

City Regions Board

Agenda

Thursday, 3 July 2014
1.00 pm

Banquet Suite (6th Floor), Cunard Building,
Water Street, Pier Head, Liverpool, L3 1TS

City Regions Board
3 July 2014

There will be a meeting of the City Regions Board at **1.00 pm on Thursday, 3 July 2014** Banquet Suite (6th Floor), Cunard Building, Water Street, Pier Head, Liverpool, L3 1TS.

Attendance Sheet:

Please ensure that you sign the attendance register, which will be available in the meeting room. It is the only record of your presence at the meeting.

Apologies:

Please notify your political group office (see contact telephone numbers below) if you are unable to attend this meeting.

Labour:	Aicha Less: 020 7664 3263	email: aicha.less@local.gov.uk
Conservative:	Luke Taylor: 020 7664 3264	email: luke.taylor@local.gov.uk
Liberal Democrat:	Group Office: 020 7664 3235	email: libdem@local.gov.uk
Independent:	Group Office: 020 7664 3224	email: Vanessa.Chagas@local.gov.uk

LGA Contact:

Donna Davidson (donna.davidson@local.gov.uk; 02076643051)

Carers' Allowance

As part of the LGA Members' Allowances Scheme a Carer's Allowance of up to £6.31 per hour is available to cover the cost of dependants (i.e. children, elderly people or people with disabilities) incurred as a result of attending this meeting.

City Regions Board – Membership 2013/2014

Councillor	Authority
Conservative (5)	
Gr Uff Marco Cereste OSSI OMRI (Vice-Chair)	Peterborough City Council
Cllr John Beesley	Bournemouth Borough Council
Cllr Andrew Geary	Milton Keynes Council
Cllr Ravi Govindia	Wandsworth London Borough Council
Cllr Adrian Andrew	Walsall Metropolitan Borough Council
Labour (12)	
Sir Richard Leese CBE (Chair)	Manchester City Council
Mayor Jules Pipe	Hackney London Borough Council
Cllr Peter Rankin	Preston City Council
Cllr Paul Watson	Sunderland City Council
Cllr Peter Box CBE	Wakefield Metropolitan District Council
Cllr Paul Bayliss	Derby City Council
Cllr Sir Albert Bore	Birmingham City Council
Cllr Nick Forbes	Newcastle upon Tyne City Council
Cllr Jon Collins	Nottingham City Council
Mayor Joe Anderson OBE	Liverpool City Council
Cllr Keith Wakefield	Leeds City Council
Cllr Tudor Evans	Plymouth City Council
Substitutes	
Mayor Sir Steve Bullock	Lewisham London Borough Council
Cllr Mrs Ann Lucas OBE	Coventry City Council
Cllr Helen Holland	Bristol City Council
Cllr Graham Chapman	Nottingham City Council
Cllr Roger Lawrence	Wolverhampton City Council
Liberal Democrat (3)	
Cllr Abigail Bell (Deputy Chair)	Hull City Council
Cllr Richard Kemp CBE	Liverpool City Council
Cllr Roger Symonds	Bath & North East Somerset Council
Independent (1)	
Mayor George Ferguson CBE (Deputy Chair)	Bristol City Council
Substitutes	
Cllr Jason Kitcat	Brighton & Hove City Council
Alderman Sir David Wootton	City of London Corporation

Agenda

City Regions Board

Thursday 3 July 2014

1.00 pm

Banquet Suite (6th Floor), Cunard Building, Water Street, Pier Head, Liverpool, L3 1TS

Item	Page
1. Declarations of Interest	
2. Chair's Update	1 - 4
3. Trade and Investment Policy	5 - 12
4. Employment, Skills & Economic Growth	13 - 20
5. Influencing Strategy	21 - 26
6. City Growth Commission - update	27 - 30
7. Minutes of the Previous Meeting	31 - 36

Date of Next Meeting: Monday, 20 October 2014, 11.00 am, Westminster Suite, 8th Floor, Local Government House, Smith Square, London, SW1P 3HZ

Chair's Update

1. Good progress is being made to deliver work under the three main priorities agreed by the Board for the coming year:
 - 1.1 Devolution and public service reform
 - 1.2 Skills, employment and welfare reform
 - 1.3 Trade and investment policy

This paper is intended to give members an update on the first two themes as there are specific papers to support a more substantive discussion of trade and investment.

2. LGA officers are working with an advisory group of Chief Executives drawn from Core Cities, Key Cities, London Councils and SIGOMA to help deliver the Board's work programme and ensure that the Board is in a position to have made a substantial contribution to the debate about growth, devolution and public service reform in its first year. The organisations have nominated Chief Executive sponsors to provide oversight and practitioner perspectives to the each of the work strands (see **Annex A**).

Devolution and public service reform

3. As agreed by the Board, we have formally sponsored the City Growth Commission. To avoid duplication with the rest of the Board's work, we have reached an agreement with the RSA that they would provide the detailed research on infrastructure development and devolved fiscal levers that members have requested. Also upon their request, the RSA are looking at the contribution of smaller cities to national economic prosperity and are holding a roundtable with Key Cities on June 27.
4. We now have 3 Chief Executives from Core Cities, Key Cities and London Councils lined up to help develop the proposals on how a place-based budget for growth and public services could operate at city region-level and will be working with them over the next few weeks to develop options to put to members in the autumn.
5. Officers have been undertaking preparations for an international review exercise that would bring leaders from major European and Commonwealth cities to look at the social and economic challenges facing English city regions and assess whether they have the tools needed to successfully meet those challenges. This exercise would bring powerful new voices into the devolution debate by showing that English city regions need autonomy in line with what cities in other countries have in order to be competitive globally, while pointing to areas where English city regions are leading the way internationally. A focus on three themes is proposed:
 - 5.1 Local financial autonomy, i.e. access to buoyant sources of revenue and control of local tax and spending decisions
 - 5.2 Public service reform, i.e. ability to pool budgets for local public services, as well as manage demand and provide oversight to markets
 - 5.3 Leadership of place, i.e. setting a strategic long-term vision for and brokering cross-sectoral partnerships in a locality

6. Preliminary discussions have been had with LGAs in Germany, The Netherlands, Canada and South Africa, who have all been very positive. Officers are currently in the process of confirming panellists, with a view to arranging a visit in late autumn. This review exercise is intended to open a wider discussion on exchange of best/emerging practice internationally.
7. Officers are also preparing a discussion paper to examine the future of LEPs, building on the recognition of the sub-region as the primary body of delivery. Key issues include freeing the business voice from bureaucracy, embedding public accountability, and improving geographic alignment. Carolyn Downs spoke to the Management Board of the new LEP Network on June 3 and found that there was significant overlap of views with local government on how local economic development can be strengthened. Officers from the LGA and the LEP Network are now working together in developing a call for major changes from Government to strengthen local partnerships, with key messaging focused on greater devolution of economic development powers and funding as well as more joined-up central government.
8. The Board's steer was also that it is critical to influence civil servants' advice to current and future Ministers. To that end, officers met a number of director-generals and directors from BIS, CLG and Cabinet Office in May. As a first step, we are organising a Chatham House seminar on the future of LEPs and how to feed the common themes emerging from the Strategic Economic Plans into future policy thinking for the autumn. Cllr Peter Box, Chair of the Economy and Transport Board, will also be chairing a debate on Day 2 of the LGA's annual conference in Bournemouth looking at how we square democratic accountability over public funds with a business-led drive for growth.
9. The LGA has responded to a consultation launched by the Department for Communities and Local Government to amend legislation related to combined authorities and economic prosperity boards. We have broadly supported the proposals, which would remove some of the technical barriers to formalising sub-regional arrangements, including enabling local authorities with non-contiguous boundaries to join and county councils to become members for a defined part of their areas. Our response has also flagged up the more substantial changes that are needed in order for combined authorities to be able to deliver on their full potential to drive growth and public service reform, including expanding their functional scope, enabling them to borrow for housing and other growth-related purposes, and giving London boroughs the ability to join such arrangements. We have also signalled an urgent need to address the relationship of combined authorities with Local Enterprise Partnerships, as the current arrangements carry obvious risks of overlap and duplication in sub-regional governance. Read the full response here.¹
10. On Day 3 of the LGA's annual conference in Bournemouth, I will be speaking on a panel with the Rt Hon Hilary Benn MP, Shadow Secretary of State for Communities and Local Government, and Sir John Peace, Chair of the Non-Metropolitan Commission, on the case for deeper devolution. It is noteworthy that the panel demonstrates that there are strong business voices calling for devolution and that our calls are being reflected in the

¹ http://www.local.gov.uk/web/guest/economy-and-transport/-/journal_content/56/10180/6299073/ARTICLE

manifesto pledges of the major political parties. This is a very timely discussion, coming just two months ahead of the Scottish independence referendum which is expected to keep the spotlight on devolution, whatever the outcome.

