

Local Government Association Industrial Strategy Briefing 1 December 2017



Introduction

On 27 November 2017 the Government published the 'Industrial Strategy: building a Britain fit for the future'. The White Paper sets out the Government's final plans for supporting Britain's industrial sectors, improving productivity, driving growth across the country and making British business more competitive. This White Paper follows on from January's consultative Green Paper to which the Local Government Association (LGA) responded calling for a place-based approach. The strategy is structured under five foundations of productivity: ideas, people, infrastructure, business environment, and places. It draws together in one place a range of new and existing policy and related funding.

This briefing summarises the main announcements in the industrial strategy of relevance to local government and sets out the Local Government Association's response. The full White Paper and associated announcements can be found on the Department for Business, Energy and Industrial Strategy website:

<https://www.gov.uk/government/publications/industrial-strategy-building-a-britain-fit-for-the-future>

Key messages

- As we embark on leaving the European Union, the Government's industrial strategy provides a critical opportunity to drive the creation of a successful, world-leading economy. We welcome the strong focus on place as one of the five foundations of productivity and the building block of local industrial strategies. We are committed to working with businesses, Local Enterprise Partnerships (LEPs), and partners to develop ambitious strategies, many of which will need devolved powers and budgets in order to deliver benefits to local communities.
- Tackling economic imbalances and driving growth in all areas of the country is not a simple project. It can neither remain a static document nor be driven top-down from Whitehall, but should reflect the geographic and economic diversity of Britain.
- If we are to have a successful, modern and globally competitive economy, one which enables everyone to succeed, it is essential that the industrial strategy recognises the strengths and opportunities that each area brings and the vital contribution of local government.
- Council leaders are committed to working with business leaders to boost productivity and growth. If we are to play a full part, we quickly need to develop a national regional aid scheme to replace all existing EU regeneration funding and a devolved approach to skills and infrastructure that ensures that every local economy and individual has the potential to

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prosper.

- The new skills initiatives - including the advisory panels and national retraining programme – are an important step in addressing our skills challenges, but they will only work if they are planned and coordinated locally and aligned with other initiatives to target training of the current and future workforce. We urge the Government to work with us and councils on implementing our Work Local proposals so that the whole skills system can be made coherent for local people and more effective for local businesses.
- Councils have a unique understanding of their local economies, with ownership over the key levers of local growth, including strategic infrastructure planning, land use planning and strong sub-regional partnerships with business and other public sector leaders. This gives them an important leadership role in developing local industrial strategies. In order to see prosperity across the country all areas need to be able to draw on the right powers and adequate funding to deliver successful and inclusive economies.
- The review of LEPs is an important opportunity to secure an even stronger partnership between business and public sector leaders, and the basis for new devolution deals. In order to ensure the right balance of powers, funding and support across Whitehall, it is essential that councils across the country play a full part in the review. LEPs are local partnerships, and growth strategies will rely on the strength and quality of local leadership. They will fail without the involvement of councils.
- It is encouraging to see the White Paper state that investment decisions need to be more geographically balanced and include more local voices. There needs to be greater recognition of councils' wide role in boosting productivity that ranges from civic leadership and plan-making to local infrastructure and public health.

Ideas

In order to be the world's most innovative economy, the White Paper sets out the Government's strategy to:

- Reach 2.4 per cent of GDP investment in Research and Development by 2027 and to reach 3 per cent of GDP in the longer term, working with industry in the coming months to develop a roadmap for meeting this target.
- Invest a further £725 million in a second wave of the Industrial Strategy Challenge Fund.

- Run a third wave of the Industrial Strategy Challenge Fund programme next year.
- Improve public procurement as an important source of finance for innovative businesses that does not dilute their equity and gives an endorsement for others to invest.
- Create UK Research and Innovation, which will bring together the seven research councils, Innovate UK and the funding element of the Higher Education Funding Council for England.
- Ask UK Research and Innovation to develop a new Knowledge Exchange Framework.
- Increase funding that supports universities and businesses working together to innovate and commercialise research.
- Build on the Science and Innovation Audits and launch a new competitive £115 million Strength in Places Fund to support areas to build on their science and innovation strengths and develop stronger local networks.
- Notes that the UK has signalled a desire to seek a far-reaching science and innovation agreement with the EU that establishes a framework for future cooperation, including possible options for our future involvement in the EU framework programme. The Government has also set out a 'Grand Challenge' on Ageing Society – to use innovation to help meet the needs of an ageing society.

