

Update on the Work Programme

Purpose of report

For discussion

Summary

It is six months since the first meeting of the City Regions Board at which members set out their priorities and established the Board's 2014-15 work programme.

This paper provides an update for members and sets out the progress that has been made to date on work priorities.

Lead members reviewed the work programme in September and reflected on it in light of developments on English devolution since the Scottish referendum.

Recommendation

Members to consider the following issue: *in light of recent developments, are we being bold enough?*

Action

Officers to take forward as directed by members.

Contact officer: Ian Hughes
Position: Head of Programme (Growth and International)
Phone no: 020 7664 3101
E-mail: ian.hughes@local.gov.uk

Update on the Work Programme

1. At its first meeting in April, the Board agreed three work priorities: devolution and public service reform, skills/employment and trade.

Devolution and public service reform

2. Members have agreed a focused work programme to add value to the evidence base for securing more powerful city regions in England.
 - 2.1. The Board has sponsored the RSA City Growth Commission which will report later this month. This Commission will give business-led recommendations on the future of city regions. In working towards a final report to be published on 22 October, a number of publications have already been produced by the RSA including work on fiscal powers, skills and infrastructure. LGA officers have been working with the RSA to ensure existing LGA research and policy development is available to the Commissioners and to ensure that the RSA is considering the role of smaller cities. The Chair and Vice Chair of the Board gave evidence to RSA Commissioners on 17 September and further discussions are taking place during the party conference season. LGA evidence highlighted three agreed LGA lines: those places that are ready to run must be given an early opportunity (included some counties); the role of smaller cities needed to be considered; and the importance of local delivery of skills and employment services. Jim O'Neil, the Chair of the Commission, will be attending the Board meeting to discuss the final findings.
 - 2.2. The Board is working with the LGA's independent Finance Commission which has now been established with the support of CIPFA, under Darra Singh as Chair. The Commission's objective is to consider a local government finance system which will better help the public services challenges such as health care and housing. There has been a first call for evidence and our independent commissioners are now reviewing the submissions from a variety of organisations, including most of the national business organisations. Cllr Leese has met the Chair of the Commission as part of this early scoping exercise to set an agenda on behalf of city regions. The Commission will be publishing an interim report from its early evidence call and that will be available in mid-October. This is likely to set a focus for the final report. There are likely to be a number of issues of importance to city regions to consider, including issues of accountability and local financial sustainability. The interim report will be presented at the Board meeting and will be the opportunity for City Regions Board members to suggest further or more detailed work by the Finance Commission or to commission more specific policy analysis to ensure a comprehensive evidence base on the future finances of city regions. The final report of the Finance Commission report is due

to be delivered in January and will be available to influence new ministers and importantly the first Comprehensive Spending Review of the new or returning Government.

- 2.3. To complement the work of the Finance Commission, we will be working with two or three city regions (based on nominations from Key and Core Cities) to develop proposals for “Public Service Reform” Deals to deliver place-based budgets, which will demonstrate how greater local autonomy would better serve issues of public concern to those particular areas. This work is being commissioned jointly with the LGA People and Places Board and will be developed over the next four months with a report due in January 2015.
- 2.4. All parties have committed to continuity and reform of LEPs after the election. At a local level, there is a concern that reform could concentrate on centralising, structural rules rather than on an agenda for further devolution and local autonomy for LEP areas. LGA research has recently identified that there are now 124 separate funding streams for local growth and competitive bidding was costing councils up to £30k per bid. A Chatham House (official level) seminar was had with senior government officials who were joined by the LGA Board’s Chief Executive advisor and representatives of the LEP Network.
- 2.5. In order to ensure an international perspective to the work programme, LGAs in Canada, South Africa, the Netherlands and South Africa have committed to find relevant city leaders to undertake an international audit and appraisal of English city region responsibilities. We had dates in early November but this proved impossible coordinate the diary of influential city leaders and officials. We are reconvening for February 2015. In association with the other LGAs, we are developing simple lines of inquiry around two issues which seek comparisons of English city regions’ public service ambition and our ability to deliver them through existing local powers and finances. Our output will be a comparative peer report from which we can compare the ambition of English cities with their peers abroad and importantly their powers to deliver such ambition.