Skills, Employment and Welfare Reform

11. We have commissioned the Centre for Social and Economic Inclusion to provide a paper by July which sets out the future skills and employment challenges that will hit the desk of an incoming (or returning) minister. This will specifically examine the differential impact of growth on various sub- and city-regions and types of skilled people. It will also look at whether future growth industries are being provided with the next generation of skilled personnel through existing national schemes.
12. LGA officials are scoping a commission for academic research to evaluate localised pilots on skills, employment and welfare reform. This is a joint commission with the People and Places Board and we are currently working with Chief Executive advisors to finalise the commission. The aim is to get this undertaken by the autumn.
13. From the above, we plan to work with councils on a deep-dive to develop what a localised model could look like after the re-letting of the work programme in 2016.

Other LGA Announcements

14. The LGA's Economy and Transport Board has delivered new research and analysis that demonstrates that the current system for funding growth and regeneration is inefficient, confusing and holding back the efforts of local partners on the ground. Analysis reveals that central government funding is even more fragmented than Lord Heseltine uncovered in 2012, with over £22 billion for local growth and regeneration flowed through almost 115 funding streams administered by 20 departments and agencies in 2013-14 alone. Only about one-quarter of this funding could be accessed by councils or LEPs, calling into question whether the bulk of spending decisions for local economic activity reflect the priorities and plans agreed by local council and business leaders. Almost half of these funding streams were allocated on a competitive basis, which, in light of additional research looking at the costs of bidding, implies that significant financial and staff resources are currently tied up in bid preparation alone.

Future meetings

15. The City Regions Board is scheduled to meet 4 times next year and lead members will be considering how to the focus our discussions in light of what will be happening in the wider political and public policy landscape. The provisional dates for meetings are as follows:
 - October 20 2014
 - January 19 2015
 - March 23 2015
 - June 15 2015



Annex A: Chief Executive advisors

Devolution and public service reform

Place-based budgets:

- Pat Ritchie (Newcastle) with support from Sir Howard Bernstein (Manchester)
- Joanne Roaney (Wakefield)
- Charlie Parker (Westminster)

International comparisons:

- Ian Curryer (Nottingham)

LEP improvement:

- Nicola Yates (Bristol) with support from Sir Howard Bernstein (Manchester)
- Adam Wilkinson (Derby)
- John O'Brien (London Councils)

Skills, employment and welfare reform

- Tom Riordan (Leeds) with support from Ged Fitzgerald (Liverpool)
- Kersten England (York)
- Lesley Seary (Islington)

Trade and investment policy

- Ian Curryer (Nottingham) with support from Mark Rogers (Birmingham)
- Dave Smith (Sunderland)

Trade and Investment policy

Purpose of report

For discussion.

Summary

This paper is intended to set the context for a substantive discussion on trade and investment policy, which was agreed as one of the Board's priorities for the coming year. Members sought an opportunity to focus on the key issues and start scoping out the opportunities to shape future policy to be more responsive to city regions' ambitions to attract inward investment and encourage businesses to export.

The following speakers have been invited to open the debate and stimulate discussion:

1. Cllr Paul Watson and Cllr Jon Collins will start by sharing local perspectives on supporting trade and investment activity within the current national framework.
2. Annika Pattberg, Representative for the UK at Germany Trade and Invest, will introduce a comparative perspective by discussing the role that German city regions play in their system.
3. Ken Dytor, Managing Director of Urban Catalyst and Regeneration, will share insights on how place acts as a factor in investors' decision-making.

Recommendation

Members are asked to discuss the issues and provide a steer.

Action

Officers to take forward as directed by members.

Contact officer: Piali Das Gupta
Position: Senior Adviser, Growth and International
Phone no: 020 7664 3041
E-mail: Piali.dasgupta@local.gov.uk

Trade and investment policy

1. At the inaugural meeting in April, members agreed that the Board should initiate a debate about what a progressive and dynamic economy requires in terms of a technology and trade capability, and whether the UK's present arrangements position our economy to be globally competitive. The discussion at this Board is intended to help flush out the key issues, look at them from a number of angles and identify the openings for the Board to shape future policy in line with city regions' ambitions.
2. The rest of this paper sets the context for the debate by providing
 - 2.1 Reflections on why these issues matter for national and local economies
 - 2.2 A summary of current national policy and delivery arrangements
 - 2.3 An overview of local perspectives on how the current system is working
 - 2.4 A comparative perspective looking at how city regions operate in this arena in other countries
 - 2.5 A private sector perspective to bring in an understanding of how considerations about place factor into investors' decisions
 - 2.6 Proposals for next steps

Background

3. Increasing the UK's exports and attracting more inward investment is a key part of the route to sustained and balanced growth. It has been estimated that in 2011/12 international trade activity helped create or secure more than 170,000 jobs.¹ To build on this, British firms need to secure more high value successes and to fully develop our trading links with emerging markets. Recent data shows that the UK's trade deficit has started to improve marginally, but this growth is not sufficient to reverse the trend which has seen our share of global exports decline over the past two decades.
4. The UK remains the leading destination for foreign direct investment in Europe, but the national figures obscure a more worrying trend at regional level, with the number of foreign investment projects secured by most English regions having declined 25% between 2010 and 2012. By contrast, London and the South East the devolved administrations recorded rises over that same period. Experts have warned that this imbalance could damage the UK's overall ability to attract foreign investment in the long-term compared to countries such as France and Germany, which are seen to have much more balanced regional portfolios.²
5. English city regions have a long history of involvement in international trade and investment activity, including attracting foreign investment, encouraging small and medium-sized businesses to export their products, and developing new trading links with emerging markets. They also have ambitions to do much more; for example, many of the City Deals have a strong focus on positioning city regions to attract and secure inward

¹https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/225424/UKTI_Inward_Investment_Report_2012-13.pdf

² [http://www.ey.com/Publication/vwLUAssets/Ernst-and-Youngs-attractiveness-survey-UK-2013-No-room-for-complacency/\\$FILE/EY_UK_Attractiveness_2013.pdf](http://www.ey.com/Publication/vwLUAssets/Ernst-and-Youngs-attractiveness-survey-UK-2013-No-room-for-complacency/$FILE/EY_UK_Attractiveness_2013.pdf)

investment, e.g. Siemens investment in Hull and Humber, or Nissan in Sunderland and South Tyneside. The recognition that moving into export markets can help businesses increase their productivity, create good jobs and increase the value of the local economy is a common theme that emerges from many of the Strategic Economic Plans developed by Local Enterprise Partnerships (LEPs).

