

Agenda

Thursday, 15 November 2018 1.00 pm

Smith Square 3&4, Ground Floor, 18 Smith Square, London, SW1P 3HZ





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People & Places Board 15 November 2018

There will be a meeting of the People & Places Board at **1.00 pm on Thursday**, **15 November 2018** Smith Square 3&4, Ground Floor, 18 Smith Square, London, SW1P 3HZ.

A sandwich lunch will be available at 1.00pm

# **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.

# **Political Group meetings:**

The group meetings will take place from 10.00 -11.00am. Please contact your political group as outlined below for further details.

# **Apologies:**

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

Conservative:Group Office:020 7664 3223email:lgaconservatives@local.gov.ukLabour:Group Office:020 7664 3263email:Lewis.addlington-lee@local.gov.ukIndependent:Group Office:020 7664 3224email:independent.grouplga@local.gov.uk

Liberal Democrat: Group Office: 020 7664 3235 email: libdem@local.gov.uk

#### Location:

A map showing the location of 18 Smith Square is printed on the back cover.

#### **LGA Contact:**

Amber Chandler

Amber.Chandler@local.gov.uk / 020 7664 3235

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# People & Places Board – Membership 2018/2019

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Cllr Helen Grant Richmondshire District Council
Substitutes
Cllr Lorna Corke Sedgemoor District Council



Association
Cllr Robin Julian Devon County Council



# Agenda

# People & Places Board

Thursday 15 November 2018

1.00 pm

Smith Square 3&4, Ground Floor, 18 Smith Square, London, SW1P 3HZ

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**Date of Next Meeting:** Tuesday, 29 January 2019, 1.00 pm, Westminster Room, 8th Floor, 18 Smith Square, London, SW1P 3HZ



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# **Industrial Strategy Update**

# **Purpose**

For discussion and direction.

# **Summary**

This paper provides an update on recent developments with the key place-based elements of the Government's Industrial Strategy and proposes next steps for the LGA's work in relation to them.

# Recommendations

Members of the People and Places Board are asked to note the recent developments in relation to:

- 1. The Government's Review of Local Enterprise Partnerships (paras 2-9);
- 2. The development of Local Industrial Strategies (paras 10-18); and
- 3. The design of the UK Shared Prosperity Fund (paras 19-23).

Members are then invited to consider and agree next steps for the LGA's engagement on the Industrial Strategy (paras 24-25).

# **Action**

Officers to proceed with next steps in line with Members' steer.

Contact Officer: Philip Clifford
Position: Senior Adviser
Telephone No: 07909 898 327

Email: Philip.Clifford@local.gov.uk



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# Overview

1. This paper provides an update on recent developments with the three key place-based components of the Industrial Strategy - the Government's Review of Local Enterprise Partnerships, the development of Local Industrial Strategies and the design of the UK Shared Prosperity Fund. It then proposes next steps for the LGA's work in relation to the Industrial Strategy for Members of the People and Places Board to consider and agree.

# **Recent developments**

The Government's Review of Local Enterprise Partnerships (LEPs)

- 2. The conclusions of the LEP Review were published in July in the 'Strengthened Local Enterprise Partnerships' policy paper. This paper outlined a number of changes that the Government wants LEPs to implement.
- 3. At the previous meeting of the People and Places Board, Members discussed their concerns regarding the Government's uncertain position on future LEP geographies along with concerns over the potential dilution of public accountability arising from the Government's desired reduction in public sector representation on LEP Boards.
- 4. Subsequent discussions with government officials have also indicated that the definition of 'public sector' will include representatives from higher and further education. This again risks further diluting the public accountability of LEPs given the Government's aspiration that two-thirds of LEP board members should be from the private sector.
- 5. In response to the concerns expressed by Members, the Chairman of the People and Places Board and the Chair of the City Regions Board wrote to the BEIS Secretary of State seeking urgent clarity on both these issues. A response had not been received at the time of writing and officers have raised this with officials.
- 6. Of the publicly available proposals for LEP geographies that were submitted to LEP Boards for consideration, a significant majority proposed retaining the same geography. Only one merger has been proposed and, while a number proposed removing existing overlaps, this was not the case everywhere, despite the specific request from government to address this issue. An outline of the publicly available proposals considered by LEP Boards is available as **Appendix A**.
- 7. Following the submission of proposals for LEP geographies, the next step towards implementing the LEP Review was for all LEPs to submit a detailed plan for implementing the other changes outlined in the *Strengthened Local Enterprise Partnerships* policy paper these plans were due to be submitted before 31 October 2018.
- 8. Our current understanding is that Ministers will consider these proposals in the coming weeks and seek to reach swift agreement regarding any revision to LEP geographies. It

<sup>&</sup>lt;sup>1</sup> Strengthened Local Enterprise Partnerships (July 2018)



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is anticipated that Ministers will seek to agree all LEP geography changes before the consultation on the UK Shared Prosperity Fund is published, which is currently expected to be in December. There is therefore only a limited opportunity for further representations on this issue.

9. Members are asked to note the update on the Government Review of Local Enterprise Partnerships and comment on the next steps proposed in paragraph 24.

# Local Industrial Strategies

- 10. The key place-based announcement contained in the White Paper was the introduction of Local Industrial Strategies. The White Paper outlined that places in England with a Mayoral Combined Authority will have a Local Industrial Strategy (LIS) led by the mayor and supported by LEPs. For parts of the country without a mayor, the development of the LIS will be led by the LEP.
- 11. In July, the Government announced that the North East, Tees Valley, West of England, Leicester & Leicestershire, Cheshire & Warrington and the Heart of the South West will be the second wave of areas to work with government to develop their Local Industrial Strategies. This follows the first set of LIS trailblazers in Greater Manchester, the West Midlands and the Cambridge-Milton Keynes-Oxford corridor.
- 12. Following the confirmation that the Government will aim to agree Local Industrial Strategies with all areas of England by early 2020, the Government has now published a policy prospectus on Local Industrial Strategies to guide locally-led work.<sup>2</sup> Key points covered in the policy prospectus include:
  - 12.1. Local Industrial Strategies will provide a strategic overview which will inform LEPs' approach to any future local growth funding deployed through them and help local areas in England decide on their approach to maximising the long-term impact of the new UKSPF;
  - 12.2. Agreeing a LIS with Government will be a necessary condition for Mayoral Combined Authorities (MCAs) and LEPs to draw down any future local growth funding being deployed through them;
  - 12.3. The Government has formally invited all remaining MCAs and LEPs to begin developing a LIS but this invitation is subject to places demonstrating commitment to implementing the changes outlined in the LEP Review in full;
  - 12.4. All MCAs and LEPs will have dedicated official support from an Area Lead within the Cities and Local Growth Unit and the Government will work with the LEP Network and others to establish a series of regional workshops over the coming months; and

<sup>&</sup>lt;sup>2</sup> <u>Local Industrial Strategies: Policy Prospectus</u> (October 2018)



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- 12.5. The prospectus outlines that Local Industrial Strategies should: set out a robust and open evidence base; map out specific opportunities and challenges; make clear how MCAs and LEPs will work in partnership with public and private stakeholders to achieve their ambitions; prioritise specific, achievable and long-term ambitions; and set out clear plans to evaluate progress.
- 13. In addition to the policy prospectus, the Government has also published progress statements on the development of Local Industrial Strategies in Greater Manchester and the West Midlands.<sup>3</sup> These statements detail the work to date between the Government and local partners to develop a LIS in these areas.
- 14. Despite the publication of these documents, a lack of clarity remains on the key issues for councils that were discussed at the previous Board. These include:
  - 14.1. The links between Local Industrial Strategies and other key areas of local growth policy, including: the UKSPF, the LEP Review and the devolution framework:
  - 14.2. The extent to which Local Industrial Strategies will act as a vehicle to securing the necessary powers and adequate funding for local leaders to deliver successful and inclusive economies, particularly in areas outside Mayoral Combined Authorities:
  - 14.3. The extent to which local efforts to develop and deliver Local Industrial Strategies are supported across Whitehall departments; and
  - 14.4. The approach to future phasing of Local Industrial Strategies and how this will be structured to both meet the proposed early 2020 deadline and ensure that areas involved in later phases are not disadvantaged both in relation to the support provided to develop their LIS and the powers and resources awarded following agreement of their LIS.
- 15. The commitment to a Local Industrial Strategy in all parts of the country is a significant achievement. It is proposed that the LGA supports where appropriate the development of these strategies and focuses its policy and public affairs work to ensure a fair and consistent approach to their evaluation and endorsement across Whitehall.
- 16. The LGA will also commission a provider to deliver a Local Industrial Strategy improvement support offer. This will incorporate the delivery of a series of masterclasses targeted at councils and the development of a resource or toolkit to support the development of Local Industrial Strategies. The procurement process for this improvement support offer is underway and a provider will have been appointed by the time of the Board meeting. Officers will invite the appointed provider to attend the Board and this will present an opportunity for Members to feed in perspectives on

<sup>&</sup>lt;sup>3</sup> <u>Progress statement: Working towards a Greater Manchester Local Industrial Strategy</u> (October 2018) <u>Progress statement: Working towards a West Midlands Local Industrial Strategy</u> (October 2018)



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how the improvement offer can most effectively support councils in non-metropolitan areas.