Skills, Employment and Welfare Reform

3. The key objective here is to influence the re-letting of the work programme in 2016 to ensure that an integrated local model of delivery for skills, employment and welfare is favoured by ministers. We have two themes of work: to influence the public debate on the effectiveness of the centralised system and to develop a model for local delivery. We are currently working with Chief Executive advisers nominated by Core Cities, Key Cities and London Councils.
 - 3.1. We have commissioned CESI to provide a series of reports which sets out the future skills and employment challenges that will hit the desk of an incoming (or returning) minister. The first report (which was presented to members of the Board in July) focused on place and looked at whether

current employment and skills policy would deliver skills for future jobs in a range of cities. Our research indicated that, without policy reform, there would be a national skills mismatch by 2022 which could mean that projected national productivity would plunge by a quarter— equating to £374 billion loss to the economy. Consequently, the Government would be without £164 billion in potential tax returns – an amount which could fund adult social care for a decade. This report was launched by the Board Chair at LGA conference and has been discussed with numerous partners – especially business organisations. After a meeting with Cllr Leese, we are developing work with the Federation of Small Businesses (FSB) to promote our findings to business. The report findings were raised at fringe meetings with LGA speakers at all party conferences.

- 3.2. A further report from Centre for Economic and Social Inclusion (CESI) will be delivered later in the autumn which looks at the current employment programmes from the perspective of individuals. Specifically it will look at whether types of employed and unemployed people's opportunities are enhanced through the existing range of national programmes. There will be a final report from CESI giving conclusions to the research papers.
 - 3.3. We have commissioned National Institute of Economic Research (NIESR) to analyse a number of local employment schemes. This is designed to cover the effectiveness of each scheme, based on outcomes and the factors driving it, and comparative success rates with national programmes. From this work, we will seek to develop a localised delivery model. We have considered with nominated Chief Executives how we add value to the detailed work already developed by a number of council groupings and combined authorities.
4. Lead members have requested that this work is the focus of the January Board meeting.

Trade and investment

5. At the last Board meeting, members gave a clear steer on the detail of work to be developed on trade. Further to this, many councils have expressed disappointment at the lack of response to requests in Growth Deals to pursue a customised service for local firms to export. Many have been offered *customised conversations* with UK Trade and Investment (UKTI) as part of their growth deals, rather than local delivery. To summarise our forward plan here, we are ensuring that the long-term consequences for the UK economy of a continued centralised trade and investment policy for English cities outside London are well understood.
 - 5.1. Analysis has been commissioned to support this work, with Oxford Economics appointed in September after a competitive tender. This research will be completed by the end of November, with interim findings available for members' review at the end of this month. Subject to

members' views, there may be an opportunity to draw on this analysis for press work ahead of the Autumn Statement, which the Chancellor will deliver on December 3.

- 5.2. We are at the same time scoping out more detailed proposals on a “city region” offer on both the export and inward investment agendas, including reforms to the current policy framework and delivery arrangements. LGA officers have met with the Greater Manchester Chamber of Commerce and Marketing Birmingham, who are both keen to assist with the development of our proposals and evidence base, and will be engaging other city regions inward investment and business support teams over the coming weeks.
- 5.3. The Chair met with the outgoing Chief Executive of the British Property Federation in September to discuss potential joint working. The inward investment agenda was seen a strong area of common ground as the BPF have been promoting the attractiveness of city regions outside London and the SE to property investors. The BPF are also keen to collaborate with the City Regions Board on broader growth issues, but more detailed discussions are on hold until their new Chief Executive is in place.
- 5.4. We are also working to develop a “deep-dive” event based on our research early in 2015. We are currently talking to a range of organisations to ensure they buy-in to the need for reform (for example, the LEP Network), the challenge to the current contract between LEPs and UKTI and to our proposed reforms.
- 5.5. The Chair met with the new South African High Commissioner to the UK in July, at which a number of opportunities for more direct engagement with English city regions on the economic and trade agendas were identified.