6. The LGA has had an intensive programme of work promoting councils' offer as facilitators of export trade and investment activities. Our work has demonstrated that councils abroad (especially in the emerging economies) are keen to use English councils as a conduit to UK firms. This connection takes on even more significance as foreign national governments devolve more freedom and funding to state and local entities. For example, control over about 70 per cent of all public sector spending in Mexico was with regional and local government, but there was a new expectation that they would promote greater commercialisation. Mexican local government sought the LGA's advice on how to privatise without losing a public service ethos, recognising English local government's USP on public commissioning. To capitalise on these opportunities, the European and International Board led work to connect UK-based companies with representatives of Mexican regional and local government, which succeeded in opening up the Mexican market for UK firms.
7. Nevertheless, the strong track record and ambitions of city regions on trade and investment are not necessarily being reflected in national policy and delivery arrangements. There is a strong sense that English city regions are not being served well by the current system, which neither recognises their unique selling points nor is able to tailor support to turn leads into deals. If we continue on the current trajectory, our economy will be at significant risk of not achieving the rebalancing that experts agree is fundamental to the UK's long term prosperity.
8. The next section looks at the current framework for policy and delivery in more detail.

Current policy framework and delivery arrangements

9. Prior to 2011, inward investment activity was managed on a regional basis with dedicated teams who were expected to have an in depth understanding of their 'patch', its strengths and weaknesses, emerging opportunities etc. After the closure of the Regional Development Agencies (RDAs) inward investment responsibility was centralised in Whitehall with responsibility handed to UK Trade and International (UKTI), which is the UK's international trade and inward investment promotion organisation. Annex A sets out more detail on how the UKTI operates.
10. The UKTI introduced a new "UK First" system, whereby all enquiries regarding inward investment are meant to be forwarded to a hub in London that manages a single national pipeline. They have signed Memoranda of Understanding with each LEP that sets out the expectation that LEPs are expected to share leads with the central pipeline and then act on a responsive basis if/when UKTI passes leads back to them. A consortium led by the PA Consulting Group and the British Chambers of Commerce was appointed on a

three-year basis to help attract investment into regionally-based projects and support the negotiations between prospective investors and local partners.

11. These new arrangements only apply to England, apart from London. The devolved administrations and the Greater London Authority (GLA) have been allowed to keep their own agencies to oversee policy and delivery in their jurisdictions. That said, not all trade and investment activity in London is led by the GLA. London boroughs have been highly active and successful in this arena for years; for example, Hackney's instrumental role in the establishment of Tech City. Members' views on how successfully the London approach targets activity and taps into expertise at sub-London level would be welcome.
12. City regions have expressed serious misgivings about the current arrangements since their inception. These have grown stronger rather than weaker as the new system has bedded in. The model is seen as contributing to "investment bias" against areas England outside of London, evidenced by the decline in new projects in those areas. Questions persist about the capability of UKTI to capitalise on opportunities emerging from local intelligence and its lack of industry-specific expertise. LEP capacity to deliver is also an urgent concern, although LEPs themselves have concerns about the effectiveness of the support they are receiving through the PA Consulting contract. All this leaves city regions trying to fill some serious gaps without having the same levers as London and Scotland.
13. On the export side, businesses that need support to break into overseas markets are also coming up against the shortcomings of the current system, which is strongly reflected in the City Deal bids and Strategic Economic Plans. In particular, local plans have picked up that businesses are not being reached by national programmes to assist them to start up, expand or export. Even firms that are aware that there is help available often find the plethora of programmes confusing and heavily bureaucratic so choose not to apply. City regions are increasingly stepping in to try to help firms with high growth potential reach export markets but end up working around rather than with national programmes that are seen as not being adequately responsive to local business needs.
14. The UKTI has started to recognise that there are limitations in its current approach and sought the LGA's assistance in exploring how to improve the current arrangements. Areas they have been particularly keen to explore with us include looking at how local government can help the UK break into high value markets in developing economies where there may be better leverage through local rather than national relationships and exploring how local regeneration schemes could be more attractive to overseas investors. On that last point, outgoing LGA Chairman, Sir Merrick Cockell, recently attended a roundtable at No. 10 with Trade Minister Lord Livingston and leading investors and developers, which the UKTI is keen to follow up on.
15. Nevertheless, the UKTI's reluctance to engage in any systematic way with the City Deal and Growth Deal negotiations seems to support the prevailing view that they are not open to substantive change. Where city regions have sought to explore the potential to roll out the model used in London and Scotland more widely to boost trade and investment performance, UKTI are more comfortable offering customised conversations about minor tweaks to their current arrangements. Nor are there any indications that they are being challenged to go much further by the Cabinet Office or Department for

Business, Innovation and Skills (BIS). The section on proposed next steps sets out a number of options to ramp up the pressure and unblock the discussion.

City region perspectives

16. Cllr Paul Watson, Leader of Sunderland City Council and Cllr Jon Collins, Leader of Nottingham City Council have been asked to share their perspectives on promoting trade and investment activity within the current system to kick off the debate.

Sunderland City Council.

17. As traditional industries have declined, Sunderland City Council has been extremely active in helping new industries to grow. Foremost of these is automotive manufacturing, anchored by Nissan and a strong local supply chain. Sunderland's work has benefitted from good relationships with UKTI staff based in overseas countries, who have in turn found the local intelligence shared by the council very useful. There are nevertheless opportunities for improvement: e.g. more opportunities from the foreign investment pipeline need to be distributed more equally across the country and much more could be done to tap into the local expertise that councils have developed over decades about the needs of specific sectors and types of firms.

Nottingham City Council

18. The city council has an international strategy focused on identifying investment and trade opportunities' from high growth markets within countries such as India, China and Germany. In collaboration with a range of local partners, the city region has made particularly good use of the universities' footprint in those markets, e.g. University of Nottingham has campuses in Ningbo, China and Malaysia. There has been collaboration with UKTI in particular via the Embassy and High Commission networks and UKTI Regional Investment Organisation. Local partners feel that even more could be achieved through a dedicated trade and investment apparatus for the city region, with the ability to create bespoke packages of incentives and support, akin to that in London and Scotland.

19. Members may wish to reflect on how these issues play out in their areas, including:

19.1. What are their local businesses saying about their plans to export? What are the barriers they face?

19.2. What are the industries and schemes attracting interest from foreign investors? What do investors say they need in order to be able to set up in the area and are local partners able to deliver?

19.3. How responsive is UKTI to local requests for support? What could be improved?

International perspective

20. There is an emerging view internationally that it is not countries that compete with each other for trade and investment; rather, cities do. To that end, it is worth looking at how city regions in other countries operate when it comes to trade and investment, in order to inform our own thinking about how to flex or reform the UK's model. Moreover, we could also inject greater urgency into our case by pointing out that if city regions in other countries are able to be more agile in responding to investors' needs than ours, our own national economy will be at a disadvantage.
21. Take the situation of an English city region trying to nail down a major investment scheme: in all likelihood, local partners will spend months, if not years, chasing funding and policy decisions through dozens of departmental silos, with no guarantee of being able to deliver the outcomes that investors need. If, by contrast, city regions in other countries have more leverage within and are more able to streamline the process for prospective investors, there can be no doubt which place will be more attractive.
22. We believe that the German model holds some lessons for the UK and provides a good starting point for starting to think about the propositions the City Regions Board may want to develop. The German experience is particularly pertinent for the UK, as they are one of our leading competitors for trade and investment. Recent data shows that Germany is closing in on the UK when it comes to attracting foreign investment and has a stronger export record.
23. In the German system, individual German states,³ (Länders, including city regions) form an integral part of the German foreign trade promotion landscape. Their local investment promotion agencies not only offer extensive assistance for foreign firms interested in local markets, but also provide information on the location and development of regional industry clusters.
24. We have invited Annika Pattberg to speak to the Board about how the German system operates. Having Länder-level experience, Ms. Pattberg is now Senior Economist and Representative for the UK at Germany Trade and Invest, the foreign trade and inward investment agency of the Federal Republic of Germany. Her presentation will explain how the German system recognises the role of the Länder in both policy and delivery; cover the type of support offered to local businesses; and set out some of the challenges in the model.