- 17. In addition to engagement with BEIS and MHCLG officials on Local Industrial Strategies, LGA officers also met recently with officials from DEFRA. They shared the Department's emerging concern that despite support from councils, LEPs in non-metropolitan areas lack the capacity and knowledge-base to build robust enough evidence bases to ensure LIS priorities are relevant to communities from more sparsely populated rural and coastal areas. As such, they were keen to ascertain the role that local authorities could play in helping to "rural proof" the development of Local Industrial Strategies in non-metropolitan areas.
- 18. Members are asked to note the update on the development of Local Industrial Strategies and comment on the next steps proposed in paragraph 24.

UK Shared Prosperity Fund (UKSPF)

- 19. The LGA has been proactive in pressing the Government on the design and delivery principles to underpin UKSPF. We have published our principles in the <u>Beyond Brexit</u> report and made the case for urgent action in our LGA Conference report, <u>Brexit: Moving the Conversation On.</u>
- 20. It is still expected that the Government's consultation on UKSPF will commence by the end of the year. This follows a Government-led pre-consultation exercise, and includes the LGA's session bringing together councils and the UKSPF team in August. Officers continue to meet regularly with Whitehall's UKSPF team. That said, detail on the likely structure, governance, funding, and allocation methodology from the UK Government is very light.
- 21. To further develop the LGA's lines on UKSPF, the following will need to be explored:
  - 21.1. democratic accountability, governance and capacity to deliver UKSPF; and
  - 21.2. that while European funding and its successor UKSPF is absolutely critical, it needs to be seen as part of a wider economic development landscape post 2020 which will see the end of the Local Growth Fund and other economic development and inclusive growth funds
- 22. The LGA will look do this through the following ways:
  - 22.1. Officers will engage further with members on these issues through the People and Places Board, City Regions Board, Resources Board and the Brexit Taskforce.
  - 22.2. LGA officers have planned meetings with our member authorities to understand the key priorities for our sector for a future UKSPF. These include: a workshop at the LGA Skills conference to focus on UKSPF (27 November); discussion at the next LGA convened Combined Authority skills and employment working group (21 November); plus a roundtable of Directors who lead on economic development and inclusive growth in early December.



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- 22.3. LGA officers are also building on and updating our own research, including updating our fragmented funding so that we have a clearer picture of the funding outlook post 2020. In addition, we are also be exploring how our Work Local proposals (local labour market agreements) can be used as a framework for the development of UKSPF and related Local Industrial Strategy work.
- 23. Members are asked to note the update on the design of the UK Shared Prosperity Fund and comment on the next steps proposed in paragraph 24.

# **Next steps**

- 24. With consideration to these updates and the LGA's work in this area to date, Lead Members of the People and Places Board proposed the following next steps for the LGA's work on the Industrial Strategy at their previous meeting:
  - 24.1. Invite a senior representative from the Cities and Local Growth Unit to the Board to present on government progress with delivering the place-based elements of the Industrial Strategy and the devolution framework;
  - 24.2. Pursue further political and official engagement on the Industrial Strategy, with consideration to the broad range of issues for the sector across the key place-based policy areas detailed in this paper, including the outstanding issues relating to the Government's LEP Review;
  - 24.3. Develop a plan for partnership work with the LEP Network with initial priorities to focus on being the LEP Review and the UKSPF; and
  - 24.4. Seek a steer from the Board on support that councils in non-metropolitan areas would be seeking from DEFRA for support on the Industrial Strategy and from the LGA's LIS improvement support offer.
- 25. Board Members are invited to **comment on the proposed next steps** and **consider any further activity** that the LGA might undertake to address issues arising from the Industrial Strategy that are specific to non-metropolitan areas.

# Agenda Item 2a

# **LEP Review – geography proposals**

- 1. The Government's Local Enterprise Partnership (LEP) review required LEP Chairs and local stakeholders to come forward with considered proposals for LEP geographies that 'best reflect real functional economic areas, remove overlaps and, where appropriate, propose wider changes such as mergers'. The deadline for all areas to submit their proposals was 28 September.
- 2. This paper seeks to capture the emerging picture of geography proposals from LEPs across England. Of the 38 LEPs in England, details of the draft proposals considered by LEP Boards were publicly available for 26 LEP areas. Of the 26 draft proposals available, the current picture is as follows:
  - 10 areas without overlaps proposed no change to their current geography;
  - 13 areas proposed removing overlaps between LEPs;
  - 2 areas proposed not removing overlaps between LEPs; and
  - 3 areas proposed wider changes.
- 3. The **first table** captures the publicly available information on LEP geography proposals considered by these 26 LEP and CA Boards in September.

  The information in the table and the figures above only reflect the proposals and recommendations **considered** by LEP and CA Boards in September 2018, capturing draft Board minutes where available it does not seek to reflect the final proposals submitted by LEPs.
- 4. It is also important to note that in some parts of the country, proposals for LEP geography changes differed between neighbouring areas for example, in relation to the removal of overlaps between LEPs.
- 5. The **second table** details the 12 areas for which no information is currently publicly available on the proposals considered or submitted by LEP or CA Boards.

Agenda Item 2a

Table 1 - LEPs with publicly available draft geography proposals

No.	LEP	Geography change proposed	Existing overlaps	Overlap removal proposed	Wider change proposed	Draft proposal(s) discussed (and decision if available)
1	Bucks Thames Valley	No	Yes (SEMLEP)	Yes	No	It was agreed by a majority (that did not include district council representatives) to propose to remove the overlap with SEMLEP, with Aylesbury Vale being placed within BTVLEP. No change to wider geography was proposed.  Draft minutes state that: "The Board noted the letter sent to Government from District Councils advising of Aylesbury Vale's decision to wholly commit to SEMLEP; and the 3 Southern Districts' support for this decision and request for help in finding an alternative to the BTVLEP which they felt would be left untenable if split."
Page 8	Cambs & Peterborough	Yes	Yes (Hertfordshire, New Anglia, South East)	Yes	Yes	Draft minutes from the CPCA board indicate that it was resolved unanimously to agree the position on a coterminous boundary between the LEP area and the CA area for submission to the Government.
3	Coventry & Warwickshire	No	No	N/A	No	Draft minutes indicate the Board unanimously agreed to respond to the Government's recommendations on LEP geography on the basis of a 'no change' geography.
4	Cumbria	No	No	N/A	No	Agreed minutes from the LEP Board indicate the draft proposal was agreed – this proposed for no changes to be made to the existing LEP geography.
5	D2N2	No	Yes (Sheffield City Region)	Yes	No	October Board papers indicate that the Board unanimously agreed to re-confirm the existing D2N2 geographic footprint. In order to comply with the review recommendation to remove overlaps the board also agreed that they would wish to remove the overlap with Sheffield City Region LEP in the 5 overlap districts. In making their decision the Board acknowledged that the 5 districts had stated a preference to retain the overlap and requested further clarity from government to reach a locally agreed solution.
6	Dorset	TBC	No	N/A	TBC	Draft Board minutes reference work examining Dorset's economy that concluded that Dorset is a functional economic market area of significant size and scale but it is unclear exactly what the final submission proposed as this is not publicly available. Dorset has no overlaps to remove.

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7	Greater Lincolnshire	Yes	Yes (Humber)	Yes	Yes	<ul> <li>Draft Board minutes indicate it was agreed that:</li> <li>Rutland be accepted into the Greater Lincolnshire LEP in principle and be included in the LEP Review proposals.</li> <li>That the preferred option for the functioning economic geography was at a Greater Lincolnshire level.</li> <li>That a second option be submitted considering a wider geography – a merger between Humber and Lincolnshire LEPs.</li> </ul>
8	Greater Manchester	No	No	N/A	No	GMCA and LEP are already coterminous – proposed to retain current geography.
9	Hertfordshire	No	Yes (Cambs & Peterborough)	Yes	No	It was proposed that the LEP retains its current geography, incorporating an existing overlap.
10	Humber	No	Yes (Greater Lincolnshire, York, North Yorkshire and East Riding)	Yes	No	The Board minutes indicate that it was agreed that no merger options or changes of membership were deemed appropriate or deliverable (though North Lincolnshire voted against the proposition).
Page 1	Lancashire	No	No	N/A	No	Agreed to confirm to Government that the Lancashire LEP wishes to continue operating with its current pan-Lancashire geography.
12	Leeds City Region	Yes*	Yes (York, North Yorkshire and East Riding, Sheffield City Region)	Yes*	Yes*	The draft minutes indicate that the LEP Board agreed the preferred option on geography for a merger to cover the West Yorkshire, North Yorkshire and York footprint. The proposal indicates that "this would see Barnsley operate with its neighbouring authorities in the Sheffield City Region and that cooperation would be retained to maintain collaboration across Yorkshire, particularly in respect of inclusive growth in Barnsley and the East Riding."
						This was subject to the caveat that the LEP would wish to review the position if the rules in respect of overlapping geography change.
13	Leicester and Leicestershire	No	No	N/A	No	Draft Board minutes indicate agreement of the proposal that went before the LLLEP Board to retain its current geography.
14	London	No	Yes (Coast to Capital)	Yes	No	Proposed retaining current LEP geography and removing overlap with Coast to Capital, with LB Croydon remaining within LEAP's boundaries (to note Coast to Capital have not published papers).
15	New Anglia	No	Yes (Cambs & Peterborough)	Yes	No	Board agreed the LEP submission to Government on geography which retains the geography of New Anglia LEP, removing and incorporating existing overlapping areas.
16	North East	No	No	N/A	No	Draft minutes indicate that the Board agreed to retain its existing geographic coverage.

