

Keeping in Touch

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Contents

1. [Message from Rose Poulter](#)
2. [Implications of the Budget and the “Plan for Growth” on Planning](#)
3. [Review of Local Government Legal Duties](#)
4. [Local Government Resource Review](#)
5. [Hutton Review of Fair Pay in the Public Sector](#)
6. [Department of Business Innovation and Skills Update](#)
7. [More Council Grants Merged](#)
8. [Local Productivity Programme](#)
9. [ERDF Funding for Infrastructure: Open Call on R & D or Enterprise](#)
10. [GHK Workshops – Demonstrating Value](#)
11. [West Midlands Regional Homelessness Group](#)
12. [And Finally.....Statues](#)

1. Message from Rose Poulter

In the last edition of Keeping In Touch we highlighted recent Ministerial statements on growth all of which suggested that the Budget on 23 March would feature a strong growth strand – and we were not disappointed, the Chancellor introduced the Budget as being “about reforming the nation’s economy, so that we have enduring growth and jobs in the future.”

The West Midlands even got its own special mention from the Chancellor - “consider this staggering truth – during the boom years before the bust, private sector employment actually fell in a region as important as the West Midlands.” In recognition of our less than buoyant economy, the West Midlands is to benefit from two Enterprise Zones – Black Country and Birmingham/Solihull.

In this edition we don’t focus on the Budget show stealer of the price of petrol or even the fact that £21.7m is to go to local authorities in the West Midlands to help fill in the potholes created by this winter’s bad weather. No, this time we focus on the slightly less

profiled but still very significant – the changes to the planning system, that were featured across the Budget, and Plan for Growth.

You may recall in edition 7 of Keeping In Touch we urged you to “*hug a planner - they need your love.*” There has never been a better time to give them a hug, they are at the centre of some very significant changes that will impact right the way across local government. In essence Government wants to make the planning system more pro growth and will work quickly to introduce change. As Eric Pickles MP states "We are unblocking the complex, costly planning system, regenerating redundant sites and putting the brakes on the years of Whitehall micro-management that has tied business up in red tape, slowing and stifling growth."

Certainly an excellent ambition, and we urge all local authorities to get under the skin of this one and really understand what being more pro growth means in the world of planning and Localism.

Beyond the world of local government as you would expect views are mixed on this one; characterised by an upbeat John Cridland, CBI Director-General “The Chancellor is right to make the link between an effective planning regime and economic growth. This sends the right signals to attract the £200bn needed for the UK’s national infrastructure upgrade.” On the other hand Neil Sinden, director of policy at the Campaign to Protect Rural England, is more pessimistic - "The planning measures present a potentially devastating threat to the countryside and are unlikely to boost long-term economic growth." With the RTPI taking a very gloomy position - Richard Summers, President of the Royal Town Planning Institute (RTPI), “If the sweeping changes announced to the planning system result in the default position being ‘yes’ to development then there is real danger that within a decade we will end up with an England of tin sheds, Lego land housing and US style shopping malls”.

Below we highlight some of the proposed changes to the planning regime. Within the next few weeks we will be running a seminar for elected members on the new planning system and the way local authorities might conduct their planning activities in the future.

However this isn’t a single item edition so if you are not persuaded to hug a planner please fast forward to item 3!

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2. **Implications of the Budget and the “Plan for Growth” on Planning**

“It’s planning, Jim but not as we know it”

While the Budget includes some important pointers for the future of planning, the scene is properly set in the accompanying document the *Plan for Growth*. This sets out a number of “Measurable Benchmarks” for Government under the four “Ambitions” of:

- Creating the most competitive tax system in the G20
- Making the UK one of the best places in Europe to start, finance and grow a business
- Encouraging investment and exports as a route to a more balanced economy
- Creating a more educated workforce that is the most flexible in Europe

All of these will have impacts on councils and places in the West Midlands, however, it is worth highlighting a few of the benchmarks that might be of particular interest to councils and that are likely to be overlooked in the mainstream press:-

- Increase in the proportion of planning applications approved and dealt with on time
- Increase private sector employment, especially in regions outside London and the South East
- An increase in the participation of 16-24 year olds in employment or learning
- Narrowing the educational attainment gap, allowing everyone to meet their full potential

The Growth Review measures under these benchmarks are where the Plan for Growth starts to get interesting.

