant support in the business sector. The March monthly survey from CIPS/Markit of the construction sector indicates that this area of the economy is still contracting.² This proposal offers an immediate shot in the arm.

4. Creating more value in the roads system

Government has been looking at the future of its roads strategy and the role of the Highways Agency. The spending round offers a real opportunity to create efficiencies in future public investment in this area.

The relationship between investment in transport infrastructure, economic growth and other policies is complex and requires a high degree of local influence and expertise if the most effective investment is to be obtained. The distinction between strategic and local road networks is not absolute. There is little point in reducing congestion on the SRN if this simply increases local congestion. Equally, inadequate local networks can drive traffic onto the SRN, leading to congestion there. Investment in the SRN will be most effective when it is considered in the context of local roads, other transport modes (which may take traffic off the roads) and other policies (eg growth, planning, housing and health).

A route-based (or area-based) approach is required that considers transport as a whole in this wider context. If this is to be achieved, it will not be sufficient simply to consult with local partners through the local enterprise partnerships. A clearer partnership for local and national investment is required.

The arrangements for future investment in the SRN should facilitate, as a minimum, a co-commissioning partnership approach between local government, the Highways Agency (and any successor) and government which:

- **seeks an efficient investment programme which joins up local and strategic roads investment**
- **allows for local and route-based solutions to specific issues, informed by national and LEP strategies**
- **considers transport in the context of local and national growth**
- **ensures accountability through locally elected politicians.**

² <http://www.nasdaq.com/article/uk-march-construction-pmi-contraction-confirms-recession-concerns-20130403-00096>

5. A more radical approach to transport devolution

The on-going reforms of BSOGs, which include the transfer of funds to local authorities from bus operators in the case of tendered services and in areas designated as Better Bus Areas has been welcomed by local government. However, recent reductions in the funding for BSOG, coupled with reductions in funding faced by local authorities, have highlighted the sensitivity of the sector to subsidies of one form or another.

Bus services account for the vast majority of public transport journeys and a greater proportion of bus trips are for commuting, education and shopping purposes than is the case for car travel. Investing in urban bus services has been demonstrated to provide exceptional value.³ Any further reductions could have substantial detrimental impacts on communities and the scope to mitigate this impact will be limited unless there is further wholesale reform.

As resources become scarce it is even more important that funding is used well. **Local authorities, working with business and other partners, are best placed to understand the economic, social and environmental needs of an area. Local authorities are best placed to commission bus services that meet the full needs of communities. To do this local authorities and their partners need to be able to maximise the efficiencies of the range of transport subsidies through pooling at a local level.**

6. Conclusion

Our three proposals set out the opportunity to reform national and local transport policy to ensure that growth is the key policy driver.

³ <http://www.pteg.net/NR/rdonlyres/5F26BBD3-C4A4-4052-A453-D5BFE5E0F0B8/0/ptegCaseforbusreportFINAL.pdf>

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LGA location map

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Bus routes – Millbank

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

For further information, visit the Transport for London website at www.tfl.gov.uk

Cycling facilities

The nearest Barclays cycle hire racks are in Smith Square. Cycle racks are also available at Local Government House. Please telephone the LGA on 020 7664 3131.

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 (Circle and District Lines), **Westminster** (Circle, District and Jubilee Lines), and **Pimlico** (Victoria Line) - all about 10 minutes walk away.

