

Changing Economic Development in England

November 2019



Introductions

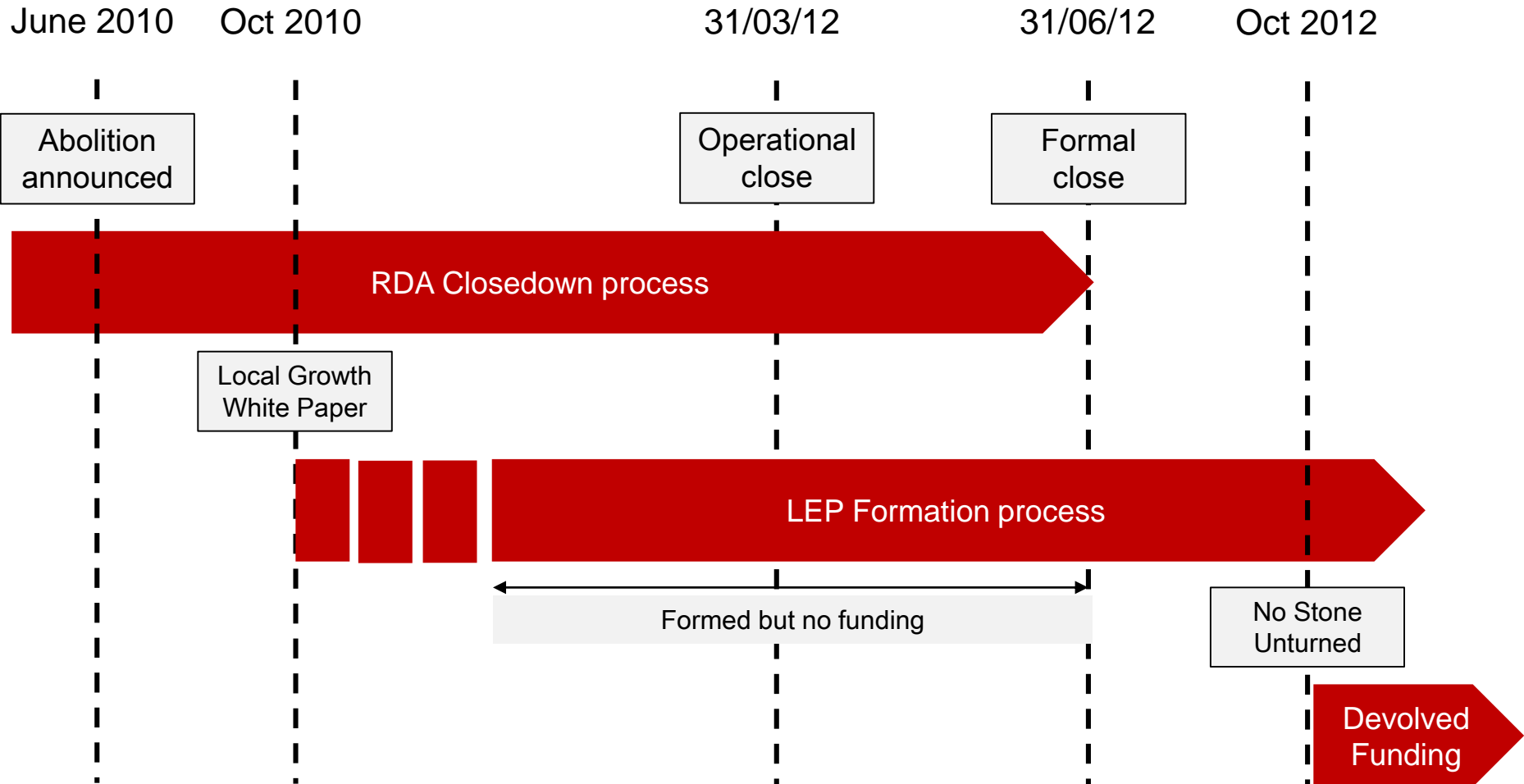
Context

- IED is not an English body
- IED is based in NW England rather than London
- Recent work with Scottish Government
- Active Irish Branch
- Interest in investigating the differences in approaches
- Start the story at the end of the RDAs

RDAs

- 1999 (the 1997 Labour Government) – 2011 (after the Coalition Government)
- The eight RDAs invested a total of £17.6bn between 1999 and 2011
- The average total budget for all nine RDAs was £2bn per annum in the period 2005/06 – 2010/11
- In March 2010, the eight RDAs owned £512m of land and property assets.
- At the time of the closure announcement in June 2010, the eight RDAs were managing a total of 9,683 projects, with a £1.86bn gross expenditure legally committed in the current SR period and beyond.
- By June 2010, the RDAs were participating in 110 corporate bodies.
- At their peak, the RDAs employed 3,470 staff (in 2008/09).

