

Meeting: City Regions Board

Date: 25 January 2023



Theme 5: Growth Funding

Projects to help local government deliver economic growth

Purpose of report

For direction

Summary

This paper provides an overview of two projects to help local government deliver economic growth which are being delivered by Shared Intelligence (Si) as part of the LGA's Government-funded support offer. The first explores the future skills needs of councils' economic development teams, and the second focuses on supporting the Local Enterprise Partnership (LEP) integration process. It provides background for a discussion with Ben Lee and Lisa McCance from Si about the emerging findings and to ensure the Boards' views are reflected in next steps.

Is this report confidential? No

Recommendation/s

Board Members are invited to note the two pieces of commissioned work: the future skills needs of councils' economic development teams (**paragraphs 2-10**); and the integration of LEPs (**paragraphs 11-19**). The Board is also asked to consider the questions posed at the end of the report to aid discussion with Shared Intelligence (**paragraph 20**).

Action/s

LGA officers and Shared Intelligence to incorporate Members' perspectives into the two projects.

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Projects to help local government deliver economic growth

Background

1. Councils have a key role to play in driving forward economic growth, by bringing partners together, bridging the skills gap, helping businesses to thrive, delivering regeneration schemes and more. The paper sets out the detail of two recent commissions by the LGA supporting local economies: the first relates to the changing skills needs of economic development teams, and the second supports councils and combined authorities with the LEP integration process.

The future skills needs of economic development teams

2. Councils' economic development teams have a significant and cross-cutting role in promoting prosperity amongst their communities, residents, and businesses. While non-statutory functions, their scope varies depending on availability of budget, resources and overall strategy. They all provide strategic place leadership and foster strong relationships with public, private and charitable sector partners who play a key role in regeneration, employment, and community activity. Alongside this, councils are now entrusted as 'lead authority' to work with Government to determine how multiple funding streams are targeted in areas. While this focus on place is welcome, we continue to call on Government to follow through its commitment to streamline funding pots.
3. Local government economic development teams are already aware of the impact a changing national agenda could have on their roles. Earlier this year, Chief Economic Development Officers Society (CEDOS), the membership body of chief economic development officers, published a [report](#) entitled 'Economic Development: A Changing Profession Current and Future Skills Needs'.
4. The LGA was keen to explore this issue in more detail, not least because if councils are to take a more leading role in planning and coordinating decisions around economic growth, skills and employment for example, we need to understand the capacity issues economic development teams face now and in coming years.
5. We therefore commissioned Shared Intelligence (Si) through a competitive process to use the CEDOS analysis as a basis for their own further analysis and to engage a wider range of the local government family to enable us to better understand:
 - **ED services:** how they are delivered across England, the breadth of work undertaken and different ways they add value locally;
 - **Skills and capacity challenges** they face including current and future skills needs and capacity issues in delivering local and national priorities; and
 - **Support:** Top tips plus suggestions for further support to enable ED teams to deliver more locally and contribute nationally

6. This will be synthesised into an online LGA guide and communicated to the whole sector via a webinar.
7. To help us get to this stage, the LGA and Si have established a working group involving CEDOS and councils from across the local government family to develop this work (representatives from County Councils Network, District Councils Network, Core Cities, Key Cities and London Councils plus an invitation to devolved areas). The first working group meeting helped to develop an understanding of how different ED teams work.
8. The next stage of the project will involve a series of twelve interviews with senior stakeholders, including council chief executives, elected members and business organisation leads. These interviews will explore the changing landscape and begin to identify the future needs of this important service area. Once the twelve interviews have been undertaken, Si propose to present the findings back to the City Regions Board later in January with a set of questions to gather member input.
9. The outputs will be tested with the working group, a further session between economic development officers and colleagues that work in other service areas (such as regeneration, planning, public health). This will provide valuable input for the end product report as described in paragraph 5.
10. Initial findings from Shared Intelligence's work so far include the following insights:
 - a. **A complex set of knowledge, skills and abilities across ED teams.** This is reflective of the economic conditions of the locality, the type of work that is carried out, the directorate within which they are situated, and the political leadership and oversight of this work.
 - b. **Role.** The prospect of devolution and current LEP reforms are necessitating ED teams to rethink their role. That said there are tensions between addressing short-term goals and delivering long-term impact. Authorities with limited resources and / or smaller teams may be looking to collaborate with others.
 - c. **Future skills needs.** Work has become increasingly technical to address business case development and competitive funding requirements. Generating, understanding and being able to interpret data to support decision making is essential for ED teams.
 - d. **Future support needs.** Specific new net zero industries are becoming increasingly important for all areas. They need more opportunity to have faster channels to government policy making – across all of local government, not just those with devolution deals.