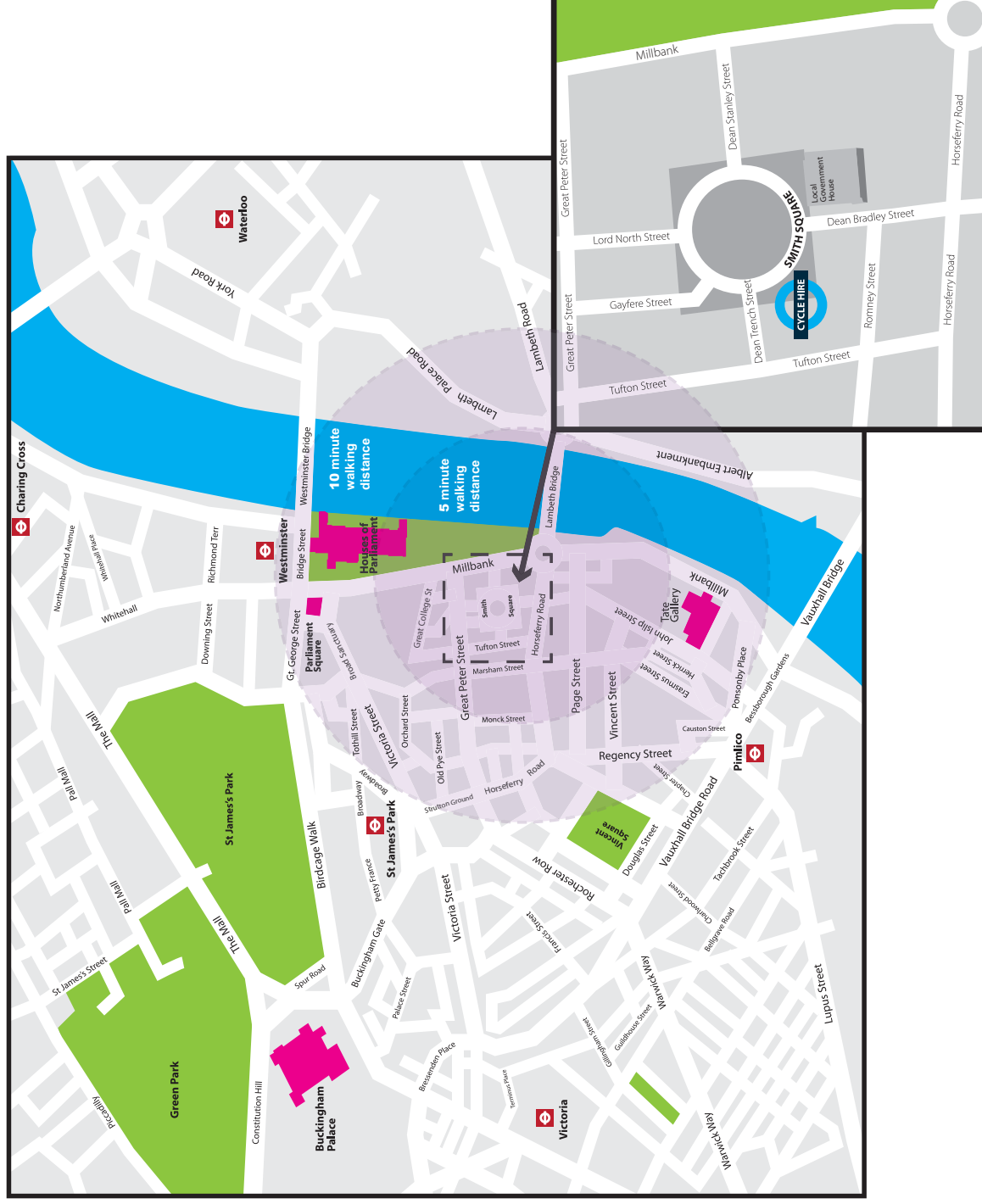
Buses 3 and 87 travel along Millbank, and the 507 between Victoria and Waterloo stops in Horseferry Road close to Dean Bradley Street.

Bus routes – Horseferry Road

- 507 Waterloo - Victoria

- C10 Canada Water - Pimlico - Victoria

- 88 Camden Town - Whitehall - Westminster - Pimlico - Clapham Common



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 (off Great College Street)

Horseferry Road Car Park
Horseferry Road/Arneway Street. Visit the website at www.westminster.gov.uk/parking