

MUNICIPAL YEAR 2013/2014 REPORT NO. 44

MEETING TITLE AND DATE:
Council – 17th July 2013.

REPORT OF:
Director of Regeneration, Leisure
and Culture

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Agenda – Part: 1

Item: 8

Subject:

No Stone Unturned in Pursuit of Growth
The Rt Hon the Lord Heseltine of Thenford
CH, October 2012.

Cabinet Member consulted:

Del Goddard – Cabinet Member for Business
and Regeneration

1. EXECUTIVE SUMMARY

On 31st October 2012 Lord Heseltine made 89 recommendations in his report "*No stone unturned in pursuit of growth*", looking at all aspects of government policy that affect economic growth. Lord Heseltine set out his view that we need a more place based approach to drive economic growth in England and stated that too many decisions are taken in Whitehall.

On 18 March, HM Treasury and Department for Business Innovation and Skills published the Governments' response to the Heseltine review confirming their agreement with the case for decentralising economic powers from central government to local areas and leaders.

The Government accepted in full or in part 81 of the 89 recommendations from the Heseltine Review.

This report sets out the case for a cross-party response to this important national growth Strategy.

2. RECOMMENDATIONS

2.1 Council is asked to agree to make representations to the Coalition Government to promote the 89 recommendations of the Heseltine report and to seek clarity of the time scale for implementing the growth strategy set out in the report.

3. BACKGROUND

*No Stone Unturned in Pursuit of Growth*¹ Lord Heseltine's recently completed report sets out a package of measures to deliver a faster and more regionalised growth strategy. In introducing the report he indicated that he thought the Government could do better in promoting growth.

The report took a very operational approach and focused on 'making it happen'. David Cameron commented positively and suggested that he felt it was a positive step towards much needed growth delivery. Enfield would echo this positive sentiment while recognising the scale of the challenge and the complexity of the work needed to establish the 'single funding pot' suggested in the report. The main thrust of the report is to use the power of greater localism and private dynamism to help generate growth. As such, it puts bodies such as Local Enterprise Partnerships (LEPs), Local Authorities (LAs) and local Chambers of Commerce in the front line working in a direct relationship with Government Departments.

His 89 recommendations (See Appendix 1) are predicated on positive changes in structures to enable the Government to work together coherently to drive through the change required. He suggests that:

- There should be greater collaboration between government departments and a shared vision for growth.
- Partnerships should be formed and power should be further devolved to local areas.
- Civil servants should work on the ground around the country instead of Whitehall. This could be interpreted as more support for localism and is certainly promoting a greater role for local authorities and economic stakeholders and the private sector.

Lord Heseltine's aspiration was that funding should be devolved to city-based engines of growth, coordinated by businesses and local councils.

In supporting this decentralisation approach Sir Merrick Cockell – Chair of the LGA said : "We are currently trying to tackle 21st Century problems with an outdated Victorian-era bureaucracy and this is costing us money and reducing the overall quality of the services people receive. What is needed is the devolution of decision making to local areas to get government agencies, councils, the police, head teachers and health professionals working together to design services that work for their communities. This will ultimately save money and lead to better services."

The recent Spending Review 2013 is obviously set within a challenging economic and fiscal climate. It is argued that a growth strategy would

¹ On 31st October 2012 Lord Heseltine set out a growth strategy looking at how Government spending could be aligned into a single funding pot that could drive economic growth.

help the economy and businesses to grow and provide more employment opportunities for our residents.

The government has stated the three principles underpinning the Spending Round are reform, growth and fairness. The Spending Round sets out a series of areas for investing public sector savings, which the Government believes to yield the highest economic returns:

- transport;
- science and innovation;
- education and skills;
- business support;
- reforms to drive competition and cut red tape.

However, the government indicated that the creation of a Single Local Growth Fund (SLGF) would happen in 2015-16 in response to Lord Heseltine's review. Recent indications² are that this fund would be well below the recommendations of the Heseltine review. Lord Heseltine predicted that some £49bn could be available but recent Whitehall sources have indicated that the SLGF will only be in the region of £2-3bn which would be considerably lower than expected or needed. This would seem to be inadequate in terms of promoting real and sustained economic growth.