In the build up to the budget the planning system, councils and planners were painted as part of a coalition of “enemies of enterprise”; so big changes were not unexpected. Similarly, the Government’s drive for growth and the potential tension for conflict or at least tension with the desire for greater local determination was also foreseen. How this plays out on the ground in real places will only become clearer as the necessary statements, regulations and statutes come into force.

Sustainable Development

The changes to planning are potentially profound, putting the economy and growth “with immediate effect” firmly at the top of the agenda. Development plans are to be pro-growth with Government introducing a “new presumption in favour of sustainable development ... except where this would compromise key sustainability principles set out in national policy”.

Clearly, how Government defines sustainable development in a way that would provide an understandable test is of critical importance, and hopefully one that is consistent between the definition and the principles suggested above; usefully, a draft “presumption is expected in May.

Another aspect that will be of critical importance, is how the “soundness” of the plans is tested for being “pro-growth” as it wends its way through the system. Mind you, there won’t be much time for wending - if local authorities don’t have an up-to-date plan then they will be expected to allow applications for “development and job creation, for example for disused commercial premises on Ministry of Defence sites”.

The economic viability of developments is a key concern for the Government, with exhortations for councils to be “mindful of the cumulative costs of their policies” and to revisit existing planning obligation agreements to get “stalled” developments off the ground. More firmly, there is a legal requirement for Community Infrastructure Levy schemes to “assess the economic viability of the rates they set”.

Neighbourhood Plans

A bigger surprise is that businesses will be able to “bring forward neighbourhood plans and development orders”. Generally the *Plan for Growth* says of Neighbourhood Plans that they will be “able to shape development, but not block it”. Using new neighbourhood development orders a business or community-led plan could allow certain developments without the need to apply for specific permission.

Industrial estates and town centres are given as examples of business-led planning and implementation frameworks. Elsewhere in the *Plan for Growth* there is an indication that “unnecessary barriers to innovation and diversification in retail” are being considered. All of which is likely to have implications for councils’ town centre and retail policies.

With regulation generally seen as a bad thing, it is probably also no surprise that there will be a general review of the development that can happen without the need for planning permission and more specifically that certain minor commercial development will be exempted from planning permission nationally.

Land Auctions

As trailed before the Budget, a land auction model that would see councils “auctioning planning permission on parcels of land” in order “to capture a greater share of land value uplift” will be piloted. This has potential to increase the council’s stake in development and growth but some commentators have already expressed concerns about potential conflicts of interest and probity.

Speeding up Planning

Speeding up house building is another matter of great importance to the Government, having committed to better rates of new build than under the regionalised system. As part of this the Government will consult on allowing offices, industrial buildings and warehousing to be converted to housing without planning permission. At the same time, Government is committed to “accelerating the release of public sector land to encourage new homes and jobs”. The Homes and Communities Agency will announce a tranche of sites and publish a comprehensive strategy in May and Whitehall departments will in future also publish programmes to release land - this is likely to have implications for those parts of the West Midlands with surplus MoD land and AWM assets.

As for the homes themselves, in a further move to increase economic viability Government will be reducing the energy efficiency standards of new development by altering the way in which “zero carbon” development is defined.

Speeding things-up is a constant theme and Government is guaranteeing that planning decisions will be reached, including on any appeal, within a year - as part of this they will consider setting standards for councils “if it is clear that they are failing to do so”.

This 12 month time period also holds good for major energy, transport, hazardous waste and water inquiries that will be dealt with by the Planning Inspectorate’s Major Infrastructure Planning Unit. Also of note, is the intention to publish a long-term view of projects and programmes as part of this autumn’s National Infrastructure Plan.

By way of an aside on the matter of more mundane, non-hazardous waste, councils will note that landfill tax will be increasing the standard rate by £8 in 2012 to £64.per tonne as announced in the 2010 budget.

While not necessarily major infrastructure, of interest here is the *Plan for Growth’s* statement that the principle of the presumption in favour of sustainable development will be applied to “superfast broadband deployment as it applies to wayleaves, overhead deployment of infrastructure and rights of access to multi-dwelling units”. While access to superfast broadband will undoubtedly be a boon, there will be concerns about the ability to control or mitigate impacts.

