

Item 1

The Private Sector role in job creation, local growth and local enterprise partnerships

Purpose of report

To provide members with briefing ahead of the discussion with Nick Sharman (from the company A4E, an employment support provider) who chairs the CBI's local government panel.

Summary

The Local Growth White Paper published on 28 October 2010 – our on the day briefing is attached. This report updates on the issues raised by local enterprise partnerships and the role of the private sector.

Recommendation(s)

That the Board explore how relationships with the private sector can be strengthened following the Local Growth White Paper and announcement of the first 24 local enterprise partnerships.

Action

Officers to take forward members' suggestions.

Contact officer: Phillip Mind
Position: Senior Policy Consultant, LGA
Phone no: 020 7664 3243
E-mail: Philip.mind@lga.gov.uk

The Private Sector role in job creation, local growth and local enterprise partnerships

Background

1. In the Local Growth White Paper, the government has made some important announcements about the direction of government policy on local economic development, including the announcement of 24 local enterprise partnerships (and why they were announced) and that it will consider ways to enable councils to retain locally-raised business rates in the Local Government Resource Review. A copy of the LGA on the day briefing is attached at **Appendix 1**.

The issue(s)

2. The White Paper confirms that local enterprise partnerships will have to meet their own day-to-day running costs and that the Regional Growth Funding, a bidding pot, is the only national source of confirmed funding.
3. The government has also said that there is no one size fits all model for local enterprise partnerships and that different places will prioritise different issues, with business-led governance that fits their specific purposes.
4. It is clear that local enterprise partnerships will principally have to self finance their activity, and work with local partners to pool resources and exercise strategic influence.
5. The White Paper leaves open the detail on the specific roles local enterprise partnerships could perform in relation to strategic housing, transport infrastructure, business support, employment support and skills.
6. In addition, to the Local Government Finance Review which will consider the localisation of business rates, there are a number of fronts where we are pressing our case:
 - 6.1 On RDA assets and liabilities, the government has said that it needs to strike a balance between deficit reduction and local ambitions. Our concern is that the process must provide confidence that the balance will be fairly struck, that disposing of RDA assets and liabilities is undertaken jointly with local enterprise partnerships. The LGA Chairman has asked

- Ministers for local government representation on the RDA transition board but this has been refused;
- 6.2 Employment support, where we are seeking contract geography for the Work Programme that is coterminous with local enterprise partnership geography – so that interventions to boost private sector job growth can be brought together with help to get people into work;
 - 6.3 Business support, where local enterprise partnerships should be able to influence the commissioning of Growth Hubs in their areas, although government has said that support will target high growth firms and that it will straddle local enterprise partnership areas;
 - 6.4 Adult skills, where we are seeking a strategic market making role for LEPs so that they can ensure that the skills training fits local employers' needs. This is a stronger formulation than the government's policy *"to encourage local enterprise partnerships to develop effective working relationships with the further and higher education sector....to agree how to generate the demand for agreed strategic priorities locally."*

Discussion points

7. The purpose of the discussion is to explore how business and local government can work together successfully to drive private sector growth and job creation. The CBI has a preference for bigger scale local enterprise partnerships, and a strong role for business in the governance. They would also like local enterprise partnerships to be ambitious and innovative in supporting growth.
8. There are a number of directions in which the Board may wish to steer the discussion, for example:
 - 8.1 The CBI has been critical over the business engagement in developing local enterprise partnership proposals - what is the recipe for effective engagement with the business sector?
 - 8.2 Planning, transport and skills are issues that the CBI has prioritised as needing a stronger business focus – is government providing local enterprise with the responsibility to take the strategic economic decisions in a place?
 - 8.3 Local enterprise partnerships have not been given a formal role to strategically steer skills provision – what scope is there for an alliance with business on this point?
 - 8.4 Inward investment will be led by UKTI; a central government agency, how can the local linkages be improved?
 - 8.5 The Local Growth white paper signals a fundamental change in economic regeneration - putting much more responsibility on places to fund and design approaches - what are the best ways in which local public sector partners can work creatively with business to generate the local funds for economic development?