

## **People and Places Board Update Paper**

### **Purpose of report**

For information.

### **Summary**

Update Paper on issues and policy areas not covered by other items on the agenda.

### **Recommendation**

Members are to note the contents of the report.

### **Action**

Officers to take forward any comments from members.

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## **People and Places Board Update Paper**

### **Digital update**

1. The goal is to provide gigabit-broadband to across the UK by 2025.
2. Ofcom has reported that the UK's broadband networks have held up well over the course of the pandemic with only small degradation to speeds.<sup>1</sup> However, in rural areas in which only slower speeds are available any degradation in speed will have had a much larger effect on user experience than in areas where faster speeds are available.
3. Throughout the crisis, LGA officers have been in regular contact with telecommunication providers and Government to understand the work being undertaken to keep networks running. This has included exploring how councils can enable providers to undertake essential maintenance to digital infrastructure on public sites and roads while ensuring their communities and workforces remain safe.
4. A meeting has been arranged (Thursday 11 June) between the Minister for Digital Infrastructure Matt Warman and LGA Chairman Cllr James Jamieson and the Board's digital connectivity spokesperson, Cllr Mark Hawthorne. The meeting will be an opportunity to raise the Board's key lobbying lines on digital connectivity:
  - 4.1. In the 2019 Conservative manifesto, the Government committed to delivering gigabit-capable broadband to all by 2025. Civil servants have made clear that the management of the publicly funded roll out will no longer be led by councils, but by Government itself. Without oversight provided by councils the delivery of the Government's ambitions will be placed at significant risk. We will therefore press the Minister to ensure councils have a clear, formalised and meaningful partnership role in the delivery of its gigabit-broadband for all by 2025 ambitions.
  - 4.2. The LGA has welcomed the creation of a Shared Rural Network as a positive step towards securing improved coverage for local communities.<sup>2</sup> However, we will make clear to the Minister that more clarity is needed from Government on how the initiative will be implemented and monitored. We will ask for pressure to be applied to Ofcom to ensure mobile coverage is more accurate, up-to-date and reflective of consumer experience.
5. The Board's 2020/21 political cycle will be a key opportunity for members to advance their aims for improved rural connectivity in the currently challenging context. The September Board will be an opportune moment to hear from Department for Digital, Culture, Media & Sport representatives on Government's wider connectivity plans

(members will recall they were due to visit the March 2020 Board but pulled out after lockdown was announced).

### **UK Shared Prosperity Fund and Growth Funding update**

6. The impact of the UK's economic and social lockdown is likely to result in significant levels of unemployment, with stark implications for local communities and the wider economy. The economic levers that are available to local areas will become increasingly important to deliver the economic and social recovery needed.
7. Some of the key funding levers include Local Growth Fund (LGF), the current European Structural and Investment Fund Programme (ESIF) and the forthcoming domestic replacement for European Funding – the UK Shared Prosperity Fund. How these are designed and delivered will help determine how successful local economic recovery will be.
8. This paper provides an update on the ESIF programme in light of the COVID-19 pandemic and local economic recovery. It also sets out a refreshed position on the domestic replacement for EU funding – the UK Shared Prosperity Fund (UKSPF) and wider growth funding. This paper is in advance of an expected announcement in conjunction with the English Devolution White Paper later this year.

### *Short-term recovery through the European Structural and Investment Fund Programme*

9. One of the mechanisms that is available to support local communities during the COVID-19 crisis and the emergency response to economic recovery is through the remaining ESIF programme. It is a European programme that funds job creation and economic development through the European Social Fund (ESF), the European Regional Development Fund (ERDF) and the European Agricultural Fund for Rural Development (EAFRD).
10. The LGA has been working with councils and combined authorities who have told us what national changes are needed to flex current EU funded programmes. Lead Members of City Regions, People & Places and Resources Board have provided intelligence and ideas. We have fed views into Whitehall officials, including the need for councils and combined authorities to take a lead on how unspent ESIF monies, through our role on the national programme board.
11. The Government has indicated it will adopt a flexible approach to committed and unspent ESIF monies, known as the Reserve Fund<sup>1</sup>. This includes incorporating the flexibilities

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<sup>1</sup> The Reserve Fund is remaining ESF and ERDF funding that has been committed or spent. In early 2019, the Resources Board invited the Director of European Programmes and provided the steer that the Reserve Fund should support the transition to the UKSPF and should not work in separate funding silos. There is currently £100 million of ERDF in the Reserve Fund and £212 million of ESF in the Reserve Fund.

being offered by the European Commission through the Coronavirus Recovery Investment Initiative Plus (CRII+) when it is possible to do so. The CRII+ is the offer of flexibilities for any programme that directly tackles COVID-19 and is delivered before June 2021. The Government did not pursue the original CRII package of flexibilities that the Commission offered.

