



**ARTICLE NO: 1E**

**CORPORATE OVERVIEW &  
SCRUTINY COMMITTEE:**

**MEMBERS UPDATE 2010/11**

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**Article of: Executive Manager Regeneration and Estates**

**Issue: 4 February 2011**

**Relevant Portfolio Holder: Councillor Adrian Owens**

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**SUBJECT: DEPARTMENT FOR GOVERNMENT'S WHITE PAPER ENTITLED  
LOCAL GROWTH: REALISING EVERY PLACE'S POTENTIAL**

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Borough Wide Interest.

## **1.0 PURPOSE OF ARTICLE**

- 1.1 To inform Members of the recently published coalition Government's White Paper setting out its approach to local economic growth.
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## **2.0 BACKGROUND**

- 2.1 On 28<sup>th</sup> October 2010 the Government published its economic development White Paper 'Local Growth: Realising Every Place's Potential' which sets out its approach to rebalancing the economy and helping drive sustainable growth. This focused on three key themes.

## **3.0 CURRENT POSITION**

- 3.1 The Government states its commitment to shift power to local communities and businesses. The White Paper highlights the key role of local authorities in economic growth. Local authorities' role is summarised as leadership and coordination; ensuring a responsive supply of land for economic and housing growth; influencing investment decisions, particularly through the planning system; supporting local infrastructure, local businesses and local people e.g. through employment; providing other related services – schools, transport and public realm to a high standard.
- 3.2 The White Paper defines the role of Local Enterprise Partnerships (LEP), which is set out in Appendix 1 to this report. 24 LEP bids were approved out of the 62

responses received nationally. The success criteria are also described in Appendix 1. Key roles for Local Enterprise Partnerships are identified in areas including business support, tourism, inward investment and skills.

3.3 The first 24 Local Enterprise Partnerships given the go ahead to proceed include:

- Birmingham & Solihull with E. Staffordshire, Lichfield & Tamworth
- Cheshire and Warrington
- Coast to Capital
- Cornwall & the Isles of Scilly
- Coventry & Warwickshire
- Cumbria
- Gt. Cambridge & Gt. Peterborough
- Greater Manchester
- Hertfordshire
- Kent, Greater Essex & East Sussex
- Leeds City Region
- Leicester & Leicestershire
- Lincolnshire
- Liverpool City Region
- Nottingham, Nottinghamshire, Derby, & Derbyshire
- Oxfordshire City Region
- Sheffield City Region
- Solent
- S.E. Midlands
- Stoke-on-Trent & Staffordshire
- Tees Valley
- Thames Valley Berkshire
- The Marches
- West of England

3.4 On 13<sup>th</sup> December it was announced that three more Partnerships covering New Anglia, Norfolk and Suffolk have been given the go ahead.

3.5 Regional Development Agency (RDA) functions will be devolved to the local level wherever it makes sense to do so. The paper acknowledges that some RDA functions will be delivered nationally but states that delivery could be flexible. It suggests that for some activities there could be both national delivery and delivery by LEPs or groups of LEPs. Specifically, it highlights: -

- (a) Business advice – LEPs could provide local information and advice for business, particularly Small and Medium-Sized but there is no mention of funding for this;
- (b) Innovation – the BIS sponsored ‘Technology Strategy Board’ will be the main delivery agency, including new Technology and Innovation Centres. It suggests that LEPs could make proposals relating to other innovation infrastructure in which RDAs had a stake;
- (c) Low carbon – LEPs to establish how to promote this, with central Government

leading on opportunities and barriers of national significance;

(d) Inward investment/international trade – LEPs could bid to UKTI to deliver nationally commissioned trade development support;

(e) Tourism – focus here will be leadership by local tourism businesses and Visit England; LEPs could play a co-coordinating role; and

(f) Skills – LEPs to have an influencing role with providers.

3.6 The White Paper confirmed that £1.4 billion will be made available through the Regional Growth fund (RGF) over the next three years. The minimum threshold for bids will be set at £1 million. This is split £580 million capital and £840 million revenue. The latter could be converted to capital if needed. The first bidding round opened on 29<sup>th</sup> October 2010 and will close on 21<sup>st</sup> January 2011. Up to half of the 2011/12 funding will be allocated. A second two-stage bidding round will be launched in early 2011. An Independent Advisory Panel, chaired by Lord Heseltine, will make recommendations on bids received to a Ministerial group chaired by the Deputy Prime Minister. The Ministerial group will make the final decisions.