LGA view:

- Councils, working with their LEPs will have already identified priority areas for science, research and innovation in their local economies, very often in strategic economic plans developed by LEPs. In order to maximise the outcomes for tax-payers it is important that the Industrial Strategy Challenge Fund and central government's efforts to strengthen research and innovation in local areas builds on local knowledge, existing initiatives and local networks of support that already exist.
- Councils in England spend over £55 billion per year on procurement of goods, works and services.¹ They recognise the need to take a strategic approach to how we commission major public services that affect the lives of millions of local people, and how we manage the suppliers with whom we contract.
- Local government remains committed to improving our performance in procurement, to encourage innovation and get better value from our

¹ <https://www.local.gov.uk/about/news/lga-simplify-eu-rules-over-how-councils-buy-goods-and-services-after-brexit>

biggest suppliers, and to further streamline our processes for small and medium-sized enterprises (SMEs).

- After the UK leaves the EU, there is an opportunity to introduce a streamlined public procurement regime which benefits local areas. A lighter-touch system which simplifies existing processes, and provides more flexibilities to promote local growth, is needed so that councils can procure to shorter timescales and lower administration costs for businesses, especially SMEs.
- The Industrial Strategy Challenge Fund will support collaborative programmes based on research and innovation excellence in places right across the UK. These can demonstrate a strong impact on local productivity and enhance collaboration between universities, research organisations, businesses, local government and LEPs in England and the relevant agencies in the devolved nations.
- The importance of collaboration between universities, local government and businesses has been evidenced in the successful Leading Places programme led by the LGA, Higher Education Funding Council for England and Universities UK². Therefore, the White Paper's commitment to invest in this form of local collaboration through the Strength in Places Fund is encouraging.
- While economic growth is a key area for collaboration between local institutions, the Government should also consider how the industrial strategy can foster and support collaboration between local institutions on public service reform.
- Aspects of the scientific and research and development industries depend greatly on EU funding and the free movement of highly skilled people. In securing the future of such industries it is vital that Government engages with places that face such uncertainty, giving them the tools and responsibility to help manage these challenges and make the most of new opportunities.
- The Government has set out ambitious plans using innovation to support an ageing society. However, unless funding for social care is secured for the long-term, the country will not have a care system that's fit for purpose. Demographic pressures will add to the demands on councils, and in particular social care services, which nationally face a funding gap of £2.3 billion by 2020, (inclusive of the pre-existing £1.3 billion funding pressure to stabilise the provider market).
- Therefore, the Government should make strong links with the forthcoming social care Green Paper. Local government needs to be closely involved and a cross-party consensus found on a way forward. Social care and support has a strong tradition of being innovative and embracing new

² <https://www.local.gov.uk/topics/devolution/leading-places>

technology and the Government should work closely with councils on this agenda.

- Innovating in this way is crucial in terms of prevention and early intervention – helping to reduce demand on the NHS and on more intensive and costly social care. But again, this is an agenda which needs to be adequately funded.

People

The Industrial Strategy White Paper has set out plans to:

- Create a new National Retaining Scheme that supports people to reskill, beginning with a £64 million investment for digital and construction training.
- Work with employers on how the Apprenticeships Levy can be spent.
- Establish Skills Advisory Panels (SAPs) to inform the analysis into local industrial strategies to be rolled out shortly and integrated into Mayoral Combined Authorities (MCAs) and LEPs.
- Publish a comprehensive careers strategy to improve the quality and coverage of careers advice for people of all ages.
- Defer devolution of the Adult Education Budget (AEB) to mayoral areas to 2019.
- Establish a technical education system that rivals the best in the world and create Institutes of Technology across all regions to deliver higher technical levels and promote Digital Skills Partnerships.

LGA view:

- Urgent action is required to solve our growing skills crisis. By 2024, we will have four million too few high skilled workers and eight million too many intermediate and low skilled workers to fill the jobs the national economy will generate.³ Failure to address this puts at risk up to 4 per cent of future economic growth – equivalent to a loss of £90 billion economic output, which would make the average worker £1,000 a year worse off.⁴
- The areas with AEB 2018 devolution contained in their deals have to date put in a tremendous amount of work to meet the Government's readiness criteria so it is disappointing that AEB devolution is delayed. Now that the Government has confirmed in the industrial strategy that the new revised

³ [Work Local](#), LGA, July 2017

⁴ [Work Local](#), LGA, July 2017

date for AEB devolution is 2019, we trust it will commit to it and work closely with those areas to make this happen.