LEP Integration

11. LEPs are non-statutory bodies responsible for local economic development in England. To date they have been business-led partnerships bringing together the private sector, local authorities, and academic and voluntary institutions.

12. The Government's Levelling Up White Paper published in February 2022 set out a guiding vision of more integrated, better aligned and empowered local institutions with tools they need to unlock economic growth. As part of this, and following a year-long review of LEPs, Government decided to integrate the functions and roles of LEPs with local governance structures.
13. Through a competitive process the LGA has commissioned Shared Intelligence to support councils and combined authorities with their integration journeys. The support comprises of a series of conversations and workshops to explore the challenges and opportunities faced with the integration process, drawing on policy decisions, best practice and sharing experience more widely.
14. Shared Intelligence has conducted a desk review of integration plans and documents from tranche 1 areas (areas working on or who have submitted their integration plans) and are now developing a framework of support. This will be supplemented with interviews with areas in tranche 1 to understand more broadly some of the opportunities, challenges, and detail around their plans to integrate. The conversations will consider areas such as geographical changes, changing governance, the role of the private sector and independent business voice, practical arrangements in delivering projects, programmes and services, financial arrangements, and staffing.
15. The emerging findings from the interviews with councils and combined authorities in tranche 1 will be shared with City Regions Board members later in January with a key set of questions for members to discuss. Shared Intelligence are keen to hear members' own experiences within their local authorities to help inform the project.
16. Following this, a series of workshops will be held at the end of January bringing together areas in the first tranche of integration, those in the second tranche (expected to submit plans in January 2023), and those considering integrating their LEP in the future. A final report will be published in the spring showing where the long-term opportunities lie with the LEP integration process.
17. Initial findings from Shared Intelligence's work so far include the following insights:
18. **Tranche 1:**
 - a. Integration should allow the purpose of the LEP to be sharpened and have clear remit and clear priorities, with tighter integration to strategic plans.
 - b. Uncertainties persist about funding streams, so planning for sustained delivery is difficult.
 - c. For some areas, integration is an opportunity to ensure there is diversity across LEP board membership and will look to drive that as they integrate.

19. Tranche 2:

- a. Wide range of considerations and stages of thinking – variation in thinking and options around devo / county deals.
- b. Some areas have significant issues with geography e.g. where a LEP boundary would include two or more devolution or county deals.
- c. There is an opportunity to clarify where prime responsibility for economic development agendas lie.
- d. Areas are aware of the need to balance greater scrutiny of decisions with a strong business voice.
- e. Integration creates uncertainty about staffing, with potential TUPE and consolidation of roles in a context where many programme staff are on fixed term contracts.

Next steps

20. Board Members are invited to contribute to this work by answering three high level questions, bearing in mind that these projects focus on support and improvement and will not be making policy recommendations:

- a. Economic development teams perform a vital role, but what more do you think they will need to do in the coming decade?
- b. Are there new capabilities and skills you would like to see in economic development teams to enable them to play a bigger role individually or collectively?
- c. What new support needs might emerge for local government from LEP integration?

Equalities implications

21. The content of these two projects aims to support councils to have the tools to target economic development activities locally.

Implications for Wales

22. Economic development is a devolved responsibility. Officers will look to share any lessons emerging from the projects with the Welsh Local Government Association, however the research projects relate to English councils.

Financial Implications

23. The research has been funded from the Board's budget for improvement work.