Local Plus +

A recurring strand of the debate on the Localism Bill has been how to ensure “greater than local” issues are effectively considered and addressed by local development frameworks. Debate has focused on the nature of a putative duty to co-operate between local authorities. The *Plan for Growth* gives some pointers in this direction, stating that local authorities will be “required to engage in ongoing constructive and active engagement with neighbouring authorities” on plan making and strategic infrastructure, with a requirement to demonstrate that they have “planned for key sub-national infrastructure”.

Although, not giving any formal role to the Local Enterprise Partnerships, they have indicated that they could have roles in leading “strategic plans that identify and align strategic economic priorities and guide infrastructure delivery, producing evidence and technical assessments and facilitating decision-making on complex applications”.

All this amounts to a dramatic shift in the nature of planning. As suggested in the last newsletter, it appears that there will be tensions between local decision-making and a very permissive national policy framework starting with the presumption that development should be allowed.

Certain proposals are still to be trialled or consulted on. Councils will want to be reassured

	<p>on probity issues arising from land auctions, and there will need to be some contemplation about the potential drawbacks of losing key employment land to housing and the potential impact that might have on access to transport and social facilities.</p> <p>Other changes are more certain. Increasing the emphasis on development viability and starting from a presumption of development might weaken the negotiating position of councils. There are many areas where there may or may not be significant implications. Moves to allow innovation in retail may strengthen councils' town-centres and retail policy, or may encourage out of town development. The devil, as always, is in the detail.</p> <p>Clearly, there is much to chew on if councils are to get the best out of the system and not get indigestion. If you didn't give a planner a hug before, I think you might need to this time, but wait until they've stopped chewing.</p>
<p>3.</p>	<p>Review of Local Government Legal Duties</p> <p>The bonfire of the duties</p> <p>As part of Government's decentralisation agenda, Minister Greg Clark announced "the first ever central review" of councils' statutory duties. The purpose of the Review is to assess the "cumulative burden" of all the legal duties placed on local government and decide "if they remain relevant to serving the public".</p> <p>Starting off with a list of over 1,200 duties mainly from primary legislation, Greg Clark is asking councils to identify which responsibilities are burdens which could be repealed.</p> <p>Bringing to mind the Lifting the Burdens work led by the former Telford & Wrekin Chief Executive, Michael Frater for the previous Government, this new review promises to be more comprehensive and potentially a more influential piece of work.</p> <p>Recognising that the list is not exhaustive, Government is asking for views on these 1,200 or any other duties by 25th April 2011.</p> <p>http://www.communities.gov.uk/localgovernment/decentralisation/tacklingburdens/reviewstatutoryduties/</p>
<p>4.</p>	<p>Local Government Resource Review</p> <p>It was three years ago, almost to the day that West Midlands old boy Sir Michael Lyons unveiled his findings on local government finance. The then Government fought shy of implementing many of his recommendations which he considered to be a mosaic for incremental reform.</p> <p>The current Government have no such qualms about system reform. Whereas the Lyons Review literally took years, the first phases of the review that Eric Pickles MP formally</p>

announced last week will report by July 2011. On his track record, it's also a fair bet that if its findings find favour they will be implemented more quickly and more comprehensively than Lyons could have dreamed of.

The Review will “consider how we can recast the distribution of business rates and Formula Grant to deliver a more effective income stream for councils” freeing councils from “dependency on central government”, increasing accountability and developing incentives for councils to promote and benefit from economic growth.

A key part of the Review will cover changes to business rates, focusing on optimising incentives to promote growth through retaining business rates while ensuring that all authorities have adequate resources to cover their needs.

Other elements highlighted by Eric Pickles MP include: how to fund councils where locally raised funding would be insufficient to meet budgetary requirements and control council tax levels; increase transparency in the localisation and equalisation process; what happens where business rates yield more than current spending; and implications for Tax Increment Financing and other Government incentives such as the New Homes Bonus as well as the Welfare Reform Bill changes that will localise Council Tax Benefit.

Eric Pickles MP has also made it clear that businesses “should not be subject to locally imposed increases in the burden of taxation that they do not support”.

The second phase of the Review, focusing on community budgets, will kick off in April 2011.

