

City Regions Board Update

Purpose of report

For information.

Summary

This paper provides members with a brief update 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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City Regions Board Update

EU Funding, the UK Shared Prosperity Fund and Growth Funding

1. A key priority of the LGA is to ensure that the ESIF programme is fully realised. The Government has prioritised using the new European Commission flexibilities to help tackle COVID-19 and the economic recovery. LGA members of the Growth Programme Board has helped secure funding for social distancing measures in high streets as well as grants for the visiting economy and SMEs delivered through Growth Hubs from the ERDF programme. From the ESF programme, funding will be used to support areas tackling the digital divide.
2. The remaining ESIF programme (through the reserve fund) runs until the end of 2020 with 3 years further to deliver programmes, with flexibilities allowing programmes to be commissioned beyond the end of 2020. The Government has confirmed that it is likely that the UKSPF will be operating from April 2021. While there is no longer a funding cliff edge, there is uncertainty for essential employment and SME support programmes that are due to end before April 2021.
3. Through press and Government channels the LGA has raised concerns that the ESIF programme will not be fully spent due to the centralised, bureaucratic and lengthy appraisal process that DWP chose to adopt to manage the ESF programme. DWP have introduced measures and additional capacity which has started to see improvements, including halving the number of applications awaiting appraisal. Growth Programme Board Members will monitor progress. The key issue now is to make sure that Government does not make the same mistakes when designing the domestic replacement – the UKSPF.

The UK Shared Prosperity Fund and wider Growth Funding

4. 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.
5. The Government has indicated there will be a cross departmental review after the Comprehensive Spending Review and the UKSPF is one of the LGA's key asks. In addition, members have made representations at the Ministerial Local Transition Delivery Board based on the LGA's key lines. The Government has also indicated that the UKSPF will likely be introduced in April 2021, leaving little time for consultation. It is therefore essential that Government codesign UKSPF with councils and combined authorities as a matter of urgency.
6. The LGA are commencing the organising of a stakeholder roundtable on wider growth funding. This is to develop a cross sector partnership to provide clear, consistent and

coherent input to government on the future of local economic growth funding. It will also foster strong collaboration between partners with an interest in growth funding and understand the funding streams that are needed to help local communities recover from the Covid-19 crisis, and achieve the Government's commitment to "levelling up", tackling inequalities and increasing prosperity. Members are welcome to contribute any thoughts towards the event.

Economic Recovery

7. The LGA continues working with the Government on economic recovery. As outlined at the previous board meeting, the Ministerial Economic Recovery Group continues to meet on a regular basis. The group has cross party representation from the LGA and is chaired by Simon Clarke. It also includes Core Cities, Key Cities, District Councils Network, County Councils Network, Association of County Chief Executives, the M9 Mayors and the LEP Network. It has been one of our routes for lobbying around the recovery. These meetings initially began to address issues around the reopening of the economy and the management of the public realm. Over the past few meetings they have become more focussed around specific sector issues.
8. At the most recent meeting on 24th June the group discussed **Employment and Skills**. The LGA lines on employment and skills, previously discussed and agreed in P&P and Cities Boards, formed the basis for these discussions. There was a good degree of consensus across councils and combined authorities about the importance of an approach which involved co-designed programmes with local delivery. Ministers are keen to continue to work with councils on these issues. The group will next be meeting in September.
9. The Ministerial Group is also being supported by a series of officer led working groups. These groups have an LGA officer sitting on all of them and cover a range of issues including:
 - 9.1. Labour markets and skills
 - 9.2. Business communities and sectors
 - 9.3. Rural recovery
 - 9.4. Urban recovery
10. **The Rural and Visitor Economies Group** is jointly chaired by a county and a district chief executive, nominated by the County Councils Network and District Councils' Network respectively. The remaining members are made up of other district and county chief executives and LEP representatives. The group has been tasked to look at what

short term interventions Government could make to spur on visitor and rural economic recovery. The Group will meet again towards the end of September and will submit a paper to the main officer-led Recovery group for consideration.

11. **The Labour Market, Employment and Skills Task and Finish Group**, is jointly chaired by a council and a combined authority chief executive and brings together representatives from the M9, Core Cities, LGA, DCN, CCN and the LEP Network. Its aim is to develop the place angle to jobs / skills recovery issues. To date, it has met twice and focused on shaping Kickstart. Alongside this, we have also developed information that might be useful to councils should they wish to get involved in coordinating or delivering the programme with JCP locally. Further meetings are expected to include a focus on apprenticeships and adult retraining.
12. **The Urban Recovery Task and Finish Group** is chaired by a combined authority chief executive and has focused on a three-phase approach to urban recovery: reactivating urban economies; levelling up people and places; growing resilient and inclusive future economies. Policy proposals have included: developing place-drive partnerships; improving liveability; strengthening community cohesion; growing innovation; and, improving connectivity.
13. **The Business Communities and Sectors Group** is chaired by a LEP chief executive and has focused on three areas: supporting place based innovation; business access to finance; and, internationalisation.
14. Alongside our policy and lobbying work with Government the LGA is also monitoring the key issues for councils around recovery at a local level, these include:

Education

- 14.1. In predominantly rural areas where many pupils are reliant on school transport to attend school, access to education may be harder. Either these services may have stopped, or previously operated close to capacity, making it difficult to socially distance. As most schools return to full capacity in the autumn, pupil transport will become a bigger issue.

