CCN
COUNTY COUNCILS NETWORK

UNLEASH THE POTENTIAL

OF COUNTIES

Our Priorities for the New Government

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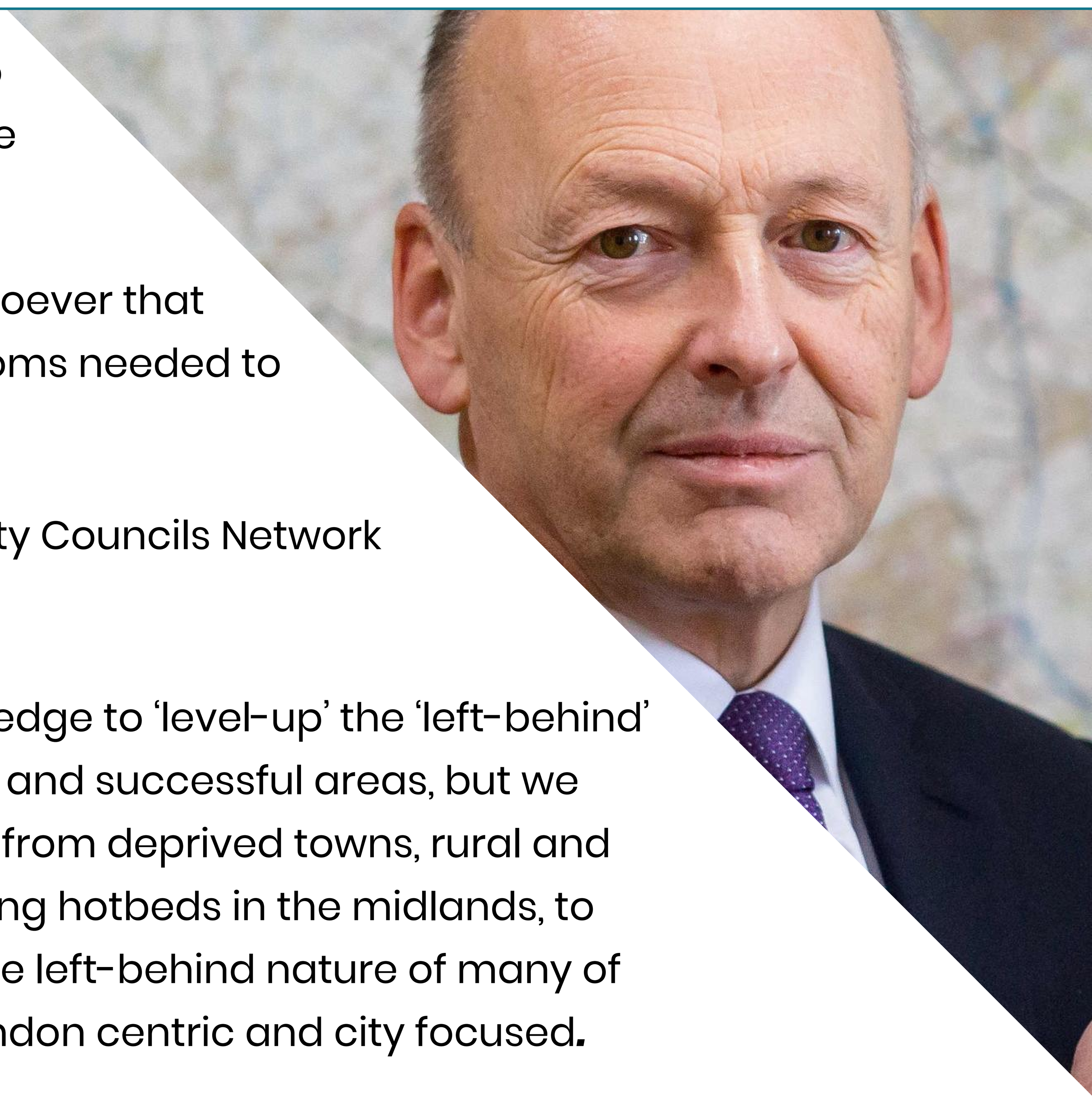
Foreword



Ahead of the General Election, our cross-party network came together to demand that whoever formed the next government must ensure that the voice of our shire counties was heard.

Importantly, we committed to work with the incoming administration, whoever that may be, to ensure that our counties have the funding, powers and freedoms needed to deliver their local priorities and the objectives of new Ministers.

I am therefore delighted to present this document on behalf of the County Councils Network (CCN), which seeks to put that promise into action.

Boris Johnson's majority government has been elected on a domestic pledge to 'level-up' the 'left-behind' parts of the country. Counties are home to some of our most prosperous and successful areas, but we must not forget that many left behind areas are located within counties; from deprived towns, rural and coastal communities in the north, south and east, to former manufacturing hotbeds in the midlands, to places where young people leave to go to university and never return. The left-behind nature of many of these places are partly a product of resource and policy being overly London centric and city focused.

Therefore, to truly unleash the potential of the entire country, government must ensure that counties are at the heart of their agenda. In taking this forward, Boris Johnson's government has a ready and willing partner in CCN and its members. We can help solve some of its most pressing domestic issues and capitalise on fresh opportunities. But, as a strong cross-party network, we must also be prepared to stand up for our own priorities and provide practical solutions to overcome the challenges that local government continues to face.

Funding will, of course, be a central part of this dialogue with the government. At a time of financial strain, our councils have shown how they can transform and innovate to protect front-line services, while improving outcomes for residents. However, to continue to do so, we need long-term sustainable and fair funding at the 2020 Spending Review.

The manifesto commitment to invest a further £4bn in social care by 2023/2024, alongside an additional £2bn for roads, provides a solid foundation for a more sustainable funding settlement. But it is clear we need to go further, supporting government to deliver their promise of a cross-party consensus to reform of adult social care, while also recognising that additional funding and reform in children's services and special educational needs & disabilities (SEND) are equally important.

Alongside this, counties and their members of Parliament - both newly elected and continuing - want to see a renewed commitment to delivering fairer funding for our county and rural areas; a policy the Conservative Manifesto remained silent on. One of the earliest actions of this government must be to confirm our precise funding levels for next year, using the settlement as an opportunity to reaffirm a cast iron commitment to this most important of policies.

Nonetheless, dealing with many of the issues facing shire counties, be it an ageing population, growing demand for SEND, unaffordable housing, uneven social mobility and tackling climate change require much more than funding.

This document sets out the need to carefully engage county authorities in legislative reform and take steps to harness the strategic role of county authorities across economic growth, housing, public sector reform and environmental protection, underpinned by a devolution settlement for all.

With the right tools, the right powers, and the right funding, we can do much, much more; unleashing the potential of counties, both economically and socially.

David Williams

Cllr David Williams
CCN Chairman

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Introduction

The 36 county and county unitary authorities that make up CCN are the largest part of the local government family. They represent all four corners of England, from Cumbria to Cornwall, Durham to Kent, North Yorkshire to Suffolk, Derbyshire to Essex.

The essential services they provide touch on the everyday lives of residents and businesses across 86% of England's landmass and 47% of its population.

This why county authorities, and the communities our councils represent, must be at the heart of the new government's domestic agenda.

At a time of financial restraint, counties have shown time and again how they can forge new partnerships across the public and private sector to continue to be leaders of place and the anchor institution within our local communities.