Private sector perspective

25. It is not only local government that has expressed concern about the current system; businesses, particularly small to medium-sized enterprises, also often feel that they are not being particularly well-served by the current arrangements. The feedback from city regions involved in City Deals and SEP development is that this is in part due to a poor understanding at national level of what matters to businesses on the ground combined with a national framework that has made tailoring policy and funding to the needs of the

³ Germany is a representative federal democracy, which is made up of 16 states (Länder).

market the exception rather than the rule. In effect, national policy related to local growth is operating in a manner that no successful business ever would.

26. Research shows that there are a number of factors linked to what a place is able to offer that can influence a firm's decisions about where to locate and whether to expand, including:
- 26.1. The availability of a skilled workforce
 - 26.2. Good connectivity, including ports, rail, airports and broadband
 - 26.3. Availability of land and physical premises
 - 26.4. Housing, schools and amenities to attract skilled workers
 - 26.5. The presence of or potential to link up a local supply chain
 - 26.6. Pro-growth planning and development policies
27. We have invited Ken Dytor, Managing Director of Urban Catalyst and Regeneration Investments, to bring a private investor perspective into the debate. He is a chartered surveyor by training and has a long history of working in real estate development and cross border investment, focusing particularly on infrastructure-led regeneration as well as mixed-use development. For the last 6 years he has focused on developing relationships in China and the Far East and most recently represented the British Government in meetings in Beijing and Shanghai with senior members of Chinese Government.
28. Ken will be sharing his thoughts about the importance of place as a factor in investors' decision-making and what that may mean for city regions. He has been asked to reflect on what is possible under the current system and whether local partners are using the levers available to them to best effect. We have also asked him to identify where there is likely to be private sector support for city regions to press for greater freedoms and flexibilities.

Next steps

29. The purpose of this discussion is to give members a chance to consider what work they wish to deliver in this area. It is suggested that the Board consider a two-pronged strategy to maximise on existing openings with UKTI/BIS while developing some compelling longer-term propositions in collaboration with other influential stakeholders that can be acted on by an incoming government.
30. On the first point, there are a couple of UKTI priorities on which the Board may wish to offer assistance in return for a more substantive discussion progressing city region priorities. For example, UKTI are keen to discuss how local government can help the UK break into high growth markets in emerging economies and how local regeneration projects could be made more attractive to overseas investors. Members may wish to press for these to be considered as a part of a broader discussion that would include the scope for flexing the UKTI future offer in line with the key themes emerging from the SEPs. Moreover, with the contract with PA Consulting and partners to coordinate inward investment activity at regional level due to expire in 2016, there is an opportunity to work jointly with the LEPs to influence the re-letting of that contract.

31. In the longer-term, though, members may wish to explore the roll-out of the London/devolved administration model to English city regions. To that end, it may be useful to commission analysis to get a better handle on the advantages and limitations of the UK's devolved models, as well as similar models in other countries. The Board's discussion at the meeting will have focused on Germany, but there are also other countries that have made local apparatus a central plank of their operations, e.g. Australia has eight export hubs, each with the ability to tailor support packages to the circumstances of the particular region.
32. It should also be noted that although the UKTI is the delivery arm for trade and investment in the UK, ultimately their approach to local and regional partners has its roots from broader strategies set out by the Department for Business, Innovation and Skills on trade and investment, technology, higher education and industrial sectors. On the whole, these can be characterised as "place-blind", with little, if any recognition of what local partners have brought or can bring to the table. This would suggest that future work in this area may need to target BIS ministers and shadow ministers, as well as senior civil servants.
33. Many city regions that are the most active in trade and investment have already made fairly well-developed pitches for the levers and influence that local areas need, for example, through City Deals. As with the skills agenda, it is not necessarily the case that the roadblocks are coming from the lack of evidenced proposals; rather, there is still a lack of recognition within Whitehall the top that excessive centralisation impedes local growth, which in turn affects the country's long-term prosperity. On this point, we have some allies warning of the same risks when it comes to trade and investment policy, whom we may wish to engage in the development of our work; e.g., Ernst and Young and the Institute for Public Policy and Research.
34. We also know that major business stakeholders also have a keen interest in this area and have their own concerns about the shortcomings of current policy and delivery arrangements, e.g. for example, the Confederation of British Industry and Federation of Small Businesses, and are in the process of arranging meetings with them for the Chair of the Board to explore the potential for collaboration on this, and other, elements of the Board's work programme. We have also had interest from Universities UK and the Universities Alliance to engage more closely on issues related to local growth. Given that one of the UK's competitive advantages is the presence of world class universities in every part of the country, we may wish to explore how these institutions can play a bigger role in future.
35. Our proposal is to hold a deep dive early in 2015, with key stakeholders from government departments, the business sector, think tanks and universities to test new proposals for a city region offer on trade and investment. The timing is intended to enable us to build on the recommendations of the City Growth Commission, set to be published in late October. Following the Board's steer, we will be working with nominated chief executives to deliver new analysis and flesh out more detailed proposals to bring back to members in the autumn.

Employment, Skills and Economic Growth

Purpose of report

As one of its three priorities, the Board agreed to put forward a model which places city regions at the centre of commissioning future back to work, skills and welfare support. This Board report sets out the work plan to achieve this, and updates Members on progress made since the last meeting in April.

As part of this work, the Board commissioned the Centre for Economic and Social Inclusion (Inclusion) to develop a series of research reports. The first of these focuses on the *employment and skills challenge by place*.

Dave Simmonds, Inclusion's Chief Executive will present the early findings to the Board. Headlines from early research are also included in this summary report. The draft research report will be circulated separately by close of play on Monday.

Recommendation

Members are asked to consider the Inclusion presentation and the issues it raises for the wider context for the work over the next year.

Action

Officers to take forward members' recommendations.

Contact officer: Jasbir Jhas,

Position: Senior Adviser

Phone No: 020 7664 3114

Email: jasbir.jhas@local.gov.uk

Employment, Skills and Economic Growth

Summary

1. As one of its three priorities, the Board agreed to put forward a model which places city regions at the centre of commissioning future back to work, skills and welfare support.
2. To take this work forward, the Centre for Economic and Social Inclusion (Inclusion) has been commissioned to develop a series of research reports. These aim to examine the future skills and employment challenges that will be faced by an incoming or returning Government as they re-consider the way in which skills and employment is commissioned and delivered.
3. The first of these reports focuses on the *employment and skills challenge by place*. Dave Simmonds, Inclusion's Chief Executive will present the early findings to the Board.
4. As expected, the first piece of research suggests that, without reform to the current national system, local growth forecasts will not be met. This is because industries which are expected to provide local growth will not be supplied with the skilled workforce they require. The long term unemployed are likely to be the most adversely affected. Importantly, the research suggests more diverse messages regarding "public concern" are required to influence future national policy.
5. Members are asked to consider the early report findings and how we might focus future work in light of this.

Background

6. At the first meeting in April, members agreed that the Board should put forward a model which places city regions at the centre of commissioning future back to work, skills and welfare support. A local offer would enable them to knit services together for residents and link it with regeneration and growth activity, providing a clear line of sight to local jobs for residents.
7. It is the LGA view that the current approach to commissioning and delivering this support is overly centralised, highly complex, fragmented and inefficient, and that councils have limited influence over it. This is confirmed by the findings of an LGA survey (June 2014) which sampled the views of a small group of local authorities (56). See **Appendix A** for headline findings.
8. Our aim is to influence key policy decisions including the re-let of back to work schemes in 2016 (when the current Work Programme contracts come to an end), the future direction of skills policy, and the effective integration of Local Support Services in preparation for Universal Credit roll-out.
9. To influence this, a programme of work was agreed as follows:
 - 9.1. **Setting the context:** we have commissioned the Centre for Economic and Social Inclusion (Inclusion) to develop a series of three research reports. It will analyse to what extent nationally commissioned employment, skills and welfare provision constrains councils' ability to support a growing economy with increasingly diverse sub regional economic and

social characteristics, and mobilise residents to benefit and contribute to local growth. It will set out future employment and skills challenges, and recommendations for devolved employment, skills and welfare provision.

