

Work programme and policy direction

Purpose

For discussion and direction.

Summary

This report sets out the national context for the Board's work; updates members on current projects and invites comments on its proposed work programme.

Recommendation

That the City Regions Board comment on and agree the proposed workstreams as described in paragraph 21.

Action

Officers to proceed as directed by members.

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Work programme and policy direction

Background

1. During the 2016/17 Board cycle, members led the development of a comprehensive programme of activity encompassing devolution in England, skills and employment support, trade and investment, inclusive growth and gender representation in devolved areas. The Board accepted a commission from the Leadership Board to start a debate on the constitutional position of local government during and after Brexit. The Board also oversaw the first and second phases of the Leading Places programme, supporting the development of more effective local relationships between local government and universities.
2. The Board's work took place during a time of significant political change. The first meeting took place shortly after the EU referendum, and the final meeting was held in the wake of a lengthy purdah period due to local government and the first combined authority mayoral elections and a general election. Given the cumulative effect of these changes, it is proposed that members use this first Board meeting to have a free and open debate on how the Board should focus its activity in the coming year, particularly in the context of Brexit and the upcoming Industrial Strategy.
3. Members will also be aware that issues relevant to urban authorities inform many areas of the LGA's work, but not are within the direct scope of this Board's activities. Key topics include:
 - 3.1. Fair Funding review – Resources Board
 - 3.2. Housing policy, including implementing the Housing White Paper – Economy, Environment, Housing and Transport (EEHT) Board
 - 3.3. Overall Brexit policy – cross-party task and finish group with input from all Boards as required
 - 3.4. Overall response to the Industrial Strategy, growth policy – EEHT with input from the People and Places and City Regions Boards
 - 3.5. Grenfell Tower response – cross-party task and finish group with input from the EEHT and Safer and Stronger Communities Boards and Fire Services Management Committee
 - 3.6. Education – Children and Young People Board
 - 3.7. Health, including Sustainability and Transformation Plans – Community Wellbeing Board
4. Members are encouraged to feed in urban perspectives to these discussions through their political groups.

The current devolution context

5. It is now two years since the then Government invited devolution submissions from areas across the UK and a year and half since the Cities and Local Government Devolution Act 2016 passed into law. In that time devolution deals have been signed with 12 areas, of which nine have progressed to implementation. Mayors were elected in six combined authorities in May 2017.
6. A number of areas continue to negotiate with Government with the intention of securing a devolution deal and/or setting up a combined authority, while others have looked to the upcoming Industrial Strategy white paper as an alternative framework for greater local empowerment. The LGA continues to provide improvement support to all areas interested in devolution, including those who have secured deals.
7. The Board has been at the forefront of the debate on devolution, working with councils, combined authorities, special interest groups and independent organisations such as the Royal Society of Arts (RSA) to make the case for devolving powers and funding to local areas. The Board has sought to influence Government policy at key points, such as the introduction of the Cities and Local Government Devolution Bill and announcements such as the Budget and Autumn Statement. The Board has also campaigned on specific elements such as skills and employment support.
8. In recent weeks ministers have become more vocal in their support for devolution, particularly within the Northern Powerhouse. A supplementary devolution deal with the West Midlands Combined Authority is also being publicly discussed, and a health devolution deal with Surrey has been announced. At the same time, some elements of devolution deals, namely health devolution to London and devolution of the Adult Education Budget to deal areas have stalled.
9. With Mayors and combined authorities now turning their focus increasingly to implementation of their deals, it is anticipated that the Board will want to ensure that the LGA's support offer remains relevant and helps councils and combined authorities to make progress on devolution.