As the new government begin to set out their legislative programme, this document sets out the priorities of our member councils and the proposals they believe can help them realise the potential of their areas; from levelling up left-behind areas, tackling our housing crisis to reforming social care.

It outlines our practical proposals across **sustainable and fair funding, reforming adults & children's social care** and securing **devolution for all** to ensure our members have the foundations in place to achieve their ambitions.

With the right foundations in place, counties can do more for their places by **creating communities**, **growing our economies**, and **tackling climate change**.

Despite many common perceptions, counties are more than just social care authorities; they are the key local agency that can engineer public service reform at scale and help tackle the climate emergency; deliver the homes our communities need; and support the government in delivering post-Brexit growth and prosperity.

We look forward to working together with government to **unleash the potential of counties**.

At a glance...

Our priorities for the new government

Sustainable & fair funding

Providing a multi-year funding settlement to meet councils spending need, delivering the fair funding review and reforming local government finance so it is more efficient.

Reforming adults & children's social care

A solution to social care funding and reforming care services across the life cycle; improving integration with health, investing in prevention and reforming special educational needs and disabilities legislation.

Devolution for all

A practical framework for devolved powers, institutional and structural reform to genuinely drive powers down to local communities; from Whitehall to County Hall.

Creating communities

A more strategic approach to planning, matched by new infrastructure financing, while enabling counties to continue to provide culture services, improve community safety and well-being.

Growing our economies

Creating the conditions for thriving economies in our communities by harnessing the role of county authorities in place-based growth, devolving skills budgets and investing in transport and connectivity.

Tackling climate change

Supporting councils to reduce their carbon emissions, improving parks, public places and waste management, and investing in green infrastructure and resilience.

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01 Sustainable & fairer funding

Over the last ten years, councils have needed to rapidly adapt to a climate of significantly reduced resources, growing and ageing demographics, and the changing needs of our residents. Over 65% of county expenditure is now dedicated to social care. Moreover, the distribution of funding no longer matches the needs of local areas.

Our latest funding forecasts* show that even if county authorities receive an inflationary increase in funding, alongside the continuation of all current funding for social care, they still face a cumulative funding shortfall of £13.2bn over the next five years and pressure to raise council tax. This represents an underlying funding gap of £1.8bn in 2020/21 which will increase year on year to £3.6bn in 2024/25.

Our first priority must be ensuring sustainable and fair funding, providing a solution to the long-term funding needs of councils but also reforming council finance so it is fairer and more efficient. This will allow councils to preserve frontline services, invest in local and national priorities and continue to innovate service delivery to improve outcomes for residents.

Sustainable Multi-Year Funding Settlement

Due to the measures announced in the Spending Round, the funding shortfall facing counties next year has reduced but a gap remains. Even if all counties implement a 4% rise in council tax, a £1.3bn funding gap would remain. Faced with these challenges, councils need clarity on their resources next year to plan effectively.

**Updated funding forecasts to be published in early 2020 - includes annual 1.7% increase in settlement funding assessment, 3% public health & continuation of all 2020/21 social care grants to 2024/25*

One of the new administration's first tasks will be finalising the 2020/21 local government settlement. It is imperative councils have short-term financial support through;

- **Immediate confirmation of the provisional local government settlement. The minimum baseline for allocations should be based on the proposals contained in the technical consultation to allow councils to plan effectively and get budgets in place for the financial year starting 1st April 2020.**

- **The £2bn pot hole fund should be distributed directly to councils using the same methodology as 2018/19 with no reporting duties placed on councils.**

Even if county authorities raise their council tax by a cumulative 12% over the next five years they would still face a funding shortfall of £7.7bn, with further savings and service reductions required to balance budgets.

A 2020 Spending Review should seek to set out a minimum 4 year funding settlement for councils, reflecting the spending need requirements of different council types. It should also consider policy and legislative changes in specific areas to recognise new statutory duties and ease legislative burdens.

- **Use a Spending Review in 2020 to deliver a multi-year settlement of 4 years. This should seek to provide sufficient Core Spending Power up to 2024/25 to meet the projected spending need requirements set out in the Independent Review recently conducted by PriceWaterhouseCoopers (PwC) for CCN.**

Key Issues at a glance........

Sustainable Funding Settlement
A multi-year settlement of 4 years

Fairer Funding
Completion of the fair funding review & implementation in 2021

Council Tax & Fiscal Devolution
Freedom over local taxation

Rates & Reform
A new housing & infrastructure incentive & review of business rates retention

- **The new burdens doctrine must be properly applied when assessing new duties resulting from a change in our relationship with the EU.**

Fairer Funding

CCN councils are the lowest funded councils and have long argued that the current way of distributing resources is out of date and unfair.

The review of relative needs and resources has made considerable progress under the previous administration, with CCN responding to the consultation earlier this year setting out our support for the direction of travel.

Our member councils remain united on the need for the government to ensure resources are distributed fairly between councils, which recognises the higher costs of delivering services in rural areas and enables fairer council tax levels across the country. It is imperative that fairer funding for councils is a priority for the incoming administration.

- **Government must restate a commitment to implement the Review of Relative Needs and Resources in 2021/22. A final consultation and indicative allocations under the formula must be published in early 2020.**