9.1.1. The first report, with early findings presented at the Board meeting, analyses the *employment and skills challenge by place* (see below for early headline summary).

9.1.2. The second report, to be published in the Autumn, will examine the extent to which nationally commissioned employment, skills and welfare provision addresses the needs of individuals, particularly those with complex needs. It will also explore how their needs might be more effectively met by a more locally responsive and integrated service.

9.1.3. A final report will bring the findings together and offer recommendations (due start 2015).

9.2. **To analyse what works:** we are about to commission the National Institute of Economic and Social Research (NIESR) to analyse a small number of devolved / locally-led employment and skills schemes. This is designed to cover the effectiveness of each scheme, based on outcomes and the factors driving it, comparative success rates with national programmes, and projecting the outcomes if the success rates were scaled up across the country. Findings will be available by the end of November.

9.3. **A model for reform:** Building on the work above, and existing work in city regions, we will develop a devolved, place based model. This requires modelling through a deep dive on how a localised employment, skills and welfare approach could operate at the level of city regions and borough groupings and what it would deliver in terms of reducing unemployment. This is the next piece of work to be scoped out following this Board meeting.

10. To develop the above programme, we are working with a number of Chief Executives nominated by the bodies which make up the Board. These include Tom Riordan, Leeds City Council (Core Cities), Lesley Seary, London Borough of Islington (London Councils) and Kersten England, York City Council (Key Cities). Advice has included that any new LGA work should add value to the work already undertaken by city regions, and that the project to analyse what works must follow a methodology which resonates with DWP, BIS and the Treasury.

11. In addition, we are also working with a group of eleven areas – a mix of cities, city regions and counties – to develop the detail of this work. These include

11.1 Cities: Greater Manchester; Newcastle (NE combined authority); Southampton and Portsmouth; South London community budget (Lambeth, Lewisham and Southwark); West Yorkshire combined authority

11.2 Counties: Devon; Essex; Lincolnshire (and the wider LEP); Shropshire; Staffordshire; and Surrey.

THE EMPLOYMENT AND SKILLS CHALLENGE BY PLACE – INCLUSION’S FIRST RESEARCH REPORT

- 12. As set out above, the brief to Inclusion was that we needed to analyse the political and economic context in which future ministers would make decisions about employment, skills and welfare provision and how localised reform proposals could offer solutions to future challenges.
- 13. The first commissioned research explores the barriers presented by the current skills and back-to-work system, which militates against locally tailored and integrated solutions and the impact this on different local places.
- 14. The paragraphs below provide the headline issues from early findings. The final report will be delivered after the Board’s discussion and its consideration of the early findings.

Early research findings

- 15. Inclusion calculates a **significant and widening skills deficit by 2022**. This is based on a comparison of qualification levels of the population (based on population projections) and those required by employers (Working Futures). Table 1 illustrates that taken as an England average, the current population will by 2022 have a qualification level of 2.3 (GCSE or equivalent), but that to achieve growth, qualification level 3 and above is required (A level or equivalent and above). Fewer jobs will require people with low qualifications, potentially displacing 14% of the population from the labour market. Meanwhile demand for high skilled labour will increase, but there is projected to be a 16% deficit in the people qualified to these levels.

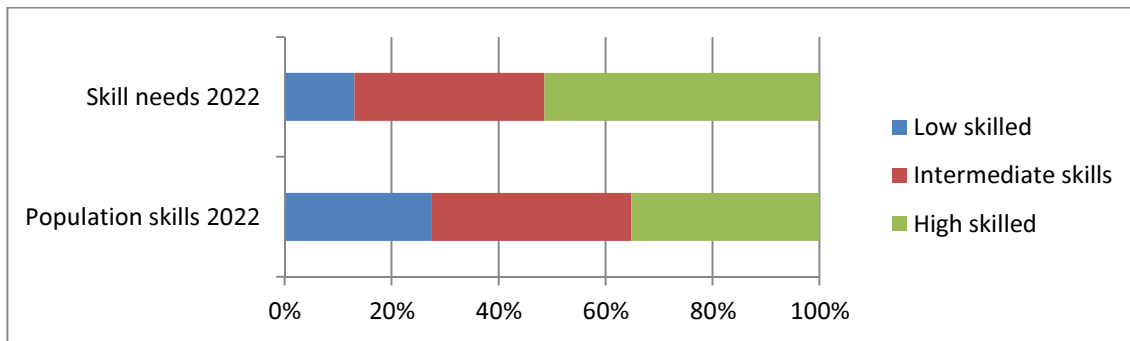


Table 1

- 16. **The skills deficit will constrain economic growth.** This is because employers that are predicted to bring local growth will not be supplied with the skills they require. As a result this means expected productivity levels will not be maximised. Table 2 displays the impact upon GVA in England by the skills gap – a difference of £375 billion. Inclusion estimates that will cause a productivity shortfall of around 16-25% across England.

GVA gap

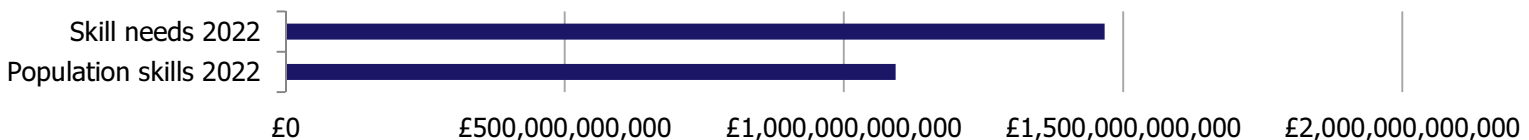


Table 2

17. **As things stand, the benefits of economic growth may not reach everyone or every community.** People most at risk of losing out are the long term unemployed of all ages, those with low qualifications, and those with disabilities and health problems. Even if they do find a job it is increasingly likely to be insecure and low paid. If unemployment remains a problem, so too does the spare capacity in the workforce (people who have a job but need or want more hours). Inclusion has calculated the labour market slack in Table 3 as an England average, suggesting we need 15% more jobs.

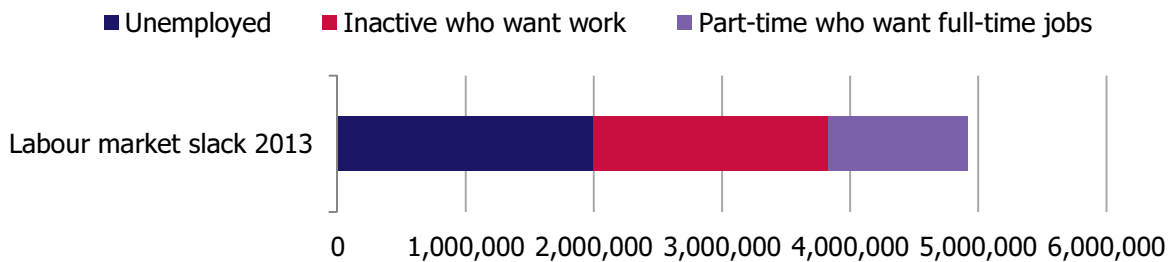


Table 3

18. The findings are also illustrated for the eleven places featured in the report. It shows each area’s employment and skills needs and challenges are as unique as their solution.

19. Setting out the future challenge in this way offers a future Government in 2015 local solutions which can be implemented in 2016, enabling councils to play a key role in achieving local and national growth ambitions.

20. Despite limited devolution of skills and employment budgets through City Deals, Local Enterprise Partnerships’ role in steering 2014-2020 EU funds to drive growth and jobs, and negotiations on a local Growth Deal, employment and skills provision remains nationally commissioned. This means that their ability to influence the challenges set out above – skills deficit, unemployment, underemployment, and the implications for local growth – is constrained. Councils continue to report they have limited influence over the plethora of national schemes delivered in their area. This is confirmed by a recent LGA survey (see appendix).