<http://www.communities.gov.uk/documents/newsroom/word/1866550.doc>

5. **Hutton Review of Fair Pay in the Public Sector**

Commissioned by the Treasury, Will Hutton published his final report into public sector pay last week. In a week of natural disasters and war the report managed to secure little in the media beyond the notion of claw-back for Chief Executives not achieving their targets. Needless to say, there is quite a bit more in the full report.

Hutton sets out a context which sees the public sympathetic to frontline staff but hostile to the managers responsible and accountable for their deployment and “even more hostile to their pay”.

This, he suggests is partly due to the “remarkable growth of the earnings of the top 1% .. particularly over the last ten (years). Interestingly, one poll showed that 25% of respondents thought that chief executives in the public sector earned more than in the private sector; whereas “executives in private sector companies are consistently paid more, even where public sector executives are responsible for very large organisations”. The Home Office permanent secretary, for example, earns £197,000 and is responsible for

£10bn worth of turnover - which would net the individual a salary of around £2.5m in the private sector.

He rejects using a simple pay multiple of median earnings in the organisation for setting top public sector pay. Instead, he proposes increasing the transparency of executive pay by requiring all public service organisations to publish their top to median pay multiple every year from 2011-12. Alongside this, they should publish the precise details of remuneration and responsibilities, and pay reflects performance.

The report finds that the pay of non-departmental public body chief executives has become “detached from the responsibilities of their roles” and calls for a review of their salaries.

Hutton also rejects the use of “arbitrary benchmarks” such as the Prime Minister’s or other politicians pay. Notwithstanding the inappropriateness of this, Hutton points out that David Cameron is entitled to £198,000 (he has chosen to draw only £150,000) but moreover the homes and other costs that are covered as part of the post, are equivalent to around £580,000.

However, to encourage high performance there is a recommendation that part of senior public servants salary should be held back subject to meeting pre-agreed objectives, while “excellent performers should be eligible for additional pay”. This could be extended, on an opt-in basis, to middle managers.

Other recommendations include looking at ways of spreading the benefits of increased productivity to other staff, investigating how future generations of public service leaders can be fostered.

More widely, Hutton proposes embedding fairness principles and processes into a Fair Pay Code which should be applied by all Government departments to all bodies and sectors in which they have an interest and that Government should require all listed companies to publish pay multiples of their top earners compared to the median pay from January 2012 onwards.

http://cdn.hm-treasury.gov.uk/hutton_fairpay_review.pdf

6. Department of Business Innovation and Skills Update

Good News for manufacturing

With around 22% of the West Midlands economy dependent on manufacturing the announcement that the Government’s first Technology Innovation Centre (TIC) will be High Value Manufacturing is welcome news; even more so is that this will benefit the Coventry Manufacturing Technology Centre and Warwick University’s Warwick Manufacturing Group in the West Midlands as part of a network alongside others centres

	<p>of excellence in Rotherham, Glasgow, Bristol and on Teeside.</p> <p>Sharing £200m over the next four years the TIC is intended to provide an “integrated capability to embrace all forms of manufacturing using metals and composites, in addition to process manufacturing technologies and bio-processing”.</p> <p>Nonetheless, it will be a challenge for the businesses in the West Midlands to maximise the benefit from the TIC as, despite the strong presence of manufacturing in the economy, the high value added element is not strongly represented.</p> <p>In this vein, there was further good news for the West Midlands with Government also announcing an additional £7m for the Manufacturing Advisory Service to focus on supply chain development in addition to MAS’s core funding of £50m for the next three years.</p> <p>http://www.innovateuk.org/deliveringinnovation/technology-and-innovation-centres.ashx</p>
7.	<p>More Council Grants Merged</p> <p>The number of local government ring-fenced grants has been cut even further, after ministers announced seven specific grants worth £271m are to be rolled into a new single funding stream.</p> <p>The seven grants, including the £96m Transition Grant, the Neighbourhood Management Pathfinder and Community Safety Grant, are to be merged into the new Local Services Support Grant (LSSG).</p>
8.	<p>Local Productivity Programme</p> <p>Phase Two of the Local Productivity Programme has recently been approved by the LGA’s Improvement Board and the shape of the Programme reflects the challenge of needing to “move beyond simply capturing the best practice of the present – to tackling the obstacles and solving problems which can offer a step change in productivity for the future” (quote from Cllr David Parsons).</p> <p>The 3 ‘big win’ areas of the Programme are:</p> <ul style="list-style-type: none"> • Procurement Capital and Assets – support to all councils to mainstream the successful work of the capital and asset pathfinders and to further develop the creative and productive use of existing assets and buildings • Children, Adults and Families – explore ways to take cost out of the system in the ‘big spend’ areas, such as adult social care and children’s services • Future Ways of Working – potential future role of local authorities and enhanced productivity by working in entirely different ways