Council Tax & Fiscal Devolution

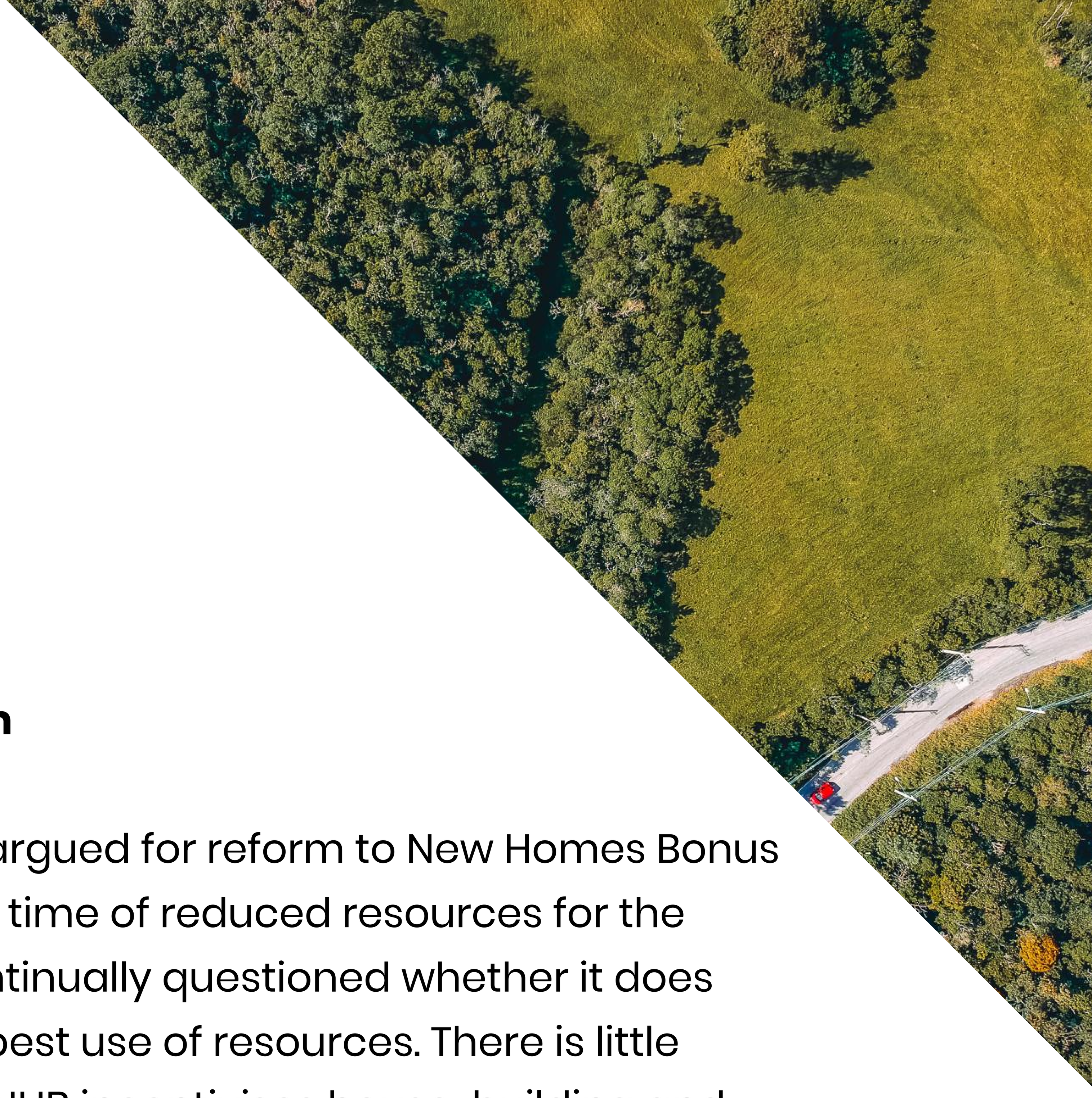
Decisions over council tax should be taken by locally elected and accountable politicians. Our long-held position is that we do not support the current referendum policy.

- **The Localism Act should be amended to end the council tax referendum threshold. Councils should have full discretionary powers over council tax discounts.**

There is a growing debate on a more ambitious programme of fiscal reform, whether it is replacing council tax with a new property tax or additional income streams such as a tourist or local income tax.

Any replacement system of taxation designed to fund local government must provide the necessary resources for services that residents need by balancing the correct level of redistribution, needs-based funding and incentives for local growth.

- **A full range of fiscal devolution measures should be considered as part of the long-term funding of local government in the Spending Review**.



Rates & Reform

CCN has long argued for reform to New Homes Bonus (NHB) and, at a time of reduced resources for the sector, has continually questioned whether it does represent the best use of resources. There is little evidence that NHB incentivises house-building and leads to an unfair distribution of resources; both between tiers and across regions.

- **NHB should either be reformed or abolished. If abolished the funding should be redistributed based on need, with any reform focused on reviewing the role of incentives so they better reward upper-tier councils vital role in providing infrastructure that enables sustainable housing development.**

CCN has continued to support the implementation of 75% business rates retention. However, we have raised concerns over whether there is a correlation between business rates income, growth expenditure, and service need. This questions the extent of the growth 'incentive' it provides councils and whether it is a fair way of funding different types of councils.

Moreover, we have also raised long-term concerns over the sustainability and suitability of the tax in funding local government in the face of pressure from business groups to reduce the tax, given the nature of high-street and online retailing.

The incoming Government has committed to further reducing business rates, alongside a 'fundamental review' of the tax. In the short-term, local government must be fully compensated for any new reliefs and discounts and any fundamental review will need to consider the future of 75% business rates retention.

- **As part of their review of business rates, the Government must fully engage the sector on the future of business rates retention**.

- **If 75% is implemented, Government must ensure a higher tier share of locally retained rates for county councils.**

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Unpacking the financial challenges facing counties.....

Findings from recent research

> *The Spending Review and the Fair Funding Review will need to consider how local government as a whole, and different tiers of councils, are able to respond to the financial challenges they will face going forward.* ***CCN member councils are most limited in the options they face***. PwC, 2019

01 Savings & efficiencies

By the start of 2020, our study with PwC showed that local government would needed to have made £13.2bn of savings and cuts since 2015 to balance budgets, on top of council tax rises. The research showed that CCN member councils would needed to have made £7.4bn of savings and service reductions, some 56% of the national total.

02 Service demands & costs

For all local government, councils spending need - the demand and costs of delivery services - will rise by 35% (£15.7bn) between 2015-2025. CCN member councils will account for 39% of all spending need by 2024/25. For county councils 78% of their spending need will relate to adult social care, children's services, public health, and education services (home to school transport & SEND).

03 Funding gap

Updated funding forecasts show that despite expected increases in funding over the next five years, county authorities still face a cumulative funding shortfall of £13.2bn. This is 37% lower than our original PwC forecasts. The funding gap is estimated to be £1.8bn in 2020/21 and will increase year on year to reach £3.6bn in 2024/25.

04 Council tax

Raising council tax 4% in 2020/21 would reduce the funding shortfall next year to £1.3bn for county authorities. If all CCN member councils implement a 2% rise every year from 2021/22 this would reduce the cumulative gap by 2024/25 to £7.7bn, an average annual shortfall of £1.5bn.

05 Fairer funding

CCN research has shown that if all counties were funded at the national average they would be receiving an additional £3.2bn per year. In addition, due to historic underfunding, PwC's analysis showed that CCN member councils councils have an estimated £1bn of 'unmet' needs.

06 Business rates

County councils have benefited the least from business rates retention. Cash gains above baseline for the period 2017/18 to 2019/20 were the largest in London at £914m. District councils retained £555m and county councils retained £412m; just 6.4% of their baseline funding compared to 37% for district councils.

1) -2) PwC (2019) PwC - Independent Review of Local Government Spending Need and Funding (Technical Report)
2) -3) CCN's full updated funding forecasts will be published in early 2020
5) - 6) Pixel Financial Management analysis for CCN (unpublished)

02 Reforming adults & children's **social care**

All political parties have accepted the need to set out long-term plans for the funding of adult social care services. It is widely accepted that the status quo is no longer an option and this parliament must finally resolve the urgent questions over how adult social care is paid for and delivered.

The situation is most pressing in county areas. Our councils represent 47% of all spending needs for adult social care. Some 55% of England's over-65s live in county areas, with the number of older people expected to grow at a faster rate than anywhere else.

Sustainable funding is a vital first step to enable counties to deliver the high-quality social care that residents expect. But money is only part of the solution and for this investment to be effective it must be accompanied by reform to the wider framework in which social care for adults and children is delivered.

Adult Social Care Reform

CCN supports the Government's cross-party approach to developing a solution to social care funding. This must engage in an honest debate on providing sufficient resources to meet existing demand for care. This is alongside the funding required to extend eligibility for services and reforms to limit the care costs of individuals.