Next steps on devolution

10. Ministerial and civil servant capacity will be focused on Brexit in the coming months and years. While it is expected that members will want the LGA to continue to press for policy gains in the Board's priority areas, there is also the opportunity to use this time to consider the challenges and opportunities facing the UK and England once the UK has left the EU and in the run-up to the next general election. This gives the Board the opportunity to consider its devolution lobbying priorities in a new context. There is a wealth of evidence to demonstrate the benefits of decentralisation and devolution, and much research has been done on the opportunities for greater fiscal freedoms in England by independent commissions and others. **The Board is invited to comment on whether gaps in this research remain and need to be filled, or whether a fresh approach to lobbying based on existing evidence is required.**

11. There is also the opportunity during this time to press for progress on the Board's policy priorities, as outlined in paragraph 12. Many big issues facing the economy, including improving productivity and inclusive growth and closing the skills gap need to be addressed and may become more acute in the years immediately following Brexit. New challenges and opportunities, such as forging a wide range of trade and investment relationships to ensure the UK's global competitiveness, will develop. Local government has the skills and experience to be able to address these issues and provide local solutions to boost UK plc, if Government will free up the levers for us to do so. The ongoing Brexit negotiations could give a platform to lay the building blocks for delivering our devolution asks as part of the LGA's broader lobbying around Brexit. A summary of this work is included at Annex A.
12. The Rt Hon Greg Clark MP, Secretary of State for Business, Energy and Industrial Strategy has indicated that there will be a strong local focus in the delivery of the anticipated Industrial Strategy white paper, including an 'almost constitutional' role for local government. It is expected that the Board will wish to ensure that cities and city regions have a strong presence in delivering local industrial strategies. **Board members might like to consider how, working with the EEHT Board, our wider devolution asks could be progressed through this route.**

Progressing the Board's policy priorities

13. The LGA continues to make the case for greater local influence over a wide range of services, most recently in the [Growing Places](#) campaign launched at LGA annual conference in July. Within the Board's remit, the following projects to enable greater departmental devolution are well advanced:
 - 13.1. **Skills and employment support:** this Board has consistently made the case for the devolution of skills and employment support to councils and combined authorities. Our [Work Local campaign](#) was launched at annual conference and makes the case for local approaches to get more people of all ages into good quality work and training. Officers propose developing the campaign to expand on some of the key asks in Work Local in order to form alliances and influence upcoming Government decisions. This is discussed in more detail in item 4 on the Board's agenda.
 - 13.2. **Trade and inward investment:** work to explore the role of local government was commissioned in the previous Board cycle. The research demonstrated the ability of local government to lead effectively in this domain, but set out clearly the over-complicated, top-down policy landscape that is holding back local leaders from doing more. A sub-national approach was discussed as one possible solution. Possible next steps for this work are discussed in item 5 on the Board's agenda.
 - 13.3. **Higher education:** through its oversight of the Leading Places project and related activity the Board has had some exposure to the growing interest at a national and local level in greater collaboration between local government and higher education institutions. In particular, it is expected that the forthcoming industrial strategy white paper will make recommendations regarding the role of universities in supporting innovation, infrastructure investment and contributing to leadership for local growth.

As such, in addition to continuing to provide strategic oversight of existing projects, the Board may also wish to consider a more comprehensive process of engagement with national stakeholders in this field, such as Universities UK and explore the potential for further joint work. This should also seek to position local government well in its ability to influence the £17.4 billion that the HE sector is able to invest in local places.

14. Lead members have also suggested that the Board could build on previous research into inclusive growth and gender representation by exploring the role of city leaders in fostering **community cohesion**. The LGA's Safer and Stronger Communities Board has the overall policy lead in this area, and its [work programme](#) this year includes responding to the Casey Review on integration and the anticipated new integration strategy; tackling extremism and the role of local government in counter-extremism. It also leads on community safety and civil resilience. There is certainly scope within this programme for the City Regions Board to lead a piece of work specific to cities and urban authorities, particularly in light of their leadership role in responding to the terror attacks that took place this year. The work could look at the role of Mayors, Deputy Mayors, council leaders and the soft and hard powers afforded to them through devolution, and how these roles are being and could be used to create the conditions for greater cohesion. **Views from Board members on the scope and focus of this work would be welcome.**
15. Within each area we will seek to form strategic partnerships to support our lobbying work. More detail on this will be set out within the individual papers supporting each priority area.

