

Work Programme and Policy Direction

Purpose

For discussion and direction.

Summary

This report sets out the national context for the Board's work; updates members on current projects and invites comments on the future direction of devolution policy for non-metropolitan England.

Recommendation

That the People and Places Board comment on and agree the proposed workstreams at paragraphs 13, 17 and 21.

Action

Officers to proceed as directed by members.

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Work Programme and Policy Direction

Background

1. During the 2016/17 Board cycle, members led the development of a comprehensive programme of activity encompassing devolution in England, skills and employment support, trade and investment, and digital connectivity. The Board accepted a commission from the Leadership Board to start a debate on the constitutional position of local government during and after Brexit. The Board also oversaw the first and second phases of the Leading Places programme, supporting the development of more effective local relationships between local government and universities.
2. The Board's work took place during a time of significant political change. The first meeting took place shortly after the EU referendum, and the final meeting was held in the wake of a lengthy purdah period due to local government and the first combined authority mayoral elections and a general election. The resultant changes in the national policy context have not only affected the direction of existing policy work, but also Government's capacity to engage in significant policy development and legislative activity. While the full implications of these changes have yet to emerge, it seems clear that they are likely to have an impact on the Board's lobbying priorities.
3. Given the cumulative effect of these changes, it is proposed that members use this first Board meeting to take stock of the progress and position of non-metropolitan devolution and have a free and open debate on how the Board should focus its activity in the coming year, particularly within the context of Brexit and the upcoming Industrial Strategy. This paper suggests a work programme that addresses the following:
 - 3.1. A need, given the changing national policy context, to develop a refreshed case for devolution to non-metropolitan areas as part of local government's wider role in shaping and supporting post-Brexit Britain.
 - 3.2. The steer from the Board at the end of the last cycle to concentrate on a department-by-department approach to devolution in the short term.
 - 3.3. A need to bring new partners on board in our campaigning work.
4. Members will also be aware that issues relevant to non-metropolitan authorities cut across many areas of the LGA's work, but not are within the direct scope of this Board's activities. At the time of writing most Boards had yet to meet, but key topics include:
 - 4.1. Fairer Funding review – Resources Board.
 - 4.2. Housing policy, including implementing the Housing White Paper – Environment, Economy, , Housing and Transport (EEHT) Board.
 - 4.3. Overall Brexit policy – cross-party task and finish group with input from all Boards as required.
 - 4.4. Overall response to the Industrial Strategy, growth policy – EEHT with input from the People and Places and City Regions Boards.
 - 4.5. Grenfell Tower response – cross-party task and finish group with input from the EEHT and Safer Stronger Communities Boards and Fire Services Management Committee.
 - 4.6. Education – Children and Young People Board.
 - 4.7. Health, including Sustainability and Transformation Plans – Community Wellbeing Board.

Members are encouraged to feed in non-metropolitan perspectives to these discussions through their political groups.

The current devolution context

5. It is now two years since the then Government invited devolution submissions from areas across the UK and a year and half since the Cities and Local Government Devolution Act 2016 passed into law. In that time devolution deals have been signed with 12 areas, of which 9 have progressed to implementation. Mayors were elected in 6 combined authorities in May 2017, but thus far the government has been reluctant to support proposals for devolution in areas that have not agreed to this form of devolved governance.
6. A number of areas continue to negotiate with Government with the intention of securing a devolution deal and setting up a combined authority, while others have looked to the upcoming Industrial Strategy white paper as an alternative framework for greater local empowerment. The LGA continues to provide improvement support to all areas interested in devolution, including those who have secured deals.
7. The Board has been at the forefront of the debate on devolution. As the initial deals with city regions were signed, the Board commissioned the Sir John Peace-led Independent Commission on Economic Growth and the Future of Public Services in Non-Metropolitan England to make the case for non-metropolitan areas.
8. We have consistently worked with councils to help them make progress and to articulate their offer, and made the case for a more flexible approach to governance. The Board has sought to influence Government policy at key points, such as the introduction of the Cities and Local Government Devolution Bill and announcements such as the Budget and Autumn Statement. The Board has also campaigned on specific elements such as skills and employment support.
9. The Conservative manifesto contained a commitment to consolidating the government's approach to devolution, providing clarity across England on what devolution means for different administrations so all authorities operate in a common framework. It also proposed to remove the requirement for non-metropolitan areas to agree to a mayor as part of devolution negotiations.
10. In recent weeks Ministers have become more vocal in their support for devolution, particularly within the Northern Powerhouse. A supplementary devolution deal with the West Midlands Combined Authority is also being publicly discussed, and a health devolution deal with Surrey has been announced. At the same time, some elements of devolution deals, namely health devolution to London and devolution of the Adult Education Budget to deal areas have stalled.

