

Lifting the Burdens Task Force

Lifting the Burdens from Economic Development and Regeneration



Lifting
the burdens
task force

Final Report and Recommendations
October 2008

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Foreword

Dear Secretaries of State for Communities and Local Government; Business, Enterprise and Regulatory Reform; Transport; Work and Pensions; Innovation, Universities and Skills,

The impetus across Government towards supporting and enabling locally led economic growth has been building steadily over recent years and the current focus on enhancing local government's role in this agenda is probably stronger now than ever before. Many in local government support this development and are optimistic about the potential of what can be achieved for our communities when action is based on plans that are shaped by local places, with partners working together to make them into a reality.

However, we recognise that this report is published at a time when the broad policy direction had been set out by the Sub National Review and Comprehensive Spending Review in 2007, but the substance around what would change practically and how this would work is still being debated and defined. Our aim has therefore been to provide a channel through which local practitioners could feed into and scrutinize the practical proposals, as well as highlight what further action might be needed to make a real difference on the ground and how Government departments can use sub-national economic policy to release councils from excessive centralised monitoring, reporting, performance management and inspection.

The wide ranging and interconnected nature of economic activity calls for an approach that integrates the efforts of all involved – a challenge which is being met with increasing fervour at all levels of government – and so this review has as far as possible sought to look across the spectrum of Government activity that impacts on the local economy, covering the work of five Departments of State plus a number of national agencies.

The recently agreed first wave Multi Area Agreements represent a very promising new way of working and a redefining of the central-local relationship in economic development. We have been fortunate to have a review team made up of people from some of the sub-regions at the cutting edge of this process and our report points to the encouraging experiences as well as the challenges that remain for all in enabling this bottom-up approach to be taken up in as many places as wish to do so.

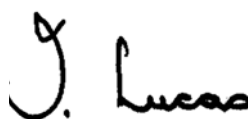
In regeneration it is widely recognised that the history of highly fragmented funding arrangements have made it unnecessarily difficult to make the strategic interventions

that will catalyse sustainable future growth in areas of decline and deprivation. As a result, our review has aimed to identify how outcomes could be improved through greater clarity on the future availability of funding and more flexibility to move resources to where they would have the most impact. We are pleased that the Government has taken the initiative of promoting the development of a coherent framework for regeneration. It is crucial that the framework enables areas to focus on both deprivation and economic opportunity in order to support sustainable economic, physical and social regeneration.

The recent tectonic developments to the delivery infrastructure for skills provision and worklessness support bring many welcome potential opportunities both for local services to be delivered in a way that is co-ordinated and focussed locally and for individuals to have greater choice in their own future. Whilst supporting the overall direction of change, such as employment and skills boards, our report makes a number of suggestions aimed at ensuring that all partners are working together in parallel, to the same objectives and making the best use of local intelligence.

I would like to express my thanks to all those who have given generously of their time to contribute to this review. I would particularly like to thank Eamonn Boylan, Deputy Chief Executive of Manchester City Council, Andrew Lightfoot, Deputy Chief Executive of Blackburn with Darwen Council and Janet Russell, Director of Environment, Transport and Property and Kirklees Council for jointly leading this review on behalf of the task force. We are also indebted to the dedicated and unrelenting support of Liz Goodger and Jane McKelvey (Manchester City Council), Steven Cochrane (Blackburn with Darwen), Andrew Hall and Cheryl Cooper (Nottingham City Council) and Ben Wilkinson (Lifting Burdens Task Force) in producing this report as well as to the expert advice along the way from Ian Keating (LGA) and Linda Edworthy (Tees Valley / CEDOS). Finally, I would like to thank colleagues from CLG, DfT, BERR, DWP and DIUS for the positive and constructive way in which they have engaged with this review. I hope this will carry forward into the future.

I look forward to hearing your response to our report.



Irene Lucas
Chair, Lifting the Burdens Task Force

1. Introduction

The Lifting the Burdens Task Force 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.

The task force is charged with 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. The definition of a 'burden' used by the task force includes any central government activity which hinders the effective and efficient delivery of services and outcomes at the local level.

This review has taken 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 review alongside the implementation across Government of the SNR proposals has allowed us to highlight the practical barriers which are in the way of delivering the Government's vision, as well as to outline the steps that need to be taken to ensure that national policy developments do not add to the bureaucratic burden on local authorities. We have sought not to comment on issues of Government policy in this area but rather to focus on the existing and potential barriers and burdens that prevent effective and efficient delivery of local economic development and regeneration.

The practical suggestions for reducing burdens recommended by the task force are not limited to specific processes and mechanisms, but extend more broadly to different ways of working which will reduce the burden. A move to more streamlined and locally flexible processes needs to be accompanied by a change in mindset, attitude

and behaviour by all of the players involved, including central and local government, government agencies and inspectorates. A change in culture is much harder and takes longer to bring about than a change in policy but it is essential if we are serious about sustaining this new relationship between central and local government.

This review has presented a timely opportunity for local government practitioners to highlight to Government the key practical challenges which remain in making the rhetoric of the Sub National Review into a reality on the ground.

2. Overview of the Review

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 has aimed 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 have therefore been 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

The theme of economic development and regeneration covers a wide range of activities, organisations and funding streams. This review has aimed to identify the burdens placed on local government by Government departments and agencies with regard to regeneration, economic development, strategic transport, skills and employment. The core group of departments that this review has engaged 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.

During the course of this review the task force has gathered evidence from a wide range of sources including local authorities of all types, sub-regional groups, local government associations, professional networks, business and consultants, with the aim of identifying practical challenges from all of the many perspectives from which they are experienced. A full list of those who participated is included in Appendix B.

In undertaking the review a number of different activities informed the final recommendations.

- **National policy developments** – the review aimed to keep pace with and make appropriate links with key national policy developments in this area including the SNR consultation, the National Regeneration Framework, the first wave of Multi Area Agreements and the Skills White Paper.
- **Call for evidence** – This was issued in April 2008, and a total of 38 responses were received from a mixture of individual and collective local authorities, as listed in Appendix B.
- **Group meetings** – 3 meetings of the practitioner review panel took place to define the scope of the review, steer the direction of the review and provide a forum in which to engage with colleagues from the five Government departments. Membership of the review panel is listed in Appendix B.

3. Barriers to Place Shaping

It is now widely recognised in both central and local government that future success in economic development and regeneration will be best achieved if Government departments and agencies stand back from process and procedures and be better informed and challenging about performance and achievement.

i) Strategic decision-making and delivery

Multi Area Agreements

Overall, the task force is positive about the opportunities offered by the SNR for local authorities to improve strategic delivery and decision-making, with fewer bureaucratic burdens. The National Regeneration Framework (NRF) should also provide a supportive context for developing the place-shaping role of local authorities.

The task force supports Multi Area Agreements (MAAs) as a way of offering a real opportunity to negotiate and define a new way of working with central government. Where authorities are using MAAs to secure new freedoms, these are frequently around more devolution of funding, particularly from the regional level, often around housing and transport pots. Other 'asks' are for more freedom over the use of funding – the ability to use capital resources to support revenue activities, to fast track Compulsory Purchase Orders in key locations and for a lighter touch on appraisals and monitoring of funding bids. We hope therefore, that the learning and examples of misalignment and lack of coherence from the first wave MAAs will lead to changes that will benefit local authorities more widely.

Respondents to our call for evidence, including those who are engaged with MAAs currently as well as some that are not, did highlight a series of ongoing challenges to the MAAs which we would want to represent here by way of a constructive contribution to their ongoing development. In order for MAAs to be successfully implemented and to encourage sub-regional collaboration more widely we would suggest firstly that there needs to be an equal and sustained level of engagement and commitment to the process and to delivering on the agreements from all Government departments and agencies, national and regional. Given that the targets agreed in MAAs and Local Area Agreements (LAAs) have been jointly agreed with Government, we would expect that local arms of national agencies (for

example Job Centre Plus) would give equal priority to these targets alongside their nationally driven ones. Secondly, it is clear that reporting burdens surrounding MAAs should be as streamlined as possible and bureaucratic processes kept to a minimum.

A number of respondents to our review suggested that if the current voluntary arrangements for the co-operation of partner agencies failed to deliver real outcomes, consideration should be given to placing a statutory duty on local and regional public agencies to co-operate with sub-regional groups towards achieving the aims of the MAA. However, on balance, the task force believes that the key strength of MAAs lies in there being a voluntary agreement, developed in a spirit of co-operation and based on a shared understanding of priority issues between partner agencies. Where agencies are less willing to co-operate, an 'agree to agree' approach could be taken, which would allow partners to agree to negotiate the point later, which may help to bring partners such as utilities and Network Rail, to the table.

