

Work Programme

Purpose of report

For decision.

Summary

This paper sets out proposals for the Board's priorities and work programme for the coming year, following scoping activity jointly undertaken by the LGA, Core Cities, Key Cities, London Councils and SIGOMA.

It is suggested that there are three key issues on which the Board could conceivably lead the debate and create compelling new propositions in the run up to May 2015 and in the early months of the new or returning Government:

- Devolution for economic growth and public service reform
- Skills, employment and welfare reform
- Trade and investment policy

Recommendation

Members are asked to discuss and provide a steer.

Action

Officers to take forward as directed by members.

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Work Programme

Background

1. This is the inaugural meeting of the new Board, which has been given a mandate by the LGA Executive to create its own work programme and play a greater influencing/advocacy role on behalf of English cities and city regions. The establishment of this Board is an opportunity to assert the collective authority of the urban voice in the UK's major public policy debates. This paper is intended to support members' discussion of how their future priorities and work programme can advance that aim. We suggest the adoption of a clear and focussed work programme with deliverables to show within the first 12 months.
2. In preparation for members' discussion, the LGA has been working closely with officers at Core Cities, Key Cities, London Councils and SIGOMA to scope out how the Board could provide new leadership and add value to existing work being undertaken by our respective organisations. This preparatory work has involved comparing our key lobbying priorities, mapping out the research and analysis that we hold or have under commission and gathering intelligence on policy and lobbying work being done by other organisations. In particular, officers have sought to hone in on where there appear to be gaps in the evidence base and/or a need for a refreshed lobbying strategy to assist members to consider the work they wish to commission.
3. Unsurprisingly, there is a great deal of common ground between these organisations from which membership of the new Board is drawn. Three key issues emerged from officer discussions as areas in which the Board could conceivably lead the debate and create compelling new propositions in the run up to May 2015 and in the early months of the new or returning Government:
 - 3.1. Devolution for economic growth and public service reform
 - 3.2. Skills, employment and welfare reform
 - 3.3. Trade and investment policy
4. The remainder of this paper sets out why these three areas have been proposed to position city regions to influence public policy decisions, how this influence could be exerted and what outcomes could be delivered. Members are invited to consider whether these are the right priorities or if there are other areas in which they would wish to commission work in order to drive an agenda for strong city regions in England.
5. The Board is also asked to:
 - 5.1 Consider the priorities.**
 - 5.2 Consider the areas of research and lobbying that have been identified to deliver the work.**
 - 5.3 Reflect on their own areas of political influence and how the Board's collective influence can be employed to deliver their agreed priorities.**

Devolution for economic growth and public service reform

6. Despite a growing body of evidence demonstrating that localised approaches to public spending and public service design would deliver better outcomes and value for money, one of the reasons that the Government gives for resisting fundamental reform is that local government lacks the geographic scale and governance arrangements to make them feel confident about letting go. One advantage of positioning city regions to lead this debate is that they are increasingly poised to take collective decisions and provide democratic oversight across traditional local authority boundaries, e.g. through combined authorities, City Deal arrangements, etc. City regions will have the scale to move the discussion on from the rationale for reform to how it would operate and what it would deliver.
7. To that end, the Board may wish to shift the terms of the debate from the traditional case for devolution of existing policy levers and funding streams held by government departments to pressing for city regions or borough groupings to be given the powers and funding they need to develop their own solutions from the ground up. The evidence shows that too often central government policies and interventions do not respond effectively to the complex issues and needs that city regions are grappling with. Certainly, national policy frameworks are rarely future-proofed and end up behind the curve in terms of responding to emerging challenges. The Board will want a clear evidence base which demonstrates the social and economic issues that will have to be addressed by future English city regions, how greater local self-governance can offer solutions which enhance both national and local prosperity, and how city regions can offer a scale of local governance that will enable such public service reform to be delivered effectively.
8. The key issue for members to consider is that we have a clear, additional evidence base to influence the run-up to the May 2015 election and the early months of the new or returned government. Members are invited to consider the following suggestions:
 - 8.1. Sponsoring the RSA City Growth Commission to model how a future city region could operate (including the value-added of city-led growth to UK Plc, the tangible levers of economic power which need to be devolved to cities or created from new legislation and the business perspectives on the future of city regions) (April-September 2014).
 - 8.2. Working with the independent Local Government Finance Commission to model how place-based budgets and public service integration could operate in a city region, within a system that takes into account issues such as redistribution. (July-Dec 2014).
 - 8.3. Inviting an international challenge from city leaders in US, European and Commonwealth cities to review whether English city regions have the tools needed to tackle future urban social and economic challenges. Officers have broached the idea with city counterparts, who have expressed interest. The challenge could also be supplemented by analysis of international best practice

to show how cities of all sizes are filling in the gaps in national leadership (July 2014).