Economic Growth

- 14.2. Areas with struggling high streets are likely to face challenges in recovering from lockdown, as businesses are either not in a financial position to re-open, or if they do re-open find that much of their business has moved online in the preceding months.
- 14.3. The £50m Safer Reopening of High Streets Fund to councils was a helpful step in the initial phase of coming out of lockdown, but councils have found that there were

too many limitations on it, and additional funding will be needed to rebuild healthy high streets.

14.4. Areas dependent on one industry, such as those near airports with a high proportion of residents working in the aviation sector, still require funding from Government for specific issues otherwise regional recovery will be hampered. This is also an issue for predominantly rural areas highly dependent on a specific sector for employment – there are 37 specific sectors that provide at least 5% of employment in one or more predominantly rural area.

Sustainability

14.5. Urban areas have moved quickly to install new cycle lanes, modal filters, and widen pavements to encourage active travel and reduce air pollution and carbon emissions. Many of these changes were made on a temporary basis, and there is likely to be a period of readjustment as some of these changes are made permanent, while other, less successful or popular changes are removed.

14.6. Improving sustainability through travel is likely to be a greater challenge in rural areas, where it is less possible for many residents to exclusively travel by cycling, walking and public transport.

14.7. COVID-19 has led to many projects (such as those on energy efficiency in the home) being paused. As lockdown is eased, these projects can resume, but there remains a challenge about how to carry these out in a safe, socially distanced way.

Culture and tourism

14.8. Many cultural organisations (such as theatres) are still unable to open, and we expect that cultural organisations are likely to be among the slowest to recover. This presents significant challenges for regions dependent on visitors to cultural sites for income, as the furlough scheme is likely to end before these venues are able to return to capacity.

14.9. The tourism industry has been hit hard by COVID-19, with fewer international visitors this year, and although more UK residents are holidaying domestically this year, there is still likely to be a significant financial gap for regions particularly dependent on tourism. Visit Britain forecast a central scenario (as of June 30th) of £39.2bn in domestic tourism spend in England in 2020, down 48% on 2019 when spending by domestic tourists in England was £75.9bn.

14.10. Extremists may continue to use the post-COVID landscape to further their narratives; economic decline and rising inequality (or perceptions of these) in particular, have traditionally provided fertile territory. As protective instruments such as the furlough scheme and pause on evictions are removed as lockdown

eases, regions with strained community relations are likely to be at greater risk of rising extremism.

14.11. COVID-19 has exacerbated existing inequalities, meaning the gaps between regions are likely to become wider too. Urban areas have slightly higher levels of inequality than rural areas, with a greater gap between the number of areas in the upper and lowest quintiles. Between April 2020 and May 2020 the number of people claiming Universal Credit or Job Seeker's Allowance increased by 24 per cent in predominantly rural areas compared with an increase of 30 per cent in predominantly urban areas.

Key issues coming out of local lockdowns

14.12. There has been a lack of local lockdown recovery plans in areas under observation. Currently Leicester is the only area with a local lockdown recovery plan. Other areas only have wider post COVID-19 Recovery Plans which mostly focus on economic recovery and renewal.

14.13. There have been challenges in managing large scale sporting events and permissions being given to open at a national level e.g. horse racing events, but no choice in doing so. There have been many challenges at managing such events at council level, e.g. volumes of racegoers travelling around, public transport, policing etc.

15. The LGA has also identified improvement funding to support the work of councils on economic recovery. Potential projects have been identified focussing on:

15.1. Jobs and skills planning

15.2. Developing the local digital economy

15.3. Councils role in developing diverse and successful micro-businesses

15.4. Toolkit for areas which have lost a major employer

15.5. Action learning sets for councils focussed on recovery

Spending Review

16. In late July the Chancellor re-launched the 2020 Spending Review process, with a deadline for submissions of 24th September. The Spending Review will cover three years' worth of day-to-day spending and four years' worth of capital spending and will set

the scene for the rest of this Parliament. The LGA is currently in the process of making its submission to Government.

17. The devolution of funding and powers will be a fundamental element of the entire response. Some of our key asks will focus on lines agreed at City Regions Board on:

17.1.Fiscal devolution

17.2.Skills and employment

17.3.UK Shared Prosperity Funding

18. With the recent announcement of the cancellation of the autumn budget and the Treasury's intention to focus on immediate economic issues officers will give further consideration to how this could shape our future economic recovery work.