

The future of local growth

Purpose of report

For discussion.

Summary

A Chatham House (official level) seminar was held with Government officials who were joined by the LGA Board's Chief Executives advisors (core and key cities) and senior representatives of the LEP Network. This paper provides reflections of the discussion which may further help City Regions board members on their deliberations for further LGA work on English devolution.

Recommendation

Members are asked to note the report and advise on whether these issues are ones they would like officers to prioritise; and any further actions that the Board would find helpful.

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

The future of local growth

1. All parties have committed to continuity and reform of Local Enterprise Partnerships 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. From this Board view, a Chatham House (official level) seminar was held with senior government officials who were joined by the LGA Board's Chief Executives advisors (core and key cities) and senior representatives of the LEP Network. This paper provides reflections of the discussion which may further help City Regions board members on their deliberations for further LGA work on English devolution.

Background

2. For many years the LGA has said that England's local economies operate at a sub-regional level and in 2010 the new coalition government invited local authority and business leaders to form new sub-regional partnerships, Local Enterprise Partnerships (LEPs), whose role would be to articulate a clear long-term strategy for enterprise growth, bringing together local agents to work together to create conditions for private sector job growth.
3. However, four years into the current economic landscape further reforms appear inevitable with pressure for change coming from both a local and national level. At the local level there are concerns with 'mission creep', confusion over public accountability, frustration that LEPs are not able to achieve their potential and a growing demand for combined authorities.
4. At a national level there are calls for further reforms in terms of streamlining geographies, and top-down changes to governance models at the sub-regional level (e.g. rationalisation of sub-regions, Combined Authorities and metro mayors). However, both councils and business leaders are keen to avoid the 2 years' worth of lost progress on local growth following the previous occasion when there was major reform – the abolition of the Regional Development Agencies (RDAs).
5. On the back of the City Regions Board's concerns about reform and following an earlier meeting in the year with senior government officials, the LGA agreed that a "Chatham House" seminar between civil service, LEP champions and senior officials in the local government sector would be helpful once growth deals had been announced. The purpose of the meeting was to scope some of the critical issues that would need to be addressed in 2015-16 to ensure a strengthening of the current sub-regional delivery model, and critically, to avoid a major institutional upheaval that stalls growth as well as opening the doors into Whitehall to enable the LGA to co-design principles for future reform.

Key messages from the event

6. The LGA's Chief Executive, Carolyn Downs, set out the perspective of member councils:

- 6.1. **Reform will need to build on existing sub-regional partnerships** – councils and business leaders do not want drastic and sudden top-down change.
- 6.2. The **Scotland deal is a real game-changer** in terms of the Government's ambition for devolution. The incentives offered to Scotland show that central Government can be much more ambitious with its attitude to devolution and decentralisation of the tools, powers and resources for local growth.
- 6.3. **Any reform will need powerful incentives** – it is likely to be disruptive and costly so councils will need incentives to reform. Incentives need to:
 - 6.3.1. allow greater local customisation of programmes related to skills/employment, trade and business support;
 - 6.3.2. enable more strategic use and disposal of public sector land and assets to support local priorities;
 - 6.3.3. include a genuine single investment fund to deliver local infrastructure;
 - 6.3.4. overcome closed doors attitude of some Government departments;
 - 6.3.5. include growth deals that are more about allocating funds on the basis of long-term programmes, and devolving decision-making to local level, and not a bidding process that allocated funding for specific projects.
- 6.4. Reforms need to enable **public accountability to be strengthened** at a local level, building on successful models that operate in some of the city-region LEPs, **freeing up the business voice** to focus on informing policy and strategy.
- 6.5. In many places the issue of local and sub-regional **capacity to deliver** growth interventions needs to be resolved in the face of council funding reductions.
7. The discussion then moved onto the nature of the work that needs to be done in 2015/16, including understanding the character for of future reforms, what will be required to build a credible case for a particular reform agenda and the barriers that will need to be overcome. The outcomes of the discussion can be summarised as follows:
8. The nature of future reforms - future change should be **focused on outcomes rather than structures and processes**, and be a long-term process enabling all areas to make progress. There should also **be clear incentives**, offsetting the costs of change. It was important that the 'business voice' should be retained and recognised as a major component of local growth.
9. Local partners will need to continue building a **credible case for further devolution** by, for examples, being specific with regards to 'offers' and 'asks' and pragmatic in the scale and scope of their proposals. A co-commissioning/ co-design approach, together with strengthened alliances of pro-devolution advocates will be key ingredients in promoting the case for devolution on local growth.
10. There is recognition that there **remain considerable barriers to enhanced devolution**, including embedded economic scepticism about the value added of local growth interventions in some departments. Ministerial and departmental enthusiasm for

national solutions and concerns on concern on local variability and competitiveness will need to be overcome.

11. ***Skills may be a 'litmus test' area for progress/development:*** skills is one aspect of growth where the national system frustrates most local growth role players (councils, business, others), but where there will remain a huge national concern about the country's international performance and standards/standing.
12. In conclusion, the LGA set out a case for LEP institutional reform which would be accompanied by further decentralisation and review of wider government's own overlapping geography. We also set out our desire for a strong voice of business in local growth, distinguishing this issue from greater public accountability and a concern of recreating quangos. It was also a timely reminder as to the work that will be required by local government to convince a future government that devolution of economic growth is for the benefit of the country as whole.

Next steps

13. The outcome of the seminar is that we have agreed to work jointly with government officials and the LEP Network over the next few weeks to look at the co-design of principles for future reform, which would include the issue of local design and delivery. LGA officials are progressing this issue, with a view to reconvening the wider group before Christmas.