

Local Growth Campaign - supporting council's ambition for local economic growth

Purpose of the report

For comment.

Summary

This report updates the Board on plans to develop a debate in the sector on the local ambition for economic growth. For new Board members, it summarises the ideas first presented at the June Board meeting.

Recommendation

The Board is asked to comment on the paper.

Action

Officers to produce a more detailed delivery plan based on members' comments.

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Introduction

1. Local government has a long and honourable tradition of driving economic growth. Its work in this area can be traced back to the founding fathers of modern local government at the end of the 19th century, with the development of public works in large cities to deal with sanitation and infrastructure. In more recent times, during the recession of the 1980s, local government broke new ground in delivering local economic development programmes which delivered, for example, local employment programmes to deal with the decline of manufacturing and high levels of unemployment.
2. In the immediate past, our work in this area was often in partnership with regional development agencies, as they provided funding for many of the infrastructure and employment programmes that were driven by local government.
3. Our record and history in this area is vast. However, the sector's offer needs to be refocused to reflect a new era defined by:
 - 3.1 new institutions, such as Local Enterprise Partnerships (LEPs)
 - 3.2 much less public finance, but new financial mechanisms available to councils
 - 3.3 a stronger emphasis on improving people's skills to compete in a global economy (rather than a concentration on physical regeneration programmes).

Delivering local economic growth in the 2010s

4. One year on from the government announcement of the first LEPs, there is an opportunity to create a new, focused, national debate about the ambition of councils for local economic growth.
5. Local government has lobbied for the devolution of economic budgets and powers. Some budgets have been localised (for example, local councils are broadband delivery partners). New powers are in the pipeline, for example tax increment financing, allowing councils to secure the fiscal benefits of growth. However, many central controls remain which need to be challenged. Compared to the economic powers enjoyed by local leaders in other developed nations, our own local powers are limited.

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6. At present, much debate on local economic development is centred on the development of LEPs. There are risks to this focus as our work could be hampered by institutional debates. Rather we should develop an agenda about what could be done, that stretches our ambition for localism and which recognises the economic challenges facing different places – for example, the different challenges facing urban, rural and mixed economies.
7. In summary, we need to create a debate on the key economic issues facing local economies and the role that local leaders can and could play in delivering economic recovery.

Helping to renew the local government ambition for local economic development and growth

8. The Board is invited to consider leading a debate about the future of local economic development. This could be based around the following themes:

The ambition that councils **should** have:

- 8.1 What local economic, social and transport powers would leaders of councils and businesses in other developed economies hold to develop their local economy? How do they compare with England and would they work here? What economic decisions should be taken at which level – are they decisions local government could devolve?
- 8.2 Securing and using new local taxation powers.

The ambition that councils **do** have:

- 8.3 The roles of different institutions – business-led LEPs and councils; what are the emerging strengths and weaknesses of LEPs; the future sources of tension and what will make LEPs successful.
- 8.4 Maximising our resources: What would you do if Enterprises Zones, RGFs, the New Homes Bonus, CIL and EU funds were merged into a single community programme for a LEP and how can councils maximise the opportunities from bringing different levers together?
- 8.5 Using people power: How do we harness the young people and the unemployed in local leading markets? How do we maximise the local returns to investing in education, skills and training so that local people compete effectively for jobs in a global economy?

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- 8.6 Enabling local approaches that might depart from national economic policy approaches, for example on job creation or careers advice and guidance.

Delivering a revitalised debate on our ambition for growth

9. In order to develop an effective debate in the sector and with partners, the way in which we deliver the “Local Growth” campaign is very important. Therefore, members are asked to consider the following issues: location, content, partnerships, style and outputs:

9.1 Location and content: We have begun to put in place the arrangements for a series of debates in which Board members would play a leading role – we will commission discussion papers from members, the LG Group, think-tanks and commentators; focus on a series of town hall meetings around specific themes (led by Board members in localities – please see table below); and use e-communications through twitter and other social media.

9.2 Partnership: We will work closely with business organisations and other partners, including the voluntary sector. The British Chambers of Commerce and Federation of Small Businesses have already indicated that they would like to be involved in such debates. Members may wish to suggest other partners to be involved.

9.3 Style: It will be important that we divert from the traditional styles of debate (speaker, papers, Q+As, etc) to try and engage different audiences. For example, at one event we could use present ideas to a “jury” of young people to see which organisation had the most innovative ideas to engage young people in work. Other ideas include an essay competition for young economists to stimulate new ideas for local growth. Members may wish to develop these and other ideas.

9.4 Output: The results of the debate will be brought together in refreshed lobbying positions. For example, a debate at the LGG conference in Birmingham in July 2011; an LG Group Green Paper on growth ideas; or a Budget for Local Growth – a submission to the Chancellor early in the New Year in time to influence the Budget 2012 that outlines the measures councils need to support local growth.

10. Members are asked to consider this proposal, comment on the general principles and make suggestions for delivery.

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EVENTS

| Suggested Themes TBC | Location | Date and Venue | Lead – E&T Lead Members chairing |
|--|---|---|---|
| Smith Square debate – LEPs one year on | Smith Square | Wednesday 23rd November. Westminster Suite, Smith Square | PM/ER |
| People, employment and skills | West Midlands LGA/Birmingham CC | Thursday 15 th December, WM Councils Partnership Centre, Birmingham | TBC |
| People, employment and skills | London conference with CESI on employment support | Tuesday 24 th January, Bevan Hall, Smith Square | PM (<i>C&E managing- Amanda Spicer</i>) |
| Enterprise and innovation | Wakefield | Wednesday 25 th January, Kingswood Suite, Wakefield Council | TBC |
| Innovation/Commercialising Innovation* | East of England/Cambridge | Thursday 16 th February, Smartlife low carbon centre (Nth Cambridge) | TBC |
| Funding infrastructure and investment | ANEC | Tuesday 21 st February, Civic Centre, Newcastle | TBC |
| Transport and connectivity | Leeds | | TBC |
| International dimension | EU London Office | Tuesday 13 th March, Europa House, Westminster | NP/IW. <i>NP arranging</i> |