

Chair's Update

1. Good progress is being made to deliver work under the three main priorities agreed by the Board for the coming year:
 - 1.1 Devolution and public service reform
 - 1.2 Skills, employment and welfare reform
 - 1.3 Trade and investment policy

This paper is intended to give members an update on the first two themes as there are specific papers to support a more substantive discussion of trade and investment.

2. LGA officers are working with an advisory group of Chief Executives drawn from Core Cities, Key Cities, London Councils and SIGOMA to help deliver the Board's work programme and ensure that the Board is in a position to have made a substantial contribution to the debate about growth, devolution and public service reform in its first year. The organisations have nominated Chief Executive sponsors to provide oversight and practitioner perspectives to the each of the work strands (see **Annex A**).

Devolution and public service reform

3. As agreed by the Board, we have formally sponsored the City Growth Commission. To avoid duplication with the rest of the Board's work, we have reached an agreement with the RSA that they would provide the detailed research on infrastructure development and devolved fiscal levers that members have requested. Also upon their request, the RSA are looking at the contribution of smaller cities to national economic prosperity and are holding a roundtable with Key Cities on June 27.
4. We now have 3 Chief Executives from Core Cities, Key Cities and London Councils lined up to help develop the proposals on how a place-based budget for growth and public services could operate at city region-level and will be working with them over the next few weeks to develop options to put to members in the autumn.
5. Officers have been undertaking preparations for an international review exercise that would bring leaders from major European and Commonwealth cities to look at the social and economic challenges facing English city regions and assess whether they have the tools needed to successfully meet those challenges. This exercise would bring powerful new voices into the devolution debate by showing that English city regions need autonomy in line with what cities in other countries have in order to be competitive globally, while pointing to areas where English city regions are leading the way internationally. A focus on three themes is proposed:
 - 5.1 Local financial autonomy, i.e. access to buoyant sources of revenue and control of local tax and spending decisions
 - 5.2 Public service reform, i.e. ability to pool budgets for local public services, as well as manage demand and provide oversight to markets
 - 5.3 Leadership of place, i.e. setting a strategic long-term vision for and brokering cross-sectoral partnerships in a locality

6. Preliminary discussions have been had with LGAs in Germany, The Netherlands, Canada and South Africa, who have all been very positive. Officers are currently in the process of confirming panellists, with a view to arranging a visit in late autumn. This review exercise is intended to open a wider discussion on exchange of best/emerging practice internationally.
7. Officers are also preparing a discussion paper to examine the future of LEPs, building on the recognition of the sub-region as the primary body of delivery. Key issues include freeing the business voice from bureaucracy, embedding public accountability, and improving geographic alignment. Carolyn Downs spoke to the Management Board of the new LEP Network on June 3 and found that there was significant overlap of views with local government on how local economic development can be strengthened. Officers from the LGA and the LEP Network are now working together in developing a call for major changes from Government to strengthen local partnerships, with key messaging focused on greater devolution of economic development powers and funding as well as more joined-up central government.
8. The Board's steer was also that it is critical to influence civil servants' advice to current and future Ministers. To that end, officers met a number of director-generals and directors from BIS, CLG and Cabinet Office in May. As a first step, we are organising a Chatham House seminar on the future of LEPs and how to feed the common themes emerging from the Strategic Economic Plans into future policy thinking for the autumn. Cllr Peter Box, Chair of the Economy and Transport Board, will also be chairing a debate on Day 2 of the LGA's annual conference in Bournemouth looking at how we square democratic accountability over public funds with a business-led drive for growth.
9. The LGA has responded to a consultation launched by the Department for Communities and Local Government to amend legislation related to combined authorities and economic prosperity boards. We have broadly supported the proposals, which would remove some of the technical barriers to formalising sub-regional arrangements, including enabling local authorities with non-contiguous boundaries to join and county councils to become members for a defined part of their areas. Our response has also flagged up the more substantial changes that are needed in order for combined authorities to be able to deliver on their full potential to drive growth and public service reform, including expanding their functional scope, enabling them to borrow for housing and other growth-related purposes, and giving London boroughs the ability to join such arrangements. We have also signalled an urgent need to address the relationship of combined authorities with Local Enterprise Partnerships, as the current arrangements carry obvious risks of overlap and duplication in sub-regional governance. Read the full response [here](#).¹
10. On Day 3 of the LGA's annual conference in Bournemouth, I will be speaking on a panel with the Rt Hon Hilary Benn MP, Shadow Secretary of State for Communities and Local Government, and Sir John Peace, Chair of the Non-Metropolitan Commission, on the case for deeper devolution. It is noteworthy that the panel demonstrates that there are strong business voices calling for devolution and that our calls are being reflected in the manifesto pledges of the major political parties. This is a very timely discussion, coming

¹ http://www.local.gov.uk/web/guest/economy-and-transport/-/journal_content/56/10180/6299073/ARTICLE

just two months ahead of the Scottish independence referendum which is expected to keep the spotlight on devolution, whatever the outcome.

Skills, Employment and Welfare Reform

11. We have commissioned the Centre for Social and Economic Inclusion to provide a paper by July which sets out the future skills and employment challenges that will hit the desk of an incoming (or returning) minister. This will specifically examine the differential impact of growth on various sub- and city-regions and types of skilled people. It will also look at whether future growth industries are being provided with the next generation of skilled personnel through existing national schemes.
12. LGA officials are scoping a commission for academic research to evaluate localised pilots on skills, employment and welfare reform. This is a joint commission with the People and Places Board and we are currently working with Chief Executive advisors to finalise the commission. The aim is to get this undertaken by the autumn.
13. From the above, we plan to work with councils on a deep-dive to develop what a localised model could look like after the re-letting of the work programme in 2016.

Other LGA Announcements

14. The LGA's Economy and Transport Board has delivered new research and analysis that demonstrates that the current system for funding growth and regeneration is inefficient, confusing and holding back the efforts of local partners on the ground. Analysis reveals that central government funding is even more fragmented than Lord Heseltine uncovered in 2012, with over £22 billion for local growth and regeneration flowed through almost 115 funding streams administered by 20 departments and agencies in 2013-14 alone. Only about one-quarter of this funding could be accessed by councils or LEPs, calling into question whether the bulk of spending decisions for local economic activity reflect the priorities and plans agreed by local council and business leaders. Almost half of these funding streams were allocated on a competitive basis, which, in light of additional research looking at the costs of bidding, implies that significant financial and staff resources are currently tied up in bid preparation alone.

Future meetings

15. The City Regions Board is scheduled to meet 4 times next year and lead members will be considering how to focus our discussions in light of what will be happening in the wider political and public policy landscape. The provisional dates for meetings are as follows:
 - October 20 2014
 - January 19 2015
 - March 23 2015
 - June 15 2015

Annex A: Chief Executive advisors

Devolution and public service reform

Place-based budgets:

- Pat Ritchie (Newcastle) with support from Sir Howard Bernstein (Manchester)
- Joanne Roaney (Wakefield)
- Charlie Parker (Westminster)

International comparisons:

- Ian Curryer (Nottingham)

LEP improvement:

- Nicola Yates (Bristol) with support from Sir Howard Bernstein (Manchester)
- Adam Wilkinson (Derby)
- John O'Brien (London Councils)

Skills, employment and welfare reform

- Tom Riordan (Leeds) with support from Ged Fitzgerald (Liverpool)
- Kersten England (York)
- Lesley Seary (Islington)

Trade and investment policy

- Ian Curryer (Nottingham) with support from Mark Rogers (Birmingham)
- Dave Smith (Sunderland)