Next steps on devolution

11. Ministerial and civil servant capacity will be focused on Brexit in the coming months and years. While it is expected that members will want the LGA to continue to press for policy gains in the Board's priority areas, there is also the opportunity to use this time to consider the challenges and opportunities facing the UK and England once the UK has left the EU and in the run-up to the next general election. Within this, there is the opportunity to re-position non-metropolitan councils as a key component of a successful post-Brexit Britain and in turn win powers as part of a new 'English settlement'.
12. Many big issues facing the economy, including improving productivity and inclusive growth and closing the skills gap need to be addressed and may become more acute in the years immediately following Brexit. New challenges and opportunities, such as forging a wide range of trade and investment relationships to ensure the UK's global competitiveness, will develop. In the run-up to a future election, the Government will also be keen to demonstrate to voters that their lives have improved outside the EU. Local government has the skills and experience to be able to address these issues and provide local solutions to boost UK plc, if Government will free up the levers for us to do so. The ongoing Brexit negotiations could give a platform to lay the building blocks for delivering our devolution asks as part of the LGA's broader lobbying around Brexit. A summary of this work is included at Annex A.
13. Within this context, members might like to consider whether they would like to lead a new piece of work setting out the case for greater and appropriately funded powers and flexibilities for non-metropolitan areas in England outside the EU. This would be in line with the LGA's support for a 'differential devolution' process that supports those further ahead to continue to break new ground, while working to extend the benefits of devolution to all. The work might cover issues such as economic growth, public service outcomes, fiscal freedoms, democratic engagement and governance, and could draw on work undertaken by CCN and DCN as well as LGA and independent analysis.
14. The work could seek to influence Ministers, senior civil servants, business leaders/organisations, providers of public services and commentators.
15. The LGA is already in dialogue with a number of stakeholders, including among others:
 - 15.1. Ministers and senior civil servants in DCLG, BEIS, DExEU, DIT, DWP, DfE, DfT, HMT and DCMS.
 - 15.2. National bodies: Confederation for British Industry, Federation of Small Businesses, LEP Network, National Council for Voluntary Organisations, British Chambers of Commerce, Citizens Advice Bureau, Ofcom, Universities UK, Higher Education Funding Council for England.
 - 15.3. Parliamentarians: Select Committees and others. We continue to support the All-Party Parliamentary Group on Reform, Decentralisation and Devolution.
16. Members are invited to comment on this proposal, its audience and potential scope.

Progressing the Board's policy priorities

17. At the final Board meeting of the previous cycle, members were in favour of exploring a change of focus from the pursuit of an 'off the shelf' deal for local government to seeking progress in a number of specific policy areas. This enables us to pursue some policy gains with Whitehall departments in the short term that together help embed greater devolution, rather than negotiating at a strategic level with Government. As set out in the proposals above, there is also the opportunity to use the Brexit negotiations to take forward some of our key policy asks. The LGA continues to make the case for greater local influence over a wide range of services, most recently in the [Growing Places](#) campaign launched at LGA annual conference in July. Within the Board's remit, the following projects to enable greater departmental devolution are well advanced:

- 17.1. **Skills and employment support:** this Board has consistently made the case for the devolution of skills and employment support to councils and combined authorities. Our [Work Local campaign](#) was launched at annual conference and makes the case for local approaches to get more people of all ages into good quality work and training. Officers propose developing the campaign to expand on some of the key asks in Work Local in order to form alliances and influence upcoming Government decisions. This is discussed in more detail in item 5 on the Board's agenda.
- 17.2. **Trade and inward investment:** work to explore the role of local government was commissioned in the previous Board cycle. The research demonstrated the ability of local government to lead effectively in this domain, but set out clearly the over-complicated, top-down policy landscape that is holding back local leaders from doing more. A sub-national approach was discussed as one possible solution. Possible next steps for this work are discussed in item 6 on the Board's agenda.
- 17.3. **Digital connectivity:** the Board has helped establish local government as a credible and respected voice in the field of digital connectivity. It is proposed that over next year the Board capitalises on this success and adopts a more strategic approach to this topic: strengthening key relationships with national government and the communications regulator Ofcom; aligning our consumer advocacy campaigns with partners that share similar ambitions; maintaining our technical expertise and interest in broadband, but prioritising new thinking and stakeholder engagement activities to build capacity in relation to the provision of mobile infrastructure, where the role of local government is currently less influential and the opportunities to have a significant impact are more pronounced. If members agree, officers will prepare a paper for the Board's next meeting.
- 17.4. **Higher education:** through its oversight of the Leading Places project and related activity the Board has had some exposure to the growing interest at a national and local level in greater collaboration between local government and higher education institutions. In particular, it is expected that the forthcoming industrial strategy white paper will make recommendations regarding the role of universities in supporting innovation, infrastructure investment and contributing to leadership for local growth. As such, in addition to continuing to provide strategic oversight of existing projects, the Board may also wish to consider a more comprehensive process of engagement with national stakeholders in this field, such as Universities UK and explore the potential for further joint work. This should also seek to position local government

well in its ability to influence the £17.4 billion that the HE sector is able to invest in local places.

18. As with the devolution work programme we will seek to form strategic partnerships to support our lobbying work. More detail on this will be set out within the individual papers supporting each priority area.