- 8.4. Partnering with the Cabinet Office to follow up the above work with more detailed proposals on the legislative changes and governance arrangements needed to make the vision a reality. Officers have tested this idea with Cabinet Office officials, who have indicated that Ministers are likely to be open to considering joint work in this area. (October 2014-January 2015).
- 8.5. Setting out proposals for how Local Enterprise Partnerships (LEPs) should operate in city regions or borough groupings, including: ensuring that LEP geography aligns better with the functional economic area around city regions; identifying the powers and funding that they need to promote growth; freeing up the business voice to offer strategic leadership while building on governance arrangements in city regions to address any democratic deficits in the current LEP structures (April-September 2014).
9. To influence election manifestos and the future Government, there are a number of key milestones over the next 12 to 18 months around which that the Board may wish to hook a lobbying strategy, with a view to securing the following:
 - 9.1. Autumn party conferences: cross-party commitment to giving city regions greater fiscal and policy autonomy;
 - 9.2. Addressing the English question up to and after the Scottish referendum in September 2014;
 - 9.3. First Queen's Speech of new government: commitment to introducing legislative changes to implement decentralisation; and
 - 9.4. Next Comprehensive Spending Review: commitment to pooling and devolving public service budgets to city regions.
10. All of the organisations from which the Board is comprised already have well-developed public affairs programmes underway to influence manifestos, future MPs and partners. We have each been having our own discussions with the major political parties to influence manifestos and the first months of an incoming government. As one of our next steps, it may be useful to map our respective public affairs strategies to identify how we can best join forces and maximise our collective influence. To that end, we could also bolster our success by identifying common ground with other influential bodies such as the Confederation of British Industry and the NHS Confederation.
11. It would be helpful for members to consider how their own urban constituencies would be able to contribute to a coordinated public affairs strategy. This collective strategy might also look at how to overcome the traditional civil service reluctance to embrace devolution, building on some of the examples of good partnership between the civil service and local government.

Skills, employment and welfare reform

12. There is no shortage of evidence about the shortcomings of current national arrangements to deliver skills provision and employment support. They are not supporting or equipping those most in need with the skills to compete in the local labour market. This has been confirmed by employers who continue to report skills gaps and shortages. This is despite compelling evidence that locally-led schemes are delivering better outcomes.
13. Since a lack of academic research on the case for local influence does not appear to be the problem, the key to progress in this arena seems to rest on creating a more powerful lobbying strategy which identifies the success of local approaches, working with key allies in the business community.
14. An incoming Government in 2015 will face some hard choices. Economic growth will create differential opportunities for localities and communities. Growth industries will continue to report problems in finding skilled workers. Significantly, one of the big decisions of new ministers will be to consider how the Work Programme is reformed or re-let in 2016. Any new minister will be looking for a range of options to address these issues. This is an opportunity for city regions to offer a solution.
15. It is suggested that we could put forward a *whole systems* approach which enables local areas to knit together welfare reform, employment and skills provision and is aligned with local regeneration and growth agendas. There is a powerful case to be made for giving city regions and borough groupings (that have the scale to bring together disparate welfare, employment and skills funding streams) the ability to co-commission locally to address specific local circumstances in order to help the Government realise its objectives of increasing employment, bringing down the benefits bill and promoting growth.
16. Members are invited to consider the following suggestions for developing and promoting the city region offer on this agenda:
 - 16.1. Commissioning a deeper analysis of the challenges that cities and/or local areas will face in delivering the skills for growing sectors of the economy.
 - 16.2. Commissioning a short evaluation exploring what factors are driving the success of locally-led schemes and projecting the outcomes if the success rates of locally-led employment schemes were scaled up across the country.
 - 16.3. Modelling how a localised skills and employment approach could operate at the level of city regions and borough groupings and what it would deliver in terms of reducing unemployment and the benefits bill.
 - 16.4. Organising a deep dive with business representatives, skills and employment support providers and government officials on welfare reform, skills and employment which could offer more localised reform from April 2016 based on the aforementioned whole systems approach.

