

your
county
matters

CCN
COUNTY COUNCILS NETWORK

A NEW DEAL FOR COUNTIES:

*Devolution, Industrial Strategy,
& Housing*



Devolution to Shire England

The devolution agenda gained ground under recent administrations. However, too much time was spent on political negotiation, and too much focus retained on the big cities.

The Conservatives outlined their support for further devolution in their manifesto, and listened to our calls on the requirement for elected mayors to be dropped. With Brexit preoccupying the agenda in Westminster, we need to grasp the opportunity of a new approach – one that is not held up by a legislative backlog in Westminster.

Over recent months, CCN have argued for an ambitious programme of devolution which transfers a strategic suite of funds and powers to all parts of the country, by default. This recognises the limited capacity of Government to continue its previous approach to individual deals and the critical necessity to empower county areas.

County devolution could be fundamental to securing the on-going, productive growth of the nation and tackling many of our long-term socio-economic and financial challenges.

Population growth in counties is higher than that in the metropolitan regions, and they outperform the second cities in a number of ways. Counties represent 44% of employment and 41% of England's GVA – counties' futures will therefore have a significant impact on the future course of the UK economy. On public service reform, the financial and demand-led challenges outlined in the previous chapters and the complexity of integration in counties, explained later in the document, require radical solutions.

A localised approach would allow tailored, joined-up and innovative approaches to improving productivity, living standards and inclusion. Enlisting communities, businesses and organisations to own and transform their economies, combined with the opportunity to make public sector efficiencies, would allow for continued investment in services and the economy.

The case is compelling. A recent study by Oxford Economics, on behalf of CCN, calculated that the devolution of tax and spend powers to counties could save £36bn over a five year period. If £5.8bn of these savings were then invested in economic growth, the GVA of counties could be raised by £26.3bn, helping to create an additional 1m jobs by 2027.

Not only does the analysis by Oxford Economics make a compelling financial and economic case for devolution, it also reveals that a different approach to governance is needed to realise the benefits.

It is useful to understand that while England's counties are rural in appearance, economically, they are not deeply rural. Instead they should be thought of as 'intermediate' economies, with multiple, interconnected rural and urban hubs. This is important. The intermediate status of county economies means our areas require alternative arrangements, not the imposition of urban-focused forms of governance.

Ambitious devolution will need the right governance, but we have long argued that the metro mayor model is not the right fit for counties. The mayoral combined authority aims to create an overarching framework for urban single-tier councils. Counties already have a strategic authority, whether two-tier or unitary, which has purview across the whole area and a track record of delivery.

The county acts as a practical and effective layer of government, being strategic, yet inherently recognised and celebrated by residents. County boundaries are an asset, not a brick wall; with the ability to reach into district and parish economies, but also work constructively across borders at a strategic scale with sub-national and national bodies.

Empowered city regions and counties present a working model for central government to quickly and confidently devolve to all areas of the country.

“County devolution could be fundamental to securing the on-going, productive growth of the nation”

DEVOLUTION

your
county
works

TO ENGLAND'S COUNTIES

BREXIT BOOST

County devolution could boost England's economic growth to 2.7% per year - significantly more than post-Brexit predicted growth of 1.9% per year



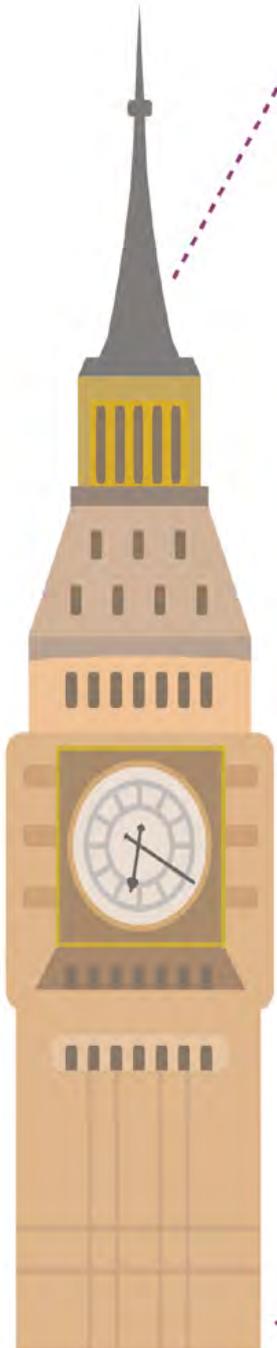
JOBS & GROWTH

Devolving all public spending to county areas could generate over 1m jobs over the next decade according to CCN projections,; and boost England's GVA by over £26bn over a five year period