3.7 West Lancashire Borough Council, together with its Skelmersdale Town Centre Partners have appointed consultants to investigate developing and submitting a RGF bid in the first bidding round. The bid will aim to encompass the aims and objectives set out within the Skelmersdale Vision, with the consultants working throughout the Christmas and New Year period in to meet the tight timescales. The consultants will work with relevant stakeholders and will investigate the options that are eligible for RGF, including those that demonstrate significant private sector match funding and high levels of jobs created. The RGF is expected to be highly competitive and early indications from Government suggest there could potentially be around 6,000 bids submitted into round one.

3.8 The Government proposes to align the European Regional Development Fund (ERDF) with the RGF where appropriate and increase private sector leverage for ERDF schemes.

3.9 In order to increase confidence in investment the White Paper reiterates the Government's proposal to reform the planning system that includes:-

(a) setting a national presumption in favour of sustainable development proposals;

(b) developing neighbourhood plans alongside local development plans;

(c) allowing local communities to have 'Right-to-Build' powers to deliver small scale development without having the need for a separate planning application;

(d) streamlining national planning policy through a single National Planning Framework; and

- (e) introducing a new statutory duty requiring local authorities, public bodies, involved in plan-making and private bodies and infrastructure providers to cooperate on plan-making and planning for key items of infrastructure.

3.10 The Government is proposing incentives to encourage local authorities to promote economic growth. They include:-

- (a) **New Homes Bonus** – to incentivise house-building locally: the scheme will match fund the additional council tax for new homes and properties bought back into use for six years after being built. Funding of £196 million will help establish the scheme starting in 2011-12 and £250 million for each of the following three years. The Government will be consulting shortly on its proposals for implementation;
- (b) **Tax Increment Finance (TIF)** – local authorities would retain business rate uplift generated from development and use this funding stream to borrow for infrastructure needed to start the development. It will need legislation and initially be introduced by a bid-based process. Any TIF activity would need to be managed by local authorities alongside wider borrowing under the Prudential Code. The Local Government Resource Review will be launched in January 2011. In the meantime the White Paper asks questions about TIF and any support needed for local authorities; whether business rate retention is preferable to Business Increase Bonus and how they might relate to TIF schemes. Local authorities would also be allowed to keep additional business rates generated from hosting renewable energy projects. The information and guidance currently available relating to TIFs is extremely limited at present with the pilots from last years proposal submissions e.g. Birmingham and Northampton,. informing future TIF activity. WLBC are awaiting the outcome of these pilot schemes before fully investigating whether TIFs are a potential option to consider.
- (c) **Local Government Resource Review** – this will consider whether government should establish a Business Increase Bonus scheme or enable councils to retain locally raised business rates. The Business Increase Bonus would be a simpler and larger scale version of the Local Authority Business Growth Incentive (LABGI) scheme. It would reward authorities where growth in business rates yield exceeded a threshold to keep the increase (to a certain level) for a period of six years. However, the Government is also considering a more radical option of localising business rates. The Government acknowledges that it would need to reconcile this with fairness in the local government finance system and that business rate yields vary hugely between different parts of the country. It is not clear from the document if this would be full localisation of business rates, or just a proportion or if it would apply nationally.

#### 4.0 ISSUES

- 4.1 Officers need to ensure that we keep abreast of the changes identified within the White Paper and ensure relevant and appropriate information is disseminated to both Members and Officers. The key issue within the White Paper at the present

time will be the RGF. The outcome of the Skelmersdale Town Centre bid will be shared with Members at the earliest opportunity.