- Our skills crisis is partly due to a succession of top down Whitehall initiatives which have failed to address local needs. This has created a confusing patchwork of £10.5 billion skills and employment funding scattered across 20 different national schemes.⁵
- The Government has put people and place at the heart of the industrial strategy, and the importance of skills is clear throughout the document. This is welcome, but for the industrial strategy to be a success, all local areas need greater freedom and funding from central government to equip people with the skills they need to compete for jobs.
- New national initiatives outlined in the Industrial Strategy White Paper, such as skills advisory panels, technical levels, and a national retraining programme, seek to address the growing skills crisis. These schemes will only work if they are planned and coordinated locally to target training of the current and future workforce.

Work Local

- We need a high performing and well-coordinated employment and skills system which is responsive to the needs of employers and local areas if we are to address skills gaps and shortage by investing adequately in, and targeting retraining and upskilling support of the current workforce and ensuring young people are trained for current and future jobs.
- We urge the Government to work with councils so that the whole skills system can be made coherent for local people and more effective for local businesses. Only then will we be able to make the most of valuable public resources and produce the current and future workforce we need. The LGA has argued that a devolved skills and employment system, coordinated by councils and local partners, would be quicker at addressing the unique skills and jobs challenges to every area than central government-run initiatives.
- Work Local is the LGA's positive proposal for change.⁶ Led by combined authorities and groups of councils, in partnership with local stakeholders, the LGA proposes that Work Local areas will plan, commission and have oversight of a joined-up service. This will bring together advice and guidance, employment support, skills, apprenticeship and business support around place for individuals and employers, providing a coherent offer for the unemployed and low skilled, and forging links between training employers and providers.

⁵ [Work Local](#), LGA, July 2017

⁶ [Work Local](#), LGA, July 2017

- This would be set within a common national framework for devolution of financial control, strategy and delivery, governed by five-year 'local labour market agreements' between central government and each local area. Analysis by the Learning and Work Institute (L&W) reveals that across a medium sized combined authority, Work Local could each year result in 8,500 more people in work, 6,000 people increasing their skills, additional fiscal benefits of £280 million and a benefit to the economy of £420 million.

National Retraining Scheme

- A new National Retraining Scheme led by the CBI and TUC is welcome, as is its initial focus on key sectors with skills challenges: construction and the digital sector. Reskilling and upskilling those already in the workforce so they are equipped with the skills for the future is critical.
- However, it must work for people and places up and down the country to ensure local skills supply matches employer demand. We urge the Government to broaden this partnership and work with the LGA and councils, as well as with LEPs, so that local labour market intelligence can help anticipate where action will be required across local areas. Innovative learning from the careers pilots will be important in the design of the new scheme.

Apprenticeship Levy

- Any review of the Apprenticeship Levy must enable local areas to pool Levy contributions and have the ability to use these contributions, so provision can be planned and targeted more effectively across places. We stand ready to work with the Government on the detail of this.

Skills advisory panels

- The introduction of the skills advisory panels are welcome and an acknowledgment of the critical role of local intelligence in skills supply and demand. We now look to work with Whitehall to understand how this intelligence will inform the commissioning of skills funding which must be designed and planned locally.
- We look forward to the detail of the long-awaited comprehensive careers strategy. Currently, careers provision is complex, patchy and fragmented. This strategy must seek to improve this. The LGA has called on the Government to use the strategy to develop a coherent, all-age, locally commissioned careers service funded by central government.

Infrastructure

In order to provide a major upgrade to the UK's infrastructure the Industrial Strategy White Paper sets out the Government's plans to:

- Invest in ways that support all the objectives of the industrial strategy: increasing innovation, developing skills, growing business, and driving productivity and earning power in urban and rural places across the UK.
- Take greater account of disparities in productivity and economic opportunity between different places, ensuring our investments drive growth across all regions of the UK.
- Invest to increase UK competitiveness in relation to long-term global economic changes, such as the shift to clean growth. These will be positive choices that enable the UK economy to flourish in the context of these transformational changes.
- Increase the National Productivity Investment Fund to £31 billion, supporting investments in transport, housing and digital infrastructure.
- Support electric vehicles through £400 million charging infrastructure investment and an extra £100 million to extend the plug-in car grant.
- Boost digital infrastructure with over £1 billion of public investment, including £176 million for 5G and £200 million for local areas to encourage roll out of full-fibre networks.
- Undertake a review of the telecoms market to understand businesses' incentives for investment in new digital infrastructure.
- Publish a Statement of Strategic Priorities next year setting out our objectives in relation to the widespread availability of fixed and mobile connectivity.
- The White Paper also highlighted an additional £385 million for investments in digital infrastructure announced at Autumn Budget 2017, taking total investment from the National Productivity Investment Fund to £740 million.