Problems of incoherence and inconsistency can arise in statutory arrangements where the requirement to take cognisance of targets (in LAAs for example) does not extend to all publicly funded agencies.

There are many examples of successful partnership working that are not dependent on statutory duty, however, respondents to the Task Force have raised concerns over instances where the lack of any statutory duty is perceived to result in agencies failing to collaborate.

An example of this is the power of Registered Social Landlords (RSLs) to manage their stock using investment and disinvestment without any duty to co-operate in an LAA. For example, in North Dorset, increasing affordable housing is a top priority for the local councils and Dorset was the first LAA to have a target related to affordable housing. It is also a key part of the regional economic strategy and North Dorset has one of the best records in increasing the stock of affordable homes. However, an RSL in the area is proposing to sell stock which will reduce the number of affordable homes in stark contrast to local priorities. Clearly, an RSL must have the ability to act in order to protect its financial asset base.

The Task Force is not recommending the extension of statutory duty to RSLs or other bodies. However, it may

be useful for CLG to commission an evaluation of the effectiveness of the statutory duty in promoting and supporting partnership working and to examine whether there is evidence of the absence of such a duty proving an obstacle to effective outcomes. It is also entirely legitimate for the emerging Homes and Communities Agency to take into account the degree to which any recipient of public resources for housing is seen to take full account of local priorities for place shaping articulated in LAAs / MAAs.

Our research has identified that district authorities, both urban and rural are generally less confident about their ability to place-shape now, or as a result of the SNR. The task force feels that there is a place for greater support to areas of all kinds that wish to collaborate across boundaries in order to facilitate a greater take up of the opportunities that are available through MAAs. In order to ensure that this remains an initiative which is led from the ground upwards, it would be most appropriate for organisations such as the Improvement and Development Agency for Local Government (IDeA) and Regional Improvement and Efficiency Partnerships (RIEPs) to provide such support.

Recommendations

1. Organisational and programme integration, in particular the alignment and coherence of funding regimes are dominant themes in the first wave MAAs. The evaluation of the effectiveness of these MAAs therefore should seek to review the extent to which necessary alignment is being delivered without recourse to a statutory duty to collaborate.
2. CLG to commission an evaluation of the practical workings of the duty to co-operate – whether it has actually strengthened and supported partnership working, and to examine whether there is evidence of the absence of such a duty proving an obstacle to effective outcomes.
3. RIEPs and the IDeA should consider offering support to groups of local authorities that are interested in developing an MAA but which currently lack the capacity to do so. In particular, they should encourage and support district and county councils in two tier areas to work together to propose MAAs where this would enable more effective place shaping and economic development in their wider economic geographies.

Barriers to economic strategy and delivery

The task force has found a number of specific bureaucratic burdens inhibiting local authorities from developing effective economic strategy and delivery mechanisms, either alone or in partnership. In particular, Regional Development Agencies (RDAs) seem to find it difficult to respond effectively where sub-regional economic areas cross regional boundaries and place overly burdensome controls, evaluation and monitoring on funds. Regional and national machinery can be insufficiently flexible to serve those areas that want to make strategic and sectoral collaborations with other areas which are not contiguous e.g. Oxford/Cambridge/London on high tech university spin outs; Oxford/East/West Midlands for motor sports engineering.

In the context of the welcome commitment from Government to simplify business support schemes, there are concerns on the ground that the regionalisation of some services – in particular Business Link – could hamper the ability of local authorities to ensure that the specific needs of business in their areas are well served and that there is a need for more effective local engagement. If services are regionalised then there is the expectation that they will also be prioritised regionally, for example by geography or sector, raising the potential for a lack of fit with local priorities and the expectation of local businesses. We acknowledge that it is too early to gauge the full impact of this and we recommend that this initiative is kept under review.

Recommendation

4. The regime under which RDAs operate should be reviewed to ensure that there is sufficient flexibility available to better enable cross-region and cross-sectoral collaborations.

Potential burdens from the SNR proposals

Whilst recognising the benefits proposed by the original SNR, the task force has identified some potential practical barriers to delivering economic development and regeneration presented by the SNR proposals.

Firstly, there are capacity challenges at all levels – in local authorities, in RDAs and wider in social, economic and environmental partners. As described below, some of these challenges may be addressed, at least to some extent, by

support from the Regional Improvement and Efficiency Partnerships (RIEPs).

Secondly, the task force has picked up strong feeling that there is a lack of recognition in the SNR for district authorities.

Wellbeing Powers

We have found that the well being powers are generally seen as having the potential to allow local authorities to place shape effectively. One consultee stated that “we have legitimised much of our economic development work through reference to this Act”. However, the discretionary nature of the powers can lead to a lack of confidence in using them, and concerns were expressed that supporting mainstream, statutory services will always take priority over allocating energy and resources to using these powers. Local authorities could be supported to make better use of the Power of Wellbeing if good practice was shared, perhaps through the IDeA or RIEPs, giving examples that outline its successful application to furthering economic aims.

A specific barrier which these powers may be able to address is around the ability of local authorities to engage with utility companies to enable proper planning of infrastructure support for growth and development.

Recommendation

5. IDeA and the RIEPs should assist the local government sector to share good practice and knowledge of the successful application of the well-being powers to encourage confidence in their use.

National Agencies

The task force welcomes the advent of the Homes and Communities Agency (HCA), particularly as it creates the opportunity to alleviate the current burden of multiple reporting to multiple national agencies. We support the recognition by the agency that effective regeneration extends beyond issues of physical regeneration and also involves transport, education, skills, employment and many other public services. Practitioners are keen to see Government less absorbed in processes and outputs and more interested in outcomes and we hope that the HCA will make this a reality.

The emerging National Regeneration Framework presents a further opportunity for a better co-ordinated and more effectively targeted approach to investment from Government. The framework should promote a reduction in multiple reporting and the effective spatial definition of interventions.

Recommendation

6. The new Homes and Communities Agency and National Regeneration Framework must keep as priorities the alleviation of multiple reporting and an effective spatial approach to interventions.

Regional Improvement and Efficiency Partnerships

The majority of respondents to the call for evidence believe that there is a real role for Regional Improvement and Efficiency Partnerships in supporting local authorities to develop local economic assessments. In particular there are calls for RIEPS to gather and disseminate best practice, build capacity in local authorities and give advice and guidance on the collection, interpretation and analysis of data for decision-making. We recognise that the RIEPs will themselves need sufficient time and resources to build the capacity in order to fulfil this role.

Monitoring Roles of the Audit Commission and Government Offices

The task force welcomes the opportunity for the new Comprehensive Area Assessment (CAA) to develop an integrated, streamlined and outcome focussed assessment process. We recognise that the proposals for CAA have yet to be finally defined and we would like to highlight here some of the key challenges which the new system will need to address with regard to the appraisal and monitoring of economic development outcomes.

There is still a need for real clarity as to the respective roles of Government Offices and the Audit Commission in order to avoid at all costs the potential for overlap and duplication. We also note concerns raised with us about the knowledge, skills, capability and capacity of CAA leads to make judgements about the identification and delivery of strategic economic objectives. Many in local government feel that the Comprehensive Area Assessment should be the single place for monitoring and assessing the performance

of councils and their partners, and it is vital that the individuals making such judgements have the capacity and capability to do so.

There is a widespread feeling in local government that the roles of both the Audit Commission and Government Offices should be reduced and that appraisals, monitoring and assessment should be conducted jointly with local authorities. The task force believes that CAA should be seen as sufficient for assessing the capacity of local authorities to take on funding delegated from RDAs. In particular, given the voluntary and innovative nature of MAAs, it would be inappropriate for them to be formally assessed at this stage. The development of any future assessment framework should be undertaken in consultation with local authorities and central and regional government signatories.