21. The detailed findings will to be presented by Dave Simmonds, Chief Executive of Inclusion, at the Board meeting.

ISSUES FOR MEMBERS CONSIDERATION

22. Members are asked to consider the Inclusion presentation and the issues it raises for the wider context for the work over the next year (see paragraph 9).

23. Jobs are now a significant issue of public concern, as highlighted at the May 2014 local election campaign (MORI, 2013). The issue was also core to voting patterns across the EU in the recent European Parliament elections.

24. Our early research findings indicate that the status quo on skills and employment policy as we move towards growth may only exacerbate the public concern about jobs and social disadvantage. These wider economic and social issues are likely to influence the future public debate.
25. A significant concern is the number of people who see little hope of gaining local employment. Much of the cost benefit analysis which underpin the initiatives undertaken by city regions helps to support local communities to benefit from job creation and provides an explicit solution in these broader social issues of local communities' employment prospects.
26. It was noted at the last Board meeting that there is no shortage of evidence about the shortcomings of current national arrangements and the benefit of local initiatives to deliver skills provision and employment support.
27. In order to provide added value to existing work and to ensure that the ambition of councils and their existing initiatives are enhanced, it is suggested that our model for reform is based on a deep dive which could focus on an individual's perspective and build the advantages from this base. The intention would be to shift the debate from a purely economic and managerial argument with Whitehall, to address a wider narrative about the needs to address high levels of public concern (illustrated by the modelling work of city regions).
28. Should members wish to develop the work in this way, a partnership with the Association of Colleges and LEP Networks could be explored.

Appendix A

In June 2014, the LGA sampled a small group of local authorities (56) to gauge their views on the local effectiveness of nationally commissioned employment and skills provision, and its associated supply chain. A few headline messages include:

- Local relationships between councils and commissioners/providers are critical, with 85% (46) preferring face to face discussions
- 88% (46) of councils feel they do not have the sufficient performance oversight and ability to hold providers to account locally
- 83% (40) cite a mismatch between the Skills Funding Agency commissioned provision and local employer demand.
- 67% (33) believe Work Programme providers and sub-contractors do not effectively engage with their authority to ensure provision is effectively linked to local services.
- 57% (28) think the apprenticeship system only helps the over 25s to a small extent
- 84% (41) believe employment and skills services would be more locally effective if funds were devolved to groups of councils / LEPs.



Influencing strategy

Purpose of report

For decision.

Summary

This paper is intended to support members' discussion of the Board's strategy to influence future political and public policy debates, as well as provide an update on press and public affairs activities.

Recommendation

Members are asked to discuss and provide a steer.

Action

Officers to take forward as directed by members.

Contact officer: Ian Hughes
Position: Head of Programmes
Phone no: 020 7664 3101
E-mail: ian.hughes@local.gov.uk

Influencing strategy

Background

1. This paper is intended to set the context for members' discussion of how they wish to collectively and individually influence future public policy discussions and provides an update on public affairs and press activities undertaken since the Board last met.
2. With just over 10 months to go until the next general election, the political and public policy arenas are already crowded with voices seeking to influence election manifestos and this will only amplify through the autumn party conferences. When members last met, they agreed that the LGA had an important role to play in facilitating a united voice from local government, underpinned by a collective public affairs strategy, to ensure that our key messages are not getting lost in all of the noise. Equally, it was noted that there will be a range of external stakeholders such as the Confederation of British Industry and Institute of Public Policy Research putting forward propositions of interest to city regions so engagement with those organisations to promote the Board's priorities and calls would also be vital.
3. Members were also clear that our influencing strategy should look beyond the short-term horizon of the party conferences and have an ultimate focus on shaping the decisions of an incoming government in 2015, particularly the next Comprehensive Spending Review which is likely to set the major public spending decisions to the end of the next Parliament. To that end, it was also agreed that it would be critical to try to influence civil servants' advice to current and future Ministers.
4. The next sections provide an update on the activities being planned to join up the local government voice, particularly at party conferences; engage external stakeholders; and influence senior civil servants. The final section sets out a proposed plan of activities to promote the brand of English city regions as the drivers of growth in this country and position the detailed propositions we will be developing on the Board's priorities as solutions to the fundamental issues any future government will need to tackle. In the discussion, members are particularly invited to reflect on how the Board's strategy can harness their influence within political parties and city regions.

Aligning the voice of local government

5. We are looking closely with a number of organisations to ensure that, as much as possible, we are aligning the messages which we are each taking to government and parliament. This has involved initiating and maintaining an ongoing dialogue with Core Cities, Key Cities and London Councils among others, complementing the efforts of member councillors who are involved with such organisations.
6. In line with the LGA's corporate approach to the party conferences, we will be holding a fringe event at each of the three main conferences around the next stage of the Rewiring Public Services campaign, due to be launched at the 2014 LGA conference in July. These events will focus on the practical steps which the LGA believes the next government should take when they first take office following the 2015 General Election.

7. In addition, we are proactively seeking speaking opportunities on other platforms across the three conferences. This involves engaging with over a substantial number of stakeholder organisations to seek out opportunities where we could potentially offer a local government speaker for their events. Any speaking invitations which the LGA receives for major economic growth events at the three party conferences will be offered to the members of the City Regions Board and a bespoke briefing will be offered by LGA officers to assist with preparing for the event.

Engaging with external stakeholders

8. In addition to our work ahead of the party conferences, officers have also commenced a stakeholder engagement programme, to be led by the Chair of the City Regions Board, targeted specifically at those stakeholders with a strong voice in the field of economic growth. This includes for example the British Property Federation, the Confederation of British Industries, Institute of Directors, UK Trade and Investment, the Enterprise Forum, and Federation of Small Businesses.
9. Such engagement will offer opportunities to discuss subjects such as the future of the work programme, city deals, infrastructure supply, LEPs, welfare reform policy, unlocking economic growth through partnership working with the private sector, and the future skills challenges facing the country. These opportunities will also allow the Board not only to seek support for the work of the City Regions Board from such influential voices, but also seek to influence their own work and establish opportunities for joint working.

Working with government

10. Officers met a number of director-generals and directors from BIS, CLG and Cabinet Office last month to discuss how to take the common themes emerging from the Strategic Economic Plans into account for future policy as well as the future of LEPs. They are keen to progress this work with us and as a first step, we are organising a Chatham House seminar on the issue for the autumn.

Influencing a future government

11. We propose to build our influencing strategy along the following lines, building on some of the key public milestones over the next 12 months:
 - 11.1 Scottish referendum: The devolution debate will be more alive than ever following the Scottish referendum in September 2014, whatever its outcomes. We suggest using this opportunity to promote what city regions could deliver if they had the same degree of fiscal and policy autonomy as the devolved administrations have. We should be in a position to draw on the evidence of the City Growth Commission whose July report on connected cities is expected to set out strong recommendations on enhancing the global competitiveness of English city regions.
 - 11.2 Launch of the City Growth Commission: The Commission's final report is due to be launched at the end of October and we are aiming to schedule the international review exercise hot on its heels. There is potential to generate significant media interest in the views of leaders of major European and Commonwealth Cities on

the powers and responsibilities of English city regions, particularly in the lull between party conferences and the Autumn Statement.

- 11.3 Autumn Statement: A date for the 2014 Autumn Statement has not yet been set but seems likely to take place in early December. We would expect that at this stage of the parliamentary cycle, the Chancellor's speech will focus on the government's record over the past few years rather than making substantive new policy and funding announcements, which may mean that detailed pre-announcement submissions are unlikely to have much traction. We would suggest using this opportunity to take stock publicly of the progress that has been made towards devolution and how much further we need to go.
- 11.4 The last 100 days: By the end of January, election manifestos will have long been set, although commitments are likely to have left space for more operational detail to be filled in later. Civil servants will also be honing their advice on future policy and spending decisions for Ministers after the general election, with the Treasury in particular considering options for the next Spending Review framework. At this stage, the Board is expected to have detailed new propositions across all three of its priorities and we would suggest focusing on promoting these to national politicians and civil servants, as well as other external stakeholders who will have an influence on their thinking.
- 11.5 2015 Budget: This will be the last Budget before the next general election and an opportunity to set out a comprehensive offer from city regions to deliver the economic growth and public service reform.