17. To pursue this work, the LGA has already explored with Lord Freud the potential to pilot co-location between councils and JCPs as an opportunity to develop integrated support for claimants, jobseekers and low income households, particularly those with complex support needs. As a first step, we may wish to examine what is working well in the best existing relationships between councils and JCPs and disseminate those lessons for other areas, including the more formal levers that may be needed to make effective collaboration the norm.
18. Whilst much work has been undertaken with LEPs and local business partners in this area, there is a gap in securing an alliance with national business organisations. The key to success is likely to be building this alliance with the private sector at a national level. Members may want to comment on how the collective influence of city and borough leaders might be deployed in this area

Trade and investment policy

19. There is a fundamental debate to be had about what a progressive and dynamic economy requires in terms of a technology and trade capability, and whether the UK's present arrangements position our economy to be globally competitive. Britain's long running trade deficit is already-identified as a major obstacle to the national economy performing to its full potential. We are currently not on track to achieve the Government's objective of substantially increasing the value of our exports and are clearly falling behind competitors.
20. City regions have plans to play a more active role in this arena, building on a track record of attracting foreign investment, encouraging small and medium-sized businesses to export their products, and developing links to emerging markets. However, outside London and some areas of good practice, business model used by UK Trade and Investment (UKTI) is based on a national template. The inability to customise UKTI's approach to local need or to fully develop different approaches in response to new trade and investment opportunities is frustrating many cities and holding back British firms from expanding.
21. Another area where we under-perform compared to international competitors (especially Germany) is enabling city leaders to help establish British influence in emerging economies. Working with UKTI, the LGA has identified a list of emerging city economies where there is very little official UK influence but good trade potential. The gateway to new trade alliances with these places is likely to be through fostering relationships between city leaders rather than national politicians.
22. The evidence points to a gap in UK trade policy where a model of local influence needs to be introduced. Part of the reluctance of UKTI to engage locally seems to be based on a need to move away from an RDA model. This approach needs to be modernised and address the development of distinct city regions in England. Such a model exists for London and examining the role of both the Mayor and London boroughs would be a helpful opportunity to put forward an enhanced role for English city regions.
23. Over the course of the past year, the LGA Chairman, Sir Merrick Cockell, has opened this dialogue with trade ministers and they have identified engagement with local

government as a gap that should be addressed. Thus, there is a dialogue with Government to be initiated in this area.

24. We would suggest that a period of scoping may be warranted here before a detailed programme of activities is proposed. As an immediate next step, we would suggest a meeting with trade ministers and UKTI to explore how city regions could help them achieve their objectives. To help progress this issue, it may be useful for the new Board to convene a deep dive with UKTI and business representatives to examine the challenges and opportunities for sub-regional economies to bolster their export capacity and attract more foreign investment, whether current arrangements position city regions and the UK economy more broadly to respond to these challenges and opportunities and identify the further work that should be commissioned to develop the city region offer. The end game is to articulate a strong case for the design and implementation of post-2015 trade and investment policy which better meets the needs of local economies and taps into the potential of city regions to generate trade and attract investors.
25. To assist with thinking on this matter, the new Board could invite representation from local government counterparts from one or two “competitor” nations, to discuss and compare their baseline expectations of national trade and investment policy and their contribution to this from the city region perspective. For example, the Heseltine review identified that competitor countries such as Germany foster overseas business-to-business support structures to a much greater extent than the UK via practical export capacity support which is delivered through local German chambers of commerce.
26. Our product in the areas would be the opportunity to deliver of city-based investment strategies which are clearly aligned to national trade policy.

Next steps

27. Subject to the Board’s agreement of its priorities for the coming year, it is proposed that officers bring a more detailed work plan to the next meeting in July.
28. It should also be noted there is likely to be strong read-across to the work programme of and potential for joint working with the new People and Places Board. We propose to bring an update on that Board’s work programme to the next meeting. Members are invited to consider whether there would be value in holding a joint lead members’ meeting later in the year.