

Economy and Transport Board – report from Cllr Peter Box CBE (Chair)

1. Despite many positive discussions between local leaders and government Ministers to secure new local powers, we are increasingly frustrated and disappointed that the scale and pace of devolution that has been offered to local areas have fallen well short of that recommended by Lord Heseltine in his 2012 Review. In the coming months, the Board will be publishing research that takes stock of the progress that has been made in devolving growth-related powers and funding, as we press for the Growth Deals process to revive the spirit of the original City Deal negotiations. As it becomes clearer that the structural weaknesses in our economy are restricting growth industries, it is even more important for all areas to have the resources and levers they need to drive local ambition and innovation and unlock the full potential of local economies.
2. The Government's policy to devolve a significant package of tax and borrowing powers to the National Assembly of Wales and the Welsh Government to enable them to boost economic growth should not stop at the border. Many places in England have distinct economic and cultural identities and devolution would help them deliver more jobs, faster economic growth and better public services.

The Budget

3. In the Budget, I was pleased that the Government responded to our call for extra funding to tackle potholes with an extra £200 million to set up a UK-wide pothole challenge fund, however we are clear that the announcement did not go far enough. The Vice-Chair of the Board, Cllr Tony Ball, responded on behalf of the LGA, stressing the 42 per cent increase in traffic on local roads by 2040, the £10.5 billion backlog of road repairs and the £500 million annual funding shortfall; urging Government to provide a comprehensive package, rather than funding "in dribs and drabs."

LGA Skills Conference

4. On 17 March, I chaired an LGA conference alongside Board Vice-Chair, Cllr Tony Ball, on how to get local people into more and better jobs and how to deliver skills for the future. The event brought together councils and LEPs to discuss current and future skills and employment challenges. The UK Commission for Employment and Skills (UKCES) presented the key messages from their recently published analysis, including a national overview of the sectors which are set to grow and those set to decline, the skills gaps and shortages, and new opportunities. The Centre for Economic and Social Inclusion (Inclusion) set out the key issues which could hamper growth such as basic skill shortages, underemployment, supply and mismatch, and tackling worklessness.
5. Four local other areas presented the impact of the skills challenges on worklessness and growth, and different approaches to address it. These included Greater Manchester's Skills and Employment Partnership, Staffordshire County Council's work with Jaguar Land Rover and its Education Partnership, Portsmouth City Council and Solent LEP regeneration plans to mitigate BAE redundancies, and south London's tri-borough community budget work linking welfare reform with influencing skills provision locally.
6. These challenges are acute and uniquely local; a factor common to all was their lack of influence over skills funding despite negotiating freedoms and flexibilities, including

through city deals. Our work to date suggests that local job creation and growth efforts will not be maximised, or benefit all residents without a reform of the skills (and employment) system to enable local flexibility and influence. To progress the next stage of our work, we have commissioned CESI (Inclusion) to undertake research.

Hidden Talents

7. Our Hidden Talents campaign has been hugely successful in evidencing the skills and employment challenges for young people. On 18 March the Economy and Transport and Children & Young People Boards launched a new report, '[Totalling Hidden Talent](#)', showing 40 per cent of all young people were either unemployed or underemployed, with significant variations between places. Most worryingly, it showed that without significant public service reform 1 in 3 young people are likely to remain in this situation by 2018. The report had significant press coverage including the front page of the Independent's i-paper, and provides a platform for our activity calling for devolution of youth skills and training spending to local areas leading up to the general election.

Member seminar on local transport management for growth

8. One of our key focuses as a Board is to develop a stronger lobby on the benefits of greater local transport management to growth and business, with a focus on roads policy and funding. At our January Board, the Secretary of State for Transport agreed the need for a bigger debate on the future of local transport. Since then, we have commissioned the support of transport economists to look at the financial and structural barriers to achieving progress, with the aim of achieving more within existing expenditure. At the March Board, a seminar was held with members to test the early findings of the research, discuss funding and policy approaches, and steer the messages for the final report which is expected later this June.
9. We agreed that powers, funding arrangements and responsibilities of local authorities in relation to transport are in many ways inadequate and inconsistent across England, leading to higher costs, inefficiency, duplication and waste. There is an over-use of competitions for what should be mainstream projects rather than, as originally intended, to stimulate innovation. There is unnecessary restriction such as between revenue and capital expenditure, leading to distortions in the transport plans of local authorities.
10. Further work will be done to look at learning from what works in European practice, where in a number of countries transport is regarded as part of the social and economic infrastructure, there is greater funding certainty, standard value for money criteria, a broader local tax base, and public transport frameworks are set by elected bodies. Work will also continue on options for funding and management of transport that would enable local partners to more effectively and efficiently respond to their transport priorities than the existing system, be it potholes, public transport or new infrastructure. I look forward to sharing further detail with you in the coming months.

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