LGA view:

Local Infrastructure

- The industrial strategy identifies that long-term funding certainty is the best way to plan infrastructure investment. It highlights the certainty that has been given to the strategic road network and network rail. Too much funding for local infrastructure remains reliant on short-term and competitive bidding processes in order to fund upgrades. For example, local roads account for 97 per cent of roads in England but they do not have funding certainty.
- Encouraging steps have been taken to provide greater flexibility through the Transforming Cities Fund which has allocated funding directly to Mayoral Combined Authorities. To realise the ambitions of the strategy

more funding has to be allocated in this way to authorities across the country.

- Significant financial investment into the strategic roads network risks being counterproductive if the local roads that connect the strategic network are not operating efficiently. It is estimated that there is currently a £12 billion maintenance backlog on the local road network.⁷
- Ensuring that the current network is well-maintained and kept in a good condition should be just as much a priority as building new roads. The Major Roads Network has the potential to help by providing additional funding for local roads. However it is important that this funding is provided on a predictable and consistent basis to local authorities and that local authorities are given flexibility to use the funding for maintaining the capacity of the existing network as well as providing new and extended capacity.
- It is important to invest in public transport infrastructure which can help reduce air pollution. The LGA is working with the Government on clean air zones and the announcements of the implementation fund for the Clean Air Plan and the Clean Air Fund will provide a boost to local resources to tackle air quality hot spots. It is important that these investments are easily accessible for affected authorities and accompanied by robust national action on transitioning to low emission vehicles.
- The industrial strategy correctly identifies steps taken to provide an ongoing pipeline of work to allow infrastructure contractors to make investments in plant, employees and innovation confident that work will be available to ensure there is a return on investment. However, it is important to recognise significant amounts of work for contractors of all sorts comes from the annual programmes and maintenance and renewals on local roads infrastructure. Local authorities have little certainty over their funding levels year to year and this means it is difficult to provide certainty. Ensuring that funding certainty exists at all levels of infrastructure delivery will be crucial for maximising the benefits of the strategy.
- The LGA has called for the discretion to introduce a workplace parking levy, full implementation of the powers in Part 6 of the Traffic Management Act, and lane rental powers for street works. These relatively simple steps could achieve reductions in congestion without the need for large infrastructure investments.

Housing

- Increased housing supply is a national ambition shared by local government and is central to the country's future economic wellbeing. Our national housing shortage is one of the most pressing issues we face. The

⁷ <https://www.local.gov.uk/about/news/lga-responds-aa-report-roads-funding>

last time this country built more than 250,000 homes a year, councils built more than 40 per cent of them. If we are to get back to building 300,000 homes a year, then the Government needs to ensure councils in all areas of the country are given greater freedom to borrow to build new homes. For reference last year there were 217,350 net additions, including 183,570 new build homes.⁸

- Housebuilding by councils at scale would boost local economies and productivity, it would reduce housing benefit spending and homelessness, put Right to Buy on a sustainable footing, and create revenue generating assets for communities.
- New homes must be accompanied by the necessary infrastructure and services, which support strong and healthy communities. Devolving housing and infrastructure funds would help by enabling councils to join up investments that more effectively target unmet demand.

Electric charging infrastructure

- An additional £400 million for electric vehicle infrastructure should help accelerate the take-up of electric vehicles. Councils want to assist the Government in building a greener economy and the provision of infrastructure will require a partnership of central government, local government and the private sector. We are seeking clarity on how the infrastructure required to support electric vehicles will be put in place, and who will maintain it.
- Local government does not currently provide the infrastructure to fuel cars and whilst councils assist by clearing practical barriers to help the market mature we need to be sure that there is a sustainable business model for how this technology will operate. If the Government is going to meet its target of no new cars sold with conventional petrol or diesel engines by 2040 we will need a step change in the take up of electric vehicles and a clear plan how this will happen.