17	Oxfordshire	No	Yes (SEMLEP)	Yes	No	Beyond removing and incorporating an existing overlap, the proposal to the Board did not propose any further changes to the current LEP geography.
18	SEMLEP	Yes	Yes (Oxfordshire, Bucks Thames Valley)	Yes	No	The draft Board minutes indicate that the Board agreed for the proposal to remove overlaps with Aylesbury Vale DC to remain within SEMLEP and for Cherwell DC to leave.
19	Sheffield City Region	No	Yes (D2N2, Leeds City Region)	No	No	Board minutes indicate that the LEP Board agreed to propose no change to its current geography to Government and that members' were unanimous in supporting the maintenance of the current overlapping approach to geography.
20	Solent	Yes	Yes (Enterprise M3)	Yes	No	The draft Board minutes indicate the Board agreed a proposal on the Solent LEP geography which best reflects the real functional economic area, removing overlaps in the process. Consensus with Enterprise M3 LEP on some overlaps but indication that further work needed to be undertaken in relation to Winchester.
21 <sub>0</sub>	Swindon & Wiltshire	No	No	N/A	No	Draft minutes indicate that there was no appetite from neighbouring LEPs or the SWLEP to merge.
2\$	Tees Valley	No	No	N/A	No	Proposed that there is no change required to existing geography.
230	Thames Valley Berkshire	No	No	N/A	No	Draft Board minutes indicate it was agreed to propose retaining the existing LEP geography.
24	West of England	No	No	N/A	No	Proposed that there is no change required to existing geography.
25	Worcestershire	No	Yes (Greater Birmingham and Solihull)	Yes	No	The Board minutes state that: "The Board agreed that the preferred option was a single-county LEP. Although acknowledging the Northern District position of supporting the status quo, the Board felt that this did not meet the objectives of the review. Assuming agreement cannot be reached with GBSLEP, the Board noted that Ministers will decide on boundaries. The Board remained open to other potential changes."
26	York, North Yorkshire and East Riding	No	Yes (Humber, Leeds City Region)	No	No	According to the draft Board minutes, the 'unanimous decision of the LEP Board was that the model which will deliver the greatest benefits to York, North Yorkshire & East Riding, people and places and UK plc would be to retain the current geography including overlaps with neighbouring LEPs'.

<sup>\*</sup> Subject to a caveat that the Leeds City Region LEP would wish to review the position if the rules in respect of overlapping geography change.

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Table 2 - LEP areas where details on geography proposals were not publicly available at the time of writing

No.	LEP	Existing overlaps
1	Black Country	No
2	Cheshire and Warrington	No
3	Coast to Capital	Yes (London, South East)
4	Cornwall and Isles of Scilly	No
5	Enterprise M3	Yes (Solent)
6	GFirst	No
7	Greater Birmingham and Solihull	Yes (Stoke-on-Trent & Staffordshire, Worcestershire)
8	Heart of the South West	No
9	Liverpool City Region	No
10	South East	Yes (Coast to Capital, Cambs and Peterborough)
11	Stoke-on-Trent & Staffordshire	Yes (Greater Birmingham and Solihull)
12	The Marches	No



12 June 2018

# **Devolution Framework**

# **Purpose**

For discussion and direction.

# **Summary**

This paper proposes how the Board may wish to influence the LGA's activity concerning the Government's Devolution Framework due to be published this autumn.

#### Recommendations

That the People and Places Board:

- 1. **Note** the context for the LGA's work relating to Devolution at paragraphs 1-5.
- 2. **Consider and comment on** the proposed five key sector asks in forming the basis of a letter to the Secretary of State to influence the framework.

#### Action

Subject to Members' comments, draft a letter to the Secretary of State on behalf of the People and Places Board and City Regions Board outlining the key asks of the sector to influence the upcoming Devolution Framework.

Contact Officer: Ami Beeton

Position: Senior Adviser

Telephone No: 07867852592

Email: <u>ami.beeton@local.gov.uk</u>



12 June 2018

# **Devolution Framework**

# **Background**

- 1. The LGA has been broadly supportive of the government's English devolution policy since 2010, recognising that even if it doesn't go as far as we would like, it still offers the potential to significantly improve how decisions are made and how public services are funded for some local areas. However, we have consistently made the case that the benefits of transferring power and resources to the local level should be available to all parts of the country, not just those areas covered by a Mayoral Combined Authority. We have also found common cause with the local government associations across the UK in insisting that powers must be devolved beyond national structures.
- 2. There are now seven Mayoral Combined Authorities across England which are mostly concentrated in urban areas. Devolution deals have also been agreed with Combined Authorities in the North East, West Yorkshire and also with Cornwall.
- 3. The eighth Mayoral Election will take place in North of Tyne in May 2019. Recent signals from within government have strongly indicated that there is limited Ministerial appetite for further deals of this type.
- 4. The Cabinet reshuffle earlier this year has seen a further change in MHCLG leadership and potentially ministerial priorities. Several months later, it remains unclear when a direction of travel for devolution policy will emerge.
- 5. A commitment to develop a common devolution framework interpreted as a mechanism to access local devolution in England outside the Mayoral Combined Authority governance model - was contained in the Conservative Manifesto. We are expecting this framework to be announced this autumn. Early indications suggest that it may focus on public service reform and elements of devolution that sit outside the economic growth agenda.
- 6. Without further devolution, decisions will continue to be made in Westminster, removed from communities that they affect. Given the expertise of the Board there is an opportunity to influence the development of this framework and re-engage Departments across Whitehall to support the devolution of services and resources.

# **Next steps**

- 7. With consideration to this agenda and the LGA's work in this area to date, Lead Members of the People and Places Board agreed the following proposed next steps at their previous meeting:
  - 7.1 Officers to propose five key devolution aspirations and asks of councils and bring to the People and Places Board for discussion and comment;



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- 7.2 Invite a representative from MHCLG to attend the next People and Places Board to better understand their thoughts and timescales around the Devolution Framework. At the time of writing, no official has yet been secured. **Members' steer on whether to pursue this for a future meeting would be welcomed.**
- 8 Having considered a range of devolution bids made previously and reflecting on the asks of the LGA nationally we have highlighted five areas for devolution that stand out as most pressing for local government. It is worth noting that some of these asks are in line with what Combined Authorities have been granted as part of their deals and therefore might be outside of the scope of government thinking for the Devolution Framework.

# 8.2 **Skills and employment**

- 8.2.1 The opportunity to work closely with Department for Work and Pensions (DWP) on locally integrated employment service
- 8.2.2 The devolution of the Adult Education Budget

# 8.3 Enterprise and growth

- 8.3.1 Joint export plan agreed with the Department of Investment and Trade
- 8.3.2 A devolved approach to business support

# 8.4 Housing, planning and place shaping

- 8.4.1 Compulsory purchase powers
- 8.4.2 The ability to create Development Corporations
- 8.4.3 Greater powers over strategic planning
- 8.4.4 Greater control of public assets at a local level

# 8.5 Transport and Infrastructure

- 8.5.1 Bus franchising
- 8.5.2 Greater flexibility of funding for infrastructure

## 8.6 Fiscal Devolution

- 8.6.1 Greater flexibility locally (as outlined in the fiscal devolution paper)
- 9 Members are asked to comment on the proposed key sector asks outlined above and highlight any areas that they feel are missing.
- 10 Government have indicated that they are planning to publish the Devolution Framework before Christmas 2018. We understand that no firm decision has been made in regards to the content of the framework and whilst the department is likely to have a view, writing to them at this stage provides an opportunity to put on record the view and priorities of the sector.

# **Action**

11 Members consider and comment on the proposed five key sector asks of the Devolution Framework to form the basis of a letter to the Secretary of State.