TAXPAYER SAVINGS

Oxford Economics predicts that full devolution to counties could save up to £36bn over five years, as well as bringing decisions closer to local people





DEVOLUTION TO SHIRE ENGLAND

Empowering county authorities as part of new devolution arrangements

A PLAN FOR GOVERNMENT

HOW WE CAN WORK WITH GOVERNMENT TO DELIVER THE NEXT PHASE OF DEVOLUTION, RADICALLY RESHAPING COUNTIES' POWERS

1) COMMON FRAMEWORK



CCN has long argued for a more open, transparent and structured approach to devolution. We support the introduction of a common framework for devolution, and fully support the commitment to remove the requirement for Elected Mayors in all but the 8 Core Cities.

2) COUNTY GEOGRAPHIES

To move forward devolution at pace, Government should use county and county unitary geographies as the basic building blocks for devolution footprints, recognising their strategic scale, identity, economic and public service reform importance and coherence.



3) STRATEGIC AUTHORITIES



Under a common framework, Government should endorse recent recommendations by Localis and IPPR North to make upper-tier authorities the strategic body to take on devolved powers in a county, working in informal or formal partnerships, without the need for a combined authority or Elected Mayor.

4) DEVOLUTION BY DEFAULT

Begin the next phase of devolution, transferring a suite of strategic powers and budgets to all areas by default. The common framework should set out a pathway to achieving this, alongside a menu of powers across skills, transport, housing and health.



5) STRUCTURAL REFORM



CCN supports member councils wishing to pursue unitary status, building on independent evidence for CCN on the most cost effective and sustainable models of reform. Government should provide clarity on the future of reform; clear evidence-based criteria to inform the process and bids.

An Economy That Works For All

As the country begins the process to exit the European Union, central and local government are focussed on securing economic growth and inclusion. Increasing skills, high value industry and productivity will be central to a sustainable, competitive and inclusive economy.

The concept of a modern industrial strategy has now become the mainstream means of achieving this. Despite counties strongly welcoming an Industrial Strategy, the Green Paper published earlier this year continued a narrow focus on the big city regions as the main drivers of growth.

CCN has challenged this narrative for many years. Now, a recent study by Oxford Economics for CCN has argued assertively that this narrow focus of the Industrial Strategy 'is unlikely to be effective'. They conclude the success of the Strategy, and the UK economy's post-Brexit fortunes, are dependent on how well we 'address the challenges and opportunities associated with county economies'.

Their evidence shows that counties are the cornerstone of the English economy, they represent the largest contribution to national growth, adding 41% of GVA. They are net funders of HM Treasury, contributing approximately 27% more in tax than they spend. Counties have the largest share of jobs in the country, and the greatest proportion of business start-ups.

Despite this, counties face significant structural challenges. The rate of dependency is rapidly increasing. Our internationally weak productivity levels are compounded, with evidence showing counties have low value, low productivity industry, and do not currently have the skill set to support high value growth sectors such as professional, science and technology services. Additionally counties represent the largest proportion of manufacturing – an industry which will be vital to the country's future – yet one which is set to see significant employment loss in coming years.

While not widely recognised, counties also face real challenges with inclusion. For example, outcomes for children eligible for free school meals are poorer in counties; and while unemployment is low a disproportionate number of people are long-term unemployed. Rural populations have a higher risk of isolation and there are deep pockets of ex-industrial and coastal deprivation in counties.

Where counties do have high levels of productivity and high value industries, measures are needed to ensure healthy growth. Under-bounding of towns and districts has compounded housing affordability issues. The underfunding of infrastructure represents challenges to housing, business growth and supporting school expansion. Counties do not receive their fair share of infrastructure investment, with our analysis showing, per capita, Greater London will receive four times the investment from the National Infrastructure Pipeline fund, while Metro-Mayors have recently been guaranteed an additional £5bn of investment.

In tackling these economic imbalances and unleashing the potential of county economies, CCN have been encouraged by the commitment within the Conservative Manifesto to explore how local Industrial Strategies can stretch to all corners of the nation. We also want to engage with the Government to suggest reforms to LEPs including revising the role of LEPs in advising local democratic leaders and by re-aligning LEP boundaries.

Counties as strategic authorities are best placed to work with public and private sector partners to drive growth and reform. Most counties are developing Sub-National Transport Bodies for example, to consolidate their shared voice and strategy at this level.