12. Following engagement with the LGA and local government partners, MHCLG are using the CRII+ flexibilities to provide direct grants for councils to implement social distancing measures for high streets. This amounts to £50 million, have of the remaining ERDF Reserve Fund. This is a positive step as it provides new funding directly to councils that does not need to be matched with other funding sources and will support the recovery of our high streets.
13. The Government intends to adopt a more flexible approach for the rest of the Reserve Fund for the remaining time in the programme to support economic recovery beyond June 2021. This includes looking at ways to secure additional flex that is allowed within the current ESIF framework. The Government has indicated that there will be flexibility with programmes now being able to be contracted beyond 31 December 2020 but will still need to be delivered by the end of 2023.
14. Local Enterprise Partnership areas are undertaking a process of reviewing programmes that are currently in the ESIF funding pipeline to ensure that they support economic recovery. The remaining unspent Reserve Fund will also be directed towards longer term economic recovery. The LGA and local government representatives on the national programmes board will continue to lobby for local government to have a voice in these discussions, as they are leading efforts to tackle COVID-19 and support economic recovery in their local areas.

#### *The UK Shared Prosperity Fund and wider Growth Funding*

15. There continues to be a lack of detail regarding the design of the domestic replacement for the ESIF Programme – the UK Shared Prosperity Fund. This is despite the LGA making representations to Government for the need to provide clarity.
16. In the Government's manifesto and subsequent announcements, it has confirmed that:
  - 16.1. a UKSPF will be developed;
  - 16.2. a commitment to 'level up' and bring opportunity across the country; and
  - 16.3. a renewed commitment to devolution including bringing forward an English Devolution White Paper in 2020.

17. There are indications that the Government intends to increase the focus on reducing inequalities and deprivation. How it intends to do this is still unclear, especially in the context of the recovery from COVID-19.
18. At the last City Regions and People & Places Board meetings, Members expressed a range of views on the direction of further policy development for the UKSPF and other growth funding, of which the key ones are outlined below:
19. Driven by councils and combined authorities in the design, commissioning and oversight of the UKSPF and other growth funding, informed by local industrial strategies or other relevant economic strategies;
  - 19.1. Alignment towards a single pot of growth funding;
  - 19.2. Clearer articulation of what “local need” is, incorporating wider outcomes, such as health inequalities and the specific needs of rural and coastal communities;
  - 19.3. Removing arbitrary national indicators and competitive bidding processes and encourage innovation; and
  - 19.4. Increase Parliamentary engagement.
20. Since then, lead members also expressed a need for the UKSPF and wider growth funding to support and be responsive to the longer-term recovery from COVID-19.
21. We continue to welcome members’ input on the positions outlined in this report including additional local case studies to use in a consultation and how to progress the agenda with Government, parliamentarians, and stakeholders.

*Councils and combined authorities should be the vehicle to drive the UKSPF*

22. Councils and combined authorities should be the vehicle to drive growth funding moving far beyond their ‘Accountable Body’ status. It should be driven by councils and combined authorities in the design, commissioning and oversight of the UKSPF and other growth funding, informed by local industrial strategies or other relevant economic strategies.
23. Councils and combined authorities are already accountable to residents for managing multi-million-pound contracts, delivering services for vulnerable people, and bringing in investment to regenerate local areas. During the the COVID-19 pandemic, councils and combined authorities have led local efforts to beat the virus and should therefore be a leading voice in the recovery of local economies and communities, bringing together a wide range of public policy and partners to support recovery.

24. Critically, they also have a democratic mandate to do so. Local government has the strong relationships needed with key stakeholders to make growth funding a success, including with small businesses and the voluntary sector.
25. The UKSPF provides an opportunity to build a more equal relationship between national and local government. It is essential that funding streams that were driven by Brussels are not replaced by those driven by Whitehall or LEPs.
26. National government should ensure co-commissioning is the minimum standard of devolution of the UKSPF, with councils and combined authorities being given the choice to build on this if they choose to do so. This can be supported by a proportionate national framework, which will allow for greater national government assurance without the centralised control.

*The UKSPF should be driven and allocated by “local need” and locally determined outcomes*

27. The UKSPF and other funding should be distributed based around local needs to have the maximum impact on tackling inequalities and social deprivation in our communities. Councils and combined authorities know their communities the best and what interventions are needed.
28. Councils and combined authorities should have a say on the scope, themes and ambitions of the fund. They will be able to incorporate wider local outcomes, such as health inequalities and clean growth, as well as the specific needs of rural and coastal communities.
29. The design of Post EU Exit growth fund, in the context of the economic recovery from COVID-19, is an opportunity to redesign economic and social aspirations of local economies. This is an opportunity for councils and combined authorities to reimagine what their local economies and communities should achieve and look like. This should include a greater focus on clean growth as well as tackling wider inequalities, such as health and deprivation.
30. At present, the design and allocation of growth funding is very different and does not necessarily achieve this ambition. Local Growth Funds were originally allocated based upon the strength of local strategic economic strategies and the capacity to deliver projects, while the ESIF programme is based upon based upon GDP per capita of the region and the comparison with the EU average<sup>2</sup>. This should not be repeated in the design of a new fund.
31. In order to deliver a new fund based around local need, the UKSPF should remove arbitrary national indicators and competitive bidding processes. The fund should also

