

Lifting the Burdens from Local Economic Development and Regeneration

A call for evidence

April 2008

1. Background

The Lifting the Burdens Task Force (LBTF) is an independent practitioner body that has been set up by the Secretary of State for Communities and Local Government to review the bureaucratic and performance management burdens that exist as a consequence of the current relationship between central and local government. The Task Force will identify which central requirements cause the most difficulty on the ground and which add the least value and agree packages of burden reduction with Government. For further information or to download copies of our reports please visit: <http://www.communities.gov.uk/liftingburdens>

The Task Force is looking at every area of interaction between central and local government and this review aims to identify the practical barriers to economic development and regeneration across the wide range of activities which contribute to this key national and local agenda. Our definition of 'burden' includes any central government activity which hinders the effective and efficient delivery of services and outcomes at the local level. All LBTF reviews aim to identify the issues as they are experienced on the ground, so this Call for Evidence is an opportunity for practitioners to reveal the real obstacles to locally led economic growth and regeneration.

2. Scope of the review

This review takes place in the context of major developments in Government policy represented by the Sub-National Review of Economic Development and Regeneration (SNR) and the 2007 Comprehensive Spending Review (CSR), both of which clearly recognise that the next level of performance for both the economy and public services can only be achieved with greater local flexibility, integrated, streamlined decision making and minimised bureaucracy. The timing of this call for evidence alongside the SNR consultation will allow us to highlight the practical barriers which are in the way of delivering the Government's vision, as well as to ensure that national policy developments do not add to the bureaucratic burden on local authorities. Issues and comments relating to the wider policy objectives of Government are best addressed through the SNR consultation; the aim of this review is to focus on existing and potential barriers and burdens that prevent effective and efficient delivery of local economic development and regeneration services.

The theme of economic development and regeneration covers a wide range of activities, organisations and funding streams. This review aims to identify the burdens placed on local government by a wide range of Government departments and agencies with regard to regeneration, economic development, strategic transport, skills and employment. The core group of departments that this review will engage with are the Department for Communities and Local Government; the Department for Business, Enterprise and Regulatory Reform; the Department for Innovation, Universities and Skills; the Department for Transport; and the Department for Work and Pensions.

It is now widely recognised that Government can no longer drive sustained economic growth from the centre but that strategic interventions need to be devolved to the most effective level, with a presumption that this will be the lowest possible spatial level. This review will aim to highlight the ways in which Government and its agencies can remove burdens and bureaucracy placed on local government in order to make the aspirations

of SNR a reality, and how to implement this policy without adding new burdens. The objectives of this review are to:

- a) Identify how strategic decision making can be most effectively streamlined and integrated in order to promote the economic development and regeneration of places
- b) Demonstrate how outcomes could be improved through greater clarity on future availability of funding and more flexibility to move resources to where they would have most impact
- c) Identify the factors which promote or inhibit the design and delivery of worklessness and skills programmes which meet local needs
- d) Minimise the potential for new burdens in the development of national policy following the Sub-National Review

3. Options for consideration

A) Barriers to Place Shaping

i) Strategic decision-making and delivery

The aspiration for improved working across local authority boundaries is a key feature of the SNR. The pilot MAAs, and other existing sub-regional partnerships, will be identifying new opportunities as well as bureaucracy and barriers from Government and its agencies that hold up decision-making and delivery. Whether or not authorities choose an MAA, and whether they are predominantly urban or rural, they may experience specific burdens from Government that inhibit the development of effective strategic decision making for economic development and regeneration in their local areas.

Questions:

1. *For pilot MAAs:* Are there specific bureaucratic burdens from Government or its agencies that your MAA is seeking freedom from. If so what and why?
2. *For others:* Are there specific bureaucratic burdens that are inhibiting your authority from developing effective economic strategy and delivery mechanisms either alone or in partnership?
3. Are there any potential practical barriers to delivering economic development and regeneration presented by the SNR proposals, particularly for two-tier and rural authorities?
4. Are the well-being powers granted in the Local Government Act 2000 sufficient to allow Local Authorities to place-shape effectively? Are there barriers to using these powers effectively?

5. Are there any barriers to regeneration posed by the different funding streams of major regeneration agencies (eg English Partnerships/ Homes and Communities Agency)?
6. In relation to the LAA, MAA and forthcoming CAA arrangements, are the respective roles of Government Offices and the Audit Commission clear with regards to the appraisal and monitoring of economic development?

ii) The single integrated regional strategy

SNR proposes the introduction of a single integrated regional strategy. It is important that this strategy, which will join up social, economic and environmental objectives for each region, is able to deal with the diversity of many of our regions, paying sufficient regard to the differing roles of different areas. To do this it will need to involve local authorities effectively and with minimum bureaucracy. We can learn from the experience gained in developing Regional Economic, Spatial, Transport and Housing Strategies as to what works and what does not.

Questions:

7. What bureaucratic burdens do the RES/RTS/RSS/RHS currently place on LAs that you would want the new Regional Strategy to avoid?

iii) Local Authority Economic Assessment Duty

SNR also proposes that local authorities have a new economic assessment duty. It is expected that Government will not monitor the implementation of this duty but its effectiveness would be assessed as part of the Comprehensive Area Assessment.