Evidence shows that empowering counties through the Industrial Strategy could significantly offset the impact of Brexit and lead the future prosperity of the country.

“Evidence shows that counties are the cornerstone of the English economy”

AT A GLANCE:

COUNTY ECONOMIES



EMPLOYMENT:

13m people, 44% of England's total



GVA CONTRIBUTION:

£600bn, 41% of the economy



MANUFACTURING OUTPUT:

53% of England's total



CCN AREAS' FORECAST GROWTH:

1.8% per year



Counties generate a surplus for the Treasury: £54bn more raised in taxes than spent on services

Higher yearly growth (1.1%) than the combined authorities since 2007



“ THE CCN ECONOMY IS AN IMPORTANT CONSTITUENT TO HEAVILY INFLUENCE OVERALL ECONOMIC ACTIVITY IN THE UK. TO BE EFFECTIVE, THE INDUSTRIAL STRATEGY AND DEVOLUTION SHOULD SEEK TO BUILD ON THAT.

OXFORD ECONOMICS

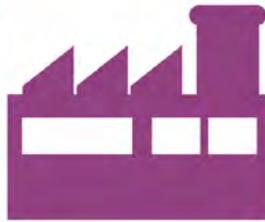
MAKEUP OF CCN ECONOMIES

MANUFACTURING BASE

The CCN economies drive England's manufacturing base: containing 53% of its manufacturing jobs and economic output

HIVE OF BUSINESS STARTUPS

Counties accounted for 40% of England's new business start-ups in 2015



MAJOR SECTORS

Counties have a high concentration of jobs such as construction, agriculture, wholesale, and retail

ENGLAND'S MAJOR EXPORTERS

Counties are responsible for 40% of England's exports, double the amount of the combined authorities

FINANCE AND BUSINESS JOBS

Counties are currently under-represented in finance, insurance, and professional jobs



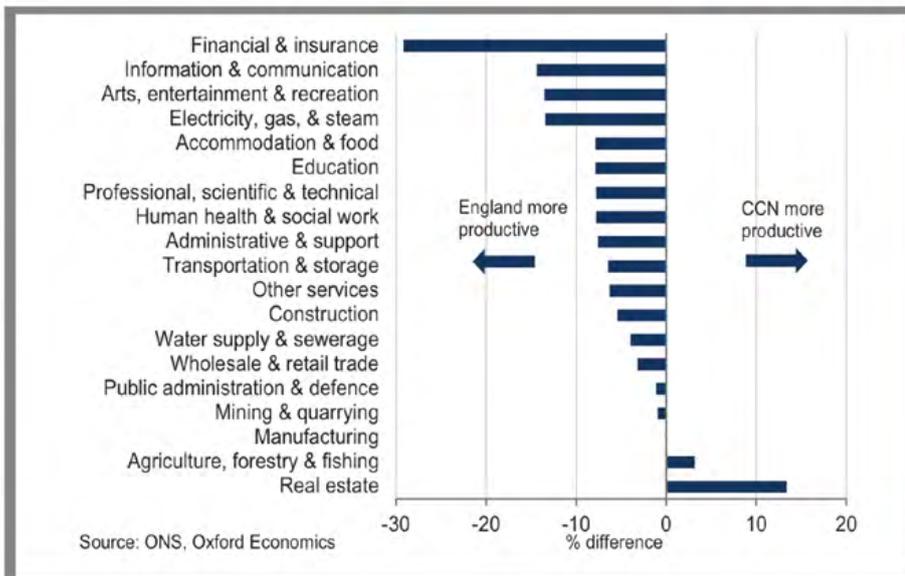
PRODUCTIVITY

AVERAGE PRODUCTIVITY GROWTH SINCE 2007 BY AREA

COUNTIES
0.3%

COMBINED AUTHORITIES
0.3%

ENGLAND
0.5%



PRODUCTIVITY ANALYSIS

While county productivity has kept pace with the combined authorities, this graph shows that CCN areas lag behind in all but two sectors.

In financial and insurance, county productivity output is 30% lower than the national average of £82,500 per person.

The Industrial Strategy must look to address these challenges.



AN ECONOMY THAT WORKS FOR ALL

A place-based industrial strategy to drive inclusive growth in our counties and rural heartlands

A PLAN FOR GOVERNMENT

HOW WE CAN WORK WITH GOVERNMENT TO UNLEASH THE POTENTIAL OF COUNTIES AND SOLVE THEIR CHALLENGES

1) INCLUSIVE GROWTH



Government should now broaden the focus of its Industrial Strategy, giving equal status to county economies alongside the cities, building on our strengths and tackling our structural weaknesses.