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<sup>2</sup> <https://www.local.gov.uk/sites/default/files/documents/2014-2020-guide-eu-fundin-94b.pdf>

include finding new ways of investing and delivering programmes to reflect the economic challenges ahead. There should be a straightforward allocation based on need and eligibility, providing stability of funding and enabling longer term planning. Competitive bidding does not provide this advantage, with councils missing out on funding.

32. We recognise that functional economic areas (FEA) are an appropriate spatial level to plan this funding. With devolution back on the agenda, local areas should themselves determine what the best FEA is, and which local authority should take on Accountable Body status

*The UKSPF and growth funding should move towards a single pot of funding*

33. The UKSPF is an opportunity to bring together other funds in a transparent and democratic manner that make real impacts in local communities by basing it around local need. For it to have its desired impact, the UKSPF and other growth funding should be aligned to a single funding pot.
34. The UKSPF should not repeat the bureaucracy, silos and process focused outputs of current EU funding and it should be at least the same value as the funds it is replacing. It should include the following funds:
- 34.1. Domestic growth funding
  - 34.2. Central government match funding
  - 34.3. Domestic replacement for other EU funding streams related to growth.
35. The LGA's Beyond Brexit discussion paper<sup>3</sup> highlighted that moving to a single funding pot process would simplify funding allocation processes, limit the duplication and bureaucracy of multiple bidding processes and free up time and resources.

### **Recovery update**

36. Since early March the work of the LGA has been focused almost exclusively on supporting councils as they serve their communities during the COVID 19 emergency. This has meant: working quickly with Government as it puts in place enabling legislation; helping to shape government guidance on a range of issues; supporting the sector in its call for additional funding; and helping councils to deliver new services, such as the payment of grants to small businesses.
37. The Government is now rolling out a phased approach to ending the lockdown. Councils are ready to support their communities and businesses as they begin the process of

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<sup>3</sup> [https://www.local.gov.uk/sites/default/files/documents/2017-07\\_Beyond%20Brexit%20-%20LGA%20Discussion%20%28FINAL%29\\_0.pdf](https://www.local.gov.uk/sites/default/files/documents/2017-07_Beyond%20Brexit%20-%20LGA%20Discussion%20%28FINAL%29_0.pdf)

recovery and will flex local services accordingly. Councils will recover into a changed economic, social and environmental context. It is essential that they are enabled to shape what recovery will look like locally to address the specific needs of their communities.

38. Within Government discussions about recovery are well underway. The LGA has been taking part in regular Ministerial and officer led working groups. These have initially been focussed on economic recovery issues related to the first phase of emerging from lockdown. Councils across the country are developing their own responses to the challenges of recovery. We need to ensure that as the national response to recovery evolves, councils have a central role in it. We have also had indications that the Government is keen to bring forward a white paper on devolution in the autumn, within which economic recovery will play a central role.
39. The LGA has therefore moved quickly to establish a key set of themes and priorities that members want to see reflected in national recovery discussions. A recovery paper was considered by the LGA Executive Advisory Board on 15<sup>th</sup> May. The agreed priorities for guiding the recovery work were:
- 39.1. Ensure adequate resources for sector
  - 39.2. Lead the public debate on recovery
  - 39.3. Empower place leadership
  - 39.4. Keep public services working with the challenges of a new norm
  - 39.5. Understanding changing public need
  - 39.6. Refocusing our improvement offer
40. In refreshing our work on place leadership, we are starting a debate on the future role of local government. This debate needs the voices and suggestions of our member councils. There is a concern that the speed of Government work has meant that some councils have felt excluded from big Whitehall debates. We therefore need to build a more inclusive conversation within the LGA family to set the agenda for Government.
41. We are currently developing a communications programme around our recovery work. This will provide an opportunity for bringing innovative ideas from councils to the centre of the debate. Our focus will be on opening up a wider conversation around recovery which reflects the key issues of our broad membership base and positions us in the best place to be able to engage in the devolution white paper. This will be delivered through a combination of direct lobbying work supported by a range of blogs, pod casts and think

pieces. We will use the virtual annual conference as an opportunity to directly engage with our membership on the different elements of recovery.

42. We anticipate coming back to the board in September with suggested projects that will support the longer-term recovery work and help position us for the white paper discussions. As our recovery work is moving quickly, we will continue to provide additional updates to members via email.