Recommendation

7. The CAA should be regarded as a sufficient mechanism to assess the capacity of local authorities, working alone or in sub-regional partnerships to take on funding delegation from RDAs.

ii) The single integrated regional strategy

The task force believes that the integration of Regional Economic Strategies and Regional Spatial Strategies is a vital step in streamlining planning for economic regeneration and reducing the burden on local authorities and their partners. The proposed Integrated Regional Strategy offers a real opportunity to treat economic development and regeneration in a joined up manner and to overcome many of the difficulties and bureaucratic burdens posed by having the current separate strategies. In combining the strategies though, it is imperative that the principles of democracy, transparency and efficiency are integral to the process. This particularly applies to the spatial planning element of the strategy and it is vital that local authorities are adequately engaged and consulted as to how this challenge is to be met.

The task force considers that to be effective, the development of an integrated regional strategy will need to involve all local authorities from the beginning in a collaborative manner and does not treat them as 'consultees' who merely respond to a draft. This should lead to both a bottom up and a top down view of a region.

Furthermore, a high quality, robust, common evidence base and forecasting model must be used to inform an integrated regional strategy and monitoring must be co-ordinated with reduced numbers of work streams, indicators and calls for evidence. It must also be made clear how economic assessments would feed into the development of an integrated regional strategy and measures should be taken to ensure the different strands of the separate regional strategies are not developed in isolation only to be stitched together at the end.

One of the advantages of an integrated regional strategy should be to enable a fully integrated approach to transport to be taken. Rail therefore, as an important contributor to both regional as well as national infrastructure cannot be viewed in isolation. It is therefore not surprising that there was a call from respondents for rail to be fundamentally incorporated into an Integrated Regional Strategy, if it is not, opportunities for enhancing economic prosperity in the region may be missed.

A number of interesting ideas were put forward including the proposal for local/sub-regional 'economic masterplans' (including MAAs) that could be developed in partnership with local and regional agencies to form a 'Local Investment Plan – LIP, which commits agencies to investment and delivery. LIPs would then link to Regional Investment Plans.

Recommendations

8. To support the creation of an Integrated Regional Strategy which is as joined up and holistic as possible and fully integrates rail into the planning process.
9. The local/sub-regional economic assessments should form the building blocks of any integrated regional strategy with RDAs and local authorities working together to build an agreed common evidence base.

iii) Local authority economic assessment duty

The introduction of the economic assessment duty is a positive measure welcomed by the task force as a means to better develop economic policy and practice at local levels. The duty with this crucial role is accepted, but we would argue for a minimal level of prescription on the nature of the assessment. The task force is supportive of the principle that the economic

assessment should reflect the real economic geography of sub-regions. The role must be carried out in such a way as to fully include all affected local authorities, both counties and districts. There should also be sufficient flexibility to enable partner authorities to undertake the assessment collectively or, where economic differentiation between authorities in a sub region warrants such an approach, through the aggregation of more local assessments. That flexibility should be reflected in the funding available to support this function.

With regard to funding, one specific concern is that the proposed mechanism to be used to support economic assessments acts as a disincentive to partnership working between authorities, as it will allocate less per authority to those that develop a joint assessment within their sub-region than if they had developed an individual assessment. This acts against the aims of the SNR and we would suggest that this mechanism be revised to encourage joint economic assessments where appropriate.

Perhaps the strongest message the task force would like to promote, is that the Government must continue to improve the way it collects and shares data to assist local authorities in carrying out economic development work (and local economic assessments). We welcome the work already underway within a range of Government departments to rationalise data collected and shared, for example the 'Managing Information Across Partners' programme being introduced by DIUS, which seeks to improve data sharing on learners and learning. The suggestions below are put forward to help assist both Government and local authorities to create a clearer picture of the socio-economic context within which the new assessments can be most effectively developed.

Spatial levels of data

There is a clear need for information to be gathered at a range of spatial levels beyond those already available. Many of the sources of data available are administrative rather than survey statistics and we need a consistent, trusted way of making data available to local authorities and their partners at a fine spatial level, for example:

- Information on business formation and failure rates at sub-district level
- Greater access to the Interdepartmental Business Register (IDBR) to compare trends/business growth etc at the district level, or ideally lower

- collecting data on companies registering/deregistering with Companies House, rather than just VAT registrations/deregistrations as many businesses, particularly in rural areas are micro-businesses and not VAT registered.
- Economic information at NUTs II level (e.g. on innovation levels)
- As a key output indicator, GVA per hour, per worker and per resident per annum and by the main Standard Industrial Classifications SIC sectors (per annum) should be readily available at a range of spatial levels
- Rural statistics on worklessness and work related skills and training are weak

As well as good data at the right spatial level helping to inform policy and delivery, the task force notes that for both urban and rural authorities a real consequence of not having data at a fine enough level of detail is that small areas of significant deprivation within less deprived areas are not picked up and are not therefore prioritised for local investment.

Data Quality

Many practitioners have concerns about the quality of the available data. For example, the tendency to use samples for some surveys (e.g. on skills), which become unreliable when broken down to smaller spatial levels and can therefore give an unrealistic picture of what is happening in areas which lack homogeneity, e.g. ONS's recent decision to reduce the sample size in the Labour Force Survey makes it less reliable at a local level. Also, the quality of the base level employment data at a local level, (especially those obtained from Office of National Statistics (ONS)), is inadequate e.g. Annual Business Inquiry data covers only a sample of businesses, and are often misallocated in terms of geography, making them unreliable. ABI data also has a tendency to be volatile, showing dramatic peaks and troughs year by year.

Data sharing and accessibility

The task force welcomes efforts being made by Government and its agencies to better share and present data, and notes that this has perhaps become more difficult over the past year due to public concerns about data protection. The recent Data Sharing Review (July 08) undertaken by the Information Commissioner recommended that 'safe havens' be established for population based research

and statistical analysis in which the risk of indentifying individuals (or individual companies) is minimised. The review recommended that Government departments work with academics and other partners to set up such havens, and that approved and accredited researchers should have access to them. The task force recommends that local authorities need to be amongst those partners, and council staff amongst the approved researchers. Further specific requests also include:

- Greater clarity around access to the council tax benefit register for statistical purposes only
- that government anonymise and share HM Revenue and Customs data which provides a good picture of business formation and growth
- that Job Centre Plus share data on where claimants in target groups live, with local partner agencies offering employment and training support.
- that DWP be more willing to share performance and delivery data.
- Access for councils under 'safe haven' conditions to data that has been matched (eg DWP benefits data and HMRC data)

Many respondents reported difficulty in extracting data sets from the ONS website, adding that income related benefits data (except Job Seekers Allowance) is often delayed and that much data is still based on old ward boundaries. This was a widespread concern also picked up in the task force's review of financial management burdens. There are also complaints that local authorities are required to buy some data sets – mapping and property data from Ordnance Survey and Land Registry ownership data - which can be expensive.

Gaps in data provision

Gaps in existing data provision also present problems for local authorities in being able to adequately assess the local economic situation:

- The National Employer Skills Survey is not comprehensive enough
- Census data is not felt to be useful, and there is a feeling that collecting some of this information only once a decade was too infrequent
- Better migration data is needed so that more accurate denominators for indicators such as GVA per worker/ resident can be made and the data can be used with confidence to plan and deliver services to the newly arrived

- The lack of ethnicity data and DWP benefit claimants make it difficult to understand the characteristics and needs of different ethnic groups locally and to ensure interventions are appropriate and effective
- A lack of data relating to BME groups and employment rates

A clear view of the task force is that there is a need for improvement both in the consistency of measurement of economic outcomes (to enable effective comparison and evaluation) and in the quality of indicators used. The task force is not proposing additional indicators nor is it proposing a series of very specific revisions to the National Indicator Set (NIS). However, it is clear that there is significant concern on this issue and that any appropriate review of the NIS should seek to address these weaknesses.

Recommendations

10. There should be minimal prescription by government on the content and detail of the economic assessment duty.
11. The funding mechanism for the economic assessment duty should be reviewed to ensure that assessments can be carried out in the way best suited to the needs of local and sub regional partners.
12. In order to support local economic assessments, dialogue should continue between ONS, government departments and local authorities on the specific issues outlined above to improve the availability of datasets for a variety of spatial levels and needs.
13. The ONS website should be redesigned and government should devote more resources and skills to ONS to give priority to the quality of data at the local level to enable local authorities to carry out local economic assessments successfully.
14. In undertaking appropriate review of the National Indicator Set it is essential that the current weaknesses in the suite of indicators relating to economic development be addressed.

4. Funding and Strategic Infrastructure

Whether the aim is addressing the root causes of deprivation, transforming an area into an attractive business location or addressing the strains on infrastructure presented by growth, it is widely recognised that successful economic development and regeneration outcomes result from strategic interventions based on plans which look at the needs of an area as a whole and address them over the long term in an integrated way.

