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Bearing the load for local growth

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Policy roundtable summary
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1. Overview

Context: local growth, recovery and the spending review

Soon after his appointment as business secretary, Kwasi Kwarteng dismissed the previous government's industrial strategy as a 'pudding without a theme'. Upending the previous rationale and policy prescriptions driving the previous five years of local economic policy has led, quite naturally to a degree of uncertainty. This has only been exacerbated by the response to the pandemic and the complications of engineering an unprecedented economic recovery programme.

As is often the case, there is as much continuity as disruption amid a changing of the guard. But the expectations placed upon local government and its responsibility for ensuring place prosperity can only magnify. Managing complexity is one thing. But doing so without knowledge of long-term funding arrangements, without the full clarity of an explicit and narratable national growth policy, or surety as to how government promises of intervention will land, and amid a new landscape for local growth bodies, will be quite another.

The local state, armed with its knowledge of the inherent strength of its localities and people, can effectively use its many sources of local power – from convening to procurement – to take decisive and effective action in support of economic growth of its own accord. However, if it is to respond in a more self-reliant manner, it would be helpful to first identify the challenges and opportunities that will arise from this revised agenda for local growth.

Localis is grateful for the input and insight provided by the roundtable's attendees, who have been listed overleaf. The roundtable series was kindly funded by Capita who have had no involvement in either the content of the meeting agenda or this report.

Roundtable agenda

With this context in mind, the roundtable considered the following topics and questions:

- ***Building back better - does place get a look in?*** *How does the role of 'place' now come into play following the formal abolition of 'industrial strategy' and the Build Back Better approach outlined in the March 2021 Budget?*

- ***Is there a local structure for growth?*** *How will local authorities be expected to perform their crucial - but non-statutory - economic development functions in the new ecosystem for good growth?*

- ***'Bobbing for apples' - the autumn spending review.*** *How might the autumn spending review present an opportunity to align funding with the shaping of local economic strategy?*

- ***The role of place in building skills for levelling up.*** *Is there a 'once in a lifetime' opportunity for local government to seize the skills and post-school education agenda to reform and improve local labour markets?*

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Panellists

A range of national and local experts were invited to the panel to lend their thoughts on the challenges and opportunities presented by the push to local growth and regional development encapsualted in the levelling up agenda:

- ***Rachel Shimmin**, Chief Executive, **Buckinghamshire County Council***
- ***Paul Abraham,** Managing Director of Local Public Service, **Capita***
- ***Kate Fitzsimons,** Business Development Director - Government Services, **Capita***
- ***Cllr Philip Bialyk,** Leader, **Exeter City Council***
- ***David Smith,** Business and Enterprise Programme Director, **Kent County Council***
- ***Jonathan Werran,** Chief Executive, **Localis***
- ***Carolyn Dwyer,** Strategic Director of Development, Growth and Regeneration, **London Borough of Sutton***
- ***Prof. Chris White,** Visiting Professor of Industrial Strategy, **Loughborough University***
- ***Tom Bridgman,** Executive Director of Development, **Oxford City Council***
- ***Mark Parkinson,** Head of Planning Policy and Enabling, **Staffordshire County Council***
- ***Dawn Redpath,** Director for Economy and Growth, **Surrey County Council***
- ***David Godfrey,** Executive Director, **Thames Estuary Gateway***
- ***Philippa Venables,** Director of Regeneration and Economy, **Walsall Council***

2. Roundtable Discussion

Each agenda item was posed to the group by Jonathan Werran, as meeting moderator, and attendees were invited to contribute. The following is a write-up of key contributions for each topic.

2.1 Building Back Better

Aligning multiple agendas

It must become imperative to turn places into destinations with homes and jobs that can be related to – sustainable, green jobs that are modernised, future proof, and feed into a broader cultural offer. Agendas such as 'Build Back Better' and 'Levelling Up' will still fundamentally require strategic thinking and industry support. If growth is to be stimulated evenly, then those furthest away from current and potential opportunities must be identified and brought into the fold of this process.