2) LOCAL INDUSTRIAL STRATEGIES

Endorse counties as the strategic authority, alongside city region CAs, to design and deliver local Industrial Strategies around county geographies. This would allow a new phase of devolution, devolving by default a broad suite of growth and reform powers and budgets to counties and local partners.



3) LOCAL ENTERPRISE PARTNERSHIP REFORM

Take the opportunity of reforming LEPs to re-align boundaries in line with counties and city regions. A review of the role and remit of partnerships should also be undertaken to provide clarity to business and councils, strengthening local democratic leadership and business engagement, and providing certainty over long-term funding arrangements.

4) REGIONAL TRANSPORT



Empower Sub-National Transport Bodies and consolidate the role of upper-tier councils, devolve appropriate powers alongside input into central agendas at that level, with sufficient funding and freedoms for counties over local transport, including buses.

5) INFRASTRUCTURE FUNDING

Move to a more balanced distribution of central infrastructure funding which better aligns with local priorities. We must move away from project based and competitive local infrastructure funding pots. Funding should be decentralised as far as possible, with decisions made by local leaders on the ground.



6) SKILLS REFORM



CCN will be working with Localis to develop a new approach to further education, bringing together local government, learners, providers and business. We ask the new Government to support the devolution of skills budgets and decision making to the county level, to ensure provision better meets economic priorities.

CCN

COUNTY COUNCILS NETWORK

Download our research on economic growth by visiting
www.countycouncilsnetwork.org.uk/economic-growth-housing-infrastructure/

Thriving Communities

Housing and the county role of place shaping is vital to ensuring that our communities are able to thrive and helping to tackle the housing shortage and affordability. No one can doubt the need to build more houses of different types and tenures, at pace and scale and to ensure a greater diversity of developers, including smaller developers.

Nowhere is this more important than counties – a number of which face the highest housing affordability challenges outside of London. In two-tier areas district planning authorities are small and numerous – with councils in charge of local plans representing on average 100,000 people compared to metropolitan boroughs of 300,000. Seeing the benefits of scaling up further, metropolitan councils have been incentivised to come together to form strategic spatial plans covering the wider city region, such as in Greater Manchester.

Counties need a more coherent approach to strategic planning, and CCN believe a similar approach in counties to strategic spatial planning could help unlock housing, ensuring a coherent approach to development and economic growth across the area.

Small planning areas in counties face fragmented and increased complexity due to the split in planning and infrastructure powers and financing. It is the county which is responsible for infrastructure provision, and the individual district councils which are responsible for planning and for setting CIL. The county is also responsible for social care, education and setting economic growth strategy with the LEP – all of which need appropriate spatial planning.

Housing development cannot happen without the essential infrastructure needed to support it. Underpinning the housing crisis is the lack of funding for the necessary infrastructure needed to support new housing growth.

The Community Infrastructure Levy was set up to fund housing infrastructure delivered by the upper tier authority, and yet district councils set the terms for how the levy will be applied in their area. As such CIL has been applied very differently by different districts, with many not applying it at all, and an inefficient patchwork effect emerging. As such we are not making the most of developer contributions. The Duty to Cooperate aimed to overcome some of this complexity, and ensure infrastructure and wider strategic issues were considered in planning – but unfortunately this

has not been successful and is leading to inefficient and ineffective approaches. The complexities we need to overcome have long been recognised and we welcomed the comments of the Secretary of State (SoS) at the 2017 LGA Conference on reforming the planning system, infrastructure investment and a more 'strategic approach' to decisions on housing.

The Neighbourhood Planning Act makes provision for councils to come together to form joint plans, and allows the SoS to direct this where appropriate. CCN argue that while this works for metropolitan boroughs, we must go beyond joining up planning authorities in two-tier areas. If we are to ensure there is a coherent plan for communities covering the broader area, and the infrastructure to support development, we must facilitate working between tiers.

The Housing White Paper set out the idea of reforming the Duty to Cooperate, and developing the Statement of Common Ground. CCN believe that the design of this mechanism should continue and will be a crucial opportunity to reform the way planning functions in two-tier counties. We strongly suggest that this should be utilised to ensure infrastructure and spatial planning decisions are made in a strategic and joined up way across the county area.

Empowering counties in the planning system and reforming and finding new ways for councils to finance infrastructure is needed if we are to tackle the intergenerational unfairness of our housing economy.