Questions:

8. How could the new Regional Improvement and Efficiency Partnerships most effectively support local authorities in developing economic assessments for their areas?
9. Does Government collect and share data in the right format and at the right spatial level to assist local authorities in carrying local economic assessments? If not how could this be improved?

B) Funding and Strategic Infrastructure

Economic development and regeneration has traditionally relied on a myriad of funding sources. To some extent this position has simplified over recent years with the introduction of Local Area Agreements and Regional Development Agency (RDA) single pot funding in an attempt to streamline monies against wider agreed outcomes. Furthermore, the SNR supported the collaboration of local authorities across functioning economic areas in the form of Multi Area Agreements and/or Economic Development Companies. And the introduction of the non-ringfenced Area Based Grant (ABG) in April 2008 gives greater flexibility to local authorities to resource against local priorities. Allied to this is the introduction of the new performance framework and national indicator set, as well as the ongoing Business Support Simplification Programme aimed at reducing both the number of business support delivery agencies and products on the market.

These policy changes suggest Government is committed to providing a policy, funding and delivery framework that is conducive to effective joined up regeneration interventions. Many of these policies are in their infancy and are going through a process of evolution and perhaps only time will tell of their effectiveness. However, there are still a number of practical issues as a result of the implementation of the policies that must be addressed as they prevent localities from effective place-shaping, which is at the core of this review and fundamental to all regeneration and economic development work. The following bullet points summarise some of the issues raised so far. The Task Force would like to ascertain how widespread these are across local government as a whole:

- **Certainty of funding:** This cuts across a number of regeneration areas, often brought about by the tie in to the three yearly Comprehensive Spending Review. For example, in preparing a Local Enterprise Growth Initiative proposal, in line with bidding guidance ten-year strategies were submitted, but for successful applicants no funding is guaranteed beyond year four of the ten year plan. Likewise, the Local Authority Business Growth Incentive (LABGI) has been a welcome boost to local authorities, empowering them to take a lead role in economic development. Although LABGI is under review, in its current form, the year on year uncertainty of the 'reward' is not felt to be conducive to planning long-term reinvestment in economic development schemes. The Task Force would like to know what, if any problems are caused by these sorts of funding arrangements and if this is an issue with any other initiatives.
- **Flexibility of funding:** The Task Force wants to find out if the inability to vire funding across different regeneration pots, particularly in relation to major capital projects, which are contained at a specific spatial level is a significant barrier to place shaping. There is a view that the ability to vire resources across different disciplines as well as funding streams would provide greater effectiveness in targeting resources. Would respondents agree with this?
- **Alignment of Funding:** The new Area Based Grant guidance states, "departments contributing funding to ABG may not place any restrictions on how local authorities spend the money". This appears to be a positive step in conjunction with the new performance management framework and its wider focus on broader outcomes. However, it seems there are still some

inflexibilities relating to the sequencing of funding. Would the ability to re-profile different grant funded projects to fit an appropriate agreed timescale be a significant enabler?

- **Funding mechanisms:** The SNR encourages local collaboration across the most appropriate economic footprint. Currently funding priorities at a local level are decided through LSPs/LAA and sub-regionally through Joint Authorities such as PTAs, sub-regional partnerships/sub-regional action plans/ MAAs – and ultimately their relationship with funders to back their priorities. Unfortunately, the new ‘architecture’ for the distribution of European Regional Development Fund (ERDF) through Regional Operational Plans, is felt not to lend itself to the ‘functioning economic areas’ at the heart of the SNR. How does this impact on effective joined up regeneration interventions in your area?

The main source of transport infrastructure funding is the second Local Transport Plan (LTP2) which provides five year capital allocations currently running through to 2011. Local authorities that are proposing a major project worth over £5m, (or small authorities where the amount of spend is disproportionate to their annual funding) can bid for additional grant. Regions put forward advice on priorities for this additional grant within ten year indicative funding allocations. In addition, there is the Transport Innovation Fund (TIF) for some schemes aimed at reducing congestion or increasing productivity by combining demand management, including road pricing, with better public transport. The feeling in some parts of local government has been that DfT used the LTP to micro-manage local authority performance. However, for LTP2 the reporting requirements have been reduced with the Annual Progress Reports being replaced by a simplified mid term delivery report which is more flexible. The expectation is that councils will have to produce a final report at the end of LTP2 and thereafter monitoring will be via the Local Area Agreement.

- **Public/Private Financing:** Many partnership structures are highly complex and require very considerable effort and resources to develop and manage them. There are strong incentives to generate effective mechanisms for leverage of private finance and many different models are being promoted (from PFI to asset backed vehicles etc). The Task Force is keen to understand any actual or perceived barriers to delivery, or particularly burdensome requirements imposed by any part of Government that might be reduced or removed to improve delivery. In particular, we are keen to examine any bureaucratic barriers in respect of the development of local authority asset backed models.