On the wider stage of 'Global Britain' too – local authorities have a key role to play. As things open again, there is a fresh opportunity for place leaders to link with others regionally, nationally, and internationally to bring in new private investment – linking with communities and residents downstream will also be incredibly important to this process.

Shared understanding

Local government must be working towards developing a shared understanding of what levelling up really means. If levelling up is to be spoken of in terms of a variety of metrics – whether GVA, education, housing, or education – then it must be understood that the UK is a very uneven country, often even within localities and neighbourhoods. There must be clarity about the problems that needs fixing and a recognition that needs and problems, and therefore solutions, will be different in different parts of a locality, region, and the country writ large. Levelling up will require disruptors and interventions – but local authorities must be prepared to know where, why and how and not just apply these practices haphazardly. This calls for a more granular approach to levelling up that begins with identifying what specific parts of the country, and the localities within them, have what specific problems. This can only be achieved collectively and collaboratively at the level of place to build the evidence base required, develop a nuanced understanding of local need, and strategise to act accordingly. Growth boards or other forms of collaboration between key local stakeholders are key to operation of local government going forward.

Hard work must be done on mapping local assets and what localities have that can be built on. If the sector can deliver key asks upstream and have these fulfilled in a clear and precise manner, then local authorities will be equipped to deliver growth potentially downward. Whether transport, digital, or levelling up – all require a significant input of resources, input that will inevitably require direction. Local government must become clear on this direction. Similarly, the skills and jobs necessary for the future have not even been thought of properly yet. It is very difficult to deliver social value and useful skills when faced with an environment of uncertainty on what this value means locally, and what skills are needed specifically.

Granularity

Furthermore, there often seems to be an artificial separation between the South and the North when discussing policy, but these two parts of England are mutually dependent on each other. It may be true that the two, much like all of England's regions and localities, need different approaches but this must ultimately be looked at on a more granular basis rather than this false, unhelpful separation. This also applies locally, when delivering in a place, local authorities should seek to ask of themselves; 'who is owning place leadership?' There is untapped potential if you do not garner an understanding of how close places complement each other. As it is through such an understanding that interventions can be created to support a more balanced economy and 'level up'. There is great potential for local authorities to be working together to do things differently, many already do. Innovation is happening in places but is ultimately disconnected from the rest of the country.

Strategic planning

A key part of the problem facing the sector regarding the delivery of growth, that will inevitably hamper 'levelling up' too, is the lack of spatial planning and making best use of the critical mass available within the sector in terms of data, resources, and knowledge. Net-zero is another goal that cannot feasibly be delivered effectively without bringing local government into the fold – particularly around retrofitting and relevant planning issues. Deregulation of planning could be key here – to be able to turn places into destinations, rather than just transactional centres.

2.2 Local structure and growth

Community accessibility

It is very hard for communities to understand how they are governed with so much bureaucracy and so many layers – which has bad implications for the principles of local democracy. The risk management of the complex governance systems and bureaucracy we operate within is critical – as opposed to holding out for devolution and hoping for the best. For many place leaders, devolution is becoming less and less ideal as reorganisation risks distracting us for a generation. Alignment is a far more achievable when risks are managed and there is widespread partnership working across local government.

Collaborative structures

Local government must think carefully about governance. The establishment of growth boards are steps in the right direction here. A local structure for growth relies heavily on organisation – teams must be organised, otherwise it becomes messy. There is an unhelpful assumption pervading central government that if you want economic devolution, this must be accompanied by political reorganisation – but this is not always the case. Political leadership becomes very important here – leaders of councils are almost always in place far longer than most central ministers and secretaries of state. What must be done is working by collaboration, getting place stakeholders together as leaders of place, whereby a political direction is provided. Leaders of place must be confident in their ability, longevity, and stability in place. We need a structure that works both in terms of interacting with central government, but also as a delivery mechanism of a shared vision for growth leading forward.

It must be recognised that there is significant complexity, often more than is necessary, and that current governance arrangements hold back growth. Local government is trying to manage sensibly, but the

complexity of the current layered, patchwork system gets in the way here. The issue is that clarity should not come at the expense of simplicity or transparency. However, central government tends to change the goalposts every three years or so, leaving little certainty for local government in any of its structural processes. Subverting this tendency will be about dispersed leadership and making sure there is alignment across all place stakeholders. Form will follow function. If devolution is going to be viable, local government must be able to demonstrate what can be done with it.

Place or 'growth' boards are becoming an effective forum for this collaboration, as are co-designed local strategies and the involvement of anchor institutions and LEPs. All parts of the country have different economic structures, with urban and rural spaces, towns, and cities – these all have different economic and political contexts. Collaboration will expose these tensions, but it allows for them to be discussed, managed, and ultimately resolved in a manner that speaks to unique circumstance whilst still working for the betterment of all. This type of collaborative, organised structure must be established first to get key themes, priorities, and outcomes clear. A joined-up, collaborative approach will engage partners in place without the need for any hard political reorganisation.

Local Enterprise Partnerships

Local Enterprise Partnerships (LEPs) have been shown to be a very effective vehicle through which to do this. They manage to be bipartisan and adept at bridging political divides for the sake of regional prosperity. However, it must be accepted that LEPs specifically may not work elsewhere. LEPs work when there is a shared sense of local identity. However, when this is not apparent, then LEPs can add another layer of unnecessary complexity. Nonetheless, it is about bringing together and using the critical mass of county-wide vehicles to find out what's right for all. We need to work on what a more partnered, fluid structure of governance towards local growth may look like.

2.3 Place, skills and levelling up

There is a new-found opportunity to look at how many national and international businesses will be localising their ways of working. Recruitment and employer-led skills provision that were previously limited by geographical barriers and the like are being torn down by the burgeoning potential of homeworking – and other changes to working habits that the pandemic engendered. There needs to be longer-term workforce planning, as well as developing an understanding of the shift from national to local and how new workforce dynamics can work towards supporting strategic priorities locally.

Nonetheless, there must be more local discretion on local skills provision specifically, as centralised courses or initiatives available tend to be overly prescriptive and lacking in local nuance. There needs to be more room for adaptation to local place and for local authorities to be the vehicles of delivery – facilitated by their knowledge, data and understanding of place and people. Furthermore, existing initiatives appear to be operating in isolation from each other. There is also too much competition in terms of how Further Education colleges and other relevant skills providers receive their funding – this does not help longer-term planning of skills provision and relevant job opportunities. Councils must act as a coordinator between private entities and local educational institutions to ensure commitments around training and skills provision are enhanced and upheld in the most constructive and effective way possible.

2.4 The spending review

Thoughts around the panel on the upcoming spending review were succinct and incisive at this stage – and were elaborated on considerably in our more recent, post-spending review event 'Going Long'. Nonetheless, local government is convinced of the unsuitability of 'tournament funding' for central cash pots and is sceptical that it will ever see the end of such a broken system. Local authorities are having to learn difficult lessons in how to disperse pipelines for their strategic priorities in an environment where funding is often as disruptive as it is intended to be helpful.

However, a more optimistic view is that, whilst there may not be any new money entering the sector for economic growth, there could be a diversion of existing money in the system. Where these diversions lead – whether regions, sub-regions, or local authorities themselves – will be a key signal. The future of LEPs and industrial strategies were also seen as key here.

What is ultimately necessary is certainty. Local government needs to be stronger in its demand for longer-term funding that is more of a needs-based settlement, than patchwork bidding rounds. There is precedent regarding the NHS and their longer-term, more assured settlements, so why not build on this and offer up a similar arrangement for local government. Relatedly though, local government must be certain and clear with how it plans to make better use of money that it already has. There will inevitably be poor place policies that can be reformed to be more cost-effective and locally beneficial.

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