	<p>For more information about the programme contact: productivity@local.gov.uk or visit the website: www.local.gov.uk/local-productivity.</p>
<p>9.</p>	<p>ERDF Funding for Infrastructure: Open Call on R&D or Enterprise</p> <p>ERDF Programme 2007 – 2013 Launch of Open Call for Outline Proposals:</p> <p>Priority 1 – Promoting Innovation and Research & Development Priority 2 – Stimulating Enterprise Development</p> <p>An Open Call has recently been launched for Outline Proposals under the West Midlands European Regional Development Fund (ERDF) Programme 2007 to 2013.</p> <p>The Open Call is in relation to Priority 1 - Promoting Innovation and Research & Development, and Priority 2 – Stimulating Enterprise Development and has been agreed in partnership via Priority Working Groups 1 and 2. Outline Proposals are invited from interested organisations.</p> <p>Please note prospective applicants under this call are invited to attend a surgery session on 14th April or 19th May to discuss their bid. Details of how to book a slot are available on AWM's website.</p> <p>The closing date for Outline Proposals for this call is 12 noon on Friday 24th June 2011.</p> <p>Details of the Open Call are now available to view on the ERDF section of the AWM website. For more information contact the ERDF team at erdf@advantagewm.co.uk</p>
<p>10.</p>	<p>GHK Workshops – 18th and 24th May 2011, 09:30 – 12:00, BVSC</p> <p>Demonstrating value in tough times: training workshops in evaluation and economic analysis</p> <p>GHK, based on work they have done on assessing the impact and value of publicly funded schemes / projects are running two workshops; An Introduction to Evaluation and An Introduction to Economic Analysis. An Introduction to Evaluation will cover all steps in the evaluation process, addressing common pitfalls and challenges and how to gather evidence on a limited budget. An Introduction to Economic Analysis covers all the main types of analysis used to show value for money, with a particular focus on Social Return on Investment / Cost-Benefit Analysis.</p> <p>The workshops have a practical focus, are informal and will help organisations to demonstrate the value of their efforts.</p> <p>For further information or to register please email: helen.wooldridge@ghkint.com or telephone: 0121 233 8900.</p>

<p>11.</p>	<p>West Midlands Regional Homelessness Group</p> <p>(Formerly referred to as the Regional Homelessness Strategy Implementation Group)</p> <p>The Homelessness Group consists of a wide membership of partners from across the West Midlands including Local Authorities, housing and support providers and other key agencies such as DWP.</p> <p>The group has a key role to play in collecting and analysing trends in homelessness and in promoting sharing of best practice across the West Midlands and is currently working on identifying the financial benefits of homelessness prevention and attempting to develop an accurate picture of how changes in benefits and Supporting People programmes are affecting homelessness.</p> <p>If you have any comments or observations to make regarding the potential impact of changes to Supporting People budgets and investment on homelessness, particularly how changes to Supporting people investments are impacting on people at risk of homelessness please email: paul@mwbcconsultancy.co.uk. The group are also interested to know if any work on strategic tenancy strategies has begun yet.</p> <p>If you want to know more about the group and any of the projects it is working on then visit the website www.wmrhf.org.uk or contact paul@mwbcconsultancy.co.uk.</p> <p>You can find examples of good practice around homelessness on the West Midlands Regional Homelessness website: http://www.wmrhf.org.uk/index.asp?ID=218</p>
<p>12.</p>	<p>And Finally.....Statues</p> <p>Any embarrassing bodies outside your Council house?</p> <p>Maverick Television an independent television company behind shows such as Embarrassing Bodies, How To Look Good Naked and 10 Years Younger are currently considering developing a social history programme that would look at statues as a way into local stories. They are currently investigating whether there are lists available of all the statues within each region of the country.</p> <p>If you are able to assist please contact Jemma Saunders at: j.saunders@mavericktv.co.uk Tel: 0121 224 8383</p>