15 November 2018

# Fiscal devolution update

# **Purpose**

For discussion and direction.

# **Summary**

This paper outlines proposed next steps to support the future development of policy related to fiscal devolution.

# Recommendation

Members of the People and Places Board are asked to consider the proposed work plan set out below and comment as appropriate on its focus and oversight arrangements.

# **Action**

Officers to incorporate Members' comments into the development of future work related to fiscal devolution, as described.

Contact Officer:Philip CliffordPosition:Senior AdviserTelephone No:07909 898327

**Email:** philip.clifford@local.gov.uk



15 November 2018

# Fiscal devolution update

#### Overview

- 1. The City Regions Board commissioned two pieces of research in the 2017/18 board cycle to support internal policy development and discussion related to fiscal devolution:
  - 1.1. Fiscal devolution modelling the Board commissioned econometric modelling to provide members with an overview of what specific instances of fiscal devolution might look like in practice.
  - 1.2. Fiscal devolution messaging the Board also commissioned research to better understand public perceptions of fiscal devolution specifically and devolution generally. This research adds to the regular pieces of analysis that the LGA commissions, including polling of both residents and parliamentarians to gauge support for key policy proposals including those relating to devolution.
- 2. The People and Places Board and the Resources Board were kept informed of progress throughout the course of the year and all three boards have now discussed the findings of both pieces of research.
- 3. From their comments officers have proposed a work plan in three areas: acting on the findings of the devolution messaging report; progressing work on a tourism levy; and, exploring an e-commerce levy.
- 4. This work plan has now been considered and agreed by the Chairs of the City Regions and Resources Boards and the Chairman of the People and Places Board. It is presented below for consideration and comment by members of the People and Places Board.

# Acting on the findings of the devolution messaging report

- 5. The findings of the devolution messaging report clearly resonated with members of all three boards. It has therefore been agreed that officers will work with Board Chairs to draft a paper that raises this subject as an issue for formal consideration by the LGA's Leadership Board.
- 6. This work will build on short term supportive messaging within the Spending Review campaign plan and additionally take account of any lessons or evidence from the City Regions Board's ongoing Urban Leadership work and the People and Places Board's Post-Brexit England Commission.
- 7. Over the coming months, one of the main strands of the Spending Review campaign will be to focus on explaining to the public the breadth of council services. Subsequently we will develop a plan of campaign activity over the next six to eighteen months that seeks to further highlight the expertise that exists within councils to the general public.
- 8. In the longer term it has also been agreed that the LGA will give due consideration to broader questions relating to the public perception of local government's culture and character, and the complexities of accommodating differential public service responsibilities across localities and institutions within a coherent national brand.



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# Progressing work on the tourist levy

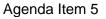
- There was strong interest from all three Boards in understanding in more detail how a
  tourist levy might work in practice. The Culture, Tourism and Sport Board has also
  explored this issue and it would make sense for future work to be aligned across all four
  boards.
- 10. As the freedom to introduce a local tourism levy is already an established LGA lobbying line it was proposed that any future work focuses on 'road-testing' the levy's theoretical and technical arguments within the wider context of councils' role in regulating and supporting the tourism industry. This work will also provide an opportunity to consider the extent to which Business Improvement Districts provide an effective vehicle to introducing a tourist levy within an area.
- 11. It was therefore agreed that the Culture, Tourism and Sport Board would be commissioned to take forward this work, subject to their agreement, with the three other boards kept updated on progress.

# **Exploring an e-commerce levy**

- 12. Both the City Regions Board and the Resources Board expressed interest in exploring the design and potential benefits of an e-commerce levy, directly linking it to the consequences for high streets arising from the shift in retail activity towards firms with a predominantly digital footprint.
- 13. At the Autumn Budget the Chancellor announced that from April 2020, the Government will introduce a new 2 per cent tax on the revenues of certain digital businesses to ensure that the amount of tax paid in the UK is reflective of the value they derive from their UK users.
- 14. The LGA has called for measures to be taken on retailers who may not pay business rates on retail premises and we welcomed this as a first step. However, we believe a portion of the money raised from this measure should be used to fund local services and, in turn, are of the view that more needs to be done to develop the detail of how such a levy might benefit public services and local retail economies in practice.
- 15. The Environment, Economy, Housing and Transport Board has policy responsibility for town high streets. As this piece of work would require specific technical expertise, it is proposed that a research specification is drafted for consideration by Lead Members of all four boards, with a view to commissioning external research in support of future lobbying activity.
- 16. Subject to consideration regarding resource availability, it is proposed that the Resources Board would take this work forward with other Boards kept updated on progress.

#### **Next Steps**

17. Members of the People and Places Board are asked to consider the proposed work plan set out above and comment as appropriate on its focus and oversight.





People and Places Board 15 November 2018

# **Brexit Update**

# **Purpose of report**

For information.

# **Summary**

Following a request from the Board, Cllr Kevin Bentley, Chairman of the LGA's Brexit Taskforce is due to attend this meeting and provide an update to members on recent progress and priorities.

#### Recommendation

Board members are asked to consider the update report attached for background at **Appendix A** in advance of a discussion with Cllr Kevin Bentley.

# Action

For information.

Contact officer: Philip Clifford

**Position:** Senior Advisor

**Phone no:** 07909 898327

Email: Philip.Clifford@local.gov.uk



15 November 2018

# **Appendix A- Brexit**

# **Purpose of report**

For discussion.

# **Summary**

This report updates members on the work that the LGA is undertaking to address the opportunities and risks of Brexit for councils.

This report examines, in summary, the issues that we have raised with Government since the referendum to ensure that such opportunities and risks are on the public record and being addressed through national decisions as our exit from the EU is negotiated. The report sets out where there is clarity and where clarity is still being sought.

# Recommendation

Members are requested to consider where further LGA action is needed and the focus of future Brexit work.

# **Action**

Officers to take forward in-line with members steer.

Contact officer: lan Hughes

Position: Head of Policy

**Phone no:** 0207 664 3101

Email: lan.Hughes@local.gov.uk



15 November 2018

# **Brexit**

# **Background**

- 1. Since the referendum of June 2016, the LGA has developed a detailed Brexit work programme, through working with councils across England and with the associations of Wales, Scotland and Northern Ireland.
- 2. We have identified opportunities and risks to councils of Brexit and worked hard to ensure that negotiators were considering these views as a deal with the EU was developed.
- 3. We are still working in an extremely fluid political environment. The nature of the deal with the EU is still to be defined, with a special European summit being called in November to see if a deal can be agreed. Government is also working proactively to prepare for a "no deal" scenario (though this is not a favoured option). Should a deal be agreed with the EU in November, it will still require a "meaningful vote" in Parliament.
- 4. Within this uncertain context, this report summarises the opportunities and risks that we have identified and discussed with Government, where assurance has been given and where we are still seeking clarity.

# **Longer Term Opportunities and Risks**

- 5. It was clear from immediately after the referendum that the onus was on the LGA and councils to illustrate a way forward which strengthened local communities.
- 6. Through press work, conference events with partners, publications and formal meetings with Government, we have established ideas for a debate about England post-Brexit. In many areas, we have set out tangible work plans and timelines for Government.
- 7. Big issues which are on-the-record through reports, submissions and evidence to Parliament include:
  - 7.1 Devolution to English communities: the opportunities of devolving powers post-Brexit to communities through local government and ensuring that Brexit does not result in a concentration of power in Whitehall.
  - 7.2 The English Question: the need to address the issue of devolution in England, as the current UK constitutional settlement only covers Holyrood, Cardiff Bay and Stormont.
  - 7.3 A major review of EU legal powers to support local service delivery (for example, procurement and food hygiene).
  - 7.4 Taking the opportunity to create a better local regeneration funding stream to succeed EU Structural Funds.



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- 7.5 Ensuring that any "Brexit dividend" extends beyond the NHS to local services such as social care.
- 7.6 Utilising local government expertise in economic development to support future trade deals.
- 8. We have made progress and have started work with Whitehall on a number of issues. For example:
  - 8.1 We have secured a Government agreement to bring local government's role in EU law making across to the UK post-Brexit and we are awaiting a Parliamentary Statement on detail.
  - 8.2 We are meeting Department of International Trade to start to scope the council role in future trading relationships.
  - 8.3 Though much depends on the nature of the future trade deal with the EU, Government has taken on board our call for a review of returning EU laws, focusing in the first instance on public procurement and food hygiene laws.
- 9. LGA Boards have also been scoping out the opportunities and addressing the risks. For example:
  - 9.1 The People and Places Board has established the Post Brexit England Commission to examine the devolved powers needed to help non-metropolitan authorities thrive.
  - 9.2 The City Regions Board is developing work to bring together a number of representative urban organisations to promote a future urban devolution agenda.
  - 9.3 EEHT Board is working with DEFRA on its post-Brexit policies (including a future waste policy).
- 10. In all these areas, the onus has been on the LGA and councils to create the public debate on the longer-term, localist agenda and to initiate the discussion in Whitehall. Parliament and Whitehall at the moment are concentrating heavily upon the immediate work of preparing for March 2019. Thus it has been difficult to gain much traction on detail when minds are concentrated on the much shorter timescales. However, our successful work on the housing shows that we need to pursue a long-term agenda to initiate changes to national debate.
- 11. Brexit will change the way that the UK is governed and our work has ensured that we are prepared to promote new powers and responsibilities reaching local communities. There remains a risk that without continued evidence and ideas from the LGA, partners and councils, the centralisation of powers in Whitehall post-Brexit will occur without challenge.