Digital

- Extending excellent digital coverage across the country is key to ensuring all residents and businesses have access to 21st century digital connectivity. While investment in 5G technology is welcome, many outside our larger cities currently struggle to access 4G or even 3G technology. Non-metropolitan areas have a vital role to play in driving the growth of our economy but are being held back by poor connectivity.
- We encourage the Government to fund trials of 5G in rural areas, to better understand how it could work in rural areas and determine its potential to

⁸ DCLG Live tables on house building: <https://www.gov.uk/government/statistical-data-sets/live-tables-on-house-building>

improve broadband and mobile coverage to the benefit of residents, businesses and crucial services like remote healthcare.

- Local government is committed to exploring with the mobile industry, regulators and central government how best to ensure residents across the country can benefit from public investment in new technology, wherever they live. Councils already actively facilitate the deployment of digital infrastructure working with LEPs and communities to find the best locations for new mobile infrastructure masts and many are proactively working with mobile operators to explore how coverage can be improved.
- In order for councils to have more meaningful discussions with mobile operators, the sector must be supported by the Government, with local funding to pilot new local models for facilitating the deployment of these networks, and support from Ofcom, with much more accurate local coverage reports that reflect consumer mobile experience on the ground.
- The provision of full fibre connectivity across the country will be a vital to ensure residents have access to fast and reliable connectivity. We are pleased local areas will be able to access funding to help catalyse the market to extend coverage. For those residents who won't be reached by full fibre connectivity for some time, the LGA has called for the Government to be more ambitious on the proposed speeds and scope of the Broadband Universal Service Obligation. A proposal that only aims to provide a guaranteed minimum download speed of 10Mbps to those it reaches and leaves approximately 60,000 premises unserved cannot be the limit of the Government's ambition.

Business Environment

In order for the UK to be the best place to start and grow a business the Industrial Strategy White Paper sets out the Government's plans to:

- Launch and roll-out Sector Deals – partnerships between the Government and industry aiming to increase sector productivity. The first Sector Deals are in life sciences, construction, artificial intelligence and the automotive sector.
- Drive over £20 billion of investment in innovative and high potential businesses, including through establishing a new £2.5 billion Investment Fund, incubated in the British Business Bank.
- A review of what actions could be most effective in improving productivity of SMEs, including how to address the 'long tail' of less productive businesses.
- Support businesses to access international markets, driving up exports by: working with business to undertake a review of export strategy, reporting in spring 2018. The review, as well as the GREAT Britain campaign, will

ensure the Government has the right financial, practical and promotional support in place for new and existing exporters to sell overseas.

- Establish a network of nine UK Trade Commissioners, each developing a regional trade plan covering export, promotion, investment and trade policy.

LGA view:

- The White Paper announces several sector deals between the Government and industry to tackle sector specific issues and create opportunities to boost productivity, employment, innovation and skills. Councils and LEPs throughout the country are already engaged in supporting specific industries that are of strategic importance to their areas. It will be important therefore that sector deals build on existing engagement, relationships and support.
- The LGA's recent People, Culture, Place publication (with the Chief Cultural & Leisure Officers Association) set out the important role of culture in place-making,⁹ so it is positive that the industrial strategy recognises that investment in culture, sport and heritage can contribute to good economic and social outcomes. We hope that the industrial strategy will deliver on its ambitions to create attractive places where people want to live and businesses to operate, complementing the existing work of councils and enabling them to go further, and faster.
- In particular, the White Paper provides more detail on the Cultural Development Fund announced in the Budget on 22 November, which will provide investment to culture and the creative industries with the aim of boosting regeneration and local growth. The LGA called for this fund to be aligned with the industrial strategy and is pleased that Government has listened to this call from us and partners. However, while the fund is helpful, further funding is needed to make a genuine difference in creating culture-led, place-based development in communities.
- Although the Government has not yet responded to the tourism industry's bid for a sector deal, there is a clear recognition of the sector's contribution (£126.9 billion) to a thriving economy and ability to project soft-power in the industrial strategy. The tourism sector and visitor economy is a growing industry and is a success story of which we can be proud.
- It is also a sector that will need to respond to particular aspects of the consequences of leaving the EU, and we believe that it is right the sector is given the support and attention offered by a sector deal.
- Councils have recognised the value of tourism and make a vital contribution towards supporting the visitor economy – both domestic and international. This includes spending £70 million per year on business

⁹ <https://www.local.gov.uk/people-culture-place-role-culture-placemaking>

support, visitor information and destination marketing, and £2.6 billion every year on culture, heritage and supporting major cultural, conference and sporting events.¹⁰ We encourage the Government to look carefully at the bid and are ready to work with the Government and industry to realise its potential.