- **Publish a social care White Paper within six months of taking office. This must begin a national discussion and cross-party approach to consider the funding options for adult social care, including younger adults.**

- **Ensure local care markets are placed upon a sustainable footing in order to provide a range of high-quality care and accommodation options for residents to choose from, allowing them to live as independently as possible for as long as possible.**

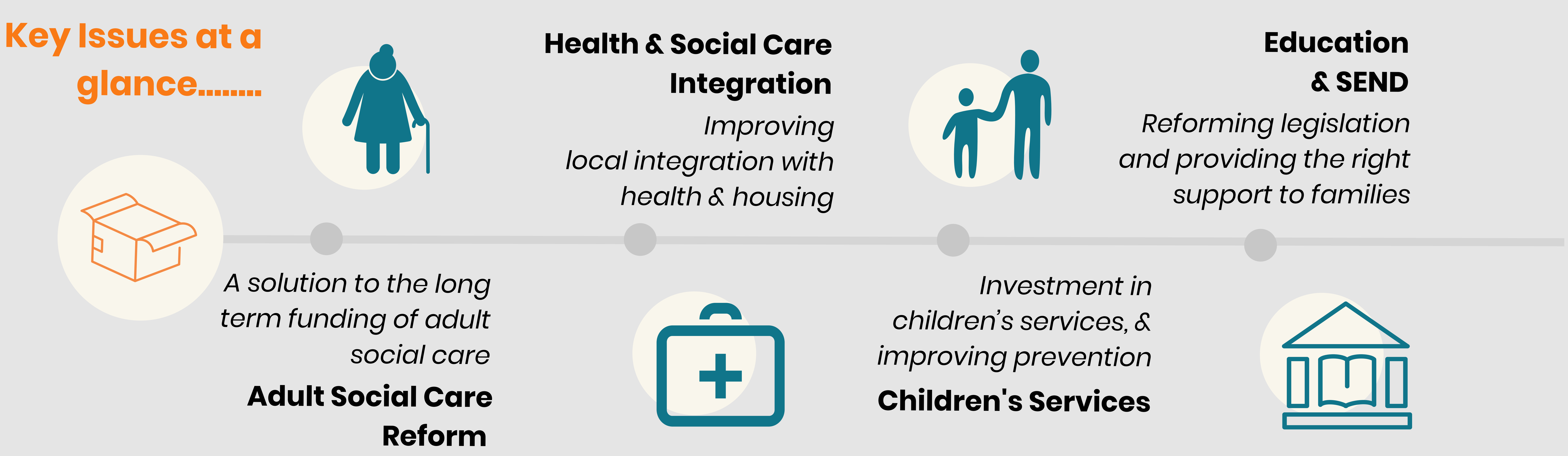
- **Encourage preventative approaches locally to reduce or mitigate demand for social care, such as reforming the planning system to encourage the development of more extra care housing for older people.**

Health & Social Care Integration

If reforms to care services are to be successful, then social care must remain a local service. Councils have showcased their track record in financial prudence during challenging times – ensuring services are protected for the most vulnerable and elderly. They have innovated and transformed services in partnership with health.

Strategic integration locally with health partners has made significant progress over recent years. However, the new Government must take steps to fully realise a system that no longer simply offers individuals traditional care and support services, but instead one that seeks to provide people with greater choice and control over the services and support that they can access.

- **Create the optimum conditions for social care and NHS partners to integrate services around the individual to deliver whole-person integrated care.**



- **Local government must be an equal partner in all local discussions with democratic accountability and population public health underpinning the integration agenda.**

- **Adopt a 'strength' or 'asset' based approach as the basis of refocusing the integration agenda underpinning a reformed approach to social work. This approach would promote people's independence utilising the help available in their own communities and social networks first and foremost.**

- **Review STP boundaries so they are co-terminous with those of county authorities to ensure efficient and effective integration.**

Children's Services

As spending on children's social care continues to rise it is vital that counties are able to both meet growing demand but also provide the services which address problems early and help stem costly demand on the system further down the line. The new Government has stated its support for the troubled families programme. Building on this, we must empower local government to lead place-based investment in other areas in need of early intervention across the entire social care system supported by a national framework for preventative investment.

- **Prioritise investment in children's social care at the Spending Review 2020. A key priority must be children's services, recognising that this is now the fastest growing pressure facing local government.**

- **Increase investment in family support services drawing on the growing bank of evidence and science-based approaches which ensure the 'best start for every child' in their earliest years.**

- **Empower local authorities to address teenage mental health with Tier 1 and Tier 2 preventative approaches with a focus on supporting transitions to healthy adulthood.**

Education & SEND

Councils continue to have a major role in ensuring the sufficiency of school places, providing improvement services, oversight for council maintained schools and home to school transport (HTST). Government must now engage councils in their plans for Ofsted inspections and provide the necessary powers for councils to provide sufficient school places.

- **Empower local authorities to be able to require free schools and academies to expand the number of school places they provide to meet local demand.**

- **Government should strengthen the role of local authorities in determining and signing off the final location of new free schools and academies to ensure that new provision is located where it is required most.**

Government should also review statutory duties in relation to HTST and provide sufficient resources to meet growing demand. A new report by the Isos Partnership, commissioned by the Local Government Association (LGA) and CCN, reveals the cost to councils of providing HTST has increased by £66m over four years between 2014/15 and 2017/18 and projects it may rise by a further £127 million to reach £1.2 billion a year by 2024.

- **The Government should consider reviewing statutory duties in relation to HTST**

The Children and Families Act 2014 brought welcome changes in extending the availability and choice of services for children with Special Educational Needs and Disabilities (SEND) and their families.

However, local authorities have taken on additional responsibilities for providing SEND services at a time of increasing demand but have not yet been provided with the requisite resources to allow them to meet these responsibilities. On-going investment on at least the scale provided at the recent Spending Round is required, but the Government also needs to consider measures for reform including;

- **Issue clear guidance for what constitutes "*efficient use of resources*" in the Children and Families Act 2014, to minimise the amount of SEND cases heard at tribunals.**

- **Support local authorities to invest in creating more specialist SEND places to reduce spiralling costs and cater for more pupils within the mainstream school system by being able to properly support schools to meet specialist needs.**

- **Provide greater powers for councils to direct SEND placements in mainstream schools including within academies.**

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Unpacking reform to adults and children's social care

Findings from our most recent research

Our research over the past 12 months has consistently highlighted the rising costs and demand for adult social care, children's social care and special educational needs which necessitates reform and investment in these services.

01 Funding for adult social care

Funding for adult social care in 2019/20 stood at £6.9bn, with counties share 34.3% (£2.5bn). This share of funding is significantly below counties level of overall spending need for services (47%). Temporary grants now represent 39% of all direct government support for adult social care services in CCN member councils, compared to 34% nationally.

02 Adult social care costs

Compared to 2015/16 spending need rose 15.6% nationally in 2019/20. It is set to increase to 20.2% next year and 42.5% by 2024/25 to meet the costs of providing services. Overall Government funding this financial year (2019/20) is meeting 42% of the costs of providing services, with just 30% of costs met through grant funding in CCN member councils.

03 Young adults

Spending on services for those with learning disabilities will be £861m higher for county authorities in 2024/25 compared to a decade before. By 2024/25, CCN member councils will account for 45% of all spending need on this service.

04 Children social care costs

Demand for children's social care will rise faster than any other local government service. Spending need on children's social care will rise nationally by 48%. By 2024/25, CCN member councils will account for 37% (£4.5bn) of all spending need on children's services, with spending need increasing £1.4bn since 2015/16.

