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Moving the Local Growth Campaign forward

Purpose of report

For discussion and direction.

Summary

This report sets out the conclusion of the Board's Local Growth Campaign of 2011/12 and the resulting priorities for action agreed with Members in July.

The report highlights developments in national policy since members' discussion in July, including preparations for the Government's Autumn Statement, and offers some options regarding future delivery of Board work.

Members are asked to consider the priorities agreed in July and to offer any further issues that need to be considered by the Board over the next year.

Recommendation

That members discuss the issues raised in this report.

Action

To be taken forward by officers as directed by members.

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Background

1. In 2011/12, the LGA Economy and Transport Board developed a Local Growth Campaign to highlight the important role that councils have played and continue to play in developing their local economies and to examine any barriers to local growth which needed to be removed.
2. The evidence in the campaign was generated from a series of town hall debates across the country, reports from think-tanks and papers invited from councils.
3. A concluding report, *Local Leadership, Local Growth*, was delivered to the LGA conference (included in this dispatch to members), in July with the backing of business and other organisations. It set out councils' ambition to support national economic recovery and established where more localised economic growth levers were needed to drive growth.
4. At the July meeting, the Board reviewed the report and set out the following direction of travel for Board work over the next year. The next section sets out the main recommendations from the Board's conference report and members are asked to consider work taking these issues forward and any reflections on gaps or developing issues.

Councils' ambition for growth

5. One of the big messages from the conference report was the think-tank/academic evidence that UK growth can be boosted through devolution and action by local partnerships.
6. It was agreed to continue to highlight this evidence to support further devolution.
7. The following work was proposed:
 - 7.1. To commission more research which analyses the increasing economic clout of local partnerships as the devolution agenda is embedded. The report would examine the increasing ability of local partners to lever new investment as a result of, for example, Enterprise Zones, City Deals etc, and how local partnerships will be greater players in national economic life in the future. We would also investigate how further devolution to cities/sub-regions (which is the norm on other parts of the Commonwealth) would create more effective local engines for national economic recovery.
 - 7.1.1 *It is envisaged that we would develop this for the late autumn*
 - 7.2. To continue to collect and publish innovation in the sector on local economic development and highlight the leadership role that councils are playing in their areas to ensure that localities are open for business.

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- 7.2.1 *In the run up to the Chancellor's Autumn Statement, there has been a renewed impetus in Government to identify specific barriers to growth. The LGA has provided a number of case studies of where local development proposals are ready to run but delays have resulted from national bureaucracy (for example, Highways Agency rules). Members may wish to consider developing this work so that we have readily available evidence of local development projects which can support growth but which are hampered by the national red tape.*
- 7.3. At conference, an LGA "Growth offer" (to be tabled at the Board) to councils was published which set out the demands that councils could make on the LGA for support and development. This included customising peer reviews to look at councils' growth work and a series of leadership days for leading members.
- 7.3.1 *This work is being rolled out in 2012/13, including joining up with the District Councils' Network. A number of councils are focusing their corporate peer challenge on their economic growth strategy and the Planning Advisory Service have developed an "Open for Growth" review, looking at how organisationally prepared councils are for promoting growth priorities. One issue which members may wish to comment on is developing work on new sources of finance. Much of our work in recent months has been to ensure the devolution of powers to councils. Given that economic development work is now dependent on innovative forms of finance, a complimentary piece of work would be the dissemination of information on innovative projects which have ensured the leverage of private sector resources, new financial freedoms developed under City Deals and new packages of resources developed for regeneration projects.*

Removing barriers to local growth

8. From our Local Growth Campaign findings, the Board agreed to work on detailed proposals for the reform of national policy that had been identified as a barrier to local growth. The objective in this area is to ensure that these barriers are removed.
- 8.1. There was a call for City Deals to be made available for any council or group of councils that has a transformational idea that can deliver growth. This message has been delivered to ministers.
- 8.1.1 *There is a separate report on the agenda which deals with this issue.*
- 8.2. The national programmes which governed transport and skills policy were the two 'big issues' that were identified as barriers to local growth by local businesses. We have a number of councils (for example, Staffordshire and Cambridgeshire) who are working with us to demonstrate what further devolution of decision-making could deliver for the national growth agenda. There are commitments from both the Department for Transport (DfT) and the Department for Business, Innovation and Skills (BIS) for ministers to meet

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Board leaders to present our findings. These are being re-arranged post-reshuffle.

