

**SOUTH EAST ENGLAND COUNCILS
ALL-MEMBER PLENARY MEETING**

Date: 19th November 2010

Subject: **Local Growth: Local Enterprise Partnerships and the Regional Growth Fund**

Report by: Aidan Shutter, SEEC Policy Officer



Recommendation:

SEEC Executive is asked to note and comment on the contents of the report

1. Background

- 1.1 On 28 October, the Department for Business, Innovation and Skills published the White Paper - *Local Growth - Realising every place's potential*, which set out the government's new approach to fostering prosperity in all parts of the country.
- 1.2 In summary, the White Paper signals a shift in power away from central government to local areas taking the lead through Local Enterprise Partnerships, decentralising decisions on investment and an expansion of the financial options open to councils with plans for Tax Increment Finance and proposals for greater discretion over business rates (see separate paper). It also offers access to a new £1.4bn Regional Growth Fund over the next three years
- 1.3 The White Paper acknowledges that decision-making and delivery mechanisms should operate at the most appropriate geographical levels. Given that national and strategic infrastructure requires a national perspective, the government has also recently published a National Infrastructure Plan which covers all aspects of economic infrastructure including energy, transport, digital communication, flood protection, water and waste management.
- 1.4 The White Paper focuses on three key themes:
- **Shifting power to local communities and businesses** – those who understand their economies best should lead their development and enable all places to fulfil their potential. This will increase democratic accountability and transparency, and ensure that public expenditure is more responsive to the needs of local business and people.
 - **Increasing confidence to invest** – to create the right conditions for growth through Government allowing market forces to determine where growth takes place and provide incentives which ensure that local communities benefit from development. This would include a consistent and efficient framework for growth and investment and an effective local planning and development regime. The proposals include:

- **A Business Increase Bonus** – rewarding those authorities where growth in the business rates yield exceeds a threshold for six years
- **Retain locally-raised business rates** – this would go further than the Business Increase Bonus with incentive effects likely to be stronger and more predictable over longer time periods
- **Tax Increment Finance** – new powers to borrow against future additional uplifts within business rates base.
- **Focused intervention – tackling barriers to growth that the market will not address itself**, supporting investment that will have a long term impact on growth and supporting areas with long term growth challenges. Government policies should work with the market, not seek to artificially create growth.

2. Local Enterprise Partnerships

2.1 The White Paper confirmed proposals for the first phase of 24 Local Enterprise Partnership across England from 62 original bids. Across the 'greater South East', six LEPs have initially been approved. These are:

- Kent, Greater Essex & East Sussex
- Coast to Capital
- Solent
- Thames Valley Berkshire
- Oxfordshire City Region
- South East Midlands

In addition, a LEP to the north of London was approved for Hertfordshire. Two district authorities, Dacorum and Cherwell are in overlapping LEPs. Those LEP bidders not approved in the first wave are now starting talks with BIS and CLG officials and approved LEPs to agree a way forward for the future.

2.2 The Government does not intend to define LEPs in legislation but expects that they will take on a diverse range of roles tailored to the needs of their areas. LEPs will be expected to fund their own day-to-day running costs but they will have the ability to bid against the Regional Growth Fund, alongside public/private partnerships and the private sector. Individual councils will not be able to access RGF resources.

2.3 As Members will recall, alongside the LEP bids, the SEEC Executive also agreed to submit a bid for 'Enterprise Network South East', a cross-LEP network to support joint working across the South East. This proposal which was supported by business, was welcomed by the Government, but to go ahead, would need to be funded locally.

3. Regional Growth Fund

3.1 As previously mentioned, the White Paper also confirmed a £1.4 billion Regional Growth Fund to provide funding for rebalancing local economies and to support places that are more reliant on public sector jobs. The minimum threshold for bids will be £1 million and the first round of bidding is now open until 21 January 2011.

- 3.2 Bids will be judged by a new Independent Advisory Panel led by Lord Michael Heseltine. Whilst the White Paper welcomes bids from all areas of England, it also adds that some parts of the country, particularly where there is currently high employment, low levels of deprivation and a vibrant private sector may struggle to demonstrate how they meet the bidding criteria. We therefore remain concerned that ministers' misconceptions about a universally wealthy South East may mean some areas may genuinely miss out on much needed RGF funding.
- 3.3 Criteria, further guidance and bid application forms are available from the Regional Growth Fund Website – www.bis.gov.uk/policies/regional-economic-development/regional-growth-fund

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