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12. Members may wish to consider our current work in this area and any gaps. There will be a point in time when this work will be a staple of our discussion with Whitehall. It is unlikely that this will occur before a deal is agreed. However, the onus remains with the LGA to prepare for and provide the evidence for the longer-term devolution of powers.

# Preparing for the Immediacy of Brexit

- 13. Whilst the detail of the UK's exit deal with the EU remains to be clarified, the LGA has been identifying the issues where councils needed clarity in the immediacy of exit (either in March 2019 or after a transition period in 2021).
- 14. Working with councils, the big issues identified have included:
  - 14.1 Providing legal certainty for councils as many councils services are underpinned by EU law (e.g. procurement and environmental services).
  - 14.2 Securing regeneration projects currently funded by EU Structural Fund, funding initiatives and the European Investment Bank.
  - 14.3 Securing the continuity of public services and local businesses that depend heavily on non-UK EU residents (for example, seven per cent of social care staff in England).
  - 14.4 Identifying the capacity needed to undertake any increased responsibilities at ports (including port health, emergency planning and transport issue) and in regulatory services (such as trading standards).
  - 14.5 Clarity on voting and standing rights in 2019 local elections.
  - 14.6 Clarity on how new council costs from any new tariff on EU goods would be funded by Government.
  - 14.7 Mitigating the risk of the unintended local consequences of national deals and ensuring enough local flex to ensure that local opportunities were ceased.
  - 15. In these areas, we have proactively offered solutions from the local government perspective. For example, we identified all EU laws impacting on councils and provided detail to ministers of where legal certainty was needed. In addition, where we have identified those parts of the local government workforce or other sectors important to the local economy most vulnerable to change and offered a longer term solution through our Work Local proposals



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- 16. We have been given clarity in some areas:
  - 16.1 There is legal certainty as all local government laws based on EU regulations will be transferred into UK law through the Withdrawal Act. However, many statutory instruments are required to be put in place by March 2019 to provide full assurance to the sector.
  - 16.2 Our lobbying has achieved a guarantee that HMT will cover the costs of projects funded by EU Structural Funds and associated initiatives, until 2021 (even under no deal).
  - 16.3 Settled status provides assurance in the short-medium term for non-UK EU residents and provides legal certainty for employees in public and other local services. Under a no deal scenario, we are still awaiting advice from Government.
- 17. We are still seeking clarity in the following areas:
  - 17.1 We are awaiting the detail of many Statutory Instruments which convert EU law into UK law, some of which will be vital to service delivery. These technical changes may require councils to make administrative / constitutional amendments, the full scale of which has not yet been mapped out (for example, we have been made aware that Food Standards Agency guidance on officer authorisations expects councils to list each piece of legislation they are authorised under; the majority of which are about to change).
  - 17.2 The detail of the UK successor to EU regeneration funding has yet to be developed.
  - 17.3 We need further details on how more vulnerable groups will be supporting in attaining settled status and we need assurance about the residency and rights of non-UK EU citizens under a "no deal" scenario.
  - 17.4 We await clarity on voting and standing rights in May 2019 elections.
  - 17.5 There has been no response to our concerns about new council costs from any new tariffs on EU goods.
  - 17.6 The "no deal" technical papers, in general, deal with how ports and trading standards adjust its processes and systems when EU goods are treated as third party goods. However, they do not consider the detail of delivery and capacity issues for local councils. Through pressure from the LGA, a cross-departmental working group has been established in Whitehall to work through these issues with port towns. We are closely monitoring progress.



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- 17.7 We have advised that Government "no deal" technical papers are needed to address the impact across all services at a local level. These are unlikely to be delivered.
- 18. One issue of concern that we raised immediately after the referendum in 2016 was that Government preparation for exit was based on departmental plans. As most Government departments dealt with local government's issues, the sector was likely to have to deal with and coordinate the work of all departments in order to understand the scale of the work needed by councils. This continues to be a concern.
- 19. The new MHCLG Brexit Delivery Board, established by the Secretary of State, is dealing with this issue more effectively. Other Government Departments are being invited to attend. However, there is still an onus on the sector itself to join up the action plans of Whitehall. The LGA is pressing MHCLG to fill this important gap in Brexit preparedness and to provide a central hub of information for councils on Whitehall planning. This would be a vital tool to allow councils to prepare for Brexit.

# No Deal Scenario

- 20. Whilst it has stated that "no deal" is not a preferred option, the Government is publishing a series of technical papers which help prepare citizens and businesses for leaving the EU with no deal. These have been communicated to all leaders and Chief Executives to ensure that expectations about councils' preparedness is on their radar.
- 21. It should be stressed that Government expectations are that councils are making local plans for "no deal" as a result of its technical papers.
- 22. Some of the papers (such as changes to procurement rules) have direct impact on councils. Other papers have little impact on councils. There are other areas where no advice has been provided, including employment and residency rights and 2019 local election rules. As such, there are still gaps where clarity can only be achieved by national advice. It should also be noted that the technical papers do not consider local capacity to deliver regulatory change.
- 23. The LGA has provided a detailed breakdown for all councils of the formal advice from Government to date and, importantly, has set out the expectations in other areas such as emergency planning. This should help councils prepare where advice is available.
- 24. This can be found here.

# Council Preparedness

25. The 'No Deal' technical papers do raise more general issues about councils' preparedness which we should discuss with Government.



#### **People and Places Board**

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- 26. Under the no deal scenario, these issues are stark as preparedness is needed by March 2019 when a switch from EU rules to new UK rules becomes effective. The effective date for such change under a deal with a transition period is likely to be from Jan 2021, but these general issues are still of relevance.
- 27. Firstly, the technical changes advised in "no deal" papers are purely technical (for example, advising that port health databases will switching from an EU IT system to a new UK DEFRA system in March). They do not consider the training/change management needed locally nor do they consider any additional resource that might be needed. Though some detail of these issues are being addressed with councils across Whitehall, there is a more general issue that the LGA needs to make: Councils are capable to manage this change but they need new resources for new duties. Change requires training and an understanding of detail of front-line staff. Under a no deal scenario, the time and training needed for such additional capacity may not be available and "a period of grace" may be needed in which any confusion between the sudden shifts in regulatory systems will result in support rather than punishment.
- 28. Secondly, much of the Government's preparations on Brexit is being undertaken through confidential meetings. While it is by no means the case that these confidential meetings will provide all the information and answers that councils need, it is clearly unhelpful that not all councils are able to access information and we are aware of a number of instances where councils have sought information but information remains confidential. This is hampering efforts by councils to prepare for Brexit and needs to be reviewed.

#### Local Impact

- 29. Since the referendum we have been aware that there would be studies analysing the economic impact of Brexit at a national level. The onus has been on the LGA to provide the evidence of local impact, where local opportunities can be supported and where risks need to be mitigated.
- 30. We have led this work with MHCLG through inviting councils and their partners to set out local opportunities and risk. Regional seminars have been held across the country. Regular submissions have been made to MHCLG with evidence.
- 31. One of the problems of collecting such evidence was the uncertainty of the detail of the Brexit, with councils working to many scenarios. It has been important to register these local issues to ensure that Government's Brexit preparations were positively influenced by local evidence.
- 32. We have to work to a scenario where the detail of Brexit may not be known until the last minute and we may need to be prepared for local economic shocks or emerging local opportunities that need to be developed quickly. As such, we are raising with MHCLG the need for resources or capacity which deal with these local risks and opportunities.



#### **People and Places Board**

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For example, we have already put on record that the UK successor to EU funding needs to be a locally based fund which is not bound by national rules, but able to flexibly respond to the challenges and opportunities of local economies post-Brexit.