It is clear from some encouraging recent developments in Government policy, including the SNR, Multi Area Agreements and the development of the National Regeneration Framework, that Government is beginning to recognise the importance of supporting local and sub-regional strategies which will address the real economic challenges facing functional economic areas. Steps to support such an approach are being taken and fast progress is being made in many places. This chapter sets out the continued practical challenges which local authorities and sub-regions are facing with the aim of highlighting the ongoing need for flexible and spatially focussed solutions to be developed, particularly in regard to the processes and mechanisms used for allocating, authorising, monitoring and appraising national and regional funding programmes at the local and sub-regional level.

Local authorities pursuing economic development and regeneration objectives have traditionally been presented with a myriad of funding streams from various sources, each with their own distinct processes and time restrictions, which they have knitted together in order to support the delivery of strategies and projects to meet local needs. Our review has found that the greatest practical burdens in assembling funds to support local aims are a result of the short term, fragmented and uncertain nature of the majority of funding streams. The rest of this chapter examines in detail the nature of these practical issues and recommends to Government how they might be overcome.

i. Enabling long term strategies

Without exception, people who deliver local economic development and regeneration projects on the ground emphasize the point that real change in local outcomes will only be achieved through a long term strategic approach. Major regeneration programmes take a long time to take effect and deliver the desired outcomes. So it is no

surprise that this review has found a broad consensus in local government that the short-term nature of funding programmes is one of the most significant barriers to success. Some even go as far as to say that short-term schemes can work against the grain of long term objectives as they encourage a focus on short-term outputs.

Whilst we recognise the importance for national economic management of the Government's three year spending cycle, this system presents such significant practical challenges in developing and delivering local strategies that there is an urgent need to consider more flexible ways of supporting long term strategies that work within the national three year system. The short term approach currently generated by this system undermines long term local initiatives, particularly where large capital and infrastructure projects are concerned. Funding commitments from Government departments and agencies often fall short of the Comprehensive Spending Review period in which they are made. Ultimately this lack of long term certainty limits the potential for key initiatives to succeed and therefore to boost economic performance.

Through the SNR the Government is rightly proposing integrated strategies to effectively underpin economic development within a spatial context. We believe that transport must be a consideration within integrated strategies, and put forward the Department for Transport's (DfT) approach to Regional Funding Allocation (RFA) Round 2 as an example of good practice in enabling longer term strategies. Although subject to future Spending Reviews, the RFA outlines indicative allocations at both a regional level for the provision of major schemes and a disaggregation down to individual transport authorities for the provision of integrated transport and maintenance allocations.

Most funding programmes have relatively short time limits requiring almost immediate spend and outputs. There is a need for much longer, firm commitments for funding with the expectation of future funding being made available on clear evidence of progress. One of the dangers of a short-term focus is disproportionate attention being given to quick wins and easy outputs, which can weaken the overall approach in the long term.

A further hindrance to long term progress is the lack of consistency between successive national programmes and the frequent reshuffling of national priorities, so called

“fashion funding”, which cuts short successful local projects that would be more likely to deliver long term change, in favour of new initiatives. This can also create a perverse incentive to develop strategies to fit with the latest funding pot rather than to focus on local needs. We support the proposed focus of the Framework for Regeneration to make “programmes fit for places, not places fit for programmes”.

A direct consequence of this kind of uncertainty is that it acts as a significant barrier to gaining commitment from private sector investors who require greater assurance of what will be delivered in the long term. This in turn hinders long term strategic planning and investment and reduces the potential for making real economic gains. We therefore support the regeneration framework’s recognition that only through long-term commitment to an area can successful regeneration occur and that private sector investors will only commit over the longer-term if public sector investment in regeneration provides the enabling conditions to reduce risks. We also welcome the regeneration framework’s proposals that Central Government will: integrate investment appraisals; unringfence money; encourage partnerships across functional economic areas; and merge funding streams.

In order to reduce the uncertainty and short term focus of funding programmes, the task force would support an approach where Government departments and agencies work together with local authorities and sub-regional groups to recognise and agree economic priorities for the area and commit to supporting investment strategies which will address these priorities in the long term. We welcome the advances in this direction signalled by the SNR, Multi Area Agreements and the National Regeneration Framework and would encourage the Government to ensure that such an approach is made consistently available to all places and delivers real change on the ground.

The Housing Market Renewal programme, although hampered by problems of funding uncertainty, did in some places develop successful innovations to provide funding up front for quick wins and the development of a long term strategy. Where Central Government stood back and gave local authorities freedom to develop the project there was a much greater sense of local responsibility leading to more effective local partnership working and delivery.

The below case study of Blackburn Town Centre illustrates the complexity and inefficiencies caused by a multiplicity of short term, narrowly focussed regeneration programmes and demonstrates the case for developing solutions which consider the needs of a place as a whole over the longer term.

Case Study: Blackburn Town Centre Strategy

Background

Blackburn with Darwen is one of the most deprived boroughs in the country (34th most deprived, worsening to 17th most deprived in the 2007 IMD review). The Council and its LSP partners recognise that Blackburn Town Centre is the economic engine of the town and offers the most realistic and sustainable opportunity to attract investment and tackle worklessness, to improve retail, leisure and cultural opportunities and in the longer term to generate growth, improve GVA and raise wage levels.

In 2003 the Council approved the Blackburn Town Centre Strategy as a focus for investment and to guide “the biggest (town centre) transformation in over 40 years”. The Strategy articulated distinct investment opportunities around key assets (Blackburn Shopping Centre, Blackburn Market, Blackburn Cathedral, Blackburn College, Whalley Range Bazaar, Freckleton Street, Eanam) and set out a programme of pump-priming investment by the Council and other public funders to support investment and raise confidence. This included:

- Key land and property acquisitions
- Transport, gateway and corridor improvements
- A high quality public realm programme
- Conservation of key buildings and streetscape

Funding and Implementation

Funding for the programme was enabled by East Lancashire (now rebranded Pennine Lancashire) being identified as a regeneration investment priority within the NWDA RES. The town centre had benefited from the SRB5 programme (2001-2007) matched with ERDF (GMLC programme 2001-2006) and in 2004 a successful submission to NWDA for Blackburn Town Centre Renaissance (BTCR) secured a further £13.125m over 6 years. The Strategy was boosted by £66m of flagship private sector investment by The Mall, owners of Blackburn Shopping Centre, contributing to levered private sector investment of £140m over 10 years.

Further investment was secured for Freckleton St Bridge (DfT, LTP), King Street Heritage Corridor (HLF THI), Cathedral Quarter (EP) and key partners including Blackburn College secured LSC and HEFCE funding for campus expansion. The Council's own capital programme was used to fund key supporting acquisitions and investments.

Review and Issues

Blackburn TCR has 2 years direct NWDA investment left to run. In 2007 a review of the programme led to a refocusing of investment to quicken the pace of acquisitions and secure key assets to allow future growth. The review coincided with the SNR and emergence of the Place-shaping agenda and led the Council to approach NWDA to consider the success of the programme but more importantly the longer term prospects for the town centre and the need to secure long term growth.

Despite the evident success of the programme the review highlighted key shortcomings and difficulties, most notably :

- the myriad of grant funding pots for discreet components of town centre renaissance discouraged any purposeful place-shaping - or managed risk-taking. What it did do was feed a management and monitoring culture to meet different and competing timescales, grant conditions and eligibilities, and conformity with rigid geographical boundaries.

For example the Cathedral Quarter, Freckleton Street and Blackburn College investment areas are yards apart, separated by two investment corridors, yet each has its own funder, fund, timescales and conditions which mitigate against effective place shaping and the achievement of other priorities e.g. skills development linked to local opportunities. A tour of these areas today would provide an insight into UK regeneration funding on the ground over the last 20 years – rather than evidence of seamless planned investment to provide an attractive place that works. Such funding arrangements may even be said to promote investment gaps between areas which detract from the investment made and provide problems for other agencies to deal with.

- the fixation of traditional grant funded programmes on short term outputs and spend rather than on broader and more sustainable outcomes
- the inflexibility of traditional limited-life grant funded programmes in disallowing opportunity investment and contingency planning

- the short-termism of grant programmes hinders sustainable planning and investment
- the inability to sequence funding to place-shape efficiently and effectively.