Questions:

10. What are the barriers to developing longer-term regeneration strategies in your experience? What more could be done to promote longer term strategic regeneration partnerships?
11. What reforms to LABGI would create greater certainty and integration with local regeneration finance?

12. In your experience, how could appraisal mechanisms be made more effective and efficient to allow the holistic regeneration needs of an area to be addressed?
13. Will the new ABG overcome previous barriers and align different funding streams effectively?
14. In light of the SNR, will collaborating areas more readily be able to access regeneration funding (despite of existing funding structures) that supports their sub-regional aspirations?
15. What enabling measures could government provide to allow local areas to realise greater leverage of private finance?
16. How effectively do the current transport funding arrangements through the LTP2, TIF and Regional Funding Allocations work to support and stimulate regeneration activity? Do you think there is scope to improve alignment and if so how?
17. Do you think the arrangements for reporting LTP2 will reduce the burden on your authority? If not, how do you think they could be further reduced?

C) Skills and Worklessness

The role of the local labour market in driving and determining skills and worklessness strategy locally has become more prominent in recent years. Recent publications from DWP and DIUS have set out how the Government is aiming to develop a more integrated employment and skills service which responds flexibly to local employer and individual needs.¹ DWP's City Strategy has been tackling highly localised pockets of worklessness, poverty, low skills and poor health, based on the premise that local stakeholders can deliver more if they combine and align their efforts behind shared priorities, and are given more freedom to innovate, and to tailor services in response to local needs. However, many Councils still identify bureaucracy as a key barrier preventing progress on tackling skills and worklessness, as well as concerns around a lack of alignment of funding, programmes, policy and implementation. So this is a crucial area for the review to explore.

There is an increasing recognition that both the demand (the skills requirements of employers) and the supply (number of workless people) needs of the local labour market can be directly met by bringing together the resources dedicated to each. Added value can then be achieved by shaping programmes and services around the support people need to move into sustainable work, and ensuring that the support meets the direct skills needs of employers. Local Employment Partnerships are an excellent example of this approach.

¹ These include the following publications:
Raising Expectations: enabling the system to deliver DCSF/DIUS (March 2008);
Opportunity, Employment and Progression: making skills work DWP/DIUS (November 2007);
World Class Skills: Implementing the Leitch Review of Skills in England DIUS (July 2007);
Ready to Work, Skilled for Work: Unlocking Britain's Talent DWP/DIUS (January 2008)

As local labour markets, like any other kind of market; do not adhere to administrative boundaries, solutions not only have to bring together a multitude of government agencies and partners but often a number of local authorities as well. Policies and partnership structures are starting to emerge that enable skills and worklessness strategies to align with local economic boundaries. For example, locally-led Employment and Skills boards have been established in a number of major cities to ensure closer integration of local employment and skills services and, in many cases, to make it easier for employers to engage with local partners, by rationalising and simplifying the landscape. Multi Area Agreements should also provide a further tool by which local labour market strategies can be effectively determined.

There are also key future policy developments that it will be important for local authorities to consider as part of their strategic economic development role. As announced as part of the Machinery of Government changes made last June, Government is proposing that funding for 16-18 participation should transfer to local authorities, subject to consultation and the necessary legislation. Raising participation in education and training is critical to our future economic success and local authorities will need to work together to identify demand and plan provision for young people. They also have a key role in supporting young people to make good choices that work for them. In respect of adults they will need to work with the new Skills Funding Agency to ensure funding for skills in a demand-led system is aligned with their economic development strategies. More details on the next steps were announced in *Raising Expectations: enabling the system to deliver* published in March 2008.

The SNR proposes a duty on upper tier local authorities to carry out an economic assessment of their area. The Comprehensive Area Assessment (CAA) will assess performance based to some extent on ability to provide leadership of place and convene successful partnerships. These developments, along with the transfer of 14-19 participation funding, place local authorities centre stage in ensuring local skills and worklessness strategies are successful. From this perspective there are a number of questions the Task Force feels are pertinent to this review:

Questions:

18. How effectively do you think your local authority is able to work with other partners to drive skills and worklessness activity for your local labour market? If there are barriers to successful working, what are they?
19. Are partners in skills and worklessness sufficiently able to align their resources around local priorities to deliver locally defined strategies? Please give examples either of successful local alignment or barriers to alignment including details of any bureaucracy or burdens which stop effective working.
20. How effectively do national, regional and local priorities and targets work together? Do you think there is scope to improve the alignment, and if so how?
21. *'Raising Expectations: enabling the system to deliver'* is proposing changes to the delivery infrastructure, including a broader role for local authorities. What could be done to ensure that this does not create additional burdens, but rather helps to reduce burdens in economic development?

4. Timetable

The closing date for submissions is **23 May 2008**. We hope to be in a position to publish the report in the summer.

5. Submitting your evidence

Our preference is to receive evidence from groups, networks or associations of local authorities by e-mail where possible. We recognise that you may not be in a position to respond to each question. Responses to all or only the relevant part of the consultation to your organisation will be accepted.

Please send your responses to:

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Or send hard copies to:
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