Timeline



LEPs

- Self determination of areas – conflict and overlapping borders
- Private sector Boards but no statutory bodies
- Multiple delivery vehicles
- In many cases established through seconded staff from Local Authorities
- Inauspicious beginning

Economic Spaghetti



Devolution
Agenda



Shared
Prosperity
Fund?



Business
Interventions



Combined Authorities

- Devolution agenda after Scottish Referendum result
- Preferred method of devolution through elected mayor
- Greater funding where elected mayor in place
- No set formula – eg health devolved in Greater Manchester
- Confused geographies and economic pre-eminence with LEPs – ‘North of Tyne’ vs NE LEP
- Arguably administering funding whilst rules still established centrally
-and then there is the Northern Powerhouse, Midlands Engine etc

Other Initiatives

England

- Coastal Communities Fund (originally Big Lottery)
- Future High Street Fund
- 2019 sudden announcement of Stronger Towns Fund

All UK

- Strength in Places Fund
- Sector Deals
- Industrial Strategy Challenge Fund

UK Shared Prosperity Fund – last briefing House of Commons Sept 2019 but no consultation documents ever published


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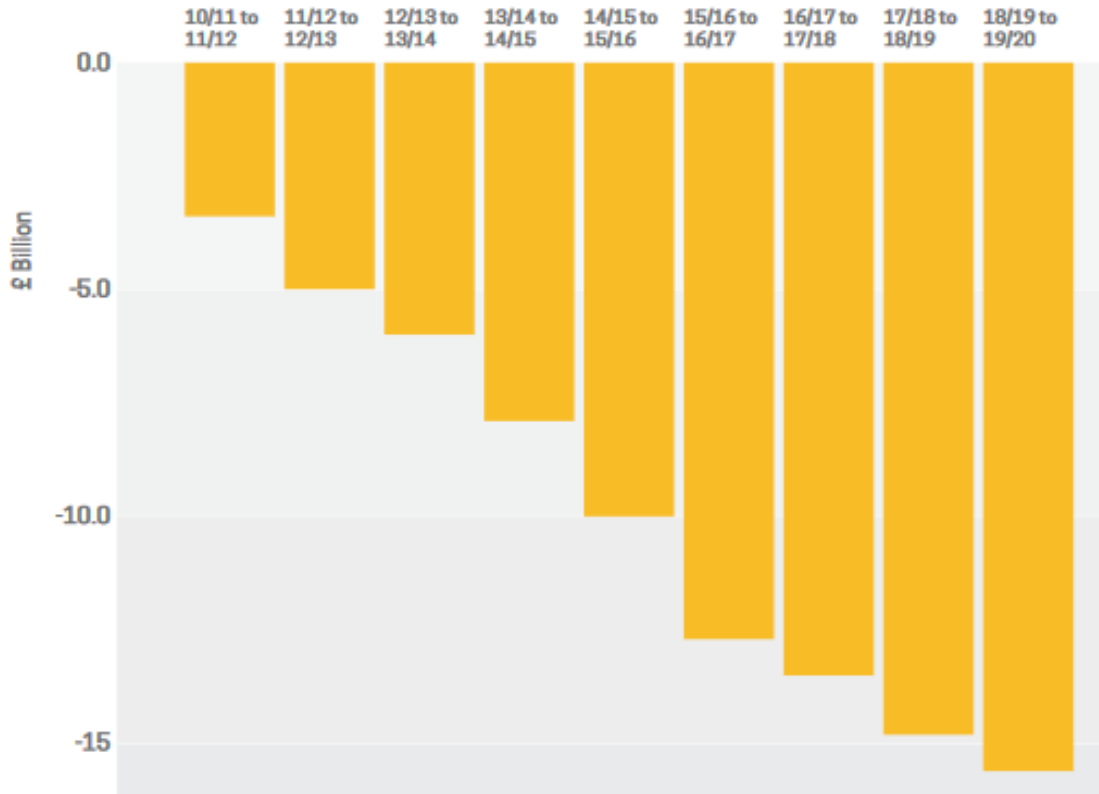
Competitive process – Green Book etc with losers as well as winners

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Meanwhile core funding massively eroded

By 2020, local authorities will have faced a reduction to core funding from the Government of nearly £16 billion over the preceding decade. That means that councils will have lost 60p out of every £1 the Government had provided to spend on local services in the last eight years. Next year, 168 councils will receive no revenue support grant at all.

