

The Local Growth Campaign

Purpose of Report

To update and test members' views on the key messages from the Board's Local Growth Campaign (to be delivered at our Annual Conference) and to set out the next steps. Please note that a similar report was received at the LGA Executive on 17 May and any issues raised will be reported back to the Board.

Summary

Councils have redefined their role in economic development very successfully, reflecting the economic challenges of attracting private investment (with public investment reducing) and to take account of the new institutions, such as Local Enterprise Partnerships, and a new localist policy landscape.

From our "town hall debates" which were led by Board members and regional associations with business and other partners across England, we have clear evidence that councils continue to drive economic development and growth and that they have grasped new devolved powers. Independent research from bodies such as Localis and IPPR also provide this clear evidence.

But councils are ambitious to do more – extending their work with local partners and shaping public investment to local economic conditions. However, this requires further devolution and local leadership in new policy areas.

The local growth paper, which will be published at the annual conference, will describe the role councils are playing and their ambition to do more. It will make an offer to discuss and work with local partners and national Government to remove remaining barriers to local growth.

Recommendation

Members are invited to comment on the results of the local growth campaign detailed in this paper plan and the proposed next steps.

Action

Officers to take forward members' comments and deliver a final report to be signed off by Lead Members in advance of our conference.



**Economy and Transport
Board**
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The Local Growth Campaign

Councils are getting on with promoting local growth...

1. Economic growth is the dominating issue – internationally, nationally and locally. The stories are mixed – there are examples of sectors and markets that are thriving, for example the UK automotive sector, but equally people are concerned about job losses, the cost of living and continued global economic uncertainties.
2. The collapse of Northern Rock in 2007 and Lehman Brothers in 2008 saw the start of a new economic era – one of financial crisis, recession, deficit reduction and austerity.
3. Some see this as a wider realignment in economic power – there are international economies which are growing – the BRIC economies of Brazil, Russia, India and China (BRIC). They offer both the potential for new markets but also increasing global competition. Alongside that, international capital is highly mobile and a lack of investor confidence in some Euro-zone economies has provoked periodic crises.
4. A longstanding feature of the LGA's economic analysis is that there are complex variations in local economic performance, disguised by national statistics that average out the differences. We have argued for much clearer local solutions. This analysis was confirmed again with the 2012 Centre for Cities "Cities Outlook" which demonstrates the continued variation in local economies and a widening in the economic performance of the UK's cities.
5. The Government recognises the local variation and has taken important steps towards economic devolution – for example the Growing Places Fund, the creation of Local Enterprise Partnerships (LEPs) and City Deals.
6. Against that background, councils continued work on local growth is vital.
7. In November, the Board launched a Local Growth Campaign. We have held town hall meetings up and down the country of councillors, regional associations, business leaders and local partners. We had challenges to our practice from sister LGAs from Europe and the Commonwealth and we commissioned independent research and essays from a wide range of bodies including IPPR North and Localis.
8. One issue we emphasised is that councils had a long and proud history in tackling difficult economic problems and dealing with financial crises dating

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back to the founding fathers of local government who built some of our cities. Unfortunately, some commentators expected councils to respond to the current reduction in budgets by axing its role on economic development.

9. Our campaign has shown that to be an entirely false hypothesis.
10. The council role in economic development has re-invented itself in response to the new and difficult circumstances and there are many examples where it is achieving real success. This is built on strong local leadership and vision, effective local partnerships with business and LEPs and targeting public investment at local economic needs. The economic leadership role in councils is thriving.
11. Our paper to conference will detail the work that councils across the country have achieved in the last year. For example, we will profile the leadership role played by councils and partners in the West Midlands that delivered the investment from Jaguar Landrover. We will detail the work between higher education and councils in the North-East that helps attract new industry and we profile the work that Cornwall is developing which shows the new jobs and businesses would develop from a further devolution of powers from Whitehall to the county.

Councils are ambitious to do more....