4. ALTERNATIVE OPTIONS CONSIDERED

No alternative options have been considered as this report is for information and debate leading to possible policy development at a later stage.

5. REASONS FOR RECOMMENDATIONS

Economic growth for Enfield is essential if we are to achieve the Council aims of fairness for all, growth and sustainability and strong communities. A strong growth strategy would benefit the majority of residents that are unemployed or subject to the low wage economy. A strong and dynamic National Growth Strategy, backed up with resources, would make a significant contribution to reducing child poverty, fuel poverty and the poverty of ambition.

6. COMMENTS OF THE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES AND OTHER DEPARTMENTS

6.1 Financial Implications

There are no financial implications arising from this report. A separate report on the outcomes from the Spending Review

² The MJ – 27th June 2013 suggests that the SLGF would be in the region of £2-3bn.

2013 will be prepared by the Director of Finance Resources and Customer Services.

6.2 Legal Implications

The recommendations in the report request a cross party deputation to the Coalition Government. The council has various powers that enable the authority to act for the good of their community and areas as specific in various statues such as the Localism Act 2011, a General Power of Competence. Once and if, additional work is developed around the 89 recommendations further legal advice will be provided as and when required.

6.3 Property Implications

There are no property implications arising from this report.

7. KEY RISKS

The main risk associated with this report would be where a dis-joined response was made on behalf of the Council. The Council acting in a strong and determined way with a cross party conscious about the need for a National Growth Strategy would be the best outcome for Enfield Residents. By acting together the Council would be able to voice its concerns and secure the resources needed to deliver an excellent growth strategy for Enfield. A local city-deal for Enfield, as part of a London settlement, would help to mitigate the impact of deprivation and poverty in our Borough.

8. IMPACT ON COUNCIL PRIORITIES

8.1 Fairness for All

Enfield recognises that people have different needs, find themselves in different circumstances, and may face barriers that could limit what they can do and be. We recognise that by promoting equality and celebrating diversity we will provide better quality services and outcomes for the people of Enfield. Our commitment to secure a better way of life for our residents is the underlying principle behind this report and our determination to seek the powers to deliver choice and growth is absolute.

8.2 Growth and Sustainability

The only way to achieve growth and sustainability would be for local government to undertake some of the tasks currently delivered by National Government. Decentralisation can unleash the growth potential of our local economy by securing a local growth deal as part of a London settlement or 'City Deal' which

is part of the ambitious growth programme set out by Lord Heseltine.

8.3 Strong Communities

Should the Council achieve a positive outcome from its representation to Government it would have the much needed resources to develop a sustainable growth strategy for Enfield,. This would help to build strong communities in Enfield.

9. EQUALITIES IMPACT IMPLICATIONS

No equality impact assessment/analysis has been undertaken, this should be would be undertaken on any growth strategy developed as a result of the National Strategy being implemented.

10. PERFORMANCE MANAGEMENT IMPLICATIONS

There are no performance management implications at this stage.

11. HR IMPLICATIONS

There are no immediate HR implications as a result of this report.

12. PUBLIC HEALTH IMPLICATIONS

The SLGF would include a number of funding sources that would have a direct and indirect impact on the health of our residents. The funding pot would bring together resources for decent homes and new affordable housing , employment opportunities for young people and skills training programmes that could combine to help residents avoid the health problems associated with deprivation and poverty.

Background Papers:

None

Appendix 1 –No Stone Unturned in Pursuit of Growth report The Rt Hon the Lord Heseltine of Thenford CH, October 2012.