05 Home to school transport

The average per-pupil cost of delivering mainstream HTST in county areas is £93 per pupil, almost ten times the average in urban and city areas. Thousands of pupils no longer received free HTST as councils tighten eligibility, or introduce charges, due to the severe funding shortfalls. In counties in 2017 22,352 less pupils were receiving the service compared to 2014.

06 Special educational needs

The number of pupils on Education, Health, and Care Plans (EHCPs) have risen by almost 50,000 since legislation was introduced. CCN member councils have seen a rise of 46% – almost 10,000 extra each year in the number of young people being granted EHCPs.

1) CCN Analysis Adult Social Care Funding & the Spending Review www.countycouncilsnetwork.org.uk/download/2397/
2 -4) PwC (2019) PwC - Independent Review of Local Government Spending Need and Funding (Technical Report)
5) CCN (2019) HTST analysis www.countycouncilsnetwork.org.uk/download/1585/
6) CCN (2019) SEND analysis www.countycouncilsnetwork.org.uk/download/2314/

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03 Devolution for all

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 case for devolution to counties is compelling. Devolving powers and funding on economic growth and public sector reform would have a major impact on economic growth in county areas.

Harnessing the strategic role of county authorities must be at the heart of the devolution proposition in shire counties, and the new Government should seek to build on the foundations already in place in our areas.

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.

Devolution Whitepaper

The Conservative manifesto committed to giving towns, cities and communities of all sizes across the UK real power and real investment to drive the growth of the future and unleash their full potential. There was a stated ambition for full devolution across England, with a Whitepaper to be published in the new year.

CCN has long argued that the Government should set out a clear framework for devolution. This presents an opportunity not only to provide clear guidance to local areas in developing proposals, but to reset the relationship on devolution with county authorities if there is a genuine and tangible offer from Government.

As several leading think-tanks, including Republica and Localis have concluded, recognising counties as strategic authority areas offer the most logical and practical starting point for devolution.

- **The Whitepaper should provide as much parity with Mayoral Combined Authorities on devolution as possible. This includes powers for a Statutory Spatial Plan; responsibility for the Shared Prosperity Fund; delivery of the Education and Skills Funding Agency; and powers over Bus Franchising.**

Previous devolution discussions were characterised by an unhelpful distraction of a free-for-all of proposals and contested geographies. The devolution framework provides an opportunity to prevent this, particularly in two-tier areas.

- **Provide clear guidance to local areas on acceptable devolution geographies, seeking coterminosity with county boundaries and avoiding inappropriate geographies that could undermine continuing service delivery.**

Key Issues at a glance........

Devolution Whitepaper

Ambitious and suitable devolution deals for county & rural areas

Accountability

A practical framework for devolved powers

Local Government Reform

A criteria for institutional and structural reform

Public Service Reform

Reforming partnerships to support public service reform

Accountability

County authorities are best placed to be the accountable bodies for new devolved powers in any new devolution model. Our member councils stand ready to be flexible and adaptable in order to reassure Ministers that they have strategic scale and capacity to deliver any powers devolved to them.

County councils are in many ways the original combined authorities – operating at scale and acting as the strategic delivery body for their areas.

We recognise that counties need to do more to demonstrate our willingness to provide greater direct accountability and effective partnership arrangements with district councils, neighbouring authorities and LEPs. Many are already doing so without the need for the additional layer of a combined authority.

- **Set out a broad range of Governance options, including non-mayoral combined authority models. This should include options for the strategic authority within the area to take on accountable body status supported through the formation of a joint or special committees, with full district, unitary and LEP representation.**

- **Any mayoral combined authority should be tailored to recognise the additional complexity of two-tier areas, including voting rights between partners.**

- **The Devolution Whitepaper should set out the options for a county council to strengthen direct accountability to unlock further devolved powers through the constitutional adoption of the directly elected mayor/leader and cabinet model, permissible under current legislation.**

Local Government Reform

Over recent years there has been an increased interest in structural reform. CCN recognises that appetite varies across the country for various types of local government reform.

CCN supports its member councils who wish to pursue unitary status, building on the experiences of of all our unitary members, including Buckinghamshire and Dorset.

We have long argued that if Government is to pursue a reform agenda then it must be evidence-based and should use the devolution framework to set out a criteria to inform local discussions.

- **The Devolution Whitepaper should set out a criteria for unitary reform. This should include confirmation of a minimum population limit '*substantially more*' than 300,000 with no upper population limit; ensure proposals offer better public service delivery across the area; and provides the thresholds and tests of local consensus.**

- **Set out a framework to encourage reform to the existing two-tier structure and greater collaboration in specific service areas, including the options for the functional reform of powers between the tiers.**

Public Service Reform

Devolution could help drive wider public service reform in county areas. Oxford Economics for CCN have estimated that full devolution to counties could save up to £36bn over five years, as well as bringing decisions closer to local people.

A devolution settlement for all should therefore present opportunities for reform to existing partnership arrangements to promote whole-place public service reform.

- **Align public service bodies to form contiguous boundaries to simplify joint working and ensure these are updated over time in future boundary changes.**

- **Develop further devolved health arrangements, building on the experience of Surrey Heartlands.**

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Unpacking the case for devolution to counties.....

Findings from our most recent research

CCN has published a range of reports and studies with leading organisations that outline a compelling case for devolution and the evidence-base to inform institutional and structural reform.

01 Strategic authorities

Localis & Respublica have both made the case that a 'strategic authority' be the recognised body which leads on devolution in an area. Localis argued 47 strategic authority areas should created in England - broadly mirroring current upper-tier boundaries - and where the formal collaborative agreement consists of a county and its districts or a sole unitary county, the county would become the strategic authority.

02 Boosting economic growth

Devolving powers and funding on economic growth would have a major impact on economic growth in county areas. A study by Oxford Economics calculated that county devolution could boost England's economic growth to 2.7% per year, help create over 1m jobs over the next decade; and boost England's GVA by over £26bn over a five year period.

03 Public service reform

Devolution could help drive wider public service reform in county areas. 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.

04 Savings from unitary reform

In 2017, CCN published the most comprehensive analysis on the potential saving and non-financial benefits from different approaches to local government reorganisation. EY's analysis showed that reforming all two-tier areas into single unitary councils would save £2.9bn over a five year period, 68% more than splitting each county into separate authorities.

05 Reformed two-tier

Last year CCN undertook a study with PwC to explore the potential benefits of non-structural reform. The modelling showed a potential saving of £762m over five years. Improved collaboration was outlined in areas such as waste management, shared customer and contact centres, with further opportunities for regional collaboration and public service reform.

2 -3) Oxford Economics (2017) Understanding County Economies www.countycouncilsnetwork.org.uk/download/901/
5) EY (2016) Independent Analysis of Governance Scenarios and Public Service Reform www.countycouncilsnetwork.org.uk/download/165/
6) PwC analysis for CCN (2019) report unpublished

04 Creating communities

Counties are great places to live and work, and where business and enterprise thrive. However, county house prices are higher than the national average and infrastructure investment has not kept pace with demand. Many county areas have large infrastructure gaps which jeopardises their ability to create sustainable communities.

