

Growth – an update on LGA work

Purpose of report

For discussion.

Summary

Growth remains a top priority of both local and central government. This report looks at the work that LGA Boards are undertaking to help drive growth, announcements that are expected in the short to medium term which will drive Government policy and asks members to consider how we maximise the influence of councils on this agenda.

Recommendation

Members are asked to discuss the contributions of the LGA Boards in driving the growth agenda and consider how we maximise the impact of our collective work in this area.

Action

As directed by the Executive.

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Background

1. Local Government has a critical part to play in the national drive on economic growth. The sector has a significant economic footprint, directly employing nearly 2 million people; spending £107.5 billion in revenue (of which £60 billion is estimated to be with the private sector) and £20.7 billion in capital in 2011-12.
2. Local government is playing a key role in supporting new private sector development. Prudential borrowing by West Midlands' authorities secured the Tata investment in South Staffordshire, leveraging £400 million private sector development.
3. Councils are also helping to create employment opportunities for local residents. The Leeds City Region has developed a "Guarantee to the Young" aimed to create 20,000 new opportunities for young people in order to tackle the problem of youth unemployment.

The work of LGA Boards

4. In 2011/12, the 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.
5. 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.
6. A concluding report, *Local Leadership, Local Growth*, was delivered to the LGA conference, 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.
7. Other LGA's Boards are developing work which supports the growth agenda. Indeed, there are joint pieces of work between Boards to drive the growth agenda, for example the Hidden Talents programme between the Economy and Transport and Children Young People Boards. The table below sets out examples of the wide range of work which is being undertaken across the organisation.

Children and Young People	The links between learning provision in schools and colleges and the labour market.
Community Wellbeing	The reform of adult care.
Culture, Tourism and Sport	Councils' leadership of the visitor economy; the fifth biggest economic sector.
Economy and Transport	The Local Growth Campaign.
Environment and Housing	Lobbying on reforms to planning and housing.
European and International	The lobby to protect UK's £8 billion of EU regeneration funding.

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Finance	The retention of business rates.
Improvement and Innovation	Capital Asset Growth Programme involving 5 councils using their land & property assets to create jobs and growth.
Safer and Stronger Communities	Ensuring better regulation delivers for businesses and councils.
Workforce	Supporting the development of skills, apprenticeships and new models of employment for the workforce of the future.

8. Board Chairs have already discussed how the theme of growth needs to be reflected in every Board work programme. Board Chairs' may wish to comment on their latest work priorities and how they contribute to the wider LGA work on growth.

Pending Government Announcements

9. The national debate on growth has accelerated in recent months and there are some key announcements in the period up to Christmas that will steer national policy.
10. The Autumn Statement: The Chancellor will make his Autumn Statement on 5 December. This will set the financial framework for the remainder of the current spending round. Departments are currently drafting their proposals for the statement and members can be lobbying at party conference to secure support for local government positions.
11. 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 LGA 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.
12. 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 planning, housing and growth that require primary legislation.
13. The All Party Parliamentary Group (APPG) on Local Growth, Local Enterprise Partnerships (LEPs) and Enterprise Zones produced its first report in September. Oral evidence was provided to the enquiry by the LGA. The report was extremely sympathetic to localism. This report is to be discussed in depth at the Councillors' Forum preceding the Executive. The APPG's Chairman was Brandon Lewis MP, who has recently become a Minister in the Department for Communities and Local Government (DCLG). DCLG will make a formal response to the report in the autumn.

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Delivering an LGA agenda on growth into 2013-14

14. As the national drive on growth and wealth creation is likely to intensify over the next year. Members may wish to consider how we drive the agenda at the LGA.
15. Board Chairs and councils have given feedback that we need to develop a broader policy position on growth which helps to focus and coordinate the work of Boards, whilst ensuring that we are driving individual policy themes and influencing Government departmental policy with appropriate technical expertise.
16. Feedback from councils also indicates that there is much support for two important LGA policy positions. Through the Local Growth Campaign, we have established councils' ambition to drive growth and create new wealth and, through our financial modelling, we have established the unsustainable nature of current local government finances. Our feedback from councils has suggested that we need to commission independent, economic forecasting to bridge these two issues and establish areas where councils can most effectively support growth, new jobs and wealth creation over the next two to three years.
17. This work is currently in discussion with academic institutions and the Executive will be updated on progress.