#### Going Forward over Next Few Months

- 33. The biggest unknown is of course the detail of any deal which could be agreed between the UK and the EU. The technical detail will impact on council services, possibly from April 2019. We will continue to monitor developments, analyse the impact on councils and provide briefings for the sector.
- 34. The timetable below does imply that any deal may not be finalised until the last month of our notice to leave the EU. Thus the Government's planning for "no deal" and the expectations of planning by the sector may continue until exit day.
- 35. These are the important milestones to consider:
  - 35.1 <u>18 October UK/EU Negotiations:</u> This meeting of the European Council was expected to agree the UK/EU exit deal. This is now unlikely but more detail might emerge on the likelihood of a deal. A special European Council meeting is being planned for Nov at which it is hoped a deal will be finalised.
  - 35.2 <u>13 November UK/EU Negotiations:</u> This is the anticipated date for the special meeting when it is hoped a deal will be agreed.
  - 35.3 <u>13 December:</u> There is scheduled meeting of the EU Councils in December. This is possibly the final meeting at which a deal can be agreed.
  - 35.4 <u>From December: UK Parliament discussion on exit:</u> If there is a deal, Parliament will vote on the Government's motion to approve the withdrawal agreement and future framework.
- 36. There are three "no deal" scenarios for Parliament.
  - 36.1 If Parliament has decided not to pass the Government's motion to approve the withdrawal agreement and future framework.
  - 36.2 If, before 21 January 2019, the Government tells Parliament that no agreement can be reached.
  - 36.3 If after 21 January 2019, no agreement has been reached.
- 37. Under these scenarios, the Government would have to make a statement to Parliament setting out what it intended to do next. Parliament would then have an opportunity to vote on those plans.



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38. From Dec: The European Parliament needs to agree the deal.

#### **Implications of Wales**

39. Members and officers are working closely COSLA, the Northern Ireland LGA and the Welsh LGA. The other UK associations are members of the LGA Brexit Task Group where we coordinate our work.



# Trade, Inward Investment and International Engagement

#### **Purpose of report**

For discussion and direction.

#### **Summary**

This paper provides an update on the LGA's recent work on trade, inward investment and international engagement and proposes next steps for the board to consider in these areas.

#### Recommendations

Members of the People and Places Board are asked to:

Note recent developments in relation to the LGA's work to:

- 1. Build an evidence base of council trade and inward investment activity (**paras** 9-12);
- 2. Raise the profile of international relationships established by councils with localities across the world (paras 13-16); and
- 3. Support councils to better deliver trade and inward investment activity (**paras** 17-22).

**Agree** next steps for the LGA's trade, inward investment and international engagement activities (paras 23-24).

#### **Action**

Officers to proceed with next steps in line with Members' steer.

Contact officer: Daniel Shamplin-Hall

**Position:** Adviser

**Phone no:** 0207 664 3314

Email: daniel.shamplin-hall@local.gov.uk



### Trade, Inward Investment and International Engagement

#### **Background**

- 1. Increasing exports and attracting greater levels of inward investment have a crucial role to play in driving local economic growth across the country post-Brexit. More broadly, councils have a strong track record of building connections with localities across the world, providing opportunities for knowledge exchange and shared innovation. As work to renew and reshape Britain's relationship with international partners has gained increased prominence, so too has the extent to which national policy and funding arrangements are able to fully support local activities, particularly in non-metropolitan areas.
- 2. Councils are uniquely positioned, with knowledge of their local economies as well as powers over infrastructure planning, to attract inward investment and work with local businesses to increase exports to foreign markets.
- In recognition of this and within the context of Brexit, the Industrial Strategy and the
  pursuit of greater local devolution the LGA, steered by members of this Board and the
  City Regions Board, commissioned a review of the sub-national trade and investment
  policy landscape in late January 2017.
- 4. This review found that the institutional landscape in place to support trade and inward investment is needlessly complex and crowded. It also outlined the untapped potential for councils to play a strengthened role in helping develop and deliver more coherent and locally attuned support for trade and investment activity.
- 5. As withdrawal negotiations between the EU27 and the UK continue it is expected that issues relating to future trade deals will assume greater priority. This will place greater emphasis on the relationship the Local Government Association (LGA) has with the Department for International Trade (DIT) in order to press for a role of councils. In recent months there has been a notable and welcome uptick in engagement from DIT with the LGA and both the research commissioned to date and detailed below has played a key role in supporting this.
- 6. While it is likely to be several months before we have greater certainty over the UK's future trading position, the onus is on local government to continue to make the case for an active role in the development of future trade and investment policy.



- 7. With this in mind, officers have made progress across three strands of work that advance the Board's interests in this area:
  - 7.1. Building an updated evidence base of council trade and investment activity, by undertaking a sector-wide survey to better understand the depth and diversity of trade and international links established by councils and to understand the role that local government can play in building trade and investment links with cities and non-metropolitan areas across the world as the UK prepares to leave the EU.
  - 7.2. Raising the profile of council trade, inward investment and international engagement activities, principally through the LGA's engagement with the Department for International Trade and wider elements of the LGA's international work, including a recent meeting between the LGA and our French local government counterparts the AFCCRE.
  - 7.3. Supporting councils to deliver trade and investment activity, initially through the commissioning of a toolkit to support councils seeking to attract foreign capital investment in their area.
- 8. This paper updates members on progress within each of these strands of work and proposes next steps to take forward the LGA's work on trade, inward investment and international engagement.

#### Building an updated evidence base of council trade and investment activity

- 9. As previously agreed by the Board, officers have undertaken a survey to better understand the depth and diversity of trade and other international links established between councils and global partners, with a view to strengthening the role of local government in future trade and investment activity.
- 10. This survey sought to capture views from the sector on the following areas:
  - 10.1. The current local institutional arrangements in place to support trade and investment activity and the international relationships that have been established by areas;
  - 10.2. The effectiveness of external sub-national and national mechanisms and the ability of the local government sector to influence these; and
  - 10.3. The place and sectoral priorities for the national and sub-national trade and investment landscape following Britain's departure from the EU.
- 11. The survey deadline has been extended until 16 November and full results won't be available until after the Board meeting. A note capturing initial findings from the survey is available as **Appendix A**, broad headlines include:



- 11.1. Many respondents demonstrated the extensive activity carried out by their local or combined authority to support trade and investment in their area and provided evidence to support this;
- 11.2. This activity has led to the establishment of a diverse range of international links across the world and particularly with China;
- 11.3. Views on the effectiveness of sub-national and national mechanisms at supporting trade and investment activity were mixed, with a further interrogation of responses required to establish whether there are specific types of council or areas where these mechanisms are less effective:
- 11.4. A majority of respondents indicated that they were aware of local evidence to suggest that trade and investment activity in their area was likely to alter as a result of the UK's departure from the EU; and
- 11.5. Respondents provided a range of asks of Government to strengthen the role of councils and local partners in this area, including the need for:
  - 11.5.1. adequate and sustained resourcing for this activity, particularly due to the dependence of current activity on EU funding streams;
  - 11.5.2. devolution of funding and functions relating to trade and investment; and
  - 11.5.3. clarity on institutional roles and responsibilities relating to trade and investment.
- 12. Members are asked to note the update on work to build an evidence base of council trade and inward investment activity and comment on the next steps proposed in paragraph 24.

# Raising the profile of council trade, inward investment and international engagement activities

- 13. The LGA has taken steps to build a relationship with the DIT and ensure that the role of councils in driving trade and investment is a key consideration as the UK's future trading relationship with the world is developed following Brexit. This work has commenced with initial engagement at political and official levels between the LGA and DIT.
- 14. Most recently, the Chairman of the LGA's Brexit Taskforce, Cllr Kevin Bentley gave evidence to the International Trade Select Committee on the role of local government in post-Brexit trade on 14 November. At the time of drafting this report it is anticipated that the session will focus on the role of local government in facilitating international trade and the priorities for local government following the UK's departure from the EU. Cllr Bentley will update on the political elements of the LGA's trade and investment work when he presents to the Board on the LGA's wider activity relating to Brexit.



- 15. In addition to engagement with DIT, the LGA is also seeking to use elements of its international work to promote the role of local government in supporting trade and investment. Recently, the LGA held a meeting with the French LGA (AFCCRE) where local and regional politicians from both countries came together for a roundtable discussion.
- 16. This roundtable provided an opportunity for members to discuss a range of topics of shared interest with their counterparts, including the national-local relationship, financial and demographic pressures, reorganisation and relationships between rural and urban authorities. Members also had an initial conversation regarding a potential bilateral summit of local leaders organised by the UK and French national governments, including consideration as to how to develop a new type of economic partnership between localities over and above traditional twinning relationships.
- 17. Members are asked to note the update on work to raise the profile of council trade and investment activity and comment on the next steps proposed in paragraph 24.