However, creating real communities requires more than bricks and mortar. Despite the trends of twenty-first century living, such as spending more time online and commuting longer distances to work, most people retain a strong connection to the place in which they live and form identities based on the communities they live in. Counties are the principal agency who need to ensure their residents feel safe as well as promoting their well-being.

Housing & Planning

Housing development cannot happen without the essential infrastructure needed to support it and we welcome the manifesto commitment to amend planning rules so that infrastructure comes before people move into new homes. This is especially important in county council areas, where powers for infrastructure and planning are split.

CCN has advocated reforms to the planning system and strengthening of the role of counties in strategic planning, in order to properly join up housing and infrastructure. By working closer together, district and county councils could establish pragmatic working arrangements, setting the strategic direction for housing growth of an area.

This would allow partners to pool resources, combining housing targets, locations for development and planning for economic and industrial growth, with the necessary physical and social infrastructure.

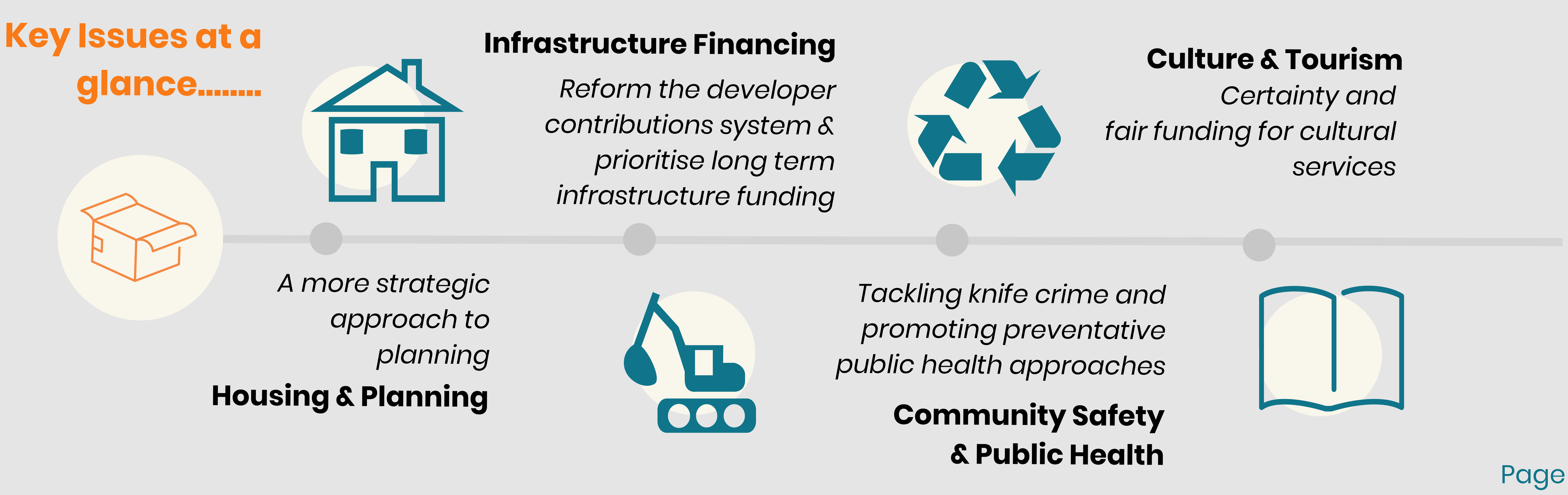
Different models exist that can deliver this, including formal joint committees or a "growth deal" signed with the Government or through reintroducing strategic planning to county areas – a function which was removed from county councils some 15 years ago.

- **Encourage joined-up strategic planning outside metro-mayor areas at a county scale in order to improve the duty-to-cooperate. This could be through the formal creation of a growth board, or more informally through non-statutory spatial plans or reintroduction of statutory strategic planning.**

- **Amend legislation to ensure that councils are not bound to sell sites on the basis of higher short-term receipts ahead of long-term social and economic gains.**

Infrastructure Financing

Underpinning the housing crisis is the lack of funding for the necessary infrastructure needed to support new housing growth. Infrastructure funding is skewed disproportionately to city regions with counties not receiving their fair share of infrastructure investment. CCN welcome the introduction of the Housing & Infrastructure Fund, and the manifesto commitment to introduce a new £10 billion Single Housing Infrastructure Fund.



However, we must ensure the fund is available to all areas and we reform developer contributions to provide a consistent source of funding, rather than simply project specific.

- **Move to a more balanced distribution of central infrastructure funding between counties and cities which better aligns with local priorities. Funding should be decentralised as far as possible, with decisions made by local leaders on the ground.**

- **Set out a framework for housing and growth deals building on the deal agreed across Oxfordshire. These should allow ambitious authorities to work with the Ministry to gain access to additional funding for infrastructure where certain targets, such as new homes, or the creation of new jobs, are met.**

The developer contributions system (CIL and S106) is also no longer fit for purpose and does not provide the finances in full to deliver the range of infrastructure identified as required in local plans.

- **Reform the developer contributions system ensuring that, in two tier areas, contributions are distributed fairly to cover the range of physical and social infrastructure required for new development.**

- **Extend the Strategic Infrastructure Tariff to county areas to allow them to fund major infrastructure projects that would help to support and unlock growth opportunities.**

Community Safety & Public Health

Serious youth violence, substance misuse and child criminal exploitation are becoming increasing problems, often driven by 'county lines' where city drug gangs are increasingly extending their operations from cities into counties. These are still viewed as predominantly 'urban' phenomena, but a growing number of county areas are facing the same issues with less resource or expertise to draw on.

- **County authorities should be fully engaged within national strategies alongside their metropolitan counterparts, with a stronger framework established to ensure county authorities are able to collaborate closely with police, health and schools to protect vulnerable children and prevent serious crime.**

Counties are also often where metropolitan boroughs will place their most vulnerable young people in an attempt to move them away from an environment of gangs and crimes, but if not properly managed this exacerbates the risk of exporting gang violence and serious crime into county areas.

- **Information-sharing protocols between local authorities must be strengthened to ensure that out of area placements of vulnerable children are notified to and co-ordinated by the authority in which the placement is located.**

A key element of tackling the root causes of crime is the preventative role of public health services. Despite these reductions in funding counties have successfully integrated public health services back into local government, as demonstrated by our independent study with Shared Intelligence *Learning the lessons from the transfer of public health*.

With the previous Government committed to retaining public health services in local government we need to see investment in population health services and a greater focus on the role of public health in community safety.

- **Ensure public health funding is protected in real terms over the course of the next parliament.**

- **Fully engage counties with national public health strategies for reducing drug misuse and youth crime.**

Culture Services

The role of county authorities in providing libraries and a range discretionary cultural services, such as museums, arts and galleries, are part of the community fabric of places.

County authorities are committed to funding culture which contribute to the local economy, and the well-being of residents. However, with acute pressures in social services, leaders have had no choice but to re-route funding from other highly-valued yet discretionary service areas like arts, libraries and culture.