Parliament and media

12. The LGA public affairs team engages with parliamentarians on a daily basis, monitoring for any opportunities through which the LGA can influence debates in Westminster. Whenever these opportunities are created or arise reactively, the team work to brief the parliamentarians involved on the LGA's position and concerns. With the new parliamentary session getting underway, we will be informing all relevant economic growth debates which take place within both the House of Lords and House of Commons, utilising the cross-party messages agreed by the LGA Cities Board.
13. In addition, where relevant Select Committee inquiries are initiated by Parliament, the LGA will continue to represent the sector. Should the subject of the inquiries fall under the remit of the Cities Board, officers will work with members to agree written evidence and utilise oral evidence opportunities to convey the position of local government.

Media

14. The media team briefs and issues statements and press releases to national news journalists every day. Ahead of the board's first meeting, interviews were set up between the board chairman and the Guardian and MJ which resulted in national and trade coverage. A first person piece from Sir Richard, summarising the inaugural meeting was published in the LGA's membership magazine, *First*. The team are continuing to work



with the board to identify opportunities for proactive stories, interviews and comment pieces in the national and trade press, tied to the objectives of the Board.

Members are invited to discuss the following:

- **Opportunities to engage local and sub-regional stakeholders and media outlets**
- **How they can exert influence within their respective political parties**
- **Other external stakeholders that the LGA should be engaging**



City Growth Commission - update

Purpose of report

For information.

Summary

This paper provides an update on the activities of the RSA's City Growth Commission, which the LGA has sponsored. It also reports on the launch of two other independent commissions that the LGA is sponsoring: the Non-Metropolitan Commission and the Local Government Finance Commission.

Recommendation

Members are asked to note the update.

Action

Officers to take forward as directed by members.

Contact officer:	Piali Das Gupta
Position:	Senior Adviser
Phone no:	020 7664 341
E-mail:	Piali.dasgupta@local.gov.uk

City Growth Commission - update

1. This paper provides an update on the activities of the Commission in the last couple of months and opportunities for the Board to shape its final recommendations. It also reports on the launch of two other independent commissions to which the LGA is contributing, the Non-Metropolitan Commission and the local government finance commission.

Gathering evidence

2. Since the Board last met, the Commission has been in the process of evidence-gathering, research and analysis. In May, the Commission held two further expert seminars on [housing](#) and [digital technology](#), with expert speakers in both sectors: Jennie Daly (Managing Director, Harrow Estates, Redrow Plc); Toby Lloyd (Head of Policy, Shelter); Rohan Silva (former No.10 Adviser and City Growth Commissioner) and Mark Barrett (Head of Leeds Data Mill).
3. The Commission also held its third and final formal evidence hearing in Newcastle on June 6, where they heard from a range of local leaders across the North East, including Cllr Nick Forbes, Leader of Newcastle City Council, and Cllr Paul Watson, Leader of Sunderland City Council. Key themes included the impact of demographics, skills, the resilience of governing institutions and graduate retention. A list of attendees and minutes from the hearing can be found [here](#)¹.
4. Following the Board's steer, the RSA are holding a roundtable with Key Cities on June 27 to look at the contribution of smaller cities to national economic prosperity. Further engagement with cities is planned, including a seminar in Leeds with Jon Cruddas MP, Tom Riordan CEO Leeds City Council and other public and private sectors leaders from across the West Yorkshire Combined Authority area. The Commission has already had similar events in Nottingham with Cllr Jon Collins and his colleagues, and a seminar in Southampton with the Solent LEP on skills.
5. In the coming weeks, the Commission will be ramping up its engagement with other stakeholders including senior civil servants in Whitehall, national party politicians (e.g. Chuka Umunna, Greg Clark) and their special advisors, as well as a wide range of institutions and organisations associated with the agenda (e.g. CBI, EEF, Chambers of Commerce, housing associations and the Arts Council
6. The discussions from these sessions will be fed into the Commission's final recommendations.

¹ <http://www.citygrowthcommission.com/wp-content/uploads/2014/05/CGC-NE-Hearing-notes-of-proceedings.pdf>

Research and analysis

7. The Commission has also been conducting further research and analysis on skills, infrastructure and fiscal devolution. two new reports are planned for release in July:
 - 7.1. *Human Capitals: Driving UK metro growth through workforce investment* on July 3:
This report looks at skills development and in-work progression as factors in raising productivity and contributing to city growth.
 - 7.2. *Connected cities: the link to growth* on July 16: This report examines how underinvestment in infrastructure restricts UK cities' potential for growth. It investigates how a change in thinking around infrastructure and connectivity can help improve economic and social growth and productivity for the UK as a whole, and where metros best fit within that system.
8. The Commission have also started a new project with the British Private Equity and Venture Capital Association and Universities UK on graduate retention and how to encourage students to apply their skills and entrepreneurial talent in the cities where they have studied.

Press coverage

9. Media traction continues with national and regional coverage in the Telegraph, FT, City AM, the Guardian, Yorkshire Post and Public Finance magazine. All media articles can be found [here](#)².

Next steps

10. The Commission's final report is due to be launched on October 30. In order to ensure that members have an opportunity to discuss and shape the final recommendations before the final report gets to an advance stage, we have arranged for lead members to attend the meeting of the full Commission on September 17. As the Commission will be attending the party conferences, this meeting will also be an opportunity for lead members to provide advice on which messages are likely to have greatest traction with national politicians.
11. We have also provisionally invited Jim O'Neill, Chair of the Commission, to attend the October 21 Board to discuss the findings and recommendations with all members. That meeting may also be an opportunity for the Board to consider how we can best build on the Commission's research and recommendations in our future lobbying and work programme.

Other commissions

Non-metropolitan commission

² <http://www.citygrowthcommission.com/media-coverage/>

12. The LGA's People and Places Board is sponsoring the Independent Commission on Economic Growth and the Future of Public Services in Non-Metropolitan England (Non-Metropolitan Commission). It is chaired by Sir John Peace, Chairman of Standard Chartered PLC and Burberry, as well as Chairman of Nottinghamshire's local Growth Board. The Commission will explore the unique characteristics of non-metropolitan economies and their drivers, as well as what more can be done to free up their public services to promote growth and deliver better outcomes for residents. By the autumn, it will make recommendations for reform to shape the way economic growth and public service transformation are supported in the future.

Local government finance commission

13. The LGA and the Chartered Institute of Public Finance and Accountancy have established an independent commission tasked with making recommendations for the reform of local government finance and finding better ways to fund local services and promote economic growth in England. The finance commission, which launched on June 2, is chaired by Darra Singh, partner in the Government and Public Sector team at EY (formerly Ernst & Young). The Commission is expected to publish interim findings in the Autumn ahead of a final report in early 2015.
14. Further updates on the proceedings of these Commissions will be provided on an ongoing basis.

Note of last City Regions Board meeting

Title: City Regions Board
Date: Monday 7 April 2014
Venue: Westminster Suite, 8th Floor, Local Government House, Smith Square, London, SW1P 3HZ

Attendance

An attendance list is attached as **Appendix A** to this note

Item	Decisions and actions	Action
1	Declarations of Interest No declarations of interest were made.	
2	Introduction to the LGA City Regions Board Sir Richard Leese, Chair of the Board, welcomed all members to the meeting and introduced Sir Merrick Cockell, Chairman of the LGA, to provide an introduction. Sir Merrick formally welcomed members to the first meeting of the City Regions Board. He explained that the Board presents an opportunity to give city regions a greater voice within the LGA and tap into the skills of the members seated around the table. He said that he looks forward to seeing how the Board develops over the coming year. Sir Richard introduced the other lead members of the Board and explained that the LGA had changed its governance structure following a challenge from the Core Cities. It is now up to the City Regions Board to contribute to the new structure. He said that the Board will be reviewed after its first year and needs to show that it has developed implementable propositions and has influenced 2015 election manifestos. Therefore the work programme focuses on big issues where the Board can make a difference in that time frame. Representatives from London Councils and Key Cities voiced their support for the creation of the Board and reiterated the need for it to create measurable impact.	
3	Minister of State for Cabinet Office (Cities and Constitution), The Rt Hon Greg Clark MP Sir Richard Leese welcomed The Rt. Hon. Greg Clark MP, Minister of State for Cabinet Office (Cities and Constitution), to the meeting and invited him to address members.	