“Counties need a more coherent approach to strategic planning”

THRIVING COMMUNITIES - THE CASE FOR STRATEGIC PLANNING



HOUSING AFFORDABILITY

Counties face the highest housing pressures and contain the least affordable homes compared to earnings outside of London. Oxford Economics estimate that average house prices are 9 times average yearly earnings. This means people struggling to get onto the housing ladder or having to move away from their communities.



INFRASTRUCTURE GAPS

In many counties planning and infrastructure considerations are split between individual districts and county councils. This creates a fragmented approach to infrastructure provision, and missed opportunities to work together to identify suitable areas for development.



JOINING UP & SCALING UP

An increased focus on strategic planning, which supports counties and districts working together at scale could help overcome some of these challenges.



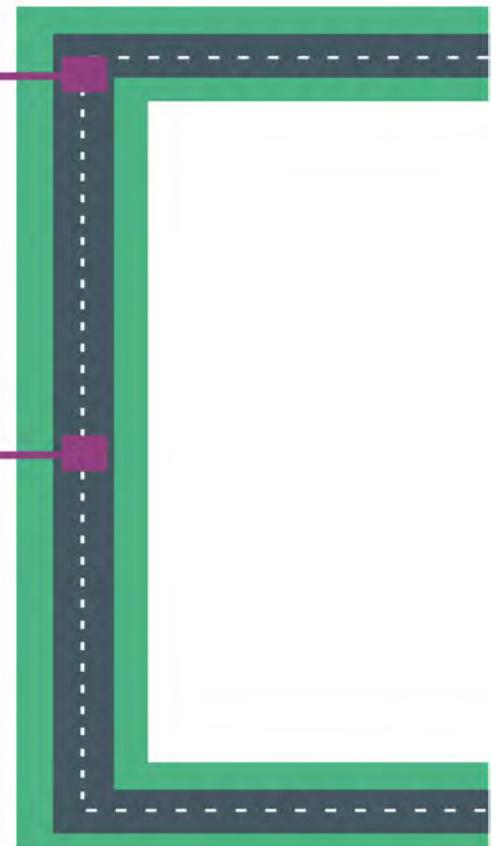
This could join up planning and infrastructure, allowing homes to be targeted to the most appropriate areas and ensuring that public services, roads, and amenities are in place to mitigate pressures on towns and communities.



COMMUNITY BENEFITS

Government recognises that objections to local development is a major barrier in creating homes the country desperately needs.

A more aligned system will ensure the building blocks are already in place in communities - new schools, roads, schools, and other public services. This will help allay concerns of local residents and representatives, removing the barriers to local housebuilding.





THRIVING COMMUNITIES

Strategic planning powers that maximise opportunities for infrastructure investment and housing delivery

A PLAN FOR GOVERNMENT

HOW WE CAN WORK WITH GOVERNMENT TO DELIVER MORE HOMES AND CRITICAL INFRASTRUCTURE IN COUNTIES

1) STRATEGIC PLANNING



Support and endorse strategic planning in two-tier areas between county and district councils. Work closely with county authorities to strengthen co-operation and joint planning through the Statement of Common Ground.

2) INDUSTRIAL STRATEGY

Empower the county as the strategic authority to facilitate growth and housing delivery by channelling funding and powers, making strategic development Infrastructure Levy powers available to counties, alongside city regions.



3) HOUSING INFRASTRUCTURE FUND



CCN strongly welcomes the introduction of the HIF and the strategic approach adopted. Whilst we recognise that allocations will be decided on a competitive basis, Government must recognise the significant infrastructure gaps in county areas, ensuring due weight is given to these factors in the allocations process.

4) HOUSING 'DEALS'

Government must ensure that county areas benefit from potential deals, with proposals developed across a strategic and coherent geography, ensuring that the upper-tier council is fully engaged with, and part, of any deal.



5) INFRASTRUCTURE FINANCE



Standardise CIL and make this the contribution mechanism for smaller sites and remove pooling restrictions from Section 106, making this the contribution mechanism for strategic sites.

CCN

COUNTY COUNCILS NETWORK

Founded in 1997, the County Councils Network (CCN) is a network of 37 County Councils and Unitary authorities that serve county areas. We are a cross party organisation, expressing the views of member councils to the wider Local Government Association and to central Government departments.

To discuss any of CCN's proposals in more detail, please contact:

Simon Edwards
Director
020 7664 3002
simon.edwards@local.gov.uk

James Maker
Head of Policy and Communications
020 7664 3009
james-maker2@local.gov.uk

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