

### Introduction

1. The County Councils Network (CCN) represents 37 English local councils that serve counties. CCN membership includes both upper tier and unitary councils who together serve over 25 million people across 86% of England. CCN develops policy, shares best practice and makes representations to government on behalf of this significant proportion of the country. CCN is a member-led organisation which works on all party basis and seeks to make representations which can be supported by all member councils. CCN welcomes the opportunity to respond to the consultation, and would also direct the National Infrastructure Commission (the Commission) to the responses submitted by our individual member authorities.
2. CCN councils account for 41% of England's GVA, a combined output of £527bn. Reflecting this county areas are also the nation's most significant contributors to the Treasury. County economies represent a very healthy mix of occupations – they have above average levels of skilled trades, managers and senior officials and private sector employment. Additionally the largest proportion of active enterprises in the country can be found in counties, the total number of which currently amounting to well over a million. To ensure that these opportunities are maximised we argue that the National Infrastructure Commission (the Commission) and government must work with county areas, alongside cities, to develop national infrastructure strategy and secure investment.
3. Within this submission CCN express our disappointment that the work of the Commission, leading into the 2016 Budget, will focus on London and big city regions. We set out a number of recommendations which would give a broader basis for the work of the Commission, to ensure that vital economic opportunities presented by county areas play a key role in national strategy.

### The remit of the Commission – investing in counties and cities

4. Ensuring the right strategic infrastructure is in place will be key to the future economic health and competitiveness of the country. CCN therefore welcome the formation of the independent National Infrastructure Commission (the Commission) as a permanent statutory body. Government has an important role, working with local areas, to prioritise nationally important schemes, make capital available, encourage private and international investment and enable areas to raise investment in innovative ways.
5. The overarching role of the Commission is described as carrying out 'independent and unbiased assessments of the UK's long-term infrastructure needs ... to give clear strategic direction to industry and government and provide a firm basis for planning and investment.' The Chancellor has asked that the Commission undertake this role through five yearly National Infrastructure Assessments (NIA). In support of the first NIA the Chancellor has asked the Commission to propose some initial schemes for in-depth analysis in early 2016.
6. CCN welcome the introduction of NIAs, as they should ensure greater certainty for private investors, and provide greater assurance to local authorities and the development industry that

growth is deliverable in a sustainable manner, supported by existing and planned infrastructure. **We strongly suggest that the Commission thoroughly engage with the robust and evidence based priorities of counties in drawing up their NIA, and in making initial proposals for in-depth analysis in early 2016. CCN would be happy to facilitate and support such engagement.**

7. Additionally the Chancellor has written to Lord Adonis, Interim Chairman of the Commission, explaining that the Commission should concentrate its initial focus on three key areas; northern connectivity, London's transport infrastructure, and energy. As these are considered by central government to be the most pressing for the national economy, and these initial investigations will influence the 2016 budget. The Chancellor has issued the Commission detailed terms of reference for these first three projects.
8. CCN would like to express their disappointment that the work of the Commission has been so limited in the scope of its initial investigations, which will inform investment and priorities of the 2016 Budget. These initial inquiries focus entirely on London and the northern cities, without any regard to the rest of the country, except through references to 'commuter hinterland'.
9. We suggest that limiting the scope of these inquiries in such a way is not in the best interests of unbiased assessment of the UK's long-term infrastructure needs. We argue that strategic infrastructure investment is as pressing in county areas as it is city areas, that cities and counties function together, and that county regions represent substantial economic opportunities which must not be overlooked. These points are explained in further detail through this submission.
10. To address these points **we strongly recommend that the Commission takes a comprehensive, country-wide approach in making recommendations through its initial investigations, to inform the 2016 Budget. We urge the Commission to carefully consider the evidence put forward by CCN members to these initial inquiries, and broader evidence established through Strategic Economic Plans and other mediums to help inform this.**
11. **We also suggest that the Commission commit now to undertaking specific detailed inquiries into investment in county infrastructure as part of its next tranche of analysis and recommendations.**

### **Achieving our shared devolution goals**

12. CCN share government's goals to devolve functions and financial freedoms, to bring decisions closer to the people and business they affect and to stimulate economic growth. To support this we must ensure that the Commission takes a localist approach and does not inadvertently centralise powers and decisions. Equally we must ensure that the work of the Commission and of government considers the economic opportunities in all areas and does not disenfranchise swathes of the country.
13. We note that government consider regional transport partnerships / Sub-National Transport Bodies to be an important stakeholder in the work of the Commission. We believe that in principle this is supportive of the devolution agenda. For example we are pleased to note that in its inquiry into infrastructure in the north the Commission will work closely with Transport for the North (TfN) to establish and evaluate options for investment.