Future

The Council is engaged in dialogue with NWDA over future support for Blackburn Town Centre in order to allow for effective place shaping. This includes consideration of more long term sustainable funding streams and vehicles e.g. Joint European Support for Sustainable Investment in City Areas (JESSICA), where funding is provided over a 20 years plus period and funds are pooled to allow for greater flexibility and a much reduced management burden.

Recommendations:

15. HMT together with other Government departments should continue to develop and implement a new approach to regeneration funding streams which allows local strategies to be consistently supported over the long term.
16. Such spatially focussed agreements should be made available in all areas at the most appropriate functioning economic level
17. HMT should ensure that funding commitments for investment programmes are made for at least the three year CSR period, with indicative allocations set over a longer period to reflect longer term strategic investment priorities.

ii. A unified and streamlined approach

It is clear from our review that the fragmented nature of economic development and regeneration funding programmes continues to create unnecessary burdens in the form of costs, delays, inconsistent approaches, and make it more difficult for locally led projects to come to fruition. At its source this situation has arisen from a lack of coordination between Government departments and agencies which has often resulted in narrowly focussed initiatives each with their own processes and criteria for bidding, monitoring and appraising. We would again note the positive direction of travel from Government since the publication of the original SNR in seeking to create greater flexibilities for local authorities and sub-regions.

The Area Based Grant which came into effect in April 2008 is one such development which is designed to better allow existing national funding streams to be directed towards local priorities with fewer restrictions and less monitoring from Government. This move has been widely welcomed by local government in principle, although in the short term the practical benefits are limited as much of the funding was already allocated to support existing projects which predate the pooling of these funds. The task force welcomes the increased level of local responsibility presented by the Area Based Grant as it will strengthen local strategic leadership and require robust discussions about local priorities. We put the challenge to local government economic development and regeneration practitioners to support this enhanced local role and to maximise on the many benefits that come with an unringfenced approach.

Many local authorities and sub-regional partnerships are seeking further flexibilities to meet local economic development and regeneration needs. One key request is for Government to allow for the option to reprofile monies between funding pots in order to support locally led projects. This would of course require a strong local evidence based case to be made as well as agreement from sponsor agencies, but in principle should be more widely supported by Government.

Government departments and agencies tend to take a short term approach to monitoring the economic development and regeneration projects which they fund, leading to disproportional attention being given to short term outputs and processes. There is a need for a shift in focus towards long term outcomes with a view to capturing the wider benefits of projects on the economic and social well-being of local people.

A system of multiple appraisal processes for different funding streams is extremely resource intensive and creates duplication of effort. Many local authorities and sub-regional partnerships have raised with us the need for an alignment of appraisals between Government departments and agencies to form a single, common approach. The diversity of appraisal processes causes unnecessary costs and complications which hinder the progress of projects. It is seen that there is no good reason for Government not to have a single appraisal process, preferably following a recognised model, such as the HM Treasury Green Book, and that this is a necessary development if the objectives of SNR are to be achieved.

We would also reiterate that outcome measures should be considered where possible, and are encouraged that a “move away from outputs towards underlying sustainable outcomes” has been recognised in the framework for regeneration consultation document. However, if outputs are still deemed necessary and a single appraisal process is impractical a new cross-government approach should include the following characteristics:

- A common set of definitions for output variables
- A uniform geographical approach to provide consistency
- An alignment of appraisal timescales

Audits can also present an excessive burden if there are many every year and respondents feel that there should be a limit to the total number of audits carried out in a single authority in a year. We welcome the commitment within the framework for regeneration “to reduce the burden on regeneration partnerships of multiple evaluation requirements”. This rightly recognises the detrimental impact this can have on achieving an overall shared vision, as well as cost implications to the public purse.

Recommendations:

18. The new National Regeneration Framework should ensure that all economic development and regeneration programmes will take a coordinated approach based on the strategic needs of the local economy.
19. Government should allow for the option to re-profile monies between funding pots in order to support locally led projects.
20. All Government departments and agencies should adopt the HM Treasury Green Book appraisal process and set out consistent information requirements and timeframes.
21. Areas should be able to agree key outcomes with government for spatially focused projects that are utilising a number of different funding streams, reducing the need to report back on a range outputs to different funders.
22. Government programmes should move away from monitoring short term outputs and towards the long term outcomes that stimulate a real lasting impact.

iii. Access to funding

All respondents mentioned the difficulties caused by the multiplicity of funding schemes from Government, which results in many local projects needing to be supported by a number of schemes which are costly, difficult to combine and reliant on each other.

This review has also found that the barriers to accessing funding which will support action towards addressing local economic needs differ considerably depending on the size, structure and geography of the economic area in question. Whilst it is not within the remit of this task force to comment on Government's funding policy, we do feel it appropriate to comment here on the need for funding mechanisms which take into account the diversity of the economic structures and governance structures rather than a uniform national approach.

Urban authorities and groups such as city regions feel that strong partnerships of local authorities should be able to pull down funding to meet locally identified priorities, rather than funding being pushed down from the centre.

Rural authorities find that funding schemes are often designed for urban concentrations of deprivation rather than rural pockets and that more should be done to make funding mechanisms appropriate for addressing rural deprivation issues.

Local government has welcomed the SNR commitment to delegate funding to functioning economic areas. The task force feels that the priority here is the development of a clear, effective and simple framework which achieves the SNR objective of making delegation the norm, rather than the exception. A means to be found that enables decision making at appropriate economic geographies and levels and for the ability for local partnerships to flex investment to meet the requirements of places.

A number of barriers in the allocation of European funding streams were raised, most of which were outside of the scope of this review. However it appears that the way in which RDAs administer these funds does at times create bureaucratic burdens and has not been based on a conversation between equal partners. Local authorities

would like to be more consistently included in discussions about how the funding is distributed across the region.

Local authorities are often faced with very short timescales for putting bids together. As a result, they can face an unenviable choice of investing resources to get things right ahead of a suitable funding programme and run the risk of wasting resources if the funding does not materialise, or putting together a project that has not been properly developed to meet a bidding deadline. Local authorities welcomed the resource made available to assist in the development of Local Enterprise Growth Initiative bids and believe there is a need for greater recognition of this issue from Government and in setting the timescales for funding applications. We welcome proposals in the framework for regeneration that would allow for identification of regeneration investment based on a combination of need and opportunity. Allowing investment to be targeted in a more strategic and effective manner.

A number of respondents welcomed proposals for a Business Rate Supplement (BRS), although it was also pointed out that existing schemes such as the Business Improvement District (BID) Levy and ongoing work supported by this scheme should not be overridden. It should also be noted that although respondents broadly supported current and proposed initiatives for raising finance, such as BRS, BIDs, Community Infrastructure Levy (CIL) and LABGI, the potential for juggling this cocktail of funding to reinvest in long-term infrastructure projects brought fresh concerns.

The task force hopes that Government would investigate the possibility of providing a mechanism in which areas can benefit from pump priming loan funding or Government guarantees to facilitate major investment, on the proviso that revenues raised over a long period of time can then be used to pay back the initial outlay. Indeed, the Core Cities Group recently published an interim report¹ investigating new urban regeneration funding mechanisms. They considered the application of existing financial vehicles and instruments including: the proposed BRS, CIL and Regional Infrastructure Funds (RIS), as well as a new concept, 'Accelerated Development Zones' based on the principles that underpin Tax Increment Financing in the United States. They demonstrate through a number of case studies that

¹ Unlocking City Growth Interim Findings on New Funding Mechanisms. A report by the Core Cities Group and PricewaterhouseCoopers LLP - 2008

the application of a mix of new local funding tools, to support enabling infrastructure investments, could deliver significant benefits to local areas with the potential to generate long-term economic gains to the Treasury.

Recommendations:

23. The new National Regeneration Framework should ensure that funding mechanisms are tailored to provide suitable programmes for different types and sizes of local and sub-regional economies.
24. In discussions around the delegation of funding, the focus should be on the development of a clear, effective and simple framework that makes delegation the norm and that enables decision making at appropriate economic geographies and levels so that investment meets the requirements of places.
25. In setting the timeframe for new programmes, Government departments and agencies should give greater recognition to the time and resources required for local authorities to prepare evidence based bids.

iv. Incentive schemes

In conducting this review we have specifically looked into the burdens which prevent incentive schemes from working as effectively as they could. Local government's view of LABGI is well documented and has been discussed with CLG through the recent consultation process. Here we would like to raise some more general points about the challenges and potential solutions relating to incentive schemes in general. We endorse the view of the chief economic development officers society, CEDOS, who identify the characteristics of successful incentive schemes as:

- being firmly based on the principles of simplicity, predictability, fairness, stability and transparency;
- providing for long-term certainty of funding to enable local authorities and their partners to develop and implement long-term economic development and regeneration strategies;

be genuinely additional and not result from top-slicing existing funding.