- **Providing certainty of funding for facilities such as libraries and cultural venues will help authorities to guarantee the continued provision of these services to residents.**

- **Ensure counties receive a fair share of the £250m cultural capital programme.**

CCN
COUNTY COUNCILS NETWORK

Unpacking the opportunities and challenges in creating communities

Findings from our most recent research

Our analysis has shown there are a range of opportunities and challenges faced by county authorities in helping create communities and ensuring that shire counties remain great places to both live and work……

01 Population growth

County areas are projected to see growth in population which in turn will result in both changing demographics as well as increasing demand for housing, core services and access to economic opportunities. Across all county areas, the total population is projected to increase to 28.2m by 2041 and represents a 9.5% increase in population.

02 Housing affordability

The average county house price is now 9.8 times average annual earnings; which is higher than the national average of 8.2 and higher than the cities (outside of London) average of 6.0. This shows that the affordability challenge that was typically seen as a London problem is now spreading to the shire counties.

03 Infrastructure gaps

Over the five-year time period, counties have had an increase in dwelling stock of 3.7%, compared to a growth rate of 3.2% nationally. However, while this growth rate is welcome a preoccupation with scale and speed of housing developments and not enough focus on supporting infrastructure, both physical and economic (e.g. jobs) has resulted in an average funding gap of c£3bn to meet their county's needs with some as high as £8bn.

04 Public health funding

According to an analysis undertaken for CCN by LG Futures, the level of public health grant for counties peaked in 2016/17 at £1.186bn and fell to 1.072bn in 2019/20. Under the current formula CCN members' allocations are £42 per head, compared to a national average of £57. This compares to £71 per head for Metropolitan Boroughs, and £102 per head in Inner London.

05 Cultural services

Council spending on museums, libraries, arts, and culture has been reduced by almost £400m over the last eight years – from 2010 to 2018. Of that total £390m figure, county areas have seen the highest reductions in spend, with district, county, and county unitary authorities collectively reducing their spend by £169m since 2010.

1) & 3) Grant Thornton analysis for CCN - report to be published in early 2020
2) CCN (2019) House Prices In County Areas www.countycouncilsnetwork.org.uk/download/2204/
4) LG futures analysis in Shared Intelligence (2019) www.countycouncilsnetwork.org.uk/download/2126/

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05 Growing our **economies**

County areas are the backbone of the UK economy, delivering 39% of GVA and almost half of England's jobs. However, they suffer from structural weaknesses such as poor productivity and business growth, lower than median wages and significant skills gaps. Despite common perceptions, they are also home to many of the 'left behind' towns, rural and coastal communities in England.

It is this combination of factors that means counties must be at the heart of the incoming government's placed-based growth agenda. They offer a broad reflection on different experiences from those at the heart of driving economic growth through to those facing significant socio-economic challenges.

County authorities are uniquely placed, as strategic authorities, to respond to these opportunities and challenges. Counties are the key local agency in placed-based growth, delivering billions each year in growth related expenditure and capital investment; to their influencing and leadership role as convener, facilitator, and vision setter.

Regeneration & Productivity

The new administration's manifesto commits to closing the productivity gap across the country and levelling up opportunities across towns and cities. This is welcome; like city regions counties also suffer from the rise of spatial inequalities.

Some 31 of the 36 county authorities have productivity levels below the national average, driven by low levels of business formation rates and structural challenges such as low median incomes.

It is important to recognise that a narrow focus on high-streets and small scale regeneration, which underplays the role of county authorities, will not deliver better outcomes for many of the left behind areas which reside in county areas. Therefore, the Government must ensure that the strategic role and capacity of county authorities is strengthened in Government policy.

- **Ensure that counties play a key role in the implementation of the Towns Fund.**

- **Strengthen the role of county councils in delivering the high-streets fund.**

Strategic Investment & Partnerships

Ensuring a wider, more strategic approach to levelling up economic outcomes in left behind town, coastal and rural communities will require continuing investment in growth enabling infrastructure and reforms to growth partnerships.

Much of the work of county authorities in place-based growth has been delivered despite a number of barriers, including financial challenges that have reduced overall revenue and capital expenditure on growth-related services.

Alongside this, non-metropolitan areas do not receive their fair share of infrastructure investment to support growth, while uncertainty on the future resources such as EU funding have hampered the ability of county authorities to undertake strategic investment.

Key Issues at a glance........

- **Sustainable and fair funding, including a multi-year funding settlement, reforms to New Homes Bonus and business rates retention will allow counties to increase growth-related expenditure.**

- **The National Infrastructure Commission infrastructure assessments should ensure greater consideration of the infrastructure requirements in non-metropolitan areas and consider how this could link to wider growth related matters that would help to level up the economy across the country.**

- **Publish a consultation on the UK Shared Prosperity Fund as soon as possible. It must ensure it gives counties fair opportunities to access future funding opportunities that will reduce economic disparity and generate future economic growth.**

Recent reforms to Local Enterprise Partnerships (LEPs) have reduced the role of local government in their governance. This is despite LEPs reliance on the significant resourcing and delivery capacity provided by county authorities since their inception, alongside their role in bringing democratic oversight to the investment of public funds. Alongside this, sub-national transport bodies have become an increasingly important part of the regional growth and transport landscape.

By convening partners county authorities have been able to leverage resources and ensure a shared focus; however, more can be done to support their strategic role. Government should consider the future role of LEPs and consolidate the role of counties in Sub-National Transport Bodies.

- **Revisit reforms to Local Enterprise Partnerships to better recognise the role of local government in driving forward place-based growth. This should also include an enhanced role for counties in the preparation of Local Industrial Strategies.**

- **Empower Sub-National Transport Bodies and consolidate the role of upper-tier councils, devolve appropriate powers alongside sufficient funding and freedoms for counties over local transport, including buses.**

Transport & Connectivity

Between 2010 and 2018 over 3,000 bus routes have been reduced, altered or withdrawn. We welcome the manifesto commitment to invest in the bus network to "improve infrequent or non-existent services in the countryside, including more on-demand services". However, the Government intends to only allow bids for the £4.2bn Local Public Transport Fund from combined authorities and elected mayors. This is despite county authorities witnessing a 46% reduction in funding for local bus services since 2009/10 compared to 19% in combined authority areas.

- **Allow bids for the Local Public Transport Fund from county and county unitary authorities to ensure that they have the powers and funding to improve transport within counties and across local government boundaries.**

Connectivity, however is not just about physical infrastructure. CCN research has shown that county areas suffer from broadband speeds that are significantly lower than their urban neighbours. Extending broadband to an area can affect productivity, the number of businesses, and local labour market outcomes such as employment, income and wages. Better broadband and mobile infrastructure has the potential to transform the rural economy with greater potential for home working and small business growth.

- **A target for a full-fibre rollout to all households by 2025 is welcome, but it must set out a clear road-map to achieve this in partnership with county authorities.**

Skills & Employment

Counties face significant challenges in ensuring skilled employment for residents. Counties' occupational profile is skewed towards the skilled trades, reflecting the high proportion of manufacturing and construction jobs. However, employment growth in recent years has been led by the service sectors, and this will continue, with professional, scientific and technical sector employment becoming increasingly important.

CCN welcomes the commitment to introduce a £3bn national skills fund, but it remains unclear how this fund will be invested. It is crucial that local government has a key role to play. Devolving responsibilities and budgets for skills to county authorities will ensure that they are better placed to respond to the skills challenges in their areas and better guide and grow their local economies.