14. We are also pleased that Sub-national Transport Bodies will involve joint decision making between the local elected representatives and businesses, the Department for Transport, Highways England and National Rail. These factors represent meaningful devolution and public service reform, which we hope will evolve over time.
15. To ensure that the best value is derived from these approaches **we strongly suggest that where counties wish to be a part of regional transport partnerships / Sub-national Transport Bodies they are encouraged to do so, and that government publically commits to promoting and listening to the important voice of counties alongside cities within these arrangements.**
16. In summer 2015 the Chancellor stated that TfN would be underpinned by 'devolving far reaching powers over transport to the North's Mayor-led city regions to deliver fully integrated public transport systems'. We must evolve this approach and ensure that the important economic and logistical hubs represented by counties are equally empowered, and able to contribute to regional growth. **We strongly suggest that transport and growth powers and budgets are devolved to counties where there are rigorous and appropriate governance measures in place and without a pre-requisite for metro mayors.**
17. In this context we are pleased that there has been a broadening of the membership of the TfN Partnership Board in recently months, beyond a city region focus to involve more county partners in the area. We would expect to see the role and voice of counties in such arrangements to growth over time, and would expect the Commission to fully consider the views of counties in its engagement with Sub-national Transport Bodies and individual areas.
18. **Where formal regional transport partnerships / Sub-national Transport Bodies are not in place, we still suggest that the Commission strive to engage groupings of local areas to help establish and appraise investment options put forward to government. CCN would be happy to facilitate such an approach.**

### **Counties role in sub-national transport and infrastructure governance**

19. Counties are ready to take a lead role in driving sub-national transport and infrastructure, with local, national and international partners. Beyond the TfN example above counties have also been heavily involved with their city partners in the creation of Midlands Connect. This initiative has been promoted by Ministers and the Chancellor as a vital aspect of the 'Midlands Engine' for growth. We believe that Midlands Connect will play a key role in the infrastructure, transport and growth of the area, and would expect the Commission to engage with the board, in the same way they will engage with TfN.
20. Elsewhere in the country counties have come together to found England's Economic Heartland partnership. It is intended that this partnership will drive innovation in the area, as well as effective transport and infrastructure strategy. Forums such as this would be the logical point of contact for the Commission going forward, and help ensure that infrastructure opportunities from all parts of the country are considered.
21. In response to the national infrastructure, Sub-national Transport Body and devolution agendas more groupings of counties, counties and cities, or large county areas may begin to formalise sub-national transport arrangements. We must ensure that a one size fits all approach is avoided and that all areas have the chance to take on powers and influence national strategy.

### **The importance of county economies**

22. To give a sense of scale, counties cover 86% of the landmass of England, they represent 47% of the country's population and are responsible for 70% of maintained roads. The combined population of counties now stands at 25.5m, and has grown 2.6% between 2010 and 2014, compared to 2.5% in metropolitan boroughs. It is estimated there are 10.6m households in CCN member councils, which is projected to rise 18% to 12.8m by 2037.
23. Using the latest data (2013) the economies of the areas served by the 37 CCN councils accounted for 41% of England's GVA, up 1% from the previous year, with a combined GVA of £527bn. This is strong performance compared to other areas of England. Further analysis of GVA growth since the recession shows that outside of London counties have seen the largest growth - 36% of GVA growth compared to 13% in the Core Cities. Equally county areas are the nation's most significant contributors to the Treasury. The latest breakdown of income tax receipts show that county populations contributed £66.4bn, which is 49% of all income tax in England and contributed 41% of all residential stamp duty.
24. County economies represent a very healthy mix of occupations – they have the highest levels of skilled trades in the country, above average levels of managers and senior officials and are only behind London for levels of technical jobs. Outside of London CCN members also have the highest levels of private sector jobs, and in counties the proportion of private to public sector jobs is steadily growing over time.
25. Additionally the largest proportion of active enterprises in the country can be found in counties, the total number of which currently amounting to well over a million. Outside of London counties hold by far the largest number of businesses created per 10,000 of population. There are countless FTSE 100 company headquarters based in county areas, to name a handful BAE Systems in Hampshire, National Grid in Warwickshire, Next in Leicestershire and Experian in Nottinghamshire.<sup>1</sup> Underlining this the Independent Commission for Non-metropolitan England stated 'Internationally mobile firms overwhelmingly choose non-metropolitan areas, not conurbations, as their base if they don't choose London'.
26. We argue that securing the national economy must take a broader view than simply connecting city regions together. Evidence is showing that county regions are growing faster than city regions and that the scale of business undertaken in counties is substantial. Equally evidence is showing that county areas are some of the most innovative<sup>2</sup> and that specialisation can be equally, if not more, successful outside of big city areas.<sup>3</sup> We must ensure that infrastructure links cities and counties across sub-national areas and that business and commuting links for counties are built into infrastructure plans.
27. Rural areas, the majority of which can be found in counties, are set to become ever more important to the national economy according to DEFRA. A report of late 2014 found a net migration from urban to rural areas in England, stating 'whilst in many OECD countries there has been a trend towards greater urbanisation, the UK has been experiencing net migration from urban to rural areas'. This strengthening of the rural economy is associated with innovation, knowledge-based industries and a strong entrepreneurial make up. DEFRA conclude 'if harnessed, these trends could help drive significant growth in productivity, employment and output ... for the UK economy' and 'could offset aging demographics ... in such areas'.<sup>4</sup>