12. So councils are getting on with it. But we also recognise that much more needs to be done and that the landscape continues to change. Whilst we have grasped new freedoms and powers under the localism agenda, the message from the campaign is clear: councils are ambitious to do even more with business partners and national Government, but this requires further devolution in specific areas and civic leadership in new policy areas.
13. From our campaign research and debates, we want to develop two clear work streams in 2012-13:
 - 13.1. To promote and share what works best and the new models of partnership that are emerging, through an LGA growth improvement offer; and
 - 13.2. To renew the drive for devolution, helping to fulfil the ambition of councils.

Some remaining barriers to local growth...

14. Our campaign has identified continued barriers to growth. Whilst the paper to conference will provide detail in a number of areas, three key issues emerged which resonated in each town hall debate:

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- 14.1. An education and skills system which does not deliver the skills people, especially young people, need to meet the demands of local employers;
 - 14.2. Transport investment decisions which are too slow or fail to be modelled on the need to maximise local growth and jobs, and a lack of influence on routes and timetables; and
 - 14.3. The fragmentation in the public investment that is available for regeneration and for tackling issues like youth unemployment – with many initiatives being driven by national policy rather than local need.
15. These issues are not new – but the frustration of councils, LEPs and other business partners is growing. From early discussions, there is openness on the part of Government departments to look in more detail at the issues and a shared desire to identify propositions that will promote growth.
16. We are therefore proposing to work with key departments to develop a shared understanding and evidence base and explore how local solutions can be better delivered. Rather than preparing prescribed solutions, we are proposing our own pilots and demonstration projects and to work with departments to help drive the localism agenda. For example:
- 16.1. We have agreed with the Secretary of State for Transport to work together with a number of councils to establish the most effective models of devolution to speed up transport investment. We will present a review to the Secretary of State by the end of 2012.
 - 16.2. We have begun discussions with senior Department for Business, Innovation and Skills (BIS) officials to bring together local partners in a number of council areas to review how the localism agenda is working, in practice, in the area of skills. Again we will prepare a joint review to help ensure that we have clear local models that help councils drive coordinated services where local people receive the skills and training they need to compete for both existing jobs and for jobs resulting from new investments.
17. In order to address the fragmentation of initiatives, we need to tap into the ambition of councils to take more responsibility for local growth. The first City Deals are a concrete expression of the appetite to do so. Other core cities are negotiating deals. Up and down the country, counties, groups of councils and smaller cities are also ready to secure devolved powers. We need to ensure that this opportunity is available for all councils that have such ambition. Growth is the top priority for Government. It has indicated that it will extend the City Deal approach which the LGA will continue to campaign for. Local

government should seize the initiative and bring forward its own proposals for Local Growth Deals.

Renewed civic leadership...

18. The campaign has also identified areas of civic leadership which are the norm for council leaders in other nations, but where our record is perceived as less developed. Civic leadership which drives the link between higher education and business, to forge new foreign markets abroad for local firms and to secure local corporate responsibility from global firms is seen as the “day-job” for many council leaders abroad. It is part of their toolbox for local economic growth. Whilst many councils have driven these agendas in England, there is some perception that these are not the natural spaces for English councils.
19. In order to refresh the agenda and debate in these key areas, we are proposing new, time-limited partnerships to drive these issues:
 - 19.1. We will work with UK Universities on how local government, business and universities can work together more effectively, where the council can help to commercialise innovation using its procurement budgets but where universities can play a bigger role in local economic development.
 - 19.2. We are in discussions with Business in the Community on the way in which we can support national companies to help localise their corporate responsibility programmes.
 - 19.3. Many foreign investors approach local councils first when considering new investments and there is evidence that councils abroad are using UK councils as a conduit to UK firms when public/private partnerships for public services are considered. Thus we need to develop an offer to UK Trade and Investment (UKTI) which sets out the important role that councils will continue to play in inward investment.

A continuing local growth campaign...

20. Members are asked to consider the issues in this paper.
21. Our conference paper will not be a policy statement as found in Government’s Green Papers, but a call to action and delivery – inviting local councils and their partners, and groups of councils working in partnership up and down the country, to identify what needs to be done to promote growth locally and identify what Government can do to remove barriers to local growth.