- 8.3. More detailed reports on both transport and skills are contained in later papers in this agenda.

Renewed local leadership for growth

9. The Local Growth Campaign report examined levers for local economic development which were well-established in other developed nations, but where the UK appeared to be lagging behind. The Board agreed to concentrate on three areas where changes in national policy were required.
- 9.1. Based on a challenge from Commonwealth LGAs and German cities, councils' role in forging relationships with foreign investors and marketing their place abroad was under-valued in national growth strategies. Whilst councils are 'just doing it' in their localities, there is a need to translate this work into an offer to UK Trade and Investment (UKTI). Early research from a think-tank seems to show that councils could play a pivotal role in work to develop links with emerging economies. This research and evidence of successful work by councils will be developed into a clear offer from councils to support national economic recovery.
- 9.1.1 *To develop these arguments, we are organising a town hall summit with UKTI in Basildon in November. The aim will be to develop the 'local government offer' in securing new foreign investment and ensure it becomes a valued part of the UK trade policy.*
- 9.2. At the Cambridge Town Hall debate in early 2012, we were challenged that the link between Higher Education (HE) and local economic development is under-developed in the UK. A report by the Institute for Public Policy Research (IPPR) to Universities UK (UUK) has also challenged university Vice-Chancellors to embrace civic leadership in the UK. Whilst much good work is already being developed in this area, we have approached the UUK to develop a more detailed programme to see how the local role can be developed in comparison to other developed economies.
- 9.2.1 *Work is developing with the university sector on this issue. The Board Chair will be on the platform at a UUK conference with university vice chancellors in November. The LGA is developing an early 2013 summit proposal for council leaders and university vice chancellors to look at a greater role of HE in local growth.*
- 9.3. At the last Board meeting, members asked for work on SME support to be developed. This will be addressed at a Town Hall debate in York in late 2012.

How we deliver

10. As set out above, the Board's work in 2011/12 was based on a series of Town Hall debates which were held across England to establish the evidence from our conference report and the barriers to local growth. The demand from councils to continue to hold

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these events (outside of the LGA) is great. Thus a new series of events have been planned. They will be designed as a series of 'Town Hall Summits', based on the model we are developing with Basildon with UKTI, i.e. at which a specific local government offer (such as on skills issues) is developed, which will demonstrate how devolution to localities could better drive growth. These Town Hall debates (details **attached at Appendix 1**) will continue to be a showcase for local innovation, which can be used to enhance the Board's lobbying.

Influencing national policy over the autumn

11. Whilst the Board developed its thinking on work priorities in July, the national debate on growth has accelerated over the summer and there are some key events in the period up to Christmas that give the Board the opportunity to influence national policy and to promote its priorities for economic devolution.

11.1 The Heseltine Review: Lord Heseltine was asked by the Prime Minister to review British competitiveness and to prepare a personal report to the BIS Secretary of State (Vince Cable) and the Chancellor (George Osborne). A number of Board members have met Lord Heseltine in the development of his review and he will present his findings in late October to influence the Government's Autumn Statement. Whilst no conclusions have yet to be made, Lord Heseltine has been clear in his desire for more devolution and he has made statements about the need for a more localised approach to skills and transport. He has agreed to share his early conclusions in the early autumn with leading organisations including the LGA.

11.2 The Autumn Statement: The Chancellor will make his Autumn Statement on 5 December. Once party conferences have concluded, a formal LGA submission on the Autumn Statement will be prepared for submission to the government.

11.3 A new Economic Development Bill is likely to be presented into the House of Lords in December (as a result of Parliamentary time being created by the Lords Reform Bill). There are few details about the Bill at present, but it is likely to concentrate on recent announcements on housing and growth that require primary legislation. (NB – Planning issues are dealt with by the LGA's Environment and Housing Board).

11.4 The All Party Parliamentary Group (APPG) on LEPs produced its first report in September. Evidence was provided to the enquiry by the LGA and Cllr Shona Johnstone (former Board Vice Chair) gave oral evidence. The report was extremely sympathetic to localism. Its recommendations are **attached at Appendix 2** of this report. The APPG's Chairman was Brandon Lee MP, who has recently become a DCLG minister. DCLG will make a formal response to the report in the autumn.

12. Members are asked to consider this report and to identify any issues for more detailed discussions at a future Board meeting.