Implications for Wales

16. Welsh local government has its own devolution journey. Following the decision of the Welsh Government to end its policy of reducing the number of councils through local government restructuring, councils in Wales have been asked to develop proposals for shared services. We are working with the WLGA to support its work with councils through sharing the learning from English councils and new combined authorities. We are also working closely with the WLGA on issues arising from Brexit where these apply.

Financial implications

17. It is expected that work programme activities should be able to be met from the current budget.

Next steps

18. Members are asked to consider and comment on the overall balance of work, specifically:
 - 18.1. Next steps on devolution and the Industrial Strategy in paragraphs 9 and 11.
 - 18.2. To continue to contribute to the LGA's wider work on Brexit as described in paragraph 10 and Annex A.

18.3. To continue to progress previous Board priorities in paragraph 12.

18.4. To introduce a new workstream on cohesion in paragraph 13.

Annex A

Brexit

1. In December 2016, as part of the LGA's co-ordinated response to Britain's impending departure from the European Union, Leadership Board endorsed a programme of work across five areas:
 - 1.1. The future autonomy of local government;
 - 1.2. Securing investment that is currently sourced from the EU;
 - 1.3. Developing a new legal base for local government;
 - 1.4. Community cohesion; and
 - 1.5. Place-based impact.
2. As noted above, this Board and the People and Places Board were commissioned to start work on the first of these areas: the future autonomy of local government. Subsequently, both Boards oversaw the drafting of a set of principles that might strengthen the future position of local government and the development of a framework for engagement that sought to align the repatriation of EU law with our wider ambitions for devolution and public service reform.
3. The publication of the EU (Withdrawal) Bill has further strengthened the case for thinking along these lines and work has progressed over the summer to prepare the ground for further policy and public affairs activity in the autumn. Within this context, Jeremy Smith, the former chief executive of the European Local Government Association was commissioned to prepare a report that examined UK local government's existing rights in the EU's policy and legislative processes through membership of the European Committee of Regions.
4. A working draft of this report has now been completed which identifies the potential for a loss of rights for local government if an analogous process of formal consultation is not adopted by national government. This line of argument will be used to inform our public affairs activity relating to the passage of the EU (Withdrawal) Bill.¹
5. The LGA continues to pursue a targeted programme of work around leaving the EU. This includes:
 - 5.1. **Workforce** Councils play the leading role in bringing communities together and will be important in tackling challenges such as the retention of skilled workers. For example, 7 per cent of existing adult social care staff come from the continuing EU and 13 per cent of the construction workforce were born outside the UK. Securing a sustainable adult social care workforce and excellent care skills must be a priority.

¹ For reference, the LGA's public affairs briefing on the Second Reading of the EU (Withdrawal) Bill - www.local.gov.uk/sites/default/files/documents/2017%2009%2007%20EU%20%28Withdrawal%29%20Bill%20-%20HC%20-%20Second%20Reading.pdf

- 5.2. **Funding** LGA research found that local areas need €10.5 billion (£8.4 billion) of EU funding replaced as part of a locally-led successor to EU regional aid after Brexit. Since the EU referendum, we have repeatedly called for a government commitment to replace vital EU regeneration funding. In its manifesto, the Government pledged to create a UK Shared Prosperity Fund to replace the money local areas currently receive from the EU. Council leaders want to work with the Government to avoid defaulting to a silo approach and creating a like-for-like replacement of the current EU programme, which is often held up in bureaucracy and delay. Brexit provides an opportunity to give local areas greater say over how to target a new and simplified regional aid fund at local projects of benefit for local people and economies and best support infrastructure, environment, enterprise and social cohesion.
- 5.3. **Procurement** Councils currently have to follow EU-wide advertising and award procedures when they buy goods and services. The process sometimes sits uneasily with supporting the local economy. The EU process can also take between 3 and 18 months – twice as long as typical private sector procurement. Almost no public contracts end up being awarded to companies in other EU member states. Only 20 per cent of English councils receive expressions of interest from companies based in other EU countries. Across Europe, only 1.6 per cent of public contracts are awarded to companies in other member states. A lighter-touch system which simplifies this processes, and provides more flexibilities to promote local growth, is vital so that councils can procure to shorter timescales and lower high administration costs for businesses, especially small and medium-sized enterprises.