REDUCTION IN CORE GOVERNMENT FUNDING



Source: Local Government Association

More changes are coming – but with no time to plan

- Local authorities in England now collectively keep half of business rates collected by local government. From 2020 the share that they collectively keep will be raised to 75 per cent and the main Government grants will be phased out. This will significantly change the make-up of council funding, increasing potential rewards but also risks, such as losses in income due to business rates appeals.
- Alongside further retention of business rates, the Government is also reviewing funding of individual local authorities as part of its Fair Funding Review, which will have far-reaching consequences for all councils. Details of both of these reforms are still being debated, leaving little time for appropriate planning before April 2020.

City Deals

- Originally provided under coalition Government – Phase one 2012

Promised (theme areas)

- Greater powers and incentives to invest in growth
- Greater powers and levers to deliver the skills and jobs that local businesses and people need
- Greater freedoms and tools to support local businesses
- Greater powers and resources to drive critical infrastructure

Requirement

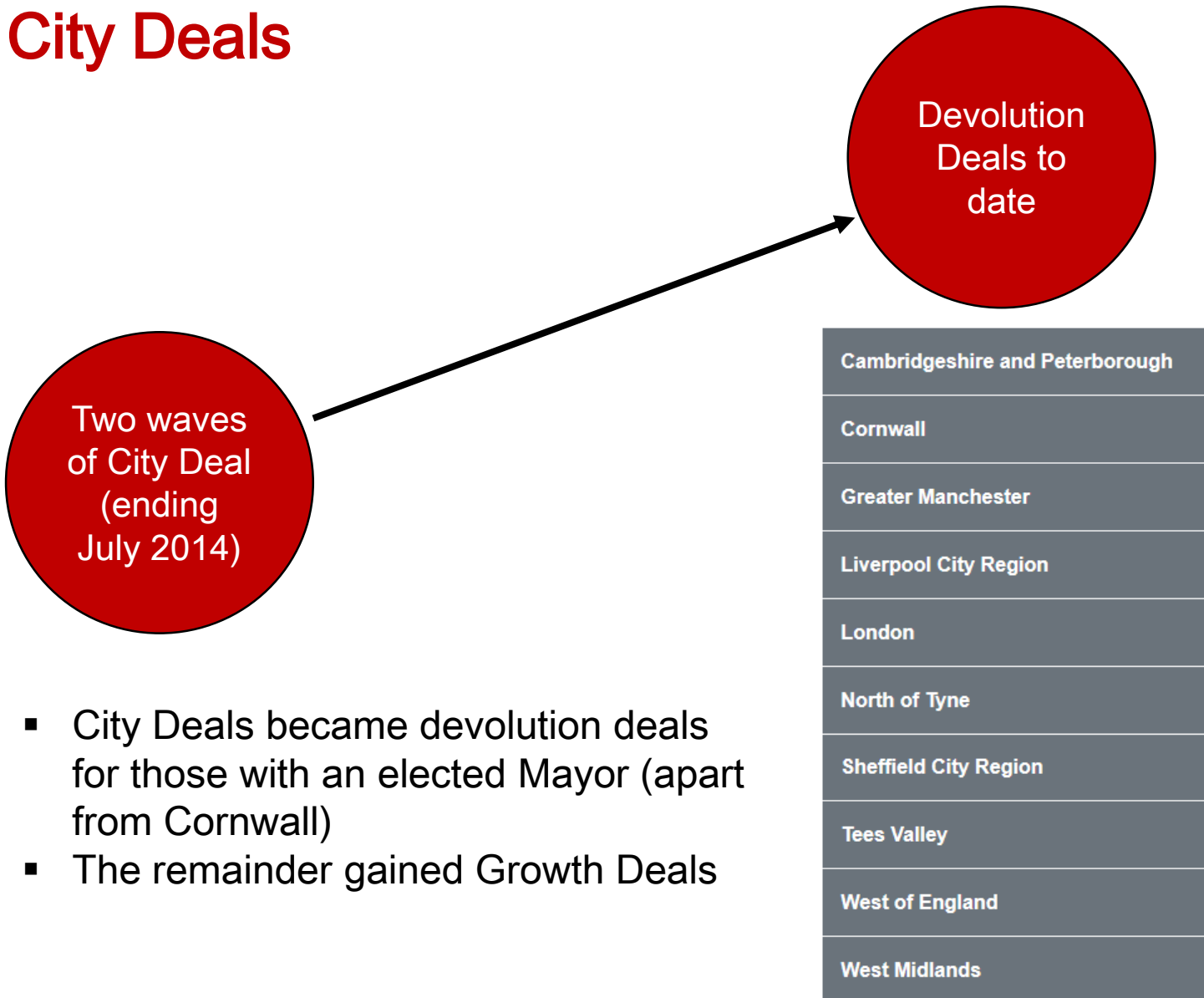
- New powers and responsibilities have been matched by strengthened governance and accountability.