Recommendations

Localism – building on our strengths

1. Central government should identify the budgets administered by different departments which support growth. These should be brought together into a single funding pot for local areas, without internal ring fences.
2. Local partnerships should bid for funds from central government on a competitive basis. Bids should be for a minimum of five years starting from 2015/16.
3. Government should streamline its management of EU Common Strategic Framework funds in England, strip out the bureaucracy of multiple programmes and align local allocations from the four funds with the single funding pot.
4. Taking full account of the Government's national growth strategy, all LEPs, in collaboration with local stakeholders, should lead the development of a long term strategy and business plan for their area that will be used to bid for economic growth funds from central government.
5. The Government should allocate LEPS up to £250,000 of new public funding, resourced through departmental efficiency savings and underspends, in each of years 2013/14 and 2014/15 specifically to devise their local economic strategies, and create the foundations for their implementation.
6. The Government should invite LEPs to review their boundaries within a three month period to ensure they have a good match with their functional economic market area and that they do not overlap.
7. In light of the new role and vision for LEPs, each LEP should ensure that their board has the necessary skills and expertise to deliver their expanded functions and pay particular attention to the representation of employees from both private and public sector.
8. At the earliest opportunity civil servants based across the country should be brigaded into Local Growth Teams, structured around clusters of LEPs, primarily tasked with joining up government and local partners in the areas of their responsibilities to facilitate, identify and realise economic opportunities.
9. Ministers and permanent secretaries should be associated with individual LEPs, not to advocate individual plans but to add an understanding of place to the existing culture of function.
10. Local authorities should have a new overarching legal duty to have regard to economic development in the exercise of all their activities and functions. Where local authorities share a functional economic market area they should be required to collaborate on economic development.
11. All two-tier English local authorities outside London should pursue a path towards unitary status. The Government should encourage this and work with authorities to clarify the process and enable it to happen.
12. Proposals for formal collaboration between local authorities that reinforce the standing of the LEP and enhance the partnership with the private sector across a functional economic market area, should be encouraged and prioritised for government approval. All proposals to move to unitary or combined authority models should be scrutinised by the Prime Minister's Growth Council.
13. The Government should remove all legislative barriers that are preventing local authorities from collaborating within functional economic market areas, including moving to a unitary status.
14. Local authority council members should be elected using the same electoral cycle across England where the whole council is elected at the same time every four years.
15. Legislation should be passed to enable combined local authorities, and other combinations of authorities, that wish to elect a conurbation mayor to do so.

Whitehall – a confident, strategic centre of government

16. The Government should produce an overarching and long term National Growth Strategy and its vision for wealth creation, with concrete commitments against which it can be held to account.
17. A new National Growth Council should be established, chaired by the Prime Minister and with a strong, cross-government focus on driving growth and wealth creation.
18. Operational responsibility for implementation of the National Growth Strategy should rest with a designated minister, supported by a secretariat.
19. Government should establish a shadow Growth Council of permanent secretaries and Non-Executives chaired by the designated minister to drive implementation of the Growth Strategy across all departments.
20. Departments should include a growth commitment in their annual business plans setting out their contribution to the Growth Strategy over the previous year and planned action for the coming year. This should explicitly include how departments will use the economic levers available to them to support growth over the long term.
21. The role of Non-Executives in the development of growth commitments and departmental business plans should be strengthened and formalised. Non-Executives should have access to the Growth Council secretariat to support their enhanced role.
22. Departments should work with the public bodies they sponsor to ensure they explicitly consider their potential for wealth creation when developing business plans.
23. Government must continue to look at opportunities for devolving or transferring the functions of public bodies to the local level or to the private sector.
24. A Whitehall management information system must be introduced and should encompass management and financial data as set out in Annex F.
25. The Cabinet Office should work with departments to remove restrictions on departments recruiting externally for key skills and professionals – including disapplying general pay ceilings, recruitment freezes and redeployment pool policies. In making recruitment decisions, departments should focus on controlling their total salary costs. Where a recruitment breaks a pay ceiling, departmental Non-Executives should give their approval to the process and the appointment.
26. Departmental Non-Executives should be able to make recommendations on the appointment of permanent secretaries.
27. Barriers to secondments between the public and private sectors should be removed and secondment programmes in government departments should be reinvigorated.
28. Civil Service Learning should develop courses aimed at encