

City Regions Board

Agenda

Friday, 2 September 2016
2.00 pm

Westminster Suite, 8th Floor, Local
Government House, Smith Square, London,
SW1P 3HZ

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City Regions Board
2 September 2016

There will be a meeting of the City Regions Board at **2.00 pm on Friday, 2 September 2016**
Westminster Suite, 8th Floor, Local Government House, Smith Square, London, SW1P 3HZ.

A sandwich lunch will be available at 1.30pm

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.

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Labour:	Group Office: 020 7664 3334	email: Labour.GroupLGA@local.gov.uk
Independent:	Group Office: 020 7664 3224	email: independent.group@local.gov.uk
Liberal Democrat:	Group Office: 020 7664 3235	email: libdem@local.gov.uk

Location:

A map showing the location of Local Government House is printed on the back cover.

LGA Contact:

Eleanor Reader-Moore
eleanor.reader-moore@local.gov.uk
0207 664 3383

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City Regions Board – Membership 2016/2017

Councillor	Authority
Conservative (5)	
Robert Light (Vice Chairman)	Kirklees Metropolitan Council
Robert Alden	Birmingham City Council
Sean Anstee	Trafford Metropolitan Borough Council
John Beesley	Bournemouth Borough Council
Donna Jones	Portsmouth City Council
Substitutes	
Abi Brown	Stoke-on-Trent City Council
Tim Warren	Bath & North East Somerset Council
Labour (14)	
Richard Leese (Chair)	Manchester City Council
Julie Dore (Vice-Chair)	Sheffield City Council
Samantha Dixon	Cheshire West and Chester Council
Martin Gannon	Gateshead Council
Helen Holland	Bristol City Council
Jean Stretton	Oldham Metropolitan Borough Council
Joe Anderson	Liverpool City Council
Jon Collins	Nottingham City Council
Peter John	Southwark Council
Timothy Swift	Calderdale Metropolitan Borough Council
Simon Letts	Southampton City Council
Susan Hinchcliffe	Bradford Metropolitan District Council
Warren Morgan	Brighton & Hove City Council
Sue Jeffrey	Redcar & Cleveland Borough Council
Substitutes	
Steve Bullock	Lewisham London Borough Council
James Lewis	Leeds City Council
Michael Mordey	Sunderland City Council
Independent (1)	
Liz Hazell (Deputy Chair)	Walsall Metropolitan Borough Council
Substitutes	
Graham Whitham	Sutton London Borough Council
Phelim MacCafferty	Brighton & Hove City Council
David Wootton	City of London Corporation
Liberal Democrat (2)	
Abigail Bell (Deputy Chair)	Hull City Council
Iain Roberts	Stockport Metropolitan Borough Council
Substitutes	
Tim Bick	Cambridge City Council

Agenda

City Regions Board

Friday 2 September 2016

2.00 pm

Westminster Suite, 8th Floor, Local Government House, Smith Square, London, SW1P 3HZ

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Date of Next Meeting: Friday, 11 November 2016, 2.00 pm, Rooms A&B,
Ground Floor, Layden House, 76-86 Turnmill Street, London, EC1M 5LG



City Regions Board Work Programme 2016/17

Purpose

For discussion and direction.

Summary

This report sets out a proposed work programme for the City Regions Board for 2016/17.

The work programme seeks to:

1. Reflect the broad remit for the Board and provide continuity.
2. Provide space for the Board to provide leadership for city regions in the policy development for new issues in this Board cycle, such as the UK leaving the EU.

Recommendation

The board are invited to comment upon and agree the draft work programme for 2016/17.

Action

Officers to take forward actions in line with Members' steer.

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City Regions Board Work Programme 2015/16

Background

1. Established in February 2014, the City Regions Board represents the interests of cities and city regions at the LGA. Its membership is drawn from Core Cities, Key Cities, London Councils and SIGOMA.
2. To date, the work of the Board has covered devolution for economic growth and public service reform; skills, employment and welfare reform; and trade and investment. The Board has also worked closely with other relevant LGA Boards on shared organisational priorities (in particular the People and Places Board with which it develops the LGA's work on devolution) providing a united voice from the sector.
3. Over the course of the last Board cycle, a number of new devolution deals and extensions to existing deals were announced. More recently, preparations for the incoming directly-elected Mayors have begun to take shape and the design of a new business rates retention system has continued. Following the vote to leave the EU, a new Ministerial team is now in place and an Autumn Statement is expected in the coming months. New Government Departments to facilitate the UK's departure from the EU have also been set up and their work programme has begun.
4. It is in this context that the City Regions Board is asked to agree a draft programme for the year. **Members are asked to consider:**
 - 4.1. **Specific policy priorities based on the Board's remit.**
 - 4.2. **The balance and prioritisation of activity within the proposed work programme.**
 - 4.3. **Aspects of EU exit that will have a bearing on the Board's work**

Suggested priorities and work programme for 2016/17

5. Since its inception the Board has bolstered the urban voice within the LGA and played an important role developing the LGA's recent devolution work and lobbying positions. The Board will have a particularly important role in influencing new Ministers on issues such as devolution and skills and employment support. Members will also have a view on how the Board will want to engage with the implications of leaving the EU.
6. The LGA's Leadership Board will meet later this month and will discuss the LGA's priorities and work programme in relation to EU exit. It is likely that policy boards will be asked to discuss and lead on aspects of work that fall within their terms of reference. For the City Regions Board, this could include the constitutional implications of leaving the EU, building on earlier devolution work and the report by the All Party Parliamentary Group on Reform, Decentralisation and Devolution for which the LGA is the secretariat. Subject to the Leadership Board discussion, members might like to request a scoping paper on this topic for the next City Regions Board. This could cover topics such as the powers and constitutional position of local governments in other non-EU European nations, and how the principles of subsidiarity and devolution could apply to UK public policy during and after the EU exit negotiations.

7. The previous Board agreed to support the new RSA Inclusive Growth Commission. The Commission has now developed its work programme in more detail, and has opened a call for evidence. Agenda item 3 updates the Board on recent activity and asks for a steer on the LGA's future engagement with the Commission.
8. Working with the People and Places Board, the Board supports the 'Leading Places' programme. Jointly with Universities UK and funded by the Higher Education Funding Council for England, the pilot programme looks to strengthen the relationship between councils and higher education institutions. Item 4 updates on progress and asks for members' steer on proposals for a second phase of the programme.
9. The Board also expressed a strong interest in continuing its work on employment and skills and agenda item 7 gives members the opportunity to proposals in this area more fully. Particular areas of focus are likely to include the Work and Health Programme, Apprenticeship Levy, and further devolution of skills and employment support.
10. The Board's research and lobbying work on devolution has been critical in keeping up the momentum on this important agenda. The LGA also provides a comprehensive programme of support for areas considering and implementing devolution deals. Further information, and proposals for the further development of the LGA's devolution programme, are included at agenda item 8.

Next steps

11. Members are invited to comment on and agree the Board's priorities and scope of the work programme as outlined above.

Financial implications

12. The draft work programme can be delivered within existing resources.



Inclusive Growth Commission Update

Purpose

For discussion and direction.

Summary

This paper updates members on the activity of the RSA Inclusive Growth Commission since the last Board meeting, outlines proposed next steps and asks members to reflect on how LGA officers might best support the Commission in the wake of a significantly changed national context.

Recommendations

Members are asked to:

1. Note the Commission's activity and findings to date – paragraphs 6 – 10.
2. Provide an initial steer on the focus of the LGA's submission of written evidence to the Commission's 'Prospectus of Inquiry' – paragraphs 11 – 13.
3. Reflect on how the LGA might best support this work in light of a significantly changed national context and the emerging priorities of the City Regions board. – paragraphs 14 – 15.

Action

Officers to take forward their work as directed by members.

Contact officer: Claire Hogan
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Inclusive Growth Commission

Background

1. On 28 April, the RSA launched the Inclusive Growth Commission, chaired by Stephanie Flanders and directed by Charlotte Alldritt, to understand and identify practical ways to make local economies across the UK more economically inclusive and prosperous.
2. The Commission is funded by the Local Government Association, Core Cities UK, London Councils, Key Cities, the Joseph Roundtree Foundation and PwC. Through a combination of formal evidence hearings, deep dive research visits, seminars and written submissions, it will seek to explore two questions as outlined in the [Commission's 'Prospectus of Inquiry'](#).
 - 2.1 Is there a model(s) of place-based growth that also addresses social and economic inclusion?
 - 2.2 What is this model(s) and how might it be implemented in a UK context?
3. Since the Commission's launch the RSA has held two open evidence sessions, conducted four deep dive research seminars and issued a formal call for written submissions. Further evidence-gathering sessions are planned for early autumn and the RSA is aiming to produce an interim report by the end September 2016, with its final report following in March 2017.
4. While members may have been involved either directly or indirectly with the activities of the Commission in recent weeks, this meeting of the City Regions Board is the first to take place following the result of the European Union referendum and the appointment of a new Prime Minister. It therefore presents an opportunity to consider the work of the Commission within the context of renewed calls to address regional economic inequalities and develop a more inclusive approach to growth.

Commission Activity to date

5. The Commission has held a number of formal evidence hearings, deep dive research visits and seminars.
6. Its first seminar was held in May and brought together over 30 experts, policymakers, academics and practitioners to discuss what local economies need in order to become engines of inclusive growth. Three speakers, focusing on work to explore inclusive growth in Greater Manchester, addressed delegates making the following points:
 - 6.1 Professor Ruth Lupton, Head of the Inclusive Growth Analysis Unit, summarised some of the emerging themes from her consultation on inclusive growth in Greater Manchester, suggesting that inclusive growth requires more effective and intensive joined up social and economic policies.
 - 6.2 Dr Carolyn Wilkins, Chief Executive of Oldham Council, highlighted the challenge of a growth and reform narrative strong on articulating city regions as functional economic entities, but largely silent on the societal links and social infrastructure of a place.

6.3 Alexandra Jones, Chief Executive of Centre for Cities felt that City regions' key challenges are to understand how to use their unique strengths, characteristics and resources to create local economies that work for them. Devolution deals can provide an important opportunity to begin to tackle some of these issues as long as they have the right flexibilities and opportunities to address skills challenges which impact the inclusiveness of a local economy.

7. A detailed write up of the day is provided in **Appendix B**
8. A second series of seminars was hosted in June to examine how new approaches to skills and labour markets might drive growth and productivity alongside greater inclusion and participation in local economies. Speakers with specific skills expertise addressed delegates making the following points:
 - 8.1 David Hughes, Chief Executive of the Learning and Work Institute, reflected on the extensive research on skills and labour markets conducted by the Learning and Work Institute. He outlined that the UK skills base is poor compared to international standards and that devolution of the adult education budget would help to better support and engage with people excluded in the labour market.
 - 8.2 Tony Tweedy Director of Lifelong Learning, Skills and Communities at Sheffield City Council spoke of the devolution deal secured by the Sheffield City Region. He outlined how it remains vital that areas have 'purposeful partnerships' between government departments, national and local authorities, and services based on constructive and neutral challenge.
 - 8.3 Delegates at the seminar shared their concerns that current approaches to skills and employment are too centralised, fragmented, confusing and unresponsive to the unique needs and resources of local places.
9. A write up of the discussions is provided in **Appendix C**.
10. Finally, the Commission has held deep dive research sessions in the cities of Sheffield, Bradford, Cardiff and Newcastle, involving private in-depth interviews and supplemented by analysis of public strategy documents, data and other available material. Write ups of these days will be shared with members when they are available.

Call for Evidence

11. In addition to the sessions outlined above the Commission has also launched a formal call for evidence inviting responses to a broad range of questions across three themes:
 - 11.1 Economy - creating more inclusive, productive labour markets;
 - 11.2 Place - developing dynamic, resilient places;
 - 11.3 Governance - catalysing system change.
12. A full list of questions is provided at **Appendix A** and it is proposed that the LGA will respond to these on behalf of its members. A written draft of this response will be presented at the

next Board in November, in anticipation of submission ahead of the consultation's close on 31 December.

13. Members are asked to provide an initial steer on areas of particular focus or priority.

Planned future activity

14. The Commission has proposed to undertake a range of further activities throughout early autumn, these include:
- 14.1 Further evidence sessions in the cities of Plymouth (28 September), Nottingham (1 November) and the London Borough of Barking and Dagenham (18 November)
 - 14.2 Workshops at the Labour Party Conference on 26 September and the Conservative Party Conference on 3 October. The LGA Public Affairs team will be liaising with RSA colleagues to ensure full briefings are provided to LGA speakers and details of the workshops are included in the LGA Party Conference Guides provided to councillors.
 - 14.3 The launch of an Interim Report by the end of September 2016.
- 15. Members are asked to consider this programme of activity and reflect on how the LGA might best support this work in light of a significantly changed national context and the emerging priorities of the City Regions Board.**

Appendix A

RSA Inclusive Growth Commission – Call for Evidence

1. Economy - more inclusive, productive labour market

- 1.1. *How can we enable as many people as possible to contribute to, and benefit from, local economic success?*
- 1.2. *How can we overcome social, gender, health and other barriers to accessing local labour markets?*
- 1.3. *How might more inclusive economies make places more productive and reduce demand for some public services over the long term?*
- 1.4. *How can we shape cities and neighbourhoods to encourage a more entrepreneurial culture?*

2. Place - dynamic, resilient places

- 2.1. *What are the characteristics of success at different geographic levels – city-region, city, neighbourhood – and how do these vary across the UK?*
- 2.2. *How can all places create a viable model for sustainable, dynamic and inclusive place-based growth?*
- 2.3. *How might places within and at the periphery of major urban centres capitalise on the potential of existing devolution deals?*
- 2.4. *What additional powers and flexibilities might be needed to give places the ability to respond more effectively to the complexities of their economic geography?*

3. Governance - creating system change

- 3.1. *How might we re-structure central and local public financing and related systems, so services support each other more effectively and decisions are made with a longer term time horizon in mind?*
- 3.2. *What type of metrics for inclusive growth can be developed to support this?*
- 3.3. *How can financial and fiscal risks be mitigated in places beyond the major metropolitan areas?*
- 3.4. *How will Whitehall and the Devolved Administrations need to adapt?*
- 3.5. *What are the barriers to achieving system and culture change?*



Inclusive Growth for dynamic, resilient local economies

Roundtable Writeup - London
24th May 2016 at The RSA

The RSA Inclusive Growth Commission hosted its first seminar in May, 2016. The roundtable event probed the characteristics of dynamic local economies and explored what they need to become engines of inclusive growth – where the widest range of people are able to contribute to, and benefit from, local economic success. It examined how inclusive growth strategies can complement place-based public service reform, within and beyond our major city regions.

The roundtable brought together over 30 experts, policymakers, academics and practitioners. The speakers were:

Professor Ruth Lupton

Professor of Education at Manchester University and
Head of the Inclusive Growth Analysis Unit

Dr Carolyn Wilkins

Chief Executive of Oldham Council

Alexandra Jones

Chief Executive of Centre for Cities

Charlotte Alldritt

Director of the Inclusive Growth Commission and
Director of previous City Growth Commission (Chair)

Inclusive growth in a changing economy

Professor Ruth Lupton spoke about the emerging themes from the research she is leading for the Inclusive Growth Analysis Unit. She emphasised that public attitudes about economic growth are not influenced simply by functional concerns such as productivity, but by the kind of society people want to live in. For example, the British Social Attitudes Survey has consistently shown that people believe the gap between rich and poor is too wide and something should be done about it.

Professor Lupton set out the context for current challenges, illustrating that there was relatively equitable income gains from growth until the 1980s, at which point the poorest saw their incomes fall and the gap between rich and poor widened significantly. This occurred against a backdrop of economic restructuring, large scale deindustrialisation and the geographical concentration of mass unemployment. Four key factors provide important context for why inclusive growth has become an urgent contemporary challenge:

- The 'New Economic Geography'. The spatial dynamics of job creation have changed significantly – new jobs are not in the same places as old jobs. There are important questions about whether we can grow employment in places where new jobs are not being formed, and whether we can really connect people in more peripheral areas to the centre of metro economies.
- The legacy of economic decline. Many of the neighbourhoods affected by deindustrialisation and economic restructuring in the 1980s are still experiencing the aftereffects. Many of these places have been left with a legacy of poor health, loss of identity, loss of community and a loss of hope, as well as a sense of reduced individual efficacy and abandonment by public services. Our history of mostly unsuccessful place-based initiatives demonstrates that we have not dealt with these legacy challenges.
- Structural change in the economy. The structure of our economies and labour markets have changed dramatically, seen for example in the emergence of an 'hourglass' labour market, the challenges of low pay and insecure employment (temporary work, zero hour contracts), and a surge in self-employment.
- A shift in economic values. In the 1980s we also saw a notable shift in our economic values, and an 'economisation' of society, as institutions, activities, behaviour and outcomes

became increasingly defined in terms of their economic value.

Professor Lupton summarised emerging themes arising from her consultation on inclusive growth in Greater Manchester (GM) with the private and voluntary sector. These include:

- Inclusive growth demands more effective and intensive joined up social and economic policies in order to address the legacy issues mentioned above.
- Inclusive growth and the development of local economies should not simply be a productivity maximising exercise – it is more so about asset building and supporting people and places to realise their potential.
- Devolution provides an opportunity to rethink our core economic values and bring in the involvement of a wider set of actors (employers, anchor institutions, civil society). It is important devolution isn't just a technocratic process.
- Enhancing connectivity in the context of our 'hour glass' labour market is important – for example getting to grips with transport and costs to labour market participation, and what powers over transport may be useful.
- We need to address the challenges of wage growth and progression, and what contribution firms can make.
- Examining ways to promote the circulation of money within the local economy, for example through procurement and supply chains.
- Similarly, exploring how we build local economies rather than relying on connecting people to economies and labour markets developed elsewhere.
- Understanding and promoting the role of microbusinesses and creating more inclusive access to finance.

What does inclusive growth for a metro-region and its localities look like?

Dr Carolyn Wilkins spoke about the fast-changing context in GM (a combined authority comprising 10 local authorities) brought about by devolution and how places such as Oldham can benefit from growth in the metro region. GM is one of the leading city regions that has agreed a devolution deal with significant powers over transport, economic development, and health and social care alongside the establishment of a metro mayor by 2017¹. Local leaders have set out an ambition for the city region to be a place where everyone contributes and benefits, and everyone is valued. GM's Growth and Reform Plan underscores the importance of looking at growth and inclusion simultaneously.

Dr Wilkins identified three key challenges facing the inclusive growth and public service reform agenda in Greater Manchester. These include:

- The growth and reform narrative has been strong on articulating city regions as functional economic entities, but has been largely silent on the societal links and social infrastructure of a place. A city region is not just a functional economic entity, but also a socially connected entity but we have lacked a narrative about strengthening that social connection. GM's Growth and Inclusion Review, building on the Manchester Independent Economic Review, is now exploring the link between the social and economic dimensions of growth and policymaking.
- A related part of the challenge is the dominance of money in the narrative, building on Professor Lupton's point about our underlying economic values. The metrics we tend to use to give meaning and value to interventions tend to focus on numbers and money – for example the need to make savings and undertake cost benefit analyses.
- Another challenge concerns the paradoxes of inclusive growth, particularly for those places that are on the periphery of metro growth. For example, recognising that there are serious issues with your local economy in terms of growth and inclusion can deter investment because people like to invest in success and are less likely to do so in areas that may have a reputation as struggling places.

Dr Wilkins also described some of the ways in which Oldham Council has sought to strengthen local economic development and inclusiveness within the borough as well as the importance of leadership across the city region.

- Oldham Council is five years into its 'co-operative journey,' which has involved a strong public service reform agenda built on a platform of 'fairness'. Part of this has included an ethical framework that guides the council's decision-making and service delivery, with a focus on promoting fairness. An important driver of this agenda has been the pursuit of fair growth, building on the council's role as an anchor institution and a local influencer. This has included, for example, making best use of social value procurement to promote good practice (such as paying the living wage) and having a residency requirement for Oldham Council jobs. Despite what has been achieved, there is a lot more councils can do to leverage their role as anchor institutions. For example, Oldham is beginning to look more at promoting in-work progression. It is also examining ways to build connectivity and promote health and wellbeing in the borough through initiatives with its own employees, which largely live in Oldham.
- Achieving more inclusive growth is a key leadership challenge for Greater Manchester. It is important not only to create stronger links across society, but also between public sector leaders – understanding and addressing the disconnect and fragmentation within different parts of the system and developing a more sophisticated understanding of the consequences of local decisions and the potential for leaders to transform not only places but also organisations. The GM leadership framework is helping to think through these challenges.

Inclusive growth in a changing economy, society and politics

Alexandra Jones discussed the emergence of inclusive growth as a key challenge for advanced economies and their cities. She related this to significant shifts in our economy, society and politics.

It was emphasised that the economy has been changing in a way that privileges certain places and people over others, building on points made by Professor Lupton about economic restructuring and a new geography of job

¹ John Walker, "Land Value Capture in Large Scale Developments," accessed July 21, 2016, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/491163/future-of-cities-land-value-capture.pdf.

creation.

- In a more globalised world, the fastest growing sectors are those that are high-value and high-skilled, which require a higher level of qualifications. Many of the firms creating these jobs prefer to be located in larger city centres, and tend to invest in places that are ‘buzzy’ and offer a proximity of skilled workers, high value businesses and institutions such as universities.
- This economic shift can also be seen in the steep decline of manufacturing employment and an inability to deal with the impact of deindustrialisation in many parts of the UK. The places that have struggled the most are those with an industrial heritage, which have relied on one sector in the past. The structural changes in our economy and labour markets are benefiting some places at the expense of others.
- Employment has recovered and grown following the most recent recession, but there has been wage stagnation. Moreover, the largest job losses during the recession were administrative jobs and less skilled jobs, reinforcing a ‘hollowing out’ of parts of the labour market.
- A key challenge is to understand the role of places in a changing economy, and the ways in which they can use their unique strengths, characteristics and resources to create local economies that work for them. Embedding ‘place’ into city-based growth strategies is vital.
- Some suggest that strategies for agglomeration and city centre growth undermine inclusive growth, but it is wrong to juxtapose the two: the key challenge is to target economic investments and policies in a more intelligent manner that recognises that different places can have different roles in a connected economy. For example, advanced manufacturing does not need to be in the city centre: there are other places that would be a better fit.

In addition to economic shifts, there have also been significant social changes. In a post-recession context with relatively strong employment growth but little wage growth, more people are beginning to ask why many are not benefiting from the economy and why people are unable to influence outcomes. There is a growing desire for more local decision-making and a societal trend towards wanting greater influence.

Policy is starting to catch up to these changing economic and social trends. There is a growing recognition amongst policymakers that the UK (and England in particular) remains a highly centralised country in an increasingly globalised economic system where global forces are impacting different places differently. The inflexibility of our current settlement makes

tackling these place-based challenges more difficult.

Devolution deals are providing an important opportunity to begin to tackle some of these issues. They are providing cities in England with certain powers over transport, planning, skills and in the case of GM, health. There have also been City Deals that have provided individual cities with additional powers and freedoms to grow their economies. They also offer potential opportunities to promote an agenda for inclusive growth. These include:

- Providing cities with the flexibilities and opportunities to address skills challenges which impact the inclusiveness of a local economy.
- Developing more connected transport policy and infrastructure, particularly inter-city transport. Better transport can connect different parts of a city region and ensure growth and employment opportunities are accessible to a wider range of people.
- Enabling health and public service reform, joining up services, wrapping them around people and places and focusing on outcomes.
- City regions with metro mayors have an opportunity not only to exercise new formal powers, but also take advantage of the leadership and informal powers of the mayor to bring in investment, negotiate with central government, engage with the public, convene and spur action, and stimulate debate about the kind of economy we want.

 There is a growing desire for more local decision-making and a societal trend towards wanting greater influence.

Despite these benefits and opportunities, they nevertheless pose important questions about whether more significant devolution is necessary to create the right incentives for local service reform and what the role of central government should be (currently, for example, the majority of the savings from initiatives such as Community Budgets accrue to central government). It is also important to acknowledge that devolution isn't the whole answer for more inclusive growth – certain powers should remain within Whitehall and it is crucial for central and local government to work together.

Inclusive growth or inclusive economies?

Participants discussed the importance of having a clear understanding of what we mean by 'inclusive growth', but also ensuring that there is sufficient flexibility for local places and their citizens to shape growth models that are relevant to them – inclusive growth will not and shouldn't look the same everywhere. Some also argue that there is a distinction between inclusive growth and inclusive economies that should be considered. Some of the research being undertaken in GM suggests many stakeholders prefer the latter – which they regard as an approach that seeks to develop an economy that serves broader goals in society, rather than simply being growth-focused. Recent research on monitoring inclusive growth from Sheffield Hallam University for the JRF reveals an interesting relationship between growth and inclusiveness in this regard. Some places in the UK are experiencing very little growth, but their economies are nevertheless more inclusive than higher-growth cities – in terms of income, living costs and labour market inclusion. Conversely, some places (such as London) have high rates of growth but with economies that perform poorly in terms of inclusiveness².

When defining inclusive growth, some participants argued that it is important not to see it simply as conventional growth with some of the rough edges smoothed off. Inclusive growth should provide a strong enough challenge to our current model of growth.

Adapting to the post-industrial economy: new skills and cultures

The nature of our economy has changed dramatically since the economic restructuring of the 1980s and the decline of manufacturing employment. Participants reinforced points raised by the speakers and suggested that two central drivers of unequal growth have been the failure to properly deal with transition from an industrial to a post-industrial economy, and the way in which the structure of the post-industrial economy maintains high levels of inequality (the UK, for example, has amongst the highest levels of market income inequality in the developed world³). A city council chief executive highlighted the challenges

of persistently polarised cities – where the same communities continue to experience poverty and exclusion generation after generation, and a disconnect from the growth that takes place.

 Responding to these challenges requires more than just new policies, services and tools, but also a new set of skills and specialisms for understanding microeconomic trends across neighbourhoods and communities...

Such challenges demand added layers of nuance to traditional policy and economic interventions such as education and skills investment. One participant reflected on how skills shortages was a significant issue identified through the course of the City Growth Commission, but as you delved deeper into how it impacted communities in a place, it was an issue that was more complex than, for example, the provision of courses in FE colleges. It was more fundamentally about communities and neighbourhoods that didn't seem to function and lacked any sort of connection to the growth that was happening around them. The North East, for example, contains the most productive car plants in Europe but many of the families and communities in Sunderland do not feel a sense of connection to the opportunities these provide.

Responding to these challenges requires more than just new policies, services and tools, but also a new set of skills and specialisms for understanding microeconomic trends across neighbourhoods and communities, and how social and economic policies intersect across a city economy. The role of universities is important here – particularly in helping to develop a "new breed of social economists" to help cities navigate some of the challenges of inclusive growth.

In addition to the skills challenge, some participants also identified the importance of culture and cultural change to the future of places. It was argued that cultural renewal could help strengthen the 'pull factor' of cities, particularly in the North, that have traditionally struggled. Part of this challenge also applies to cultures around public service delivery and the role of the private sector. In the United States, for example,

² University of Manchester's Inclusive Growth Analysis Unit, "Inclusive Growth Indicators for Cities," <http://www.cities.manchester.ac.uk/igau/research/inclusive-growth-indicators/>

³ The tax and benefits system plays a significant role in cushioning the UK's high levels of market income inequality. See for example ONS (2016) The effects of taxes and benefits on household income: financial year ending 2015. Available at: www.ons.gov.uk

businesses and the social sector play a strong role alongside city governments in promoting growth and social impact. In what ways might inclusive growth strategies combine public expenditure with the resources of the private sector to achieve greater impact?

Early support can tackle entrenched problems – but government policy alone can't solve everything

Some participants highlighted the role that early years and early support can play in developing ways to address the intergenerational, long term poverty that impacts many communities. We tend to support families and individuals only when they have reached crisis point, but their life chances will have been adversely affected much earlier – it is therefore important to get investment into early support. However, it was acknowledged that we have also oversold the story of early years to a degree – it works but we continue not to do it because it is considered too expensive and inflexible (requiring for example high cost, high quality early education with highly qualified teachers). It may be just as important to develop a 'second chance' narrative supporting young people aged 14-20, including in their transition from school to work and ensuring local labour markets have routes to employment for those that have not pursued higher education.

Despite the growing focus on reforming public services so that they are more aligned, intervene earlier and take a longer time view, there was also an important caution that government policy alone is neither the root of the problems of inequality and exclusion, and nor is it the key or primary lever to address such problems – this underestimates the structural challenges we face in developing more inclusive growth.

Making the knowledge economy work for more people

The knowledge economy and urban-based economic agglomeration are increasingly driving growth and job creation, but have also widened inequalities as people with fewer skills have often been unable to benefit. Participants noted that it is important to understand the trends of the knowledge economy, how it is reshaping local

places and economies (for example through 'innovation clusters'), and the governance and inclusivity effects of its growth. In some places the 'innovation economy' is revaluing downtown locations, creating more inclusive spaces for young people, and promoting living wage zones.

One of the central challenges for institutions (such as universities, particularly those that are competing internationally) in the context of a globalised, knowledge-driven economy is to become both 'world referring' (or world class) and 'local referring' (or providing opportunities for local people). Firms and universities may operate in a globalised context, but it is important they retain a connection to their locality.

Participants also discussed the relationship between poverty and economic dynamism – and whether there is any acceptable degree of poverty so long as it is transitional, and not the sort of poverty that seems to be locked into our current economy, which is increasingly shaped by precariousness and insecurity.

Beyond redistribution – creating surplus and productive investment

Some participants questioned relying on the traditional, redistributive, approach to broadening the proceeds of growth. Redistribution simply involves the state taxing the unequal rewards of growth and redistributing through welfare. Some would argue that this model is broken in terms of outcomes – it may prevent inequality and poverty worsening, but it hasn't supported the most disadvantaged communities from participating in and contributing to their local economies. The idea of 'predistribution' – where access to growth is not simply about the distribution of money but also about the creation of local growth ecosystems that support people and places to create a surplus – is also of value.

Two types of surplus were also identified – those from productive investment and those from rent-seeking. It was argued that the latter undermines inclusive growth by driving up the cost of housing and leading to owners of land or property capturing the uplift of productive investment, sometimes at the expense of local communities. There is growing interest, including a recent Treasury thought-piece⁴, in exploring how strategic economic planning can provide development that enables communities to capture more of the uplift in land value in order to fund infrastructure and support local economic development. Metro mayors could

4 Walker, "Land Value Capture in Large Scale Developments."

play a significant leadership role in such strategic economic planning.

Housing and inclusive growth

Participants discussed the dysfunctionality of the UK's housing market and the way in which it has impacted issues affecting inclusive growth (though the nature and scale of issues vary from place to place) – including income inequality, the growing polarisation of housing and housing wealth, and increasing disparities between those that own and live in decent housing and those experiencing precarious housing conditions. Despite the centrality of housing to inclusive growth, current devolution deals do not provide the powers and flexibilities necessary to enable places to respond to their unique housing challenges. Localising reforms, such as giving councils full control over housing assets, have been put into reverse.

Conclusion

Eight years following the global financial crisis, the UK has achieved recovery in parts of its economy and a decline in unemployment. But this paper has highlighted the ways in which significant changes in our economy, society and politics have impacted the inclusiveness of economic growth. There is a clear need for inclusive growth strategies to support those communities that have been structurally disadvantaged by deindustrialisation and economic restructuring. Government policy alone cannot provide an easy fix. But more integrated policies, more inclusive governance, and new skills, cultures and institutional responses (including those that bring in the resources and leadership of business and the third sector) can play an important role, particularly in the context of the opportunities provided by devolution. It is important that 'inclusive growth' is not seen simply as conventional growth with the rough edges smoothed over – nor should it be reduced narrowly to functional priorities such as maximising productivity. The relationship between economic growth and the sort of economy and society that citizens want to be part of, is important to consider.

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Agenda Item 3b

About the RSA Inclusive Growth Commission

Launched in April, 2016, the Inclusive Growth Commission is an independent, impactful inquiry designed to understand and identify practical ways to make local economies across the UK more economically inclusive and prosperous. Chaired by Stephanie Flanders, former BBC economics editor and J.P. Morgan Chief Market Strategist (UK and Europe), and building on the success of the RSA's City Growth Commission, the Commission will seek to devise new models for place-based growth, which enable the widest range of people to participate fully in, and benefit from, the growth of their local area.

The RSA City Growth Commission demonstrated how the largest UK cities can drive prosperity through place-based investment and economic policy making, enabled through devolution and new forms of governance and finance. This economic narrative has since driven policy developments, but it has become increasingly urgent to understand how we can deepen and broaden this vision, tackling the entrenched inequalities within and between neighbourhoods that act as a drag on growth, and ensuring that the benefits of this place-based approach are more widely shared.

Find out more and get involved

To find out more about the Commission and view its latest content, visit www.thersa.org/inclusivegrowthcommission or our Twitter on @incgrowth.

To find out more about how you can get involved, contact Charlotte Alldritt, Director of the Commission, at alldritt@rsa.org.uk or Atif Shafique, Lead Researcher, at atif.shafique@rsa.org.uk.



Inclusive Growth: New approaches for skills, productivity and labour markets

Roundtable Writeup
27th June 2016 at The RSA

The RSA Inclusive Growth Commission hosted the second of its series of seminars in June, 2016. The roundtable event brought together key people across sectors to examine how new approaches to skills and labour markets might drive growth and productivity alongside greater inclusion and participation in local economies.

The issue goes to the heart of our work at the Inclusive Growth Commission. Its importance has risen even further in the wake of Brexit. But as Charlotte Alldritt highlighted in her introduction, it is a much more complex issue than simply finding ways to improve higher or further education policy. It is intertwined with challenges relating to, for example, the legacy of deindustrialisation, the dynamics of identity and aspiration, and the impact of government approaches to economic growth, welfare and decentralisation.

The roundtable brought together over 30 experts, policymakers, academics and practitioners. The speakers were:

David Hughes

Chief Executive of the Learning and Work Institute

Tony Tweedy

Director of Lifelong Learning, Skills and Communities at Sheffield City Council

Gill Bainbridge

Chief Executive of the Merseyside Youth Association

Charlotte Alldritt

Director of the Inclusive Growth Commission and Director of previous City Growth Commission (Chair)

Stephanie Flanders

Chief Market Strategist for J.P. Morgan and Chair of the Inclusive Growth Commission (event co-chair)

To achieve inclusive growth we need to properly invest in skills, employment and training

David Hughes reflected on the extensive research on skills and labour markets conducted by the Learning and Work Institute. He identified three challenges that were premised on the idea that if we are really going to create a more inclusive society and economy we need more investment in skills, employment and learning – by government, employers and people. He argued that our current systems do not effectively facilitate this, and that devolution provides important opportunities. The three key challenges are:

Challenge 1 - the UK skills base is dire by international standards. Against our OECD peers, the UK does terribly on anything other than higher education. For example, on basic skills policy we are lagging seriously behind – around 20 percent of the adult population have poor literacy and numeracy. Lifelong learning is so important to skills acquisition and development, but people who left school at 16 or earlier are much less likely to continue learning throughout their lives. In addition, there are significant issues around how to engage with people that have done badly in the system. In terms of how devolution and policy innovation might help address this challenge, David argued:

- The devolution of the adult education budget will help, and it is important that this is levered to support and engage with people excluded in the labour market.
- We need to develop more effective ways to stimulate individual investment. Loans that are currently available for people have a woeful take up rate, but they may be one of the few ways for most adults to acquire intermediate level skills. There is a case to be made for the loans budget to be devolved so that they can be aligned with local priority sectors of the economy.

Challenge 2 – Apprenticeships. David emphasised that it is good news that the Apprenticeship Levy is going ahead – which will require all employers operating in the UK with a wage bill over £3 million each year, to make an investment in apprenticeships. There are, however, a whole range of issues related to how it is implemented. David argued that the current apprenticeship mix is not meeting the needs of working age people and the economy.

- According to last year's figures, just under 60 percent of apprenticeships were intermediate level (level 2). This, however, doesn't meet the skills needs of the economy – only 40 percent of apprenticeships are at the higher level. There is a need to persuade employers to invest properly with the levy.
- Around half of apprenticeships were for people already in work.
- The government's target for 3 million apprenticeships by 2020 gets in the way of the quality we need by emphasising quantity over the quality of apprenticeships.
- We need a local compact around apprenticeships where employers work closely with colleges and providers.

“ If we are really going to create a more inclusive society and economy we need more investment in skills, employment and learning – by government, employers and people.

Challenge 3 – the disability employment gap.

Addressing the poor employment outcomes for disabled people is absolutely critical, but has proven very challenging. In its manifesto, the government said they would half the employment gap between disabled and non-disabled people, but since then they have only made a 0.1% advancement on that figure. The employment rate for disabled people is 47 percent – 33 percent less than the rest of society. Around one million additional people need to get into work to achieve the government's aim. David argued that only locally tailored policies and support services can go some way towards this – there should be a full devolution of the skills and employment budget, along with some of the money from the European Social Fund (ESF). In light of Brexit, there is the potential to replace the ESF – which was often very bureaucratic – with more flexible pots of funding.

Finally, reflecting on the challenges posed by Brexit, David made two points. First, if we are really going to pursue and achieve less immigration, there will need to be significantly more investment in our own population to address skills shortages. Secondly, there was a clear sense of disenfranchisement, partly related to skills and education that shaped the referendum outcomes: those people that were highly educated

tended to vote to remain, while those with low levels of education tended to vote leave. It is important now as much as ever to begin to tackle the inequalities in skills that help fuel such disenfranchisement.

How local places can be empowered to promote skills and productivity for inclusive growth

Tony Tweedy reflected on the experiences of Sheffield and examined whether devolution can help meet the inclusion and growth challenges of the city. He started by illustrating the inequalities within the city, showing the vastly different economic conditions and outcomes of two neighbourhoods on a single bus route (see slide below).



Tony identified some of the key challenges facing the city and the opportunities to help address them (see slide below).

There are very weak progression prospects for young people coming through both in post-16 and post-19 education – in terms of both employment and entry into higher education. In addition to the city’s low skill’s equilibrium and low wage economy, there is also the deep rooted labour market neglect that has persisted over a long period of time. There are many people disengaged from the labour market, and a significant number – between 24-29,000 – that have been on Employment and Support Allowance (ESA) since the 1990s. This created a particular problem in Sheffield and many other northern cities that are part of a set of very significant issues at the heart of inclusion.

In terms of opportunities and potential solutions, Tony emphasised that some of these will be facilitated by devolution but there are also a number of approaches Sheffield City Council is already undertaking on its own. For

example, in terms of addressing the learning deficit the council it is looking not only at skills improvement initiatives but also forging stronger alliances between education (including schools) and businesses. Devolution has been useful because it has given added impetus and energy to local approaches and enhanced the connectivity between different initiatives.

There is also an opportunity to harness national initiatives that stand outside of devolution in order to promote inclusion, particularly for the most vulnerable – for example the apprenticeship levy. The council is seeking to use this as a stepping stone – developing and encouraging apprenticeships that provide wraparound support for those that are vulnerable and distant from the labour market and helping to move them onto sustained private sector employment.

The council is using its own levers and leadership to promote inclusion. For example, for every contract with the city council worth over £100,000 a year the council enters into an agreement with the contractor to build employment and training opportunities for local people. In order to encourage and empower employers to invest in skills and workforce development, the city-region has created a Skills Bank, a national demonstrator project which will be dependent on the devolution deal. The initiative is premised on the principle of employers making a contribution but also achieving a return. For an economy like Sheffield where 90 percent of employers are SMEs, this form of networking support and face-to-face brokerage is vitally important – and much more likely to succeed than purely market-based schemes. The city’s ‘skills escalator’ is seeking to meet the ‘fendishly difficult’ challenge of working with employers to help them progress their workforce in terms of wages, skills and careers opportunities that will raise them above the threshold for in-work benefits. This will be strengthened by the devolution of the adult education budget next year.

Challenges	Opportunities
<ul style="list-style-type: none"> Learning deficit & weak progression Low skills equilibrium, low wage economy Labour market neglect & welfare dependency 	<ul style="list-style-type: none"> Creating a 21st century curriculum: SCR Education-Business Alliance Harnessing national initiatives: the apprenticeship levy Exploiting existing powers: procurement agreements Stimulating workforce development: the Skills Bank & brokerage Driving progression: the Skills Escalator Shaping the supply side: 19+ Outcome Agreement & FE capital programme Early intervention & prevention: SCR Employment Pilot PSR: Integrated Employment, Health & Support services Innovative financing: Business Rate retention & the Investment Fund

Tony identified further opportunities, in particular the Sheffield City Region employment pilot, which will go further than initiatives such as the Work and Health Programme in aligning services across the public sector to improve outcomes for those furthest from the labour market. Finally, there are innovative financing opportunities around business rate retention and an investment fund that pools all resources made available by local government, other local stakeholders, central government and social investors with a view to delivering a common vision, a single plan and shared targets for driving up economic inclusion.

“ Devolution needs to be shaped more by values, and not just targets.

Tony closed by identifying some of the ‘unfinished business’ that needs to be better thought through and addressed to ensure new approaches are successful (outlined in the next slide).

- One of the key issues is that while the city will hold the adult education budget, it will not have the 16-19 budget, which is where the bulk of colleges’ budgets lie and which is important in any strategy to close the inclusion gap. It does not make sense to devolve 19+ funding whilst retaining 16-19 funding centrally.
- We also currently have inadequate labour market interventions, and it is unlikely that a centralised approach through Job Centre Plus is the answer unless it properly connects with a whole range of services at local and city-region levels. Public Service Reform can deliver integrated support in the right combination and the right sequence, covering skills, employment, health, housing and advice services, but only if local areas are empowered and given the freedom and flexibilities to do so.
- We need to end the current ‘confetti of initiatives’ – initiatives that do not connect are parachuted on a regular basis. It is imperative to join them up in a single investment fund for economic inclusion for the city-region.
- It is important to shift the expectations of national government departments, to address the current relationship of paternalism towards local areas. We need a culture of partnership in place of this.
- Devolution needs to be shaped more by values, and not just targets. Local Enterprise Partnerships (LEPs) were initially focused on economic growth objectives, but there was much less emphasis on the social values

that should underpin growth i.e. economic inclusion, although this has begun to change as the Combined Authority has developed.

- It is also vital that we have ‘purposeful partnership’ between departments, national and local authorities, and services. This means having a relationship of constructive and neutral challenge – hard targets which partners are jointly committed to, and a joint partnership that properly connects central government and local and sub-regional authorities. Sheffield City Region won agreement through its devolution deal to create a Joint Venture Partnership between the LEP, the Combined Authority, SFA and DWP. This type of arrangement has precedence, and would drive the creation of a common vision, single plan and shared responsibility for inclusion targets, but its creation needs to be backed by central government.

Unfinished business...

- A fragmented skills system
- Inadequate labour market interventions
- Conquering the confetti of initiatives
- Culture shift: partnership not paternalism
- Devolution: values as well as targets
- Purposeful partnership
- Sustainable funding



Putting people at the centre of employment and skills support – lessons from Liverpool City Region’s Talent Match programme

Gill Bainbridge reflected on the learning from the Talent Match programme and emphasised the importance of putting participants at the centre of programmes to develop a truly inclusive economy. She argued that current economic policy is built on the questionable premise that if we grow the economy and create wealth and jobs, this wealth will cascade, lifting local areas out of poverty and impact positively on the lived lives of people within those communities. As a challenge to this dominant approach, she stressed:

- **The importance of investing in people and avoiding one-size-fits-all solutions.** To build a truly inclusive economy we must build on social capital, investing in people. When we talk about investing in people, we often automatically think about investing in training, employment programmes and vocational skills. We design stand alone, one size fits all programmes that are meant to fill the skills gaps and miraculously turn people's lives around after 12 weeks.
- **Appreciating the complexity of the challenges people face.** People cannot slot into pre-defined solutions. They are complex and have changing and interconnected needs. They have competing priorities and shifting motivation. Life is not a linear pathway. Yet we expect people to succeed with linear programmes, taking progressive steps forward until they reach the final goal – employment. But employment is not the end of the journey, but the beginning – those complex needs do not disappear once the weekly wage packet arrives.
- **We must invest in people differently, putting them at the heart of how we build sustainable models for real change.** Our challenge is to motivate and inspire people to work together to become part of their own change. We can only do this if we involve people from the very start – via the co-design of programmes and services delivered by and for them.

Designing Talent Match

Gill described the work of the Merseyside Youth Association (MYA) and its work in running the Talent Match programme in Liverpool City Region. MYA is a youth work charity that aims to create positive and lasting change in the lives of young people. Talent Match is a flagship £105 million Big Lottery programme targeting young people who are furthest from the jobs market, including those who are completely outside of the benefits, work and training system and facing severe barriers to gaining the skills they need to get into work.

Talent Match boosts opportunities for young people in these areas by bringing together partnerships of employers, education providers and others, led by local charities. The investment was co-designed with young people, both centrally and in each of the 21 partnership areas, and will continue to have young people at the heart of decision making throughout the programme. Rather than turning young people into a tickbox exercise, the programme is about supporting people with genuine career development and pathways that are relevant

to them. In terms of its key principles, the programmes must:

- Be young person centred
- Be young people co-designed
- Target those furthest away from the labour market
- Be a locally determined model
- Address unemployment and the skills gaps
- Bridge young people, the community and the economy
- Support local solutions – coordination, supply and demand
- Reflect the local economic situation
- Project positive messages about young people
- Challenge current thinking
- Be robust and demonstrate impact
- Influence policy
- Create clear pathways for young people
- Provide returns on investment

Liverpool City Region's Talent Match – design and learning

Gill described the key processes and design elements of the Talent Match programme led by MYA. Young people were involved in the design from the beginning – researching local needs. MYA worked in partnership with the Youth Unemployment Task Group and undertook surveys with young people, employers and stakeholders. This formed the basis of a local vision. One of the key messages that came out is that employers wanted to recruit on the basis of positive attitude and not merely skill. The young people emphasised that they wanted support that was consistent and accessible across the city region.

On the basis of this research, a 'golden thread' of intensive mentoring was built into the local programme. This includes:

- Employing a core of intensive mentors who work with young people on a wide and holistic model – not just skills for employability but also skills for life.
- Targeting young people with the most complex needs.
- Longitudinal support – intensive mentoring is not just a quick fix, a 12-week programme, and nor does it stop as soon as a young person gets a job. Young people were clear on this – it's about skills, life, employment, human fulfilment and the future. To reflect this, the programme developed a 'SELF' toolkit.
- Designing bespoke packages, where young people design their own pathways, with supportive signposting and integrated commissioning support from the private and voluntary sectors. A key part of this is recognising that there is not always a linear

path to sustained employment – young people can go back and revisit areas and access support if their life changes, or if they go into crisis.

- Putting young people at the centre of designing support has been extremely positive in helping the programme understand priorities and what people need to succeed. For example, programme partners initially thought 30 percent of young people would need therapeutic counselling – but in fact, 70 percent are now accessing that service.

Gill reflected on some of the key lessons from MYA's experience leading Talent Match. She identified a number of key enablers for programme success – including ensuring that they are individualised, accessible, flexible, and with strong coordination from the lead voluntary sector organisation that holds the programme together. She argued that for devolution programmes such as Talent Match provide important lessons for the skills agenda.

Following EU exit it is more important than ever that local areas take control of the skills agenda and shape local economic strategies so that there is a focus on investing in people and in life skills alongside conventional vocational skills and employment. Further lessons are provided in the slides below, as well as conclusions from an independent evaluation of the Talent Match programme by Sheffield Hallam University.¹

Developing a system that enables us to invest in people and intervene early

Participants emphasised that to address the skills and labour market challenges we face, it is important to begin with the starting point of people rather than the mechanisms or process. The public sector spends a vast amount on dealing with the consequences of social crises – and these issues in turn limit the potential of economic growth and labour market inclusion, while also being fuelled by economic conditions and opportunities that fail to support those that are most disadvantaged.

“It is more important than ever that local areas take control of the skills agenda and shape local economic strategies so that there is a focus on investing in people and in life skills alongside conventional vocational skills and employment.”



Merseyside Youth Association

“Creating positive and lasting change in the lives of Merseyside’s young people”

- Include the community from the start
- Ensure programmes are co-designed and evaluated by the targets cohorts
- Build your theory of change – a good programme will evolve
- Allow programmes to take risk- we learn from failure as well as success
- Be holistic – remember Mazlows Hierarchy of Needs- we cannot expect inclusive growth if basic needs are not met
- Give programmes time to work –sustainable change in attitudes , behaviours and skills take time
- Invest to save.
- Embed mental health support in from the start
- Work collaboratively but don't let that dilute the vision and coordination



One local authority leader noted that significant portions of the council’s money is spent on averting or alleviating crises – for example, on preventing domestic violence and spending significantly on care. This not only fails to tackle the source of these problems, but also leads to a drag on productivity as many people are either unable to work or engage in productive and sustainable employment. There should therefore be more of a focus on investing resources in the pivotal moments where you can actually make a difference in people’s lives – to help people move towards independent, self-sustainable lives. It is important to explore what types of systems and interventions can help enable this better – drawing on and expanding the principles of whole-place community budgets.

Participants discussed how the changing context around devolution might help in this regard. New institutions, powers and flexibilities could potentially enable local places to join up and target services more effectively to support the individuals and families most in need (building on community budgets). Reforms such as business rate devolution and the

1 Hallam University, “Talent Match Evaluation and Learning Contract,” <http://www4.shu.ac.uk/research/cresr/ourexpertise/talent-match-evaluation-and-learning-contract>.

localisation of council finance are creating an impetus for locally-led economic growth, with more possibilities to tailor this growth and the resources that flow from it into investment in supporting disadvantaged people.

Another participant characterised the current trajectory of policy and public services as two systems operating in parallel. One is the locally-led system, where inclusive growth is pursued through aligning a fragmented set of initiatives and systems, focusing on the ‘whole person’. Alongside this you have the national system (seen for example with the apprenticeship levy) which is predefined, as well as a welfare system that is centrally managed, despite its important interfaces with skills and work. This might be described as a closed system sitting on top of an open designed system. It is important that the Inclusive Growth Commission is able to be clear about how devolution can take the fundamental steps to address this.

The private sector can help create a more inclusive economy

Participants discussed the potential of the private sector to play a key role in developing a ‘good economy’ with accessible, high-quality jobs. Helping to invest in skills is part of this, but it can go much deeper. One participant from the ‘Good Economy Partnership’ highlighted ways in which the organisation is helping to support this – including developing models for the private sector to invest in places that are the most deprived; and a new system that is being developed that rates companies according to how well they create good jobs in the UK, particularly in the places that need them the most. Capital investment in communities is key – and the private sector can support this further through responsible investment.

Acknowledging the impact of austerity and recognising the public investment case for spending

When examining the potential of devolution and better designed policy, it is important to acknowledge the very significant funding challenges many local places face and the impact that austerity is having on local economies and the resilience of people furthest from the labour market. One participant noted that

Sheffield City Region has lost £1 billion through a combination of welfare and council cuts since 2010. In addressing this, it is possible to make a public service argument for growth, drawing on cost-benefit principles: public spending can help create the conditions for growth.

Redesigning the skills and employment system

The Work Programme: opportunities for a new approach

Participants noted that the Work Programme contract comes to an end in 2017 and will then be renegotiated. There is an opportunity to explore what a new system might look like from an inclusive growth perspective. It may be possible to develop an inclusive welfare to work programme with contracts designed and delivered differently, drawing on the learning from locally-rooted and person-centred initiatives such as the Work Solutions family support programme, and the Work and Health programme. One participant mentioned the experience of Barnsley Council, which is currently subcontracted by Serco to deliver employment support on a payment-by-results model. One of the key lessons from this has been the value of not just a welfare to work programme but an accountable welfare to work programme, led by organisations such as local authorities that can embed accountability into the way they work. Finally, there is a serious case to be made for challenging the punitive nature of our current welfare system, which operates on strict conditionality including the excessive use of ‘sanctions.’ This can intensify people’s barriers to sustainable employment – indeed, some people that are sanctioned exit the system altogether.

Investing fairly and through different stages of people’s working lives

Participants noted that under our current skills system we invest heavily until the age of the age of 19, and until 21/22 through loans. But after recipients receive their qualifications, they are left to their own devices without any further engagement. In addition, as mentioned above, the system is extremely punitive, in particular the sanctions regime. It has also been unable to effectively support or re-engage those people that are disabled and economically inactive (3.6 million of them) – this has been one of the key failures of the Work Programme. In addition to unemployed people, there has been very little state investment (in terms of skills and development) to support other cohorts of potentially vulnerable people, such as those that

are self-employed or low paid.

One local authority leader argued that under the current system, so much of an individual's success in terms of employment and progression is dependent on them making the right economic choice at the right time. Some people are significantly disadvantaged because, for example, they may not have received the right advice before entering college (and subsequently pursued a path that doesn't support their future prospects), and then later on in their life (even in their 20s) being deemed too old to re-enter the system. This can lead to a situation where many people drop out of the labour market altogether.

Tailoring support across the labour market spectrum: from pre-employment to skills utilisation

Participants mentioned the importance of understanding the needs of different groups of people in different parts of the labour market spectrum – from the long-term disengaged to those with a high level of skills. For the former support may include, for example, pre-employment programmes while for the high-skilled it may include efforts to address skills under-utilisation, which is a significant challenge in the UK. One participant also highlighted older workers as a group within the spectrum that are often neglected as much of the focus remains on young people. Yet the challenges for older workers are significant, particularly in economies affected by the legacy of deindustrialisation and mass unemployment. Often they cycle through different programmes without achieving job outcomes, as well as losing hope and aspiration.

“ To really address the fragmentation and ‘confetti of initiatives’, it is important to go beyond the scope of traditional approaches to joined-up policy.

Getting incentives and culture right

Building in the right incentives to encourage employers and other organisations to promote and invest in workforce development was recognised as critical. Participants discussed whether the problems around talent retention (for example less prosperous cities losing talented graduates that migrate elsewhere, often London) limit the impact of, or undermines, skills investment. One senior council officer argued that there was nothing fundamentally wrong with training people that go on to live and work elsewhere – the more serious problem is with some companies that simply poach labour rather than investing in training and workforce development. Designing incentives and promoting cultures to address this is vital. Moreover, in addition to the high-skilled graduates, there is a much more substantial cohort of young people who are caught up in labour markets with low wages and poor prospects for progression – it is far more important that these people are more effectively supported.

Participants agreed that creating a more inclusive economy for skills and labour markets also requires demand side incentives (shaping local economies) rather than just focusing on the supply of skills. Indeed, because much of our current economic and employment model is driven by low wage, low value sectors, many of the largest players in the apprenticeship levy are sectors such as logistics and retail, which are not necessarily going to drive forward productivity.

Going beyond the scope of traditional ‘joined-up’ approaches

It was argued that to really address the fragmentation and ‘confetti of initiatives’ mentioned earlier, it is important to go beyond the scope of traditional approaches to joined-up policy. We need to explore not just the joining up of initiatives that are seen as being in usual realm of skills and employment, but also services and resources around other key challenges – such as transport, childcare, minimum wage and employee conditions (e.g. zero hours).

As part of this, and building on points made earlier in Tony Tweedy's presentation, it is important to make the skills and employment system far easier to navigate for employers and those receiving support from it – it is currently too complicated. Developing effective brokerage is therefore vital.

Participants explored the potential of ‘joint venture partnerships’ between key organisations and sectors involved in skills and employment – for example bringing together colleges, employers, local authorities, central government departments (such as DWP and BIS) and others. In applying such approaches in practice, it is vital to clarify roles and responsibilities – clearly setting out what the role is of government and partners in any new system that develops. This should include the formal conditions of partnership and clear streams of accountability.

Shifting our focus to outcomes and knowing what works

Several participants argued that ‘we are obsessed with outputs but not outcomes.’ There was an impression that no one has yet been able to develop an outcomes-based funding system that works (the issues with the Work Programme are all too evident here), but that this was key. In education and training, for example, the system and budget are far too focused on qualifications rather than outcomes (i.e. where learners go after they complete their education). This is compounded by a real lack of data about what exactly the skills system is providing us in terms of outcomes, and what sorts of approaches and interventions work.

Devolution: the challenges and barriers

Participants also recognised that in many respects the scope of devolution is actually relatively narrow and locally-based reforms can be diluted by the centralising tendencies of government departments. For example, by 2018 only up to £1.5bn of adult skills funds will be devolved – which are largely first step programmes. In terms of the levers for addressing skills gaps, these are met largely by higher level (centrally-managed) programmes. We know that 16-19 education is increasingly more centralised; the apprenticeship levy will be market-oriented, along with, increasingly, higher education.

One participant argued that the key levers are more centrally prescribed than before – for example the increasing presence of prescribed qualifications, ever greater prescription in funding, and more centralisation of programmes and accountability. There are important questions about whether this centralised, market-based approach might widen inequalities and potentially lead to ‘skills ghettoisation.’

Conclusion

Creating labour markets that enable a far greater range of people to develop their skills and enjoy quality employment is a central challenge for realising inclusive growth. The evidence from this seminar suggests that our current approaches to skills and employment are too centralised, fragmented, confusing and unresponsive to the unique needs and resources of local places. The challenges of weak progression, a low wage economy with a low skills equilibrium, and structural labour market exclusion are not being adequately addressed – and those furthest from the labour market tend to be most adversely impacted. As devolution moves forward (and despite the clear limitations that have been imposed on it), there are nevertheless opportunities to reconfigure our skills and employment support systems. This can include joining up services and connecting skills and employment to the wider public service reform agenda (including early intervention, health, housing and transport); investing in schemes (such as Talent Match) that are locally tailored and make a long-term difference; and ensuring that devolution is shaped by values rather than targets.

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Agenda Item 3c

About the RSA Inclusive Growth Commission

Launched in April, 2016, the Inclusive Growth Commission is an independent, impactful inquiry designed to understand and identify practical ways to make local economies across the UK more economically inclusive and prosperous. Chaired by Stephanie Flanders, former BBC economics editor and J.P. Morgan Chief Market Strategist (UK and Europe), and building on the success of the RSA's City Growth Commission, the Commission will seek to devise new models for place-based growth, which enable the widest range of people to participate fully in, and benefit from, the growth of their local area.

The RSA City Growth Commission demonstrated how the largest UK cities can drive prosperity through place-based investment and economic policy making, enabled through devolution and new forms of governance and finance. This economic narrative has since driven policy developments, but it has become increasingly urgent to understand how we can deepen and broaden this vision, tackling the entrenched inequalities within and between neighbourhoods that act as a drag on growth, and ensuring that the benefits of this place-based approach are more widely shared.

Find out more and get involved

To find out more about the Commission and view its latest content, visit www.thersa.org/inclusivegrowthcommission or our Twitter on @incgrowth.

To find out more about how you can get involved, contact Charlotte Alldritt, Director of the Commission, at alldritt@rsa.org.uk or Atif Shafique, Lead Researcher, at atif.shafique@rsa.org.uk.



Leading Places Project Update

Purpose

For discussion and direction.

Summary

This paper updates members on recent activity of the Leading Places project, advises on planned future activity and suggests principles the board may wish consider in advance of a second phase of the project.

Recommendation

That members note the update and suggest, where appropriate, areas they would wish to see addressed in future activity as per paragraph 24.

Action

Officers to take forward their work as directed by members.

Contact officer: Philip Clifford
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Leading Places Project Update

Overview

1. This report provides members with an update on the Leading Places Project, a programme of innovative action learning partnerships aimed at strengthening collaborative leadership between councils and the higher education sector.
2. It briefly introduces the project, outlines recent activity, sets out immediate next steps and asks members to reflect on progress to date within the context of currently planned activity and the potential for a second round of the project beginning in April 2017.

Leading Places Project Outline

3. Leading Places is a joint project which has been developed in partnership between the Local Government Association (LGA), the Higher Education Funding Council for England (HEFCE) and Universities UK (UUK), that aims to encourage councils, universities and other anchor institutions to work together to better drive growth, re-design public services and strengthen civic participation.
4. It arises following a number of conversations between leaders from the higher education and local government sectors and a growing recognition of the potential for councils and universities to actively collaborate in the civic and economic success of their areas. The first, pilot phase of the project currently underway has been supported by grant funding from HEFCE of £48,000.
5. The project's design draws extensively on research undertaken by the project's consultants, the Leadership Foundation for Higher Education (LFHE). This suggests there remains work to be done to strengthen operational working between councils and universities. It also sits within the context of a greater focus on the role of place-based partnerships in leading public service reform and the forecast of a substantial capital investment programme by the higher education sector.
6. Launched in May the project is now underway in six pilot areas with partnerships formed by a range of institutions:
 - 6.1 **Newcastle** – Gateshead Council, Newcastle City Council, University of Newcastle and Northumbria University
 - 6.2 **Manchester** – Greater Manchester Combined Authority and New Economy Manchester
 - 6.3 **Coventry** – Coventry City Council, Warwick University and Coventry University
 - 6.4 **Gloucestershire** – Gloucestershire County Council, University of Gloucestershire and the Royal Agricultural College

- 6.5 Bristol** – Bristol City Council, the University of the West of England and the University of Bristol
 - 6.6 Brighton** – Brighton and Hove City Council, Brighton University and University of Sussex
7. These participating areas have access to expert facilitation services provided by LFHE and are being supported through a process of ‘action learning’.
8. Broadly, this process entails the following steps:
- 8.1 Creation of a joint senior leadership group in each area, formed of council leaders, chief executives and university vice chancellors.
 - 8.2 Identification and agreement of a local priority challenge theme.
 - 8.3 Establishing a joint team to rapidly develop an innovative approach to tackling this challenge.
 - 8.4 Participation in an immersion event and a peer challenge event with the other project areas to share learning and strengthen the collective relationship between local government and the higher education sector.
9. The project is scheduled to finish in March 2017, at which point individual areas will be asked to evaluate progress against each of their priority challenges.

Recent Activity

10. Since the project launched, much of the initial effort has been focused on establishing partnerships within each area, identifying senior and project leads and putting in place a framework for action learning, facilitated by the Leadership Foundation.
11. Progress has been slower than anticipated, largely owing to the impact of the summer period, the exceptional political events of recent months and the generally significant pressures on the diaries of senior leaders.
12. However, all six partnerships are now underway and senior leads have been identified in each area. While Gloucestershire is the only area to have held a meeting of their senior leadership group so far, the remaining five areas are currently expected to have held their meetings by the end of September.
13. An outline of proposed themes is as follows:
- 13.1 Newcastle** – Urban living or the use of technologies for social purposes.
 - 13.2 Manchester** – Developing a science and innovation capabilities map for Manchester.

13.3 Coventry – Healthy communities (town and gown) within Coventry and Warwick.

13.4 Gloucestershire – Development of a 2050 and beyond vision and agreement on a range of strategic, economic initiatives to transform Gloucestershire.

13.5 Bristol – focus on engaging communities through the office of the newly elected Mayor.

13.6 Brighton – improving health and wellbeing in communities.

14. These are expected to be confirmed in the coming months as challenge teams are established to take forward delivery.

Planned Next Steps

15. It is anticipated that the next stage of the project will move forward swiftly.

16. Before the end of August, we expect to launch an LGA hosted microsite for the Leading Places project, creating a public facing communications platform and a source of information for those interesting in learning more about the project.

17. We then intend to follow this up in early September, with a range of press and wider communications activity.

18. Once each of the project areas have held their senior leadership group meetings, they will establish a local challenge team and participate in an immersion event ahead of a wider peer challenge on 21 November. This event will provide an opportunity to share progress and learning and will include the participation of an international expert in public leadership. It will also provide a hook for a wide range of communications activity and the potential to invite local partnerships to participate in a second round of the project.

19. Following this event, each challenge group will continue to develop their priority project theme in anticipation of a national conference in March 2017. The November event will also provide a clear milestone against which to evaluate progress and to make an early assessment the value of this approach to strengthening collaborative leadership between councils and universities.

20. As the project develops officers from the LGA will continue to monitor progress, look for opportunities to highlight successes through the media and report back activity to members, as appropriate.

Future Project Rounds

21. The Leading Places Project has attracted a significant amount of interest from councils and universities. In addition, officers at the LGA have become aware of similar forms of collaboration already starting to emerge between universities and local authorities outside the project's pilot areas.

22. It has previously been suggested that if this interest is maintained and the project proves capable of demonstrating its value in strengthening collaboration between local government and the higher education sector that a second round of the project might be commissioned, with an anticipated start date of April 2017.
23. If a second round were to be commissioned, it is expected that the LGA would play a more significant role in funding and therefore establishing the parameters of the project. In particular, given the strong interest from members it would seem appropriate to provide an opportunity for the board to advise on some of the broad principles that might underpin future activity.
24. For example, these might include closer consideration of area geography, requirements relating to the strength of existing partnerships, a greater focus on the type of support offered or on the overall outcomes expected from the project. **While thinking regarding a second round is still at an early stage, any steer members were able to offer on these or other subjects would be appreciated.**

Membership and Terms of Reference for 2016/2017

Purpose

For discussion and decision.

Summary

For members to note the membership and agree the Terms of Reference of the Board for 2015/16.

Recommendation:

Members note the membership of the board and agree the Terms of Reference.

Action:

Officers respond accordingly to members' direction.

Contact officer:	Eleanor Reader-Moore
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Membership 2016/2017

Councillor	Authority
Conservative	
Cllr Robert Light (Vice Chairman)	Kirklees Metropolitan Council
Cllr Robert Alden	Birmingham City Council
Cllr Sean Anstee	Trafford Metropolitan Borough Council
Cllr John Beesley	Bournemouth Borough Council
Cllr Donna Jones JP	Portsmouth City Council
Substitutes	
Cllr Abi Brown	Stoke-on-Trent City Council
Cllr Tim Warren	Bath & North East Somerset Council
Labour	
Sir Richard Leese CBE (Chair)	Manchester City Council
Cllr Julie Dore (Vice-Chair)	Sheffield City Council
Cllr Samantha Dixon	Cheshire West and Chester Council
Cllr Martin Gannon	Gateshead Council
Cllr Helen Holland	Bristol City Council
Cllr Jean Stretton	Oldham Metropolitan Borough Council
Mayor Joe Anderson OBE	Liverpool City Council
Cllr Jon Collins	Nottingham City Council
Cllr Peter John OBE	Southwark Council
Cllr Timothy Swift	Calderdale Metropolitan Borough Council
Cllr Simon Letts	Southampton City Council
Cllr Susan Hinchcliffe	Bradford Metropolitan District Council
Cllr Warren Morgan	Brighton & Hove City Council
Cllr Sue Jeffrey	Redcar & Cleveland Borough Council

<i>Substitutes</i>	
Mayor Sir Steve Bullock	Lewisham London Borough Council
Cllr James Lewis	Leeds City Council
Cllr Michael Mordey	Sunderland City Council
Independent	
Cllr Liz Hazell (Deputy Chair)	Walsall Metropolitan Borough Council
<i>Substitutes</i>	
Cllr Graham Whitham	Sutton London Borough Council
Cllr Phelim MacCafferty	Brighton and Hove City Council
Alderman Sir David Wootton	City of London Corporation
Liberal Democrat (2)	
Cllr Abigail Bell (Deputy Chair)	Hull City Council
Cllr Iain Roberts	Stockport Metropolitan Borough Council
<i>Substitutes</i>	
Cllr Tim Bick	Cambridge City Council

Terms of Reference: City Regions Board

1. The purpose of the City Regions Board is to represent the interests of urban areas, including those which are part of Combined Authorities or seeking devolution deals. Its remit includes devolution, economic growth, skills and employment support, public service reform and wider issues relating to urban leadership and development.
2. The Board should seek to involve councillors in supporting the delivery of these priorities (through task groups, Special Interest Groups (SIGs), regional networks and other means of wider engagement); essentially operating as the centre of a network connecting to all urban councils and drawing on the expertise of key advisors from the sector.
3. The City Regions Board's responsibilities include:
 - 3.1. Ensuring the priorities of councils are fed into the business planning process.
 - 3.2. Developing and overseeing a work programme to deliver the business plan against agreed priorities relevant to their brief, covering lobbying campaigns, research, improvement support in the context of the strategic framework set by Improvement & Innovation Board, and events, linking with other boards where appropriate.
 - 3.3. Sharing good practice and ideas to stimulate innovation and improvement.
 - 3.4. Representing and lobbying on behalf of the LGA including making public statements on its area of responsibility.
 - 3.5. Building and maintaining relationships with key stakeholders.
 - 3.6. Involving representatives from councils in its work, through task groups, Commissions, SIGs, regional networks and mechanisms.
 - 3.7. Commissioning LGA officers and resources, where appropriate, to respond to specific issues referred to the Board by one or more member councils or groupings of councils.
4. The City Regions Board may:
 - 4.1. Appoint members to relevant outside bodies in accordance with the Political Conventions.
 - 4.2. Appoint member champions from the Board to lead on key issues, with responsibility for liaising with portfolio holders on key issues that require rapid response/contact with councils.

Quorum

5. One third of the members, provided that representatives of at least 2 political groups represented on the body are present.

Political Composition

6. Membership of the City Regions Board is drawn from the Core and Key cities, SIGOMA and London Boroughs, and is reflective of those in Combined Authorities or seeking devolution deals.
7. The Board has 22 members and its make-up reflects the political proportionality of the wider group of councils from which the membership is drawn. This differs from the seven policy boards, whose make-up reflects the political proportionality of the Association as a whole.
8. The chair has been appointed from the largest group on the Board and falls within the LGA's own proportionate allocations. In line with the LGA's political conventions, the remaining groups each have a vice or deputy chair.
9. The composition by political party is recalculated each year and reflects the political proportionality of the wider group of councils from which their membership is drawn. The current composition is:
 - 9.1. Conservative group: 5 members
 - 9.2. Labour group: 14 members
 - 9.3. Independent group: 1 member
 - 9.4. Liberal Democrat group: 2 members
10. Substitute members from each political group may also be appointed.

Frequency per year

11. Meetings to be held five times per annum.

Reporting Accountabilities

12. The Board will report annually to the LGA Executive at the July meeting.



Devolution Update

Purpose

For discussion and direction.

Summary

This paper describes activity in support of devolution undertaken by the LGA since the last meeting of the City Regions Board, sets out activities currently planned for early autumn and provides an initial overview of proposed priorities for the year ahead.

Recommendation

That members note the update, consider the planned list of activities and outlined priorities and comment, as appropriate, on the direction and substance of the proposed approach set out in paragraphs 12 – 17.

Action

Officers to take forward their work as directed by members.

Contact officer: Philip Clifford
Position: Senior Adviser
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Devolution Update

Devolution Next

Overview

1. This report provides members with an update on activity undertaken in support of further devolution since the last meeting of the City Regions Board in June, sets out those activities already planned for early autumn and outlines an indicative set of priorities for the year ahead.
2. Members are asked to note work which has already been undertaken, consider the planned list of activities and outlined priorities and comment, as appropriate, on the direction and substance of the proposed approach.

Recent Activity

3. Since the last meeting of the City Regions Board on 13 June, the LGA has taken forward a wide-ranging programme of work in support of further devolution.
4. On 21 June the LGA hosted, [Devolution – a new type of leadership](#), which considered new and emerging forms of local leadership within the context of devolution to councils.
5. Between 5 – 7 July the LGA's Annual Conference saw the launch of a suite of publications related to devolution, including:
 - 5.1 A key note discussion paper - [What next for devolution?](#) which draws on ideas from board members and councillors across the sector to provoke a wide-ranging debate about the future direction and scope of devolution. The paper encourages councillors, government and others to respond with their views via the LGA's Devonext 'microsite' – www.devonext.org – and will be supported by a range of public affairs and campaign activity over the autumn.
 - 5.2 A '[plain English](#)' guide to combined authorities, developed in partnership with Shared Intelligence, which combines an overview of the relevant legislative provisions, with practical suggestions and advice on setting up a combined authority.
 - 5.3 [Professor Robin Hambleton's report on Executive Models of Governance](#), which examines international models of sub-national governance and highlights lessons for those establishing devolved governance structures in England.
 - 5.4 '[Don't Be left in the Dark](#)'- an accessible guide which provides answers to some of the key questions about devolution and what it means for councils, their residents and communities.
6. On 4 August, LGA officers from across the finance and policy directorate facilitated a day-long workshop attended by councils and officials from Communities and Local Government that explored the potential devolution of new responsibilities relating to employment and skills, that might arise from the government's proposal for the full

retention of local business rates. The discussion from this event will be used to inform the LGA's response to Government, which will be considered by the Leadership Board in September.

7. On 9 August, LGA officers, supported by senior council representatives, attended a workshop facilitated by Communities and Local Government to identify key risks and opportunities to devolution arising from the outcome of the EU referendum. The outputs from this discussion have been passed to the Department for Exiting the European Union. In addition, the LGA will be working across Whitehall to ensure full consideration of the potential implications and opportunities for local government.
8. Throughout the summer the LGA has continued to develop and deliver a bespoke offer of support for a number of areas across the country. This has included working directly with Tees Valley CA, Greater Lincolnshire, Norfolk and Suffolk and Cambridgeshire and Peterborough. A meeting with the Chief Executive of Liverpool City Region has been arranged for 12 September and discussions are currently underway to firm up the LGA's support offer to cities and established combined authorities.
9. For reference, local support needs have included: implementation of deals, leadership development, governance, constitution development, completion of assurance frameworks, communications and civic and democratic engagement.

Actions planned for early autumn

10. A number of activities are already planned for early autumn, which aim to take forward priorities previously identified by members and maintain momentum on devolution in response to response to emerging developments. These include:
 - 10.1 Publication in September of commissioned research by the New Economic Foundation (NEF) that will help build the case for citizen participation and highlight a range of practical approaches taken by councils and combined authorities to engage citizens in devolution.
 - 10.2 Publication in September of two pieces of commissioned research by New Economy. The first draws on interviews, desktop research and first-hand experience in Greater Manchester to provide an overview of the potential 'lessons learnt' from the process of devolution so far. The second is an online 'tax and spend' tool that will allow individual areas to better make the case for devolution by providing an overview of public expenditure and fiscal revenue within their area.
 - 10.3 Hosting a communities and devolution event in October that will explore the benefits of enabling citizens to influence local decision-making and service design in the context of devolution.
 - 10.4 Commissioning the production of a new campaign film, aimed at explaining devolution and its benefits directly to citizens. This is due to be launched at the October event.
 - 10.5 Refreshing and significantly redesigning the LGA's Devolution Hub, providing more accessible and better tailored information and guidance, a clearer and

more focused support offer and more regularly updated content on areas of key significance.

- 10.6 Submitting written evidence to the Business Innovation and Skills Select Committee Inquiry into the Government's Industrial Strategy. This will specifically highlight the role of local government in developing an effective sub-national approach to economic growth and stress the importance of continued devolution.
- 10.7 Pressing the case for further devolution through the LGA's submission to government in advance of the expected Autumn Statement. Currently, subject to the agreement of members, it is proposed that our lines are broadly as follows:
- 10.7.1 National government should send a clear message that it will continue to support the existing deal-based approach.
- 10.7.2 Government must be more transparent and flexible regarding its tests for devolved governance arrangements.
- 10.7.3 Government should formally seek to shift its ambitions away from identifying and agreeing a series of licensed exceptions to national policy towards an approach that supports broad place based outcomes.
- 10.8 Continuing to support the RSA's Inclusive Growth Commission, as set out in the separate agenda item.
- 10.9 Continuing to engage and support where appropriate the All Parliamentary Party Group for Reform, Decentralisation and Devolution.
- 10.10 Facilitating the first meeting of an LGA supported combined authorities chief executives network, on 26 September, chaired by Martin Reeves, Chief Executive of the West Midlands Combined Authority.
- 10.11 Further formalising the LGA's devolution support offer, including brokering a tailored package of interventions with the Centre for Public Scrutiny and Local Partnerships and producing material setting out the resource available to councils.
- 10.12 Actively consulting key stakeholders on the LGA's Annual Conference publication and developing a response that seeks to identify and take forward emerging priorities.

Priorities for the year ahead

11. In light of the events of recent weeks, the LGA's key priority in relation to devolution will be stress to government the need to maintain momentum on the deal process currently in train while seeking to highlight the crucial role local councils have to play in better connecting communities to the decisions that affect their lives and the sharing the proceeds of growth from local and national economies.

12. Equally, with the Government continuing to press ahead with its intention to allow local councils to fully retain business rates revenue, it will be critical to ensure that the devolution of any new responsibilities supports local growth and strikes the right balance between devolved areas that have already made significant investments in governance and delivery capacity and those areas that have not.
13. As set out above, both the LGA's Autumn Statement Submission and our wider public affairs work will seek to push the case for greater devolution to local areas, particularly within the context of a new national industrial strategy and the creation of the Department for Exiting the European Union.
14. Looking ahead to the longer term, work is already in progress to develop a programme of commissioned research, events and wider support activity to assist councils in moving ahead with the practicalities of devolution as well as to shape the Government's thinking regarding the pace and trajectory of devolution over the coming months.
15. While not exhaustive, topics currently under consideration for inclusion are:
 - 15.1 Advancing the case for fiscal devolution.
 - 15.2 Exploring the role of combined authorities in supporting service transformation.
 - 15.3 Developing a programme of joint work with Communities and Local Government in support of new directly elected Mayors.
 - 15.4 Highlighting and supporting the role of local government can and does play in securing international trade.
 - 15.5 Developing a coherent understanding of the challenges and emerging best practice around the use of digital technology and city-region service provision.
 - 15.6 Reappraising the role of Local Economic Partnerships within the context of a newly emerging industrial strategy.
16. **Board members are asked to consider this list of potential priorities, reflect on the emerging context and comment on the direction and substance of the proposed focus.**

Note of last City Regions Board meeting

Title: City Regions Board
Date: Monday 13 June 2016
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

1 Welcome, Apologies and Declarations of Interest

The chair noted apologies and asked for any declarations of interest.

2 Leading Places Project Update

Philip Clifford, Senior Adviser, introduced the paper. He outlined the Leading Places Project and advised members that it was being run jointly between the LGA, Higher Education Funding Council for England (HEFCE) and Universities UK (UUK). The project would take place in six pilot areas across the country and would run over the summer, concluding in February 2017. Each pilot area was currently in the process of selecting a priority challenge theme to develop, bringing together leaders from across the public, business and academic sectors in local institutions. The project would draw on successful international examples to drive growth, support public service reform and strengthen partnerships vital to the devolution agenda.

Ian Hughes, Head of Programmes, advised that HEFCE was funding the first pilot of the project and that this had influenced the criteria used to select areas for this phase. In particular, it was decided that the initial pilot would seek to work with areas where a successful working relationship between local institutions was already well established. If the pilot is deemed to be a success, members were advised of the potential to extend the project to include other areas across the country.

In the discussion which followed, members made the following points:

- It was positive that education bodies were engaging with local government, but members were concerned that few councillors were currently involved with the project in each pilot area.
- Members requested to know what work had been done on survey

responses for priority working between universities and local authorities.

- Members asked how work on skills and employment would feed into the project.
- Members felt that councils needed to work with business leaders in their areas on issues such as land banks and the physical regeneration of communities.
- Members felt that councils and universities could work on the impact of the student population together, and discussed the impact of council tax rebates for student housing.

Decision:

1. Members **noted** the report.

Action:

1. Officers agreed to come back with updates for members as the project progressed.

3 Skills and Employment Update - Next Steps

Jasbir Jhas, Senior Adviser, introduced the paper. She advised board members that the paper captured the outcomes of the discussion on Skills and Employment which had taken place between City Regions and People and Places Lead Members on 10th May. At this meeting, lead members had agreed that the work would be a key priority as discussions evolved.

The relationship and work carried out between local government and the Department of Work and Pensions (DWP) was discussed, as was the changing role of Job Centre Plus. Members were advised that the LGA was working on the Work and Health Programme (WHP) with DWP, which would be devolved in 10 devolution deal areas. National consultation events had been arranged by the LGA and DWP in May on this and a working group was looking at recommendations in this area.

In 2018, the Job Centre Plus Estates Contract would end and there would be an opportunity for local government to put forward a vision on the employment service. Members were advised that the LGA would look to develop a green paper on this in the autumn.

Members were also advised that work with Shared Intelligence on growth related areas had been recommissioned. They would produce an independent report on this.

In the discussion which followed, members raised the following points:

2 September 2016

- In reference to paragraph 10 and the adult education budget, members discussed learner loans and asked how they could be used as a catalyst to benefit those who had benefited little from the system. Members also emphasised that developing a partnership approach with the careers service was important.
- As well as developing local government's relationship with DWP, members highlighted that it was important for local government to develop a working relationship with the Department for Business, Innovation and Skills (BIS), so that skills and employment work at government level could be joined up.
- In reference to paragraph 8 and the availability of jobs, members felt there needed to be a way of ensuring good, qualitative jobs were available.
- The results of the further education system should be considered so that it was clear how adult education could be improved.
- Members highlighted that the paper did not mention youth employment and how this could be measured. They asked if additional funding streams would be available for this area.
- A culture change within was needed DWP and some early positive changes had been seen. Members asked how the agenda with DWP could be broadened in the future.
- Members asked what the difference would be in the 10 devolution deal areas where the WHP was being developed compared with the national solution offered elsewhere. This was something the board would look to influence as it was developed. Members asked if there would be an opportunity for flexibility within the DWP national framework.
- Members noted that the role of Job Centre Plus was changing and that it was important for the organisation to be encouraged to work with other local partners.

Decisions:

1. Members **noted** the update.

Actions:

1. Officers agreed to take forward work as directed by members above.

4 Inclusive Growth Commission

Claire Hogan, Senior Adviser, introduced the report. Members were

updated on the Commission, which had been formally launched on the 12th April. It would be informing its programme through a series of meetings, evidence hearings and a formal call for evidence. Members were encouraged to attend and input to the evidence sessions.

- Members asked how the state would be reconfigured to support growth in city areas. It was felt that government could look inwards to support this work.
- There was potential for this work to be tied in with the work on business rates retention.
- The work could address the divisions between rural areas, the commuter belt and urban areas. The position of the LGA was also discussed in relation to this.
- There were concerns about the focus on insufficiency of jobs in the report. Members highlighted that the methodology demonstrated a correlation between commuting and inclusion, and that high numbers of commuters in an area often brought wealth and economic growth. Places prospering economically often had a high mobility amongst the workforce. This should be seen positively and should be addressed in the LGA's evidence.
- Members felt that the report did not refer to the spatial nature of exclusion – particularly in highlighting that neighbourhoods which were poor ten years ago were still disadvantaged.
- Improvement of transportation in an area increased opportunities to commute and put pressure on the housing market. It was highlighted that it was often harder to work with people who worked at a distance and that commutability could marginalise more individuals in an area.
- Members requested that asset- or strength-based approaches on delivery were considered.

Decision

1. Members **noted** the report.

Action:

1. Officers agreed to continue with work as directed by members.

5 End of Year Report

Eleanor Reader-Moore, Member Services Officer, introduced the report and advised members that the report gave a synopsis of the board's work over the past year and looked forward to key issues the board would consider during next year's cycle. She asked members for feedback and

suggestions on additions/improvements before it was submitted to the LGA Executive in July.

In the discussion which followed, members made the following points:

- That budgets on key areas of the board's work should be included.

Decisions:

1. Members **noted** the achievements against the board's priorities in 2015/2016.
2. Members **noted** the board's priority areas for 2016/17.

Action:

1. Officers to include information on budgets in the report.

6 Note of the Previous Meeting

Decision:

1. Members **noted** the minutes of the previous meeting and **agreed** that they were an accurate summary of the discussion.

7 Devolution Green Paper

Rebecca Cox, Principal Policy Adviser, introduced the report, advising members of progress on the Devolution Green Paper since the last board meeting. She asked members for feedback on the most recent draft.

In the discussion which followed, members made the following points:

- There were issues not covered in the paper which could be included, such as the need to have a greater variety of options for devolution governance arrangements available.
- The paper could discuss the arrangements which would be needed for the election of representatives in devolution areas.
- The geography of devolution areas needed clarifying and it was suggested they ought to align with functional economic areas.
- Members requested that there was an opportunity in the paper for them to reply (in for example, a consultation pack).
- Members highlighted that current governance systems in local areas were complex, off putting for the public and led to confusion on where responsibility lay. The paper needed to map out a

straight forward system.

- More investment was needed to ensure the public were aware of different types of governance. The paper should set out a way forward on engaging with government and on ensuring residents understood devolution proposals (and councillors in some cases).
- As additional layers of government were introduced with deals, it was felt that there would be further confusion and devolution would become discredited. The devolution settlement for local government needed to be clarified and clear objectives and rules laid out. The debate needed shaping rather than responding to.
- Government could helpfully produce a menu of options on devolution to clarify which were available. Members requested that 'asks' in established devolution deals which had not been forthcoming were captured.
- Members highlighted the importance of community identity – especially in the context of fundraising and unlocking the benefits of growth in communities.
- Members requested that the green paper discuss fiscal freedom for local government. It would be helpful for there to be options for authorities to collect different taxes in different ways.
- Consensus in devolution could be difficult to achieve between authorities at different levels. Members requested that the LGA play a part in pushing government to recognise this problem.
- The Greater Manchester Devolution model was based on a French model, and therefore international learning was still important.
- MPs needed to be further encouraged to support devolution.
- It was clear there would be several metropolitan mayors by mid-2017 and it was suggested that from then on it would be difficult to introduce variety in governance arrangements.
- It was suggested that there should be arrangements for new mayors to be included under the LGA umbrella. Members asked what work was planned to engage with them through the LGA Leadership Board.

Decision:

1. Members **noted** the updated.

Action:

1. Officers agreed to take forward work on the paper as directed by members.

Appendix A -Attendance

Position/Role	Councillor	Authority
Chairman	Sir Richard Leese CBE	Manchester City Council
Vice-Chairman	Cllr Robert Light	Kirklees Metropolitan Council
Vice-Chair	Cllr Paul Watson	Sunderland City Council
Deputy-chairman	Cllr Abigail Bell	Hull City Council
Members	Cllr Sean Anstee	Trafford Metropolitan Borough Council
	Cllr Robert Alden	Birmingham City Council
	Cllr John Beesley	Bournemouth Borough Council
	Cllr Donna Jones JP	Portsmouth City Council
	Mayor Jules Pipe	Hackney London Borough Council
	Cllr Helen Holland	Bristol City Council
	Cllr Tudor Evans OBE	Plymouth City Council
	Cllr Jon Collins	Nottingham City Council
	Cllr Roger Lawrence	Wolverhampton City Council
	Cllr Sir Albert Bore	Birmingham City Council
	Cllr Ann Lucas OBE	Coventry City Council
	Cllr Simon Letts	Southampton City Council
	Cllr Judith Blake	Leeds City Council
	Cllr Warren Morgan	Brighton & Hove City Council
	Cllr Iain Roberts	Stockport Metropolitan Borough Council
Apologies	Mayor Joe Anderson OBE	Liverpool City Council
	Cllr Peter Rankin	Preston City Council

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LGA location map

Local Government Association

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Tel: 020 7664 3131
 Fax: 020 7664 3030
 Email: info@local.gov.uk
 Website: www.local.gov.uk

Public transport

Local Government House is well served by public transport. The nearest mainline stations are: Victoria and Waterloo: the local underground stations are

St James's Park (Circle and District Lines), **Westminster** (Circle, District and Jubilee Lines), and **Pimlico** (Victoria Line) - all about 10 minutes walk away.

Buses 3 and 87 travel along Millbank, and the 507 between Victoria and Waterloo stops in Horseferry Road close to Dean Bradley Street.

Bus routes – Horseferry Road

- 507** Waterloo - Victoria
- C10** Canada Water - Pimlico - Victoria
- 88** Camden Town - Whitehall - Westminster - Pimlico - Clapham Common

Bus routes – Millbank

- 87** Wandsworth - Aldwych
- 3** Crystal Palace - Brixton - Oxford Circus

For further information, visit the Transport for London website at www.tfl.gov.uk

Cycling facilities

The nearest Barclays cycle hire racks are in Smith Square. Cycle racks are also available at Local Government House. Please telephone the LGA on 020 7664 3131.

Central London Congestion Charging Zone

Local Government House is located within the congestion charging zone.

For further details, please call 0845 900 1234 or visit the website at www.cclondon.com

Car parks

Abingdon Street Car Park (off Great College Street)

Horseferry Road Car Park
 Horseferry Road/Arneway Street. Visit the website at www.westminster.gov.uk/parking