Implications for Wales

19. Welsh local government has its own devolution journey. Following the decision of the Welsh Government to end its policy of reducing the number of councils through local government restructuring, councils in Wales have been asked to develop proposals for shared services. We are working with the WLGA to support its work with councils through sharing the learning from English councils and new combined authorities. We are also working closely with the WLGA on issues arising from Brexit where these apply.

Financial implications

20. It is expected that work programme activities should be able to be met from the current budget.

Next steps

21. Members are asked to:

21.1 Consider and comment on the overall balance of work, specifically:

- 21.1.1. To develop a refreshed case for devolution to non-metropolitan areas as part of local government's wider role in shaping and supporting post-Brexit Britain as described in paragraphs 12 to 16.
- 21.1.2. To continue to 'chip away' on a departmental basis and seek to win greater powers for local government against the board's priorities and support longer term ambitions for wider devolution set out in paragraph 17.
- 21.1.3. To continue to contribute to the wider work of the LGA's policy boards including the Industrial Strategy and Brexit as described in paragraph 4 and Annex A.

Annex A

Brexit

1. In December 2016, as part of the LGA's co-ordinated response to Britain's impending departure from the European Union, Leadership Board endorsed a programme of work across five areas:
 - 1.1. The future autonomy of local government;
 - 1.2. Securing investment that is currently sourced from the EU;
 - 1.3. Developing a new legal base for local government;
 - 1.4. Community cohesion; and
 - 1.5. Place-based impact.
2. As noted above, this Board and the City Regions Board were commissioned to start work on the first of these areas: the future autonomy of local government. Subsequently, both Boards oversaw the drafting of a set of principles that might strengthen the future position of local government and the development of a framework for engagement that sought to align the repatriation of EU law with our wider ambitions for devolution and public service reform.
3. The publication of the EU (Withdrawal) Bill has further strengthened the case for thinking along these lines and work has progressed over the summer to prepare the ground for further policy and public affairs activity in the autumn. Within this context, Jeremy Smith, the former chief executive of the European Local Government Association was commissioned to prepare a report that examined UK local government's existing rights in the EU's policy and legislative processes through membership of the European Committee of Regions.
4. A working draft of this report has now been completed which identifies the potential for a loss of rights for local government if an analogous process of formal consultation is not adopted by national government. This line of argument will be used to inform our public affairs activity relating to the passage of the EU (Withdrawal) Bill.¹
5. The LGA continues to pursue a targeted programme of work around leaving the EU. This includes:
 - 5.1. **Workforce** Councils play the leading role in bringing communities together and will be important in tackling challenges such as the retention of skilled workers. For example, 7 per cent of existing adult social care staff come from the continuing EU and 13 per cent of the construction workforce were born outside the UK. Securing a sustainable adult social care workforce and excellent care skills must be a priority.
 - 5.2. **Funding** LGA research found that local areas need €10.5 billion (£8.4 billion) of EU funding replaced as part of a locally-led successor to EU regional aid after Brexit. Since the EU referendum, we have repeatedly called for a government commitment

¹ For reference, the LGA's public affairs briefing on the Second Reading of the EU (Withdrawal) Bill - www.local.gov.uk/sites/default/files/documents/2017%2009%2007%20EU%20%28Withdrawal%29%20Bill%20-%20HC%20-%20Second%20Reading.pdf

to replace vital EU regeneration funding. In its manifesto, the Government pledged to create a UK Shared Prosperity Fund to replace the money local areas currently receive from the EU. Council leaders want to work with the Government to avoid defaulting to a silo approach and creating a like-for-like replacement of the current EU programme, which is often held up in bureaucracy and delay. Brexit provides an opportunity to give local areas greater say over how to target a new and simplified regional aid fund at local projects of benefit for local people and economies and best support infrastructure, environment, enterprise and social cohesion.

- 5.3. **Procurement** Councils currently have to follow EU-wide advertising and award procedures when they buy goods and services. The process sometimes sits uneasily with supporting the local economy. The EU process can also take between 3 and 18 months – twice as long as typical private sector procurement. Almost no public contracts end up being awarded to companies in other EU member states. Only 20 per cent of English councils receive expressions of interest from companies based in other EU countries. Across Europe, only 1.6 per cent of public contracts are awarded to companies in other member states. A lighter-touch system which simplifies this processes, and provides more flexibilities to promote local growth, is vital so that councils can procure to shorter timescales and lower high administration costs for businesses, especially small and medium-sized enterprises.

Annex B

LGA People and Places Board Forward Plan 2017/2018

Thursday 21 September

Item

Membership and Terms of Reference

Work Programme Paper

Work Local Campaign

Trade and Inward Investment

Tuesday 28 November

Item

The Industrial Strategy – a BEIS representative to be invited.

Tuesday 30 January

Item

Digital Connectivity – an Ofcom representative to be invited.

Thursday 22 March

Item

Higher education, skills and employment – a representative from the Office for Students to be invited.

Tuesday 12 June

Item

Non-metropolitan devolution