- **Devolve the same responsibilities and budgets for skills and employment that metro-mayor areas enjoy to county councils and unitary authorities.**

Unpacking the role of counties in Place-Based Growth

Emerging findings from Grant Thornton*

County areas are the backbone of the UK economy, however, they suffer from structural weaknesses. It is clear that county authorities must play a key role in overcoming these challenges to help level up economic outcomes across the country and support post-Brexit growth...

01
County economies

County areas account for the latest share in GVA of 39%, 48% of all businesses, and 42% of all employees. However, over the last five years they have witnessed slower growth rates. Business growth of 7.9%, for instance, has lagged behind the England average of 11.6% and 15.1% for non-county areas.

02
Productivity gap

Some 31 of the 36 county authority areas have workplace productivity levels below the England average, a clear indication that productivity lags behind much of the rest of the country.

03
Living standards

Although counties are great places to live and work, inequality is reflected across county areas, with 23 areas having mean income levels below the England average and only 13 above. Over the past five years it appears that the gap in incomes for county areas is actually widening, with a 13% increase in the gap over the past 5 years.

04
County investment in growth

Despite significant other financial pressures, county authorities have continued to make a significant contribution to growth related spend. Of the £24bn gross revenue and capital expenditure on growth related services in shire counties between 2015 - 2018, 58% of this was by county councils and county unitaries.

05
Enabling capacity

Counties enable capacity for delivery, providing resources to support the development and delivery of key projects and programmes, while also drawing on the personal and political networks of key members to support engagement with central government or to build relationships and consensus across different stakeholders.

06
Strategic Vision

By convening partners county authorities leverage resources and ensure a shared focus on action. With leadership, boldness and creativity they take the lead in bringing together different stakeholders to create and then deliver the strategic vision for a place.

* Grant Thornton analysis for CCN - report to be published in early 2020

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06 Tackling climate change

Climate change is widely recognised as the greatest challenge facing our generation. The recent general election saw climate change become one of the key issues for debate, with every political party taking care to set out plans to transform the economy and reduce carbon emissions.

County authorities are a vital part of the necessary solution to the climate emergency, through their responsibility for infrastructure, economic growth, stewardship of the rural environment, statutory roles in waste and recycling and providing green spaces and public places.

But they want to go further and translate their declarations of climate emergencies into practical action.

Local Leadership

Councils are showing local leadership in declaring climate emergencies and have already launched a series of actions to reduce their own carbon emissions and those of the communities they serve. However, they need to be given the responsibilities to ensure that they can follow-through in promoting policies that will achieve the local targets that they have set.

Government must engage much more with councils, giving them the funding and freedom needed to ensure that action will be taken, safeguarding the environmental inheritance of future generations. This includes in areas such as energy efficiency upgrades to buildings and assets and air pollution.

- **The government should create a climate transition fund for councils, to enable the rapid conversion of assets including council properties, schools and fleets.**

- **Devolving powers to councils on transport and infrastructure will help county authorities meet their ambitions on this agenda.**

- **Support counties in developing public health strategies to help reduce air pollution and consult local government on new air quality laws.**

- **Procurement rules should be altered so that all contractors are required to report their carbon emissions and to place a 'carbon/environmental cost' on competing bids.**

Parks & Public Places

There has been much focus on the role that England's rural landscape can play in mitigating the climate emergency, whether through the creation of new national parks or areas of outstanding natural beauty, rewilding to prevent the risk of flooding, or embarking on an ambitious national tree planting programme that will assist with carbon capture.

The Conservative manifesto committed to a new £640m Nature Climate Fund and a commitment to new National Parks and areas of outstanding natural beauty.

Key Issues at a glance........

Council leadership
Supporting councils to reduce their carbon emission

Parks & Public Places
improving parks, public places

Green Infrastructure & Resilience
Prioritising green infrastructure and resilience

Waste & Recycling
Greater collaboration across county and district councils to streamline services

The land that will be utilised for these programmes will overwhelmingly be located within county areas, and CCN members stand ready to play a role in this changing use of land.

- **Local authorities should be engaged as part of efforts to identify land that can be used for environmental purposes, ensuring it is located in areas where residents can access the health benefits that these areas can provide.**

- **County authorities are proud of their record of land stewardship through county farms and government should create a new investment fund to ensure their continued long-term viability, providing opportunities for a new generation of farmers.**

Green Infrastructure & Resilience

One of the main ways that counties can ensure that their economies and communities can be decarbonised is through investment in appropriate green infrastructure.

- **Priority should be given to infrastructure that will assist councils to develop low-carbon economies, such as installation of electric car charging points or broadband.**

- **Restoring strategic planning powers to county authorities so that they can ensure that new housing developments are located close to potential employment or public transport, reducing the need to for vehicle emissions.**

Investing in sustainable infrastructure is also important to ensure that communities are properly protected when there are adverse weather events, which look set to get more likely as a result of climate change.

County authorities are on the front-line in responding to the consequences of the climate emergency, as shown by the growing impact of extreme weather events, such as the recent floods in Derbyshire.

The Conservative manifesto committed and extra £4bn for new flood defences and reform needs to be made to existing schemes to help them in their resilience role with other blue-light services.

- **Infrastructure investment needs to be assessed in such a way as to ensure that communities can get the infrastructure that they need to protect them from adverse weather events, and that infrastructure is future-proofed to take into account climate threats.**

- **A fair distribution of new flood defence investment, particularly for rural and remote areas.**

- **Bellwin payments are the main mechanism through which councils are reimbursed for additional expenditure when there is an adverse weather event. Given the increased likelihood of these sorts of events, the government should work with council to review the scheme to ensure that it is working as well as it could.**

Waste & Recycling

Improving recycling rates and ensuring our waste and recycling system is sustainable is a key way councils can help tackle climate change.

The Conservative manifesto manifesto committed to continuing the previous Government's reforms to recycling and reduce plastic waste. In order to deliver this, and faced wider financial pressures, councils need to reform services and establish new ways to raise income.

More effective collaboration between county and district functions would improve services in two-tier areas. The wide range of contractual arrangements and collection practices have a tendency to frustrate attempts to make the process of waste management as efficient and effective as possible.

Greater collaboration would include consolidating contracts across some or all district areas to run as a single operation integrated with waste disposal, while further powers to raise income would help sustain and improve the availability of disposable and recycling centres.

- **Incentivise and encourage greater collaboration and consolidation of waste contracts into single waste strategies to improve joint-working and increase financial efficiencies.**

- **Review discretionary charging powers of upper-tier councils for waste and recycling services, including freedoms over fees and charges.**

CCN

COUNTY COUNCILS NETWORK

Founded in 1997, the County Councils Network is the voice of England's counties. A cross-party organisation, CCN develops policy, commissions research, and presents evidence-based solutions nationally on behalf of the largest grouping of local authorities in England.

In total, the 26 county councils and 10 unitary councils that make up the CCN represent 26 million residents, account for 41% of England's GVA, and deliver high-quality services that matter the most to local communities

The network is a cross party organisation, expressing the views of member councils to the government and within the Local Government Association.

General Enquiries:
countycouncilsnetwork@local.gov.uk
020 7664 3011

The County Councils Network Office
5th Floor, Local Government House,
Smith Square,
London, SW1P 3HZ

Follow CCN on social media:

@CCNOffice

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