And that in designing incentives, Government should:

- avoid putting in place too many separate incentive schemes operating to different objectives, processes and timescales. Where possible incentive schemes should be combined into a 'single pot' approach;
- provide incentives direct to local authorities and avoid long chains of decision-making, unnecessary sieving processes and coordinating structures.

We do not believe that incentive schemes should be ring-fenced nor should they be encumbered by the imposition of national and regional targets. We believe that the best approach to economic development and regeneration is for local areas to be able to decide on their own priorities.

Nevertheless, Government should encourage the use of incentive schemes to provide an additional impetus for local authority economic development activity. We believe it is important to be able to show tangible evidence that incentive schemes actually benefit business development and economic growth. In this context, incentive schemes should be linked to Comprehensive Area Assessment.

Recommendations:

26. Incentive schemes should be simplified and reward commitments made over a three-year period.
27. Incentive schemes should be firmly based on the principles of simplicity, predictability, fairness, stability and transparency.

v. Strategic infrastructure funding

The improving alignment between current transport funding arrangements and the wider economic development and regeneration agenda that has followed on from the recommendations of the Eddington Transport Study was welcomed by stakeholders as a step in the right direction. We also welcome the Government's commitment to a transport policy that delivers economic growth and lower carbon emissions as set out in *Towards a Sustainable Transport System*. However, we believe that there is still scope for further improvement and alignment between funding streams to meet these commitments.

A very specific issue is that any scheme valued at over £5m is seen as a major scheme and is subject to a rigorous assessment by DfT and is considered as part of the regional funding allocations (RFA) process. The figure of £5m has not increased for many years and so small, local schemes (e.g. a new bus station) are pulled through the RFA process and ranked against much bigger schemes that have true regional significance. Raising this figure would allow for a lighter touch review for funding allocation and would stop smaller schemes getting caught up in the process. We would therefore urge DfT to consider setting the most ambitious threshold possible, we certainly feel a figure in the region of £10m would not be unreasonable.

Several authorities reported that the Transport Innovation Fund (TIF) process has proved onerous and bureaucratic with many business cases needed for separate elements of complex schemes. Whilst it is recognised that DfT provide pump-priming development funds, we would urge them to continue to look at ways of reducing the burdens. Whilst it is not within the task forces remit to recommend policy changes, many consultees felt that aligning TIF funding to economic objectives rather than reducing congestion would be a step in the right direction.

The progress reporting for Local Transport Plan 2 (LTP2) should reduce the burden on authorities. A more flexible approach on how to report is also welcomed, allowing authorities to determine what works best for them. Further improvements could be made for the preparation of LTP3, with more flexible, less prescriptive, guidance from DfT, as the guidance issued for LTP2 was excessively prescriptive, and accorded very little priority to local priorities. The guidance should also better support councils in encompassing the complexities of rail transport and the Strategic Rail Authority into LTPs to ensure the LTP covers all transport infrastructure priorities which are important for the economic prosperity of a region.

Recommendations:

28. DfT should examine a light touch and proportionate methodology for small scheme appraisal including raising the £5m threshold figure with a view to implementation by 2010.
29. DfT should continue to look at ways of reducing the bureaucratic burdens of the TIF bidding process.
30. DfT should support and clarify to local authorities in the next LTP guidance how best to encompass rail travel and engage with the Strategic Rail Authority in future LTPs.

5. Skills and Worklessness

There has been, and continues to be, considerable change around the skills and worklessness agenda, particularly in the landscape of regional and local delivery structures. The direction of much of this change is very positive and presents many opportunities for local authorities as a result of the emphasis on a more localised, demand led and user centred system. In the context of this change, our call for evidence has highlighted to the task force the complexity of translating national changes to local structures that meet local needs without adding to the burden for local authorities by over fragmenting the landscape making it difficult to join up the skills and worklessness agendas locally. The over-arching theme emerging from our evidence is a call for councils to be more closely involved with decision making about skills provision via a more localised, flexible and responsive system. It is pleasing that these issues are being taken up at a national level under the leadership of DIUS and DWP, however, this chapter outlines some of the challenges that remain in the development of a flexible and efficient system locally, with a focus on commissioning, data sharing, organisational alignment and restructuring.

Following the call for evidence for this review which took place in April 2008, a number of key strategic documents were subsequently published by both DIUS and DWP. Significantly, the publication of the Work Skills command paper in June 2008, the implementation of DWP's February 2008 Commissioning Strategy and the DWP green paper: 'No One Written Off' have all taken place concurrently with the development of this review. Consequently we have developed the report and recommendations based on the issues raised though the call for evidence but also considered how far they may be addressed as these strategic documents begin to have an impact.

i) Alignment

From the perspective of many in local government, JobCentrePlus (JCP) and Learning and Skills Councils'(LSC) business plans are not always linked to local priorities. JCP priorities are seen as being set by DWP with little room for meeting specific local needs or contributing towards meeting local partnership targets. JCP is often the largest resource in a locality but its inflexibility means that those resources are not always locally focused or effectively used. There was some evidence that strong local connections did result in a more flexible approach being taken but this was

a result of informal local partnership working on an ad hoc basis rather than formal mainstream ways of working. The complexity of targets, that were sometimes conflicting, hindered the alignment of priorities between partners at regional and local levels. The Work Skills proposals go some way to addressing this but national priorities for reducing benefit dependency still need to be better aligned with the wider issue of developing prosperous communities.

Within the City Strategy partnerships the development of employment and skills boards offer a governance structure through which budgets could be pooled or aligned to focus employment and skills provision on local circumstances. Notwithstanding this, in some cases they still reported difficulty in influencing the priorities of mainstream worklessness and skills delivery. The City Strategy Learning Network's report 'Request for Further Enabling Measures' seeks agreement from local and national partners to a single Framework of Employment and Skills Targets (FEST) including, in England, Local Area Agreements targets. City Strategy has not addressed the inability of JCP to work with locally defined priorities as they are not mandated to do so. This has resulted in a call for more a formal requirement for them to co-operate.

The barriers to aligning and pooling mainstream funding from different government departments to tackle skills and worklessness were identified as a significant burden by local authorities. Artificial barriers are created where eligibility to different funding streams does not cross administrative boundaries within economic areas or where it fails to meet the specific needs of individuals or sectors such as migrant workers, older workers or adults with mental health conditions.

Recommendations:

31. Sub-regional and local partnerships to provide the governance, particularly in city regions, for a pooling of resources, and common framework within which all the agencies providing labour market and skills provision can operate.
32. Allow greater flexibility for national initiatives to respond to local needs and demands based on robust local labour market analysis.
33. Targets should have a common framework, for all

agencies delivering the skills and worklessness agenda. These targets should be flexible and responsive to local needs and aspirations.

ii) Commissioning

Skills

The *Work Skills*² paper makes a number of proposals to the institutional architecture replacing Learning and Skills Councils in order to move to a demand led skills system. The new Skills Accounts will be available universally and provide a virtual “voucher” for those eligible based on existing entitlements. These should allow for a more flexible approach and enable people to access support, either around basic skills or vocational training, to prepare for employment or enhance their skills within the workplace. The extension of the Train to Gain programme to assist employers to either recruit appropriately skilled individuals from disadvantaged groups or to improve the skills of their workforce is also welcome.

Employers should be better able to shape local skills provision through Local Employment Partnerships with JobCentre Plus. The challenge for local authorities will be to ensure that the strategic decisions about local skills that are to be taken in a demand led system reflect the needs of local economies. The advice and support provided to individuals will need to be grounded in labour market information and reflect local circumstances both in the short and medium term to ensure that sector provision is effective and leads to sustainable employment.

A secondary concern in local government is the burden that may be placed on local authorities for those individuals falling outside of the skills account criteria or those who have exhausted their entitlement but remain workless. DIUS has advised the task force that skills accounts will be accessible to all adults resident in England and those not entitled to fee remission will still be able to access other products and support. This may include access to ongoing advice and follow-up support from careers advice services. It remains to be seen how effective this support will be, given an inevitable focus from services on the ground to prioritise support to benefit claimants, especially in tightening economic circumstances where fewer jobs may be available.