#### Supporting councils to deliver trade and investment activity

- 18. Following the research that this Board and the City Regions Board an have undertaken in this area, officers have had several discussions with officials at the Department of International Trade to understand how councils can be supported to attract inward investment.
- 19. The Department's Capital Investment Team have outlined a mixed level of success across the country in attracting Foreign Capital Investment (FCI) into infrastructure projects; while some areas are breaking new ground and successfully developing 'pitch books' to attract international capital investment, others require a greater level of support.
- 20. Recognising the work that is already taking place, and the support that some areas may need in this area, officers have begun the process of commissioning a piece of improvement work to outline the role councils can play in facilitating and attracting FCI. It will capture sectoral best practice and develop a set of resources to support councils and their private sector partners to maximise investment opportunities and consider how to develop a longer-term pipeline of projects to meet international investor need.
- 21. The supplier will work with a selection of councils, combined authorities, Government Departments and other stakeholders to produce a set of practical resources. It is expected that this product will include:
  - 21.1. A detailed but accessible explanation of FCI and its flows across the world;
  - 21.2. A set of case studies outlining examples of councils working successfully to attract FCI into their area;



- 21.3. An overview of the existing support available to councils from the regional and national teams within the Department of International Trade's Capital Investment Team and the Department for Business, Energy & Industrial Strategy;
- 21.4. An outline of the key areas in which international investors need support at a local level;
- 21.5. An exploration of how councils in more sparsely populated areas could potentially "bundle" opportunities to meet the requirements of investors and the needs of their communities; and
- 21.6. A set of policy recommendations for the Local Government Association and the Government on how to improve support local areas to attract capital investment going forward.
- 22. The project will be completed by March 2019. The supplier will be asked to present to both the City Regions and People and Places Board as part of its stakeholder engagement process.
- 23. Members are asked to note the update on support to councils to deliver trade and investment activity and comment on the next steps proposed in paragraph 24.

#### **Next steps**

- 24. With consideration to the LGA's work on trade and investment to date, Members of the People and Places Board are asked to consider and agree on the next steps for the LGA's work on trade and investment. Proposed next steps include work to:
  - 24.1. Develop a detailed set of policy proposals for consideration by the Board to guide the LGA's future work on trade and investment, using evidence provided by councils and feedback from relevant Boards:
  - 24.2. Establish a virtual sounding board of trade and investment lead officers from local and combined authorities to inform the LGA's response to emerging announcements from DIT and the Government on the post-Brexit trade and investment landscape; and
  - 24.3. Invite a representative from DIT to present at a future meeting of the Board on the potential role of councils and local partners in the post-Brexit trade and investment landscape.
  - 24.4. Continue to explore opportunities for bilateral co-operation with localities, including a potential summit between the UK and France in the New Year.



25. Board Members are invited to **comment on the proposed next steps** and **consider any further activity** specific to non-metropolitan areas that the LGA might undertake relating to trade and investment.



# Appendix A

# LGA trade and investment survey – summary of emerging findings

November 2018

#### Background

- This paper summarises responses to an LGA survey regarding local international trade and investment activity. The survey was circulated to council officers leading on economic development and was carried out between October and November 2018
- 2. The survey deadline has been extended to 16 November 2018 and, at the time of writing, 35 responses had been received.
- 3. It is proposed that, once the final deadline has passed, findings will be collated into a detailed final report. The findings will then be used on a non-attributable basis to inform the LGA's response to developments with national trade and investment policy as the UK prepares to leave the EU.
- 4. Outlined below are the headline findings emerging from the survey responses received to date.

#### Local institutional arrangements

- 5. In most areas, institutional leadership for promoting trade and investment activity sat with the Local Enterprise Partnership/Growth Hub (42 per cent), though in a number of areas this activity is led jointly by the LEP and the local authority.
- 6. The majority of local authorities (70 per cent) have a specific resource dedicated to trade and investment activity. This resource takes a number of forms, including: a dedicated council trade and internal investment team, a jointly-funded team with the Local Enterprise Partnership and council-led activity being built into existing economic development or business support functions
- 7. A number of respondents noted that all or part of the trade and investment activity delivered by their local or combined authority is currently financed by EU funds, specifically the European Regional Development Fund.

#### International relationships



- 8. The majority of local authorities (70 per cent) identified that there were specific countries with which local institutions have developed significant international links.
- 9. When asked for further detail on established links, respondents provided examples of links established with a range of localities across Europe, North America and Asia. The most frequently referenced location was China (37 per cent).
- 10. A number of respondents also referenced the international links established through and in partnership with the higher education institutions in their area.

#### Local activity

- 11. Respondents were asked to outline the key activities delivered by local and combined authorities to translate international links into increased trade and investment activity. The most commonly highlighted examples included:
  - 11.1. Delivery of trade missions and presence at international conferences, e.g. MIPIM
  - 11.2. Activity to support local businesses to export, including grant-funding for local businesses and business training
  - 11.3. Establishment of strategic partnerships between local institutions and international partners to promote inward investment and drive exports. Many are formalised through Memorandums of Understanding and include representation from both the public and private sectors.
  - 11.4. Support to existing multinational companies already based in areas and prospective international investors, including hosting of delegations and account management
  - 11.5. Development of sector-specific propositions tied to local strengths and delivery of associated activity, e.g. marketing, account management and lobbying
  - 11.6. Development and promotion of specific enterprise areas with associated incentives to drive inward investment to these areas.
- 12. 38 per cent of respondents indicated that their authority had succeeded in securing foreign direct investment in their area over the past 18 months, while 31 per cent indicated that their authority had succeeded in increasing exports over the past 18 months. A significant proportion (31 per cent and 44 per cent) indicated that they did not know.
- 13. A number of areas noted that their successes had been reported to DIT for inclusion within the national reporting framework.

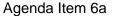
#### Sub-national and national mechanisms



- 14. Responses from local and combined authorities were mixed on the effectiveness of subnational and national mechanisms at supporting recent trade and investment activity.
- 15. For example, 54 per cent of respondents felt that their authority has the opportunity to influence the support provided through sub-national and national mechanisms to a moderate or great extent. 39 per cent indicated that they could only influence this support to a small extent or not at all.
- 16. This is therefore an area that the LGA will seek to analyse further in order to identify whether there are specific types of authority or regions which find it more difficult to influence the national and sub-national policy and support framework.

#### Looking ahead

- 17. A majority of authorities indicated that they were aware of local evidence to suggest that either trade (53 per cent) or investment (55 per cent) activity in their area was likely to alter as a result of the UK's departure from the EU.
- 18. The qualitative responses to the above questions principally referenced local evidence that Brexit is impacting on business decisions to invest, as well as a number of sector-specific points. The LGA will review the detailed evidence referenced in responses and incorporate an analysis of this evidence into the final write-up of the survey.
- 19. Respondents were asked to briefly describe up to three actions that the Government could most usefully take to strengthen the role of councils and local partners in promoting trade and investment following the UK's departure from the EU. A wide range of proposals were put forward that will be analysed in detail over the coming weeks for now, captured below are the most commonly suggested actions:
- 20. Adequate and sustainable resourcing of local activity the Government should take steps to ensure that local trade and investment activity is put on a secure financial footing after Brexit, particularly as numerous local trade and investment support services are currently financed by EU funding streams. Several respondents noted that this approach to resourcing needs to extend to strengthening local DIT teams as well as local institutions. The UK Shared Prosperity Fund was referenced by a number of respondents as an opportunity to address this resourcing issue.
- 21. **Devolution of powers relating to trade and investment** a number of areas (with and without devolution) highlighted a need for further devolution relating to trade and investment to ensure that support services take full account of the particular strengths and challenges of areas.





- 22. **Providing certainty to local businesses and prospective investors** tied to the survey question on local evidence of the impacts of Brexit on trade and investment, a number of respondents pointed to the need to provide certainty to businesses on post-Brexit arrangements to support trade and investment.
- 23. Providing clarity on institutional leadership of trade and investment activity respondents referenced the range of organisations and institutions working on trade and investment and the risk that this poses of confusing or undermining approaches to export support or inward investment promotion in the absence of clarity on the roles and responsibilities of different institutions.
- 24. Specific policy responses to support trade and investment activity individual respondents referenced a wide range of potential policy responses that could be implemented locally and nationally to support trade and investment, and these will be analysed in further detail by the LGA. These included:
  - 24.1. The expansion of Enterprise Zones;
  - 24.2. Ensuring a coherent trade and investment work stream within emerging sectoral strategies relating to the Industrial Strategy;
  - 24.3. Delivery of international work to strengthen bonds between UK local authorities and other towns and cities across the world that supports trade and investment; and
  - 24.4. Strengthening collaboration between DIT and local partners, as with the <u>High</u> Potential Opportunities scheme.



# Note of last People & Places Board meeting

Title: People & Places Board

**Date:** Tuesday 11 September 2018

**Venue:** Smith Square 3&4, Ground Floor, 18 Smith Square, London, SW1P

3HZ

#### **Attendance**

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

#### Item Decisions and actions

#### 1 Welcome, introductions and declarations of interest

The Chairman welcomed all newly appointed and reappointed members to the first People and Places Board meeting for the 2018/19 political cycle. Apologies listed at Appendix A were noted.

No declarations of interest were made.

#### 2 Membership and Terms of Reference

The Chairman asked the Board to formally note the membership and the Board's Lead Members for 2018/19, and the Terms of Reference which outlines the purpose of the Board.