## **5.0 PROPOSALS**

- 5.1 The statements regarding the importance of local economies and the role of local authorities in supporting their development are positive. The opportunity to bid for RGF funds is to be particularly welcomed to support the proposals for the generation of private sector led growth.
- 5.2 The White Paper provides an outline of the Government's intention to introduce a new planning system. It proposes a national presumption in favour of sustainable development and new Right-to-Build powers, although it is unclear at present how these would be applied and weighted against a range of other issues that need to be considered when taking a decision on a planning application. Streamlining of national planning policy and guidance could bring a helpful reduction in bureaucracy. It is unclear how and to what extent power would be passed to communities and how neighbourhood plans would be developed and relate to other levels of the planning policy, such as the Local Development Framework (LDF). The White Paper refers to the need to produce a local development plan but its form and content is unclear.
- 5.3 The review is about encouraging collaboration and it is proposed to bring this forward through the Localism Bill, which is expected to place a new statutory duty to cooperate on local authorities. It is intended to ensure that people have greater input to the local decision making process, while reducing Central Government involvement would result in less bureaucracy and greater local ownership. The proposal that developers consult the local community prior to submitting a planning application for large developments is already happening in West Lancashire where previous developments have been the subject of local consultation throughout the pre-application stage. While involvement at the neighbourhood level is potentially a welcome development, it should not be under-estimated that the local community is often not in favour of large-scale redevelopment and it is therefore uncertain what the impact would be on future development.
- 5.4 Although the detail on the New Homes Bonus is still to be published, the principle appears to be a transparent mechanism for rewarding new dwelling construction. The proposed Business Increase Bonus, it is hoped will again be more transparent. Tax incremental financing is again welcomed as a means of funding longer term infrastructure projects but again very little information or guidance is available at this stage with pilots from last years proposal submissions hoping to inform future TIF activity.

## **6.0 SUSTAINABILITY IMPLICATIONS**

- 6.1 The proposals within the White Paper would potentially help to tackle a number of issues and support the Community Strategy and the principles of sustainable development. For example a successful RGF bid for Skelmersdale Town Centre would provide and protect jobs by encouraging employment development and

the visitor economy, improve the environment through a series of environmental improvements and improve health by offering opportunities for leisure

## **7.0 FINANCIAL AND RESOURCE IMPLICATIONS**

- 7.1 The only financial resource at present is officer time in terms of keeping abreast of the issues within the Paper and the RGF bid. There will be a financial issue should the decision be made to follow the TIFs route but this is unknown at present. The cost of the appointment of Consultants to investigate a RGF bid are being met from the Skelmersdale Town Centre budget, together with financial support from Lancashire County Council. Any additional resource implications in connection with the RDF bid and subsequent activity will be investigated and reported back to Members.

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### **Background Documents**

The following background documents (as defined in Section 100D (5) of the Local Government Act 1972) have been relied on to a material extent in preparing this Report.

<u>Date</u>	<u>Document</u>	<u>File Ref</u>
October 2010	Department for Government White Paper entitled Local Growth: realising every place's potential	

### **Equality Impact Assessment**

There is no evidence from an initial assessment of an adverse impact on equality in relation to the equality target groups.

### **Appendices**

Appendix 1 – Local Enterprise Partnerships

## **APPENDIX 1**

1. Local Enterprise Partnerships (LEP) The role of LEPs is defined as:-

(a) working with Government to set out key investment priorities, particularly transport and other infrastructure, e.g. digital infrastructure;

(b) co-coordinating proposals or bidding directly to the Regional Growth Fund (RGF);

(c) supporting high-growth businesses, including new business growth hubs;

(d) making representation on the development of national planning policy and getting business involvement in strategic planning applications;

(e) leading changes as to how businesses are regulated locally;

(f) delivering strategic housing development;

(g) working with employers, Jobcentre Plus and learning providers to help people get jobs;

(h) leveraging funding from the private sector;

(i) exploring opportunities for incentives around renewable energy projects and the Green Deal;

(j) cooperating between LEPs neighbouring LEPs and those sharing a common interest e.g. reliance on the same business sector;

(k) funding their own day-to-day running costs; coordinating and submitting bids to the RGF; and

(l) setting strategic planning frameworks across administrative boundaries for economic growth, but this will not apply in London as the Mayor's London Plan remains in place.

2. Key factors in the successful LEP bids were:-

(a) engagement from direct businesses, not just organisations representing business;

(b) natural economic geography supported by business and strategic local authorities;

and

(c) added value and ambition with a clear vision for local economic growth over and above that which would otherwise occur.