Worklessness

The current economic climate also calls into question the achievability of the government’s 80% employment target. It is clear nevertheless, that support programmes need to be highly tailored towards local needs and based on local knowledge. The DWP, through its Commissioning Strategy, will procure provision through a single national point and the main ‘spine’ of national programmes will be the same to ensure consistency with regard to benefit conditionality. There are clear risks that the new commissioning framework fails to deliver labour market interventions that suit the economic realities of sub-regional and local labour markets.

Many local authorities have raised concerns that DWP’s move to regional commissioning for support services has resulted in a reduction in the flexibility to work with the delivery organisations on the issues that are specific to the local area. Some suggest that regionalisation has marginalised local agencies, which have better access to the communities most in need of support because of the size and complexity of contracts. It is felt that local authorities and sub-regional partnerships should have a clear role in all aspects of the commissioning process, from specification to performance management to ensure that services are in place that will meet real local needs and that the commissioning process aligns with LAAs and MAAs in the area.

A further potential opportunity for local involvement is greater collaboration between small local providers to create umbrella organisations which are able to act as sub-contractors to prime contractors. For example, Enable is the Nottingham and Nottinghamshire Voluntary and Community Sector Learning and Skills Consortium. It was established to enable voluntary organisations and community groups to effectively engage in the development and delivery of the local learning and skills agenda.

To some extent there is a lack of clarity amongst local authorities as to the way in which DWP contracts operate in the most deprived areas. It is felt that their contracting frameworks, which measure by job outcomes, will lead to cherry-picking and that those individuals who are more distant from the labour market will not receive the services they need to secure sustainable employment. This lack of flexibility is reported to have hindered long-term planning and

² Work Skills paper, Department for Innovation, Universities & Skills, DWP June 2008

the development of effective action, especially in deprived areas where there are higher concentrations of claimants requiring more complex and time-consuming support.

The City Strategy partnerships have developed a local commissioning structure, in particular Employment and Skills Boards provide a mechanism to enable a better co-ordinated approach to the commissioning of employment and skills programmes in the sub-region. Greater Manchester is keen to persuade Government Departments and agencies to support its employment and skills initiatives as model employers and so, for example, to agree to implement the jobs and skills pledges as well as the workplace health activity as set out in the recent Dame Carol Black Report. It is anticipated that this will bring about a transformational change to the employment and skills landscape to meet local circumstances and aspirations.

The task force recognises that those local authorities who either currently do not have an employment and skills board, or are not proposing to seek section 4 status³, are still seeking a more open and inclusive commissioning process where JCP, Learning and Skills Councils, local partnerships and national and local government agencies contribute to the development of specifications for contract procurement. This is seen by many as critical to ensuring that support provision contracts meet local conditions, and is a commitment in the DWP's Commissioning Strategy but is not yet necessarily the experience on the ground.

DWP is presently in the first phase of the *flexible new deal* commissioning process which has developed from the DWP Commissioning Strategy. Sub-regional contract areas have been determined and there is an indication that potential Prime Contractors (of which there will be two in the sub-region) are approaching local providers to develop their bids in response to the pre-qualification questionnaire. A point of concern is the fact that this contracting area (for example Nottinghamshire, Leicestershire and Northamptonshire, who constitute a single contracting area) does not align to any recognisable economic sub-region within the (East Midlands) region and there is a risk that the delivery will not meet its labour market needs. This single contracting area has been selected to be a 'customer choice area' where individuals

can select the training provider of their preference. At this stage it is not clear how this will impact on delivery through two prime contracts and their relationships with local sub-contractors. Local partnerships have been consulted on the process; however there is still concern as to how they will be able to influence contract design and delivery.

Many rural authorities also feel distant from the commissioning process because it has failed to recognise the nature of the rural employment market. Rural areas with pockets of deprivation, worklessness and low skill which are often highly concentrated in a small area with a relatively low total population are often not adequately supported by worklessness and skills provision. The results often are inadequate training provision across sectors, limited access to JCP services and little acknowledgement higher costs of training.

We would also acknowledge the potential difficulties of the alignment of priorities for young people's provision⁴. To commission provision for young people, it is expected that local authorities will work as part of a wider sub-regional groupings reflecting travel-to-learn patterns. In particular for conurbations, this may lead to conflicts between regional, sub-regional and local authority level priorities, especially since under the new arrangements local authorities will be funded according to the number of young people taught in each institution located in their area, not according to where the young people live.

The Parliamentary Select Committee on Work and Pensions is inquiring into DWP's commissioning strategy and employment programme market⁵, Seeking evidence on: a) development of the employment programme market, b) simplification of DWP's contracted provision, c) performance management, d) regional and sub-regional differences, e) long-term effectiveness of interventions and f) the customer experience. The task force welcomes this inquiry and hopes the outcomes will help support the partnership between local authorities and DWP on the skills and worklessness agenda in line with the roles and responsibilities outlined in the SNR and regeneration framework.

³ 2007 Further Education and Training Acts

⁴ Machinery of Government changes June 2007

⁵ http://www.parliament.uk/parliamentary_committees/work_and_pensions_committee/wappn26a0608

Recommendations:

34. Employment Support Services should be commissioned based upon geographies that best reflect the sub-regional and local labour market and reflect economic realities. Geographical sub-regions should be the same for all strands of economic development activity.
35. Eligibility criteria should recognise and address the needs and challenges of high deprivation communities with the local labour market approach. Sub-regional and local partnerships need to be able to flex eligibility criteria to meet sub-regional and local labour market needs.
36. Local authorities responsible for developing economic assessments for their areas should be involved in designing, commissioning, and monitoring employment support services and making the strategic decisions about skills that remain in a demand led system.

iii) Data sharing

Data sharing, of both personal and management information between local partner agencies was seen by many respondents to our call for evidence as a significant restriction to partnership effectiveness. This was particularly mentioned in relation to JCP data because of the restrictions from DWP. Barriers cited include data protection regulations and sometimes an unwillingness to cooperate from front line managers. However, it seems that practice varies significantly between different areas as some local authorities reported that they were able to access low level worklessness data from JCP locally. There are examples such as the Nottingham Works programme which seconded a JCP staff into the local authority to facilitate access to data in order to target support more effectively and efficiently. This approach has been further developed by the City Strategy Learning Network through their work on protocols for data sharing with Job Centre Plus. It is hoped this will see employees of local authorities and other partner agencies being identified to go through relevant checks and vetting processes to have access to data held by other partners. This is still under consideration but could provide a step change in the ability of local services to respond in a timely and targeted manner to local employment market changes.

The lack of data consistency either due to spatial differences or the type and level of data collected, as explained in chapter 3, presents particular barriers around skills and worklessness. This misalignment results in significant complications surrounding the identification of baselines and performance measures. It affects the ability of local authorities and national and regional agencies to understand local environments, to make robust and meaningful interpretation of the data and to develop appropriate local responses. Inconsistent or incomplete data can lead to an incorrect analysis of worklessness issues and fail to recognise and address the root causes of worklessness.

We welcome the progress made by DIUS through the Managing Information Across Partners (MIAP) service. Its purpose is to manage information sharing in a transparent and controlled way. MIAP will enable an online Learner Record Service to be developed which can be shared between agencies. Once generated records will be able to be aggregated and anonymised to allow analysis to take place for example based on sector, area, type of learner. MIAP potentially represents a significant step forward for improving skills planning at all levels. To build on this in the future, we suggest that such a system be expanded to map the whole journey from benefits trough to training and into work.

Recommendations:

37. A comprehensive data set should be developed within a common framework to align data collected both on skills and worklessness by different agencies.
38. Building upon MIAP, protocols for sharing data on worklessness, in addition to skills and learning, should be developed to ensure that there is clarity on the type and level of data that can be shared.

iv) Restructuring – 16 – 19 machinery of government changes

There is an apprehension that the new Skills Funding Agency and Young People's Learning Agency (YPLA) will be focussed on funding mechanisms and not local planning because it operates at national level and therefore remote from local labour market intelligence. DWP says the YPLA will have a place on the Regional Planning Group set up to assess and endorse the local and sub-regional

commissioning plans, so will have information at local level. However, because it is intended for post-19 provision to be demand led, both by employers and individuals, it will be important that the skills system is able to flex locally. This can only be done if planning reflects the right spatial level. Skills needs and provision should be determined at a functional economic level not regional or national levels. It is essential that there are close linkages between the UK Commission for Employment and Skills (UKCES) and local structures to provide a voice in the delivery of UKCES functions.