Actions and decisions:

All members noted and agreed the Membership and Terms of Reference.

#### 3 People and Places Draft Work Programme 2018/19

Philip Clifford, Senior Adviser, set out the draft work programme for the 2018/19 political cycle.

Philip highlighted the following points:

- It was established that while the primary objective of the People and Places Board remains the devolution of power and resources to local government across England, the Government's focus on Brexit has seen a downward shift in the momentum behind devolution.
- Reflecting the national context, the Work Programme seeks to pursue the following broad and forward-looking strategic priorities:
- Advocating for devolution through national Government's place-based growth agenda – focusing on the Industrial Strategy and devolution on a department-by-department basis, such as skills and employment support devolution and sub-national trade and investment reform;



- Using the Post-Brexit England Commission as a platform to advance a refreshed case for devolution to non-metropolitan areas; and
- Pushing for parity of treatment in Government policy and investment across all parts of England, with a particular focus on priorities for the Board such as digital connectivity and the opportunity to reform the Common Agricultural Policy.

The Chairman thanked Philip for the update and invited members to comment:

- The Chairman noted that the Government's Industrial Strategy has strengthened its commitment to Local Enterprise Partnerships (LEPs).
   The Board felt this presented an opportunity to further engagement with the LEP Network and pursue collaboration with LEPs, particularly through Local Industrial Strategy development.
- Board members highlighted that "high street resilience" was a significant issue for non-metropolitan areas, while acknowledging that this falls under the remit of the Environment, Economy, Housing and Transport (EEHT) Board.
- Members expressed an interest in issues of interest being considered by the EEHT Board, such as high street resilience and housing, to be opened up to People and Places Members. The Chairman stated that he and the EEHT Chairman share updates on areas of crossover and that Members who are interested in issues covered by the EEHT Board will be given the opportunity to attend.
- Members felt that the CAP focus in the work programme is slightly narrow and needs to capture the wider rural land management agenda.
- Clarification about the future of the Committee of the Regions after the UK's departure from the EU was requested. Ian Hughes, Head of Policy, informed the Board that this issue was raised in the House of Lords following LGA lobbying and the Government has confirmed that a process will be established to consult local government on matters they would otherwise have been consulted on through the Committee of the Regions but further detail was not currently available on what these arrangements will look like.
- The Chairman noted that the next Board meeting will include an update from Cllr Kevin Bentley, Chairman of the LGA Brexit Task Force and officers will ensure he is briefed to talk to developments on the replacement arrangements for the Committee of the Regions.

#### Actions and decisions:

- The Board agreed the draft work programme.
- Officers to refresh the Digital Connectivity Working Group membership.
- Officers will work with the Chairman to consider how the rural land management agenda is taken forward.
- Officers to take steps to open up areas of interest led by the EEHT Board to People and Places Board Members.

#### 4 Industrial Strategy Update



developments with the Government's Industrial Strategy and outlined the proposed next steps related to the key place-based elements of the strategy.

Daniel highlighted the following points:

- The immediate next step for implementation will be the submission of proposals on LEP geographies which all areas are expected to submit by 28 September.
- There have been indications that the Government may be seeking to reduce the number of LEPs through this process which, if this is the case, will have implications for both Local Industrial Strategy development and the allocation of the UKSPF.
- The key development with Local Industrial Strategies (LIS) has been the confirmation that the Government will agree a LIS with all parts of the country following joint calls from the LGA and the LEP Network to commit to this.
- Daniel then handed over to Paul Green, Adviser who provided a brief update on developments with the UK Shared Prosperity Fund (UKSPF) and indicated that a consultation on the UKSPF is still expected before the end of the year.

The Chairman thanked Daniel and Paul for the update and invited Members to comment:

- Some members expressed disappointment at the proposed reduction in public sector representation on LEP Boards and the proposal for the removal of overlapping LEP boundaries.
- The Chairman pointed to the need for urgent clarification on the Government's approach to decision-making on LEP geographies.
- The Board acknowledged the opportunity presented by speaking with a united voice in relation to the LEP Network.
- Potential to explore work on the role of local government scrutiny in relation to LEPs as well as the other mechanisms through which councils can work with LEPs – the Chairman referenced the Gloucestershire Joint Local Economic Growth Committee by way of example.
- Members expressed concern at the timeframe for LIS development and the introduction of the UKSPF – as well as the risk that decisions on these areas of policy will be made without sufficient engagement with local areas.

#### Actions and decisions:

 Officers to finalise letter from the Chairman to the BEIS Secretary of State requesting urgent clarification on the criteria that areas are required to consider when developing proposals for local geography and setting out how council oversight and accountability will be preserved following this process of review, particularly in areas where mergers would lead to much diminished publicly accountable representation on LEP Boards.

#### 5 Post Brexit England Commission [Part 1]



Daniel Shamplin-Hall, Adviser, updated the Board on the Post-Brexit England Commission (PBEC) and asked members to reflect on the work of the Commission to date, to agree it future policy direction and note the dates of the Commissions remaining roadshows.

Daniel highlighted the following points:

- With the process of Brexit occupying Government, it has left little scope to tackle the major barriers to success and prosperity facing non-metropolitan England.
- The Commission has built a broad coalition of partners from across local government, Parliament, business and the public and housing sectors. In May, it began a series of roadshows across the country to gather evidence on the challenges rural and coastal communities faced, and the local policy levers needed to tackle them.
- Members have seen the interim report published in July 2018 which detailed findings that spanned seven policy areas of the challenges to be faced by non-metropolitan areas. Building on this, the publication of the Commission's final report is now an opportunity for members to undertake fresh research and develop new thinking on behalf of the sector in policy areas of importance to non-metropolitan councils, and on which it has the direct remit to engage with Government and other key stakeholders in the aftermath of Brexit.
- It was suggested that the Commission maintained a watching brief over the remaining policy areas covered in the interim report, and on which future LGA activity is being steered by other LGA Boards or working groups.

#### Actions and decisions:

The Board reflected on the work of the Commission to date and agreed the future policy direction of the Commission.

#### 6 Post Brexit England Commission [Part 2]

Daniel Shamplin-Hall, Adviser, updated the Board with the options in relation to the launch of the Post-Brexit England Commission's (PBEC) Final Report and outlined a proposed stakeholder engagement strategy.

Daniel highlighted the following points:

- Members were asked to choose a launch date for the PBEC report.
- A preliminary timeline was agreed that set out the activity of the Board from September 2018 to July 2019 ahead of the potential launch date at the LGA Annual Conference July 2019.

#### Actions and decisions:

- Members agreed the preliminary timetable of the Commissions second phase of work which included the launch window for the final report at LGA Annual Conference in 2019.
- Members agreed to postpone the launch of the Commission's second phase of work initially planned for 20 September 2018 and to reengage with external stakeholders.



#### 7 Skills Task Force - Verbal Update

Jasbir Jhas, Senior Adviser, updated the Board members on progress to establish an LGA Skills Taskforce. It will be jointly led by the People and Places Board Chairman (Cllr Mark Hawthorne) and the City Regions Board Chair (Sir Richard Leese) as an avenue to push the proposal for 'Work Local' and engage with a wide range of stakeholders to help drive this forward through a series of three roundtables. A final report will bring all the findings together. This may be accompanied by a launch involving parliamentarians. The Taskforce will meet in October to agree a work plan. An update will be provided to the next Board.

Decision:

Board members noted and agreed the update.

#### 8 Minutes of the last meeting

Members agreed and noted the confidential minutes from the last meeting.

Actions and decisions:

Noted and agreed.



# **Appendix A - Attendance**

Position/Role	Councillor	Authority
Chairman Vice-Chairman Deputy-Chairman Deputy-Chairman	Cllr Mark Hawthorne MBE Cllr Gillian Brown OBE Cllr Heather Kidd Cllr Bob Jennings	Gloucestershire County Council Arun District Council Shropshire Council Epping Forest District Council
Members	Cllr Derek Bastiman Cllr Tim Hall Cllr Adrian Hardman Cllr Glen Horn Cllr Linda Robinson Cllr Harvey Siggs Cllr David Thomas Cllr Peter Jackson Cllr Rob Waltham MBE Cllr Azhar Ali Cllr Leigh Redman Cllr Sarah Osborne Cllr Helen Grant	Scarborough Borough Council Surrey County Council Worcestershire County Council Mid Suffolk District Council Wychavon District Council Mendip District Council Torbay Council Northumberland Council North Lincolnshire Council Lancashire County Council Somerset County Council Lewes District Council Richmondshire District Council
Apologies	Cllr Tom Fitzpatrick Cllr Keith Glazier Cllr Rory Love Cllr Simon Henig CBE Cllr Sue Woodward	North Norfolk District Council East Sussex County Council Shepway District Council Durham County Council Staffordshire County Council

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