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<sup>1</sup> The Independent Commission for Non-metropolitan England, Devolution to Non-metropolitan England : Seven steps to growth and prosperity, Final Report of the Non-metropolitan Commission, March 2015

<sup>2</sup> DEFRA, How increased connectivity is boosting economic prospects of rural areas, December 2014

<sup>3</sup> Respublica, The Missing Multipliers: Devolution to Britain's Key Cities, September 2014

<sup>4</sup> DEFRA, How increased connectivity is boosting economic prospects of rural areas, December 2014

28. Echoing these points the Independent Commission for Non-metropolitan England stated that 'non-metropolitan areas' high skills base positions them well for a world where trade is increasingly blurring the line between goods and services. They have an edge in knowledge intensive sectors, where getting people around the globe easily can be as important as moving goods ... Future transport investment decisions will be informed by local and global connectivity, including the role of regional airports in accessing global markets'.<sup>5</sup>
29. Many ports, freight routes, airports and logistical hubs sit within counties. These gateways to international markets must play a central role to infrastructure strategy and not just an afterthought as means of moving goods in and out of cities. Logistical hubs and routes present important economic opportunities in their vicinity, alongside their broader reach.
30. Alongside cities English counties have strong identities, commodities and brands which attract international attention. This is borne out by the number of FTSE 100 companies based in county areas, but has huge potential to continue to grow. Counties are iconic to British life and business; they represent the land and the mix of business and lifestyle opportunities which are attracting big business. They have the high value skills base and growing track record of innovation and specialisation to service start-up, growing and international business – we must ensure that physical and digital infrastructure keeps pace with this and helps the nation grow.

### **Capacity for improved productivity and growth**

31. Despite counties' strong and vibrant economies delivering growth, employment and taxes for UK Plc, productivity remains a long-term weakness. Figures for counties show that their average productivity is 91, compared to the UK 100 Index. This is considerably below the London average of 122, and also the Core Cities average of 94.
32. A key factor in addressing this productivity gap is the right strategic infrastructure interventions. With this in mind central government and the Commission should work with county areas to secure investment in infrastructure priorities and devolve growth, infrastructure and transport powers. CCN have calculated that if counties were enabled to raise their productivity to the national average, this could contribute an additional £100bn to the UK economy.

### **The ability of local areas to invest in infrastructure**

33. Alongside the devolution of transport, infrastructure and growth powers and budgets mentioned earlier in this submission CCN strongly suggest that national and sub-national growth will be maximised by equipping all areas with the fiscal tools they need to invest in infrastructure.
34. Greater London, and now Greater Manchester are able to raise a region wide CIL to fund strategic infrastructure projects. Equally the Chancellor has proposed that those areas with a metro mayor are able to increase Business Rates. CCN strongly argue that such powers must be extended beyond big cities, and must not be arbitrarily connected to the mayoral model of governance. **We strongly suggest that county areas are equipped with a full suite of fiscal freedoms, so that their businesses and residents are able to decide what measures are put in place to invest in strategic infrastructure projects.**

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<sup>5</sup> The Independent Commission for Non-metropolitan England, Devolution to Non-metropolitan England : Seven steps to growth and prosperity, Final Report of the Non-metropolitan Commission, March 2015