We are concerned that there could be significant operational problems caused by this restructuring if, when designing the new system, it does not enhance local working but adds a new layer of bureaucracy. It should result in fewer organisations and boards and a less complex partnership landscape. Any restructuring would increase burdens if it seeks to impose prescribed ways of planning and delivering services or does not ensure that key stakeholders are on board.

The task force would like to emphasise that the changes in infrastructure need space to develop particularly the interaction with new partners or partnerships and there needs to be some time and effort given to establishing good working relationships. Local authorities recognise the need to build their capacity and skills to manage this transition either through knowledge transfer, for example through staff relocation, or in-house development.

Recommendations:

39. Ensure that restructuring serves to reduce bureaucracy and those new non-departmental public bodies and agencies do not increase the infrastructure of decision-making and move decisions further away from the lowest possible level of geography.
40. Government should provide sufficient support and resources to build the capacity of local authorities to undertake a full role on skills and employment commissioning.

Appendix A: Summary of recommendations

A. Barriers to Place Shaping

1. Organisational and programme integration, in particular the alignment and coherence of funding regimes are dominant themes in the first wave MAAs. The evaluation of the effectiveness of these MAAs therefore should seek to review the extent to which necessary alignment is being delivered without recourse to a statutory duty to collaborate
2. CLG to commission an evaluation of the practical workings of the duty to co-operate – whether it has actually strengthened and supported partnership working, and to examine whether there is evidence of the absence of such a duty proving an obstacle to effective outcomes
3. RIEPs and the IDeA should consider offering support to groups of local authorities that are interested in developing an MAA but which currently lack the capacity to do so. In particular, they should encourage and support district and county councils in two tier areas to work together to propose MAAs where this would enable more effective place shaping and economic development in their wider economic geographies.
4. The regime under which RDAs operate should be reviewed to ensure that there is sufficient flexibility available to better enable cross-region and cross-sectoral collaborations.
5. IDeA and the RIEPs could assist the local government sector to share good practice and knowledge of the successful application of the well-being powers to encourage confidence in their use.
6. The new Homes and Communities Agency and National Regeneration Framework must keep as priorities the alleviation of multiple reporting and an effective spatial approach to interventions.
7. The CAA should be regarded as a sufficient mechanism to assess the capacity of local authorities, working alone or in sub-regional partnerships to take on funding delegation from RDAs.
8. To support the creation of an Integrated Regional Strategy which is as joined up and holistic as possible and fully integrates rail into the planning process.
9. The local/sub-regional economic assessments should form the building blocks of any integrated regional strategy with RDAs and local authorities working together to build an agreed common evidence base.
10. There should be minimal prescription by government on the content and detail of the economic assessment duty.
11. The funding mechanism for the economic assessment duty should be reviewed to ensure that assessments can be carried out in the way best suited to the needs of local and sub regional partners.
12. In order to support local economic assessments, dialogue should continue between ONS, government departments and local authorities on the specific issues outlined above to improve the availability of datasets for a variety of spatial levels and needs.
13. The ONS website should be redesigned and government should devote more resources and skills to ONS to give priority to the quality of data at the local level to enable local authorities to carry out local economic assessments successfully.
14. In undertaking appropriate review of the National Indicator Set it is essential that the current weaknesses in the suite of indicators relating to Economic Development be addressed.

B. Funding and Strategic Infrastructure

15. HMT together with other Government departments should continue to develop and implement a new approach to regeneration funding streams which allows local strategies to be consistently supported over the long term.
16. Such spatially focussed agreements should be made available in all areas at the most appropriate functioning economic level.

17. HMT should ensure that funding commitments for investment programmes should be made for at least the three year CSR period, with indicative allocations set over a longer period to reflect longer term strategic investment priorities.
18. The new National Regeneration Framework should ensure that all economic development and regeneration programmes will take a coordinated approach based on the strategic needs of the local economy.
19. Government should allow for the option to re-profile monies between funding pots in order to support locally led projects.
20. All Government departments and agencies should adopt the HM Treasury Green Book appraisal process and set out consistent information requirements and timeframes.
21. Areas should be able to agree key outcomes with government for spatially focused projects that are utilising a number of different funding streams, reducing the need to report back on a range outputs to different funders.
22. Government programmes should move away from monitoring short term outputs and towards the long term outcomes that stimulate a real lasting impact.
23. The new National Regeneration Framework should ensure that funding mechanisms are tailored to provide suitable programmes for different types and sizes of local and sub-regional economies.
24. In discussions around the delegation of funding, the focus should be on the development of a clear, effective and simple framework that makes delegation the norm and that enables decision making at appropriate economic geographies and levels so that investment meets the requirements of places.
25. In setting the timeframe for new programmes, Government departments and agencies should give greater recognition to the time and resources required for local authorities to prepare evidence based bids.
26. Incentive schemes should be simplified and reward commitments made over a three-year period.
27. Incentive schemes should be firmly based on the principles of simplicity, predictability, fairness, stability and transparency.
28. DfT should examine a light touch and proportionate methodology for small scheme appraisal, for schemes at least up to the value of £10m. If this proves successful, DfT should look at raising the light touch threshold still further within 12 months.
29. DfT should continue to look at ways of reducing the bureaucratic burdens of the TIF bidding process.
30. DfT should support and clarify to local authorities in the next LTP guidance how best to encompass rail travel and engage with the Strategic Rail Authority in future LTPs.

C. Skills and Worklessness

31. Sub-regional and local partnerships to provide the governance, particularly in city regions, for a pooling of resources, and common framework within which all the agencies providing labour market and skills provision can operate.
32. Allow greater flexibility for national initiatives to respond to local needs and demands based on robust local labour market analysis.
33. Targets should have a common framework, for all agencies delivering the skills and worklessness agenda. These targets should be flexible and responsive to local needs and aspirations.
34. Employment Support Services should be commissioned based upon geographies that best reflect the sub-regional and local labour market and reflect economic realities. Geographical sub-regions should be the same for all strands of economic development activity.
35. Eligibility criteria should recognise and address the needs and challenges of high deprivation communities with the local labour market approach. Sub-regional and local partnerships need to be able to flex eligibility criteria to meet sub-regional and local labour market needs.

36. Local authorities responsible for developing economic assessments for their areas should be involved in designing, commissioning, and monitoring employment support services and making the strategic decisions about skills that remain in a demand led system.
37. A comprehensive data set should be developed within a common framework to align data collected both on skills and worklessness by different agencies.
38. Building upon MIAP, protocols for sharing data on worklessness, in addition to skills and learning, should be developed to ensure that there is clarity on the type and level of data that can be shared.
39. Ensure that restructuring serves to reduce bureaucracy and those new non-departmental public bodies and agencies do not increase the infrastructure of decision-making and move decisions further away from the lowest possible level of geography.
40. Government should provide sufficient support and resources to build the capacity of local authorities to undertake a full role on skills and employment commissioning.

Appendix B - Acknowledgements

In researching and drafting this report we are indebted to the assistance and submissions given by the following colleagues and organisations:

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Ian Keating – LGA
Chris Holme – London Borough of Tower Hamlets
Rachel Gapp – Lifting the Burdens Task Force
Ben Wilkinson – Lifting the Burdens Task Force

Respondents to the Call for Evidence:

Chief Economic Development Officers Society (CEDOS) /
County Surveyors Society (CSS) – joint submission based on
views from 11 upper tier LAs Local Government Yorkshire &
Humber (representing 22 LAs)
Core Cities
Cornwall County Council
East Sussex County Council
Dorset County Council
Wakefield MDC
Cheltenham BC
Sheffield City Council
Rotherham MBC
Surrey County Council
Westminster City Council
Derbyshire County Council (environmental services)
Birmingham City Council
Chorley BC
Oxfordshire
Lincolnshire
LB Croydon
Leeds City Council
Doncaster
Suffolk Coastal District Council
Greater Manchester
Manchester City Council

Nottingham City Council
Kent County Council
Tees Valley Joint Strategy Unit
Salford City Council
Hartlepool Borough Council
Cross River Partnership (Inner London)
Metro (West Yorkshire PTE)
British BIDs
CLES
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