City Deals

- No prescriptive formula but for each theme chosen:

What the City Region will provide	The ask of Central Government
What the impact will be:	

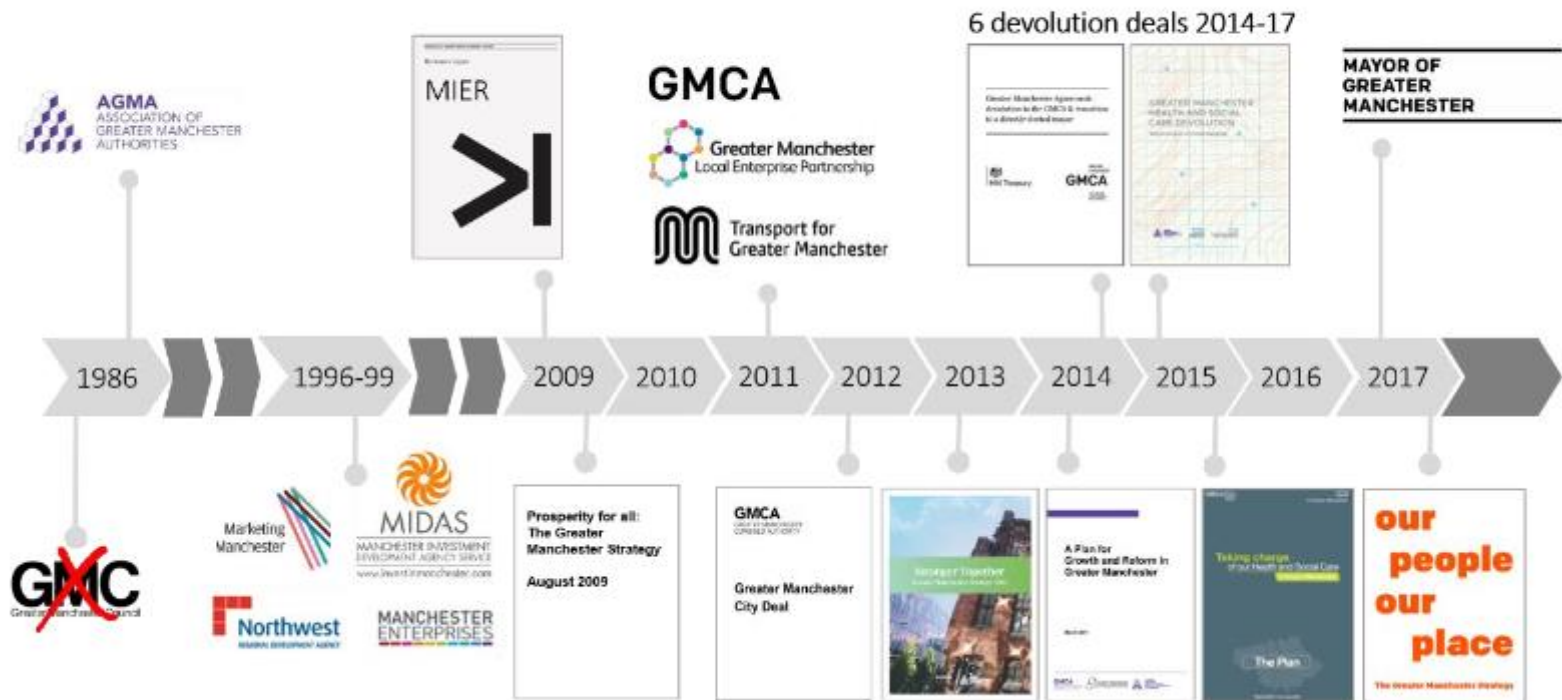
City Deals



- City Deals became devolution deals for those with an elected Mayor (apart from Cornwall)
- The remainder gained Growth Deals