The Minister spoke about the increasing consensus around returning powers to cities but acknowledged that policies have been slow to reflect that. Cities are a large source of economic potential and for the country to succeed, every city must succeed as well.

The Minister said that he has endeavoured to drive home recognition across Whitehall that every place is different, with different industries, histories, etc. and so they cannot be treated the same, as is Whitehall's default approach. He therefore reminded the Board that they must consider when pushing their agenda not to present such uniformity across cities that it gives Whitehall an excuse to think that policy needs to be delivered uniformly. Instead, emphasising the difference between places could bolster the case for local solutions. His advice would be to resist the urge to make devolution a purely constitutional issue as this would be likely to hold up progress. The Minister urged members to support colleagues that are undertaking unique projects that are not being done in other cities, and to champion these.

The Minister also highlighted the opportunity the Board presents for members to share best practice. He advised that the LGA should do more to raise the profile of city successes since these are insufficiently known in Whitehall.

Lastly, the Minister said that his ambition is to carry on doing what has already been started, but with greater pace and success. He expressed his hope that he would be able to return to address the Board at another meeting in the future.

Members raised the following points:

- City regions are keen to work with Greg Clark to progress this agenda and increase support within Whitehall for local devolution.
- The debate also needs to be about financial devolution and take into account the fiscal position of city regions.
- Other city regions should be provided the scale of devolution offered to London.
- There is a need to harness enthusiasm for devolution in the private sector.

Members also sought clarity on the Growth Deals negotiation process. The Minister indicated that he is going through the Strategic Economic Plans submitted by Local Enterprise Partnerships at the end of March. He has found the SEPs greatly improved since the first drafts, but anticipates about 2 to 3 more months of work to confirm commitments and priorities. He hopes to announce the first allocations from the Local Growth Fund for 2015-16 in July, after which discussions will begin on the following years.

Sir Richard thanked the Minister for attending and offering to speak again, and summarised some of the key points of the discussion. He also told the Minister that the LGA would like to work with officials in the Cabinet Office on some of these issues, and the Minister agreed.

4 RSA - City Growth Commission

Sir Richard welcomed Jim O'Neill, Chair of the RSA City Growth Commission. He explained that the Board needs independent evidence to back up its work and the RSA Commission would provide this.

Jim O'Neill handed over to Charlotte Aldritt, Secretary of the Commission for a brief presentation before he took questions.

Charlotte began by explaining that the City Growth Commission is examining how UK city-regions (or 'metros') can be given greater freedoms to thrive – reforming public services and creating inclusive economic growth.

The Commission is chaired by Goldman Sachs Asset Management Chairman, Jim O'Neill, and includes 11 experts with experience in finance, government, public/private sector and academia. The Commission is a 12 month independent inquiry that will use the weight of its expertise, political engagement and research findings to challenge the status quo and push the debate. The Commission will inform the manifesto writing process and influence the policy debate in the build-up to the General Election.

Since launching, the Commission has:

- Run a call for evidence, hearing from over 50 organisations and individuals;
- Conducted two out of three formal evidence hearing sessions in Manchester and Bristol;
- Launched their first report, '*Metro Growth; the UK's Economic Opportunity*';
- Embarked on a research programme covering skills, infrastructure and fiscal devolution; and,
- Hosted a series of seminars with leading policy experts and practitioners.

The Commission still intends to do the following:

- Publication of research outputs in June (skills), July (infrastructure) and September (fiscal devolution);
- Private roundtable events during the Autumn party conferences;
- Continued media activity and stakeholder engagement;
- Final report due in October 2014.

Charlotte finished by showing the Board a short video from one of the Commission's evidence sessions in Manchester.

Members raised the following points and questions:

- What work the Commission has done to identify work that has already been done in this area and not to replicate it.
- The need to champion the principle of devolution even if it does not lead to growth.
- The rationale behind selecting the RSA Commission to do this work for the Board.
- How the Commission will include the work of smaller cities, not just Core Cities.

- What added value the Board's contribution would enable the Commission to achieve.

Sir Richard thanked Jim and Charlotte for attending and addressing the Board.

5 Work Programme

Sir Richard emphasised the importance of the 12-month period the Board will be assessed on and the strategy of identifying a small number of areas where it can make a positive difference. In this context, the advantage of the RSA Commission is that it will definitely report within this timescale.

Carolyn Downs explained that the LGA has worked with officers of the Board's constituent bodies to come up with a specific and focused work programme. The Board should remember that as well as party manifestos, there is also a Comprehensive Spending Review in 2015, and it is important to influence this, especially if there is a coalition government after the next General Election.

Ian Hughes outlined the three areas of work which the programme covers:

1. Devolution for economic growth and public service reform
2. Skills, employment and welfare reform
3. Trade and investment policy

Members raised the following points:

- The proposed work programme reflects the priorities and interests of the constituent organisations of the Board, who were heavily involved in its development.
- There is a need to identify 3 or 4 big asks and focus the work programme on those
- There should be more incorporation of infrastructure in the public service reform workstrand.
- It will be important to demonstrate how city regions are coming up against the limits of existing policy to transform public services.
- The focus on trade and investment was welcomed and the Board should move quickly to identify the issues and opportunities for city regions.
-
- To prevent our core messages from being diluted, the LGA should try to ensure that local government representation at party conferences delivers common messages.
- Sponsorship of the City Growth Commission should be contingent on its work reflecting all members of the Board, including smaller cities.
- The Board will be looking for its contribution to the City Growth Commission to make a real difference to the debate and add value to the existing work being undertaken by the sector.

Mayor Joe Anderson invited the Board to hold its next meeting in Liverpool, to coincide with the city's hosting of the International Festival of

Business.

Decision

Members agreed to a £50,000 sponsorship for the RSA City Growth Commission with the proviso that it also examines smaller cities in its work.

Action

Officers to look at moving the location of the meeting in July to Liverpool.

Appendix A -Attendance

Position/Role	Councillor	Authority
Chairman	Sir Richard Leese CBE	Manchester City Council
Vice-Chairman	Cllr Marco Cereste OSSI OMRI	Peterborough City Council
Deputy-chairman	Cllr Abigail Bell (via telephone)	Hull City Council
Members	Cllr Roger Symonds Cllr Richard Kemp CBE Cllr Ravi Govindia Mayor Jules Pipe Cllr Andrew Geary Cllr Paul Bayliss Cllr Paul Watson (via telephone) Cllr Peter Box CBE Cllr Peter Rankin Cllr Adrian Andrew Cllr Nick Forbes Cllr Sir Albert Bore Mayor Joe Anderson OBE	Bath & North East Somerset Council Liverpool City Council Wandsworth London Borough Council Hackney London Borough Council Milton Keynes Council Derby City Council Sunderland City Council Wakefield Metropolitan District Council Preston City Council Walsall Metropolitan Borough Council Newcastle upon Tyne City Council Birmingham City Council Liverpool City Council
Apologies	Mayor George Ferguson CBE Cllr John Beesley Cllr Jon Collins Cllr Keith Wakefield Cllr Tudor Evans	Bristol City Council Bournemouth Borough Council Nottingham City Council Leeds City Council Plymouth City Council
LGA Officers	Carolyn Downs, Ian Hughes, Piali DasGupta, Donna Davidson	