- The LGA welcomes the Government's review of the UK's export strategy as an opportunity to do things differently. Whilst there are positive relationships between national and local agencies providing export support to business, there is still a need to further refine the offer and create flexibility in the system to tailor more to local needs. A new approach must better utilise the expertise of local authorities and further embed stronger place-based approaches to trade and investment that integrate support at a local level.

Places

In order to have prosperous communities throughout the UK the Industrial Strategy White Paper sets out the Government's plans to:

- Work in partnership with places to develop local industrial strategies, which will be developed locally and agreed with the Government. These strategies will help identify priorities to improve skills, increase innovation and enhance infrastructure and business growth. They will guide the use of local funding streams and any spending from national schemes.
- Agree the first local industrial strategies by March 2019 – places in England with a Mayoral Combined Authority will have a single strategy led by the mayor and supported by LEPs. For parts of the country without a mayor, the development of the strategy will be led by the LEP.
- Make available to Mayoral Combined Authorities a £12 million fund for 2018/19 and 2019/20 to boost the new mayors' capacity and resources.
- Confirm a second devolution deal with the West Midlands Combined Authority, announce that Greater Manchester will work in partnership with the Government to develop a Local Industrial Strategy and that the Government has agreed a 'minded to' devolution deal with the North of Tyne authorities, subject to the consent of local partners.
- Establish a biannual Council of Local Enterprise Partnership Chairs chaired by the Prime Minister to inform national policy decisions.
- Review the roles and responsibilities of LEPs and bring forward reforms to leadership, governance, accountability, financial reporting and geographic boundaries.

¹⁰ Department for Communities and Local Government statistics, February 2016, www.gov.uk/government/statisticaldata-sets/local-authority-revenue-expenditure-andfinancingengland-2014-to-2015-individual-local-authority-data-outturn

- Work with LEPs to set out a more clearly defined set of objectives and activities in early 2018.
- Agree and implement appropriate structures for holding LEPs to account.
- Work with LEPs to review overlapping geographies and ensure people are clear as to who is responsible for driving growth in their area.
- Make additional financial resources available to LEPs that demonstrate ambitious levels of reform following the review.
- Consider agreeing approaches with towns on how the Government, local councils, LEPs and businesses can work together to deliver growth in that area.
- Ensure that local areas continue to receive flexible funding for their local needs.
- Following the UK's departure from the EU, launch the UK Shared Prosperity Fund, consulting on the precise design and priorities for the fund next year.

LGA view:

Local leadership

- The White Paper's recognition of the crucial role of place is encouraging. If we are to have a successful modern and globally competitive economy, which enables everyone to succeed, it is essential that the industrial strategy recognises the strengths and opportunities that each area brings and the vital contribution of local government.
- We welcome the strong focus on place as one of the five foundations of productivity and the building block of local industrial strategies. We are committed to working with business, LEPs and partners to develop ambitious strategies, many of which will need devolved powers and budgets in order to deliver benefits to local communities.
- Local industrial strategies provide a fresh opportunity for the Government, business leaders, universities and local councils to forge new, powerful relationships with each other, for the benefit of local residents, as well as underlining the need for new devolution deals across the country.
- The announcement of the first new devolution deals in nearly two years is encouraging and will benefit those living in the North of Tyne region and the West Midlands. Many more such deals are required to allay the growing sense of stalled progress and missed opportunities across much of the country.

- The longer it takes to secure new devolution deals, the longer communities will have to wait to benefit from the opportunities currently available to areas where devolution has taken place. These include having greater powers and funding to improve local transport, housing, health and social care and to equip local people with the skills they need to secure employment and prosper.
- For those areas without deals there is now the risk that these areas will be left behind, with councils unable to play an adequate leadership role in the development and delivery of their local industrial strategy. This is now a significant challenge that risks undermining the Government's ambition to bring prosperity and productivity to all parts of the country.
- The Government needs to engage in an honest and open debate about the best form of governance able to foster thriving local economies across the country, including non-metropolitan areas, to ensure that opportunities for inclusive growth are not lost. This would be aided by providing further detail on the proposal for a common devolution framework as soon as possible.
- Across the country, council leaders are committed to working with business leaders to boost productivity and growth. The White Paper's proposal to take a differential approach to the leadership of local industrial strategies – with metro mayors taking centre stage in Mayoral Combined Authority areas and leadership provided by local enterprise partnerships in the rest of the country – places a renewed emphasis on the potential economic consequences of such a focus.
- Local industrial strategies need the leadership of local government. They will fail without it. For areas outside of Mayoral Combined Authorities, councils need to feel confident that their contribution is recognised. Without that, local industrial strategies will not work.
- Driving inclusive growth and the push towards productivity requires a combination of factors: funding at a local level to support targeted investment, the buy-in of Whitehall departments so interventions at the national level share a common goal; and, crucially the ability to ensure policy interventions in areas such as skills and employment support are focused on meeting local needs.
- The review of LEPs is an important opportunity to secure an even stronger partnership between business and public sector leaders. The Government has recognised the potential for reform and as key partners in the drive for inclusive growth, councils keen to play an active role in this process. LEPs are local partnerships and growth strategies will rely on the strength and quality of local leadership. They will fail without the involvement of councils.

- Critically, the review must serve to support inclusive growth in all places. It is essential that councils from both metropolitan and non-metropolitan areas play a full part in the review and explicit consideration be given to ensuring the ambitions of local leaders for prosperity and productivity outside the Mayoral Combined Authorities can be supported both financially and through access to the powers over transport, skills and housing, that all places need to thrive.
- The proposal to establish a biannual Council of Local Enterprise Partnership Chairs is a recognisable attempt to bring the experience of business into the development of economic development strategy. This approach needs the local economic expertise, relationships and intelligence of councils.
- Additional funding to support the capacity of all the newly elected combined authority mayors is encouraging and will strengthen their ability to develop innovative approaches to inclusive growth and improved public services in their areas.

The Right Economic Geography

- The prospect of new town deals has the potential to reverse the impression that the process of devolution has stalled. Local leaders are ambitious for their communities and want to make the most of local opportunities, but must have the buy-in of central government for plans to succeed.
- Councils are uniquely placed in understanding the needs of their communities and local economies. Therefore, councils and local areas need public funding and investment to be flexible, with minimum central government prescription and rules, and with maximum certainty. LGA research shows that more than £23 billion of public money is spent on growth, regeneration and skills which is spread across 70 different national funding streams and managed by 22 government departments and agencies. Too much central government funding remains subject to competition.¹¹
- This creates uncertainty, confusion, wastes public money and creates unnecessary delays in getting projects off the ground. It also inhibits councils' efforts to lever in private sector investment. The Government needs to consolidate and devolve funding and responsibility to local areas to enable councils and businesses to work together to help create sustainable, cohesive and successful communities in all parts of the country.

¹¹ The LGA commissioned independent research that identified a proliferation of numerous non-place based funding streams, managed by different Whitehall departments and agencies, many of which are subject to competitive process, create greater uncertainty, wasted bureaucracy and poor value-for-money (LGA / Shared Intelligence, 2014), (LGA / Shared Intelligence, 2016)

UK Shared Prosperity Fund

- We have urged the Government to provide additional detail on how it intends to implement its manifesto commitment to provide a UK Shared Prosperity Fund (UKSPF) to replace the EU funding for local areas when the UK leaves the EU. We were disappointed that the Budget on 22 November lacked any detail on how, or when, the UKSPF will be administered or allocated. Most importantly, there has been no clarification on the overall quantum of funding. Time is now running out to effectively design and implement an orderly and smooth transition for local areas.
- A £8.4 billion UK-wide funding gap for local communities would immediately open up from the point we officially exited the EU, unless a viable domestic successor to EU funding is in place. To help ensure we have an economy fit for the future, it is essential that this funding to local areas is fully replaced as part of a locally-led successor to EU regional aid.
- EU funding has been utilised by local authorities, LEPs, businesses and the community and voluntary sector to support local level growth plans. It is a vital source of revenue and capital funding and has supported thousands of beneficiaries through schemes to create jobs, support small and medium enterprises, deliver skills, build infrastructure and boost local growth in all types of areas across the country. We urgently call on the Government to confirm that this quantum of successor money is now in place. This will allow local government to effectively plan before the UK exits the EU.
- We repeat our offer to support central government to develop an effective domestic successor programme which gives local areas far greater say over how money is spent, and enables them to deliver the ambitions of the industrial strategy.