Devolution Deals not a one off event

Figure 1: The road to devolution



Source:
GMCA

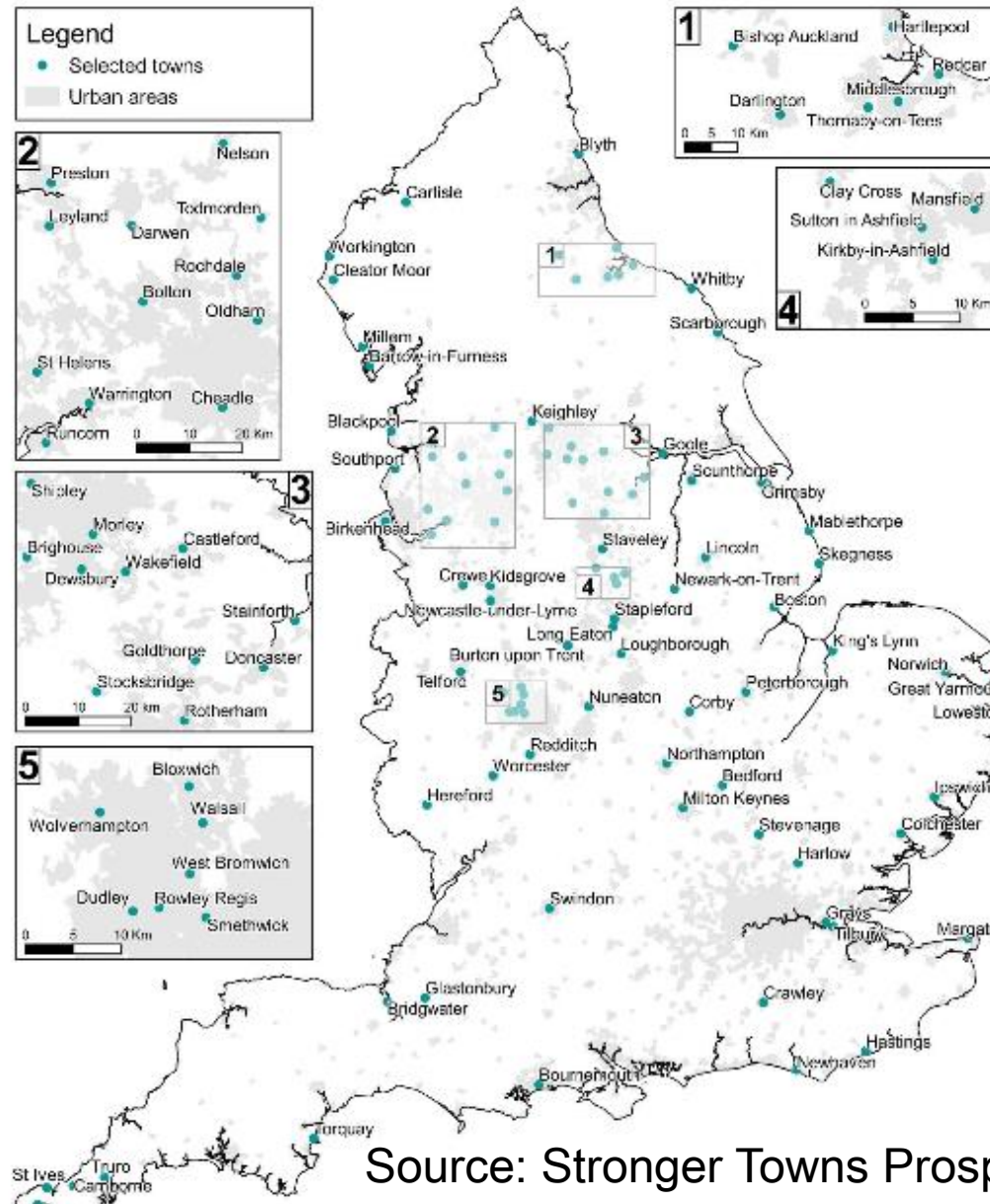
Town Deals

- 100 towns selected
- Some within existing City Deal Areas
- Prospectus published 1st November

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- Towns now have to make their case
- £3.6bn to be invested

Town Deals



Source: Stronger Towns Prospectus

Conclusion

- A confusing picture of administrative boundaries, governance and coordination emerging of LEPs, Combined Authorities, Stronger Towns (with Boards), Local Authorities – in some cases two tier Authorities.
- Competitive Funds now appear to be providing some support after large levels of block grant have disappeared.
- Selection of stronger towns not particularly transparent.
- Even the well funded Combined Authority Areas have suffered year-on-year reductions in funding.
- Very unclear what the long term position will become – and no LA funding formula and no announcement of Shared Prosperity Fund a clear example of this.
- Against this backdrop Scottish Enterprise funding remains strong – and in Ireland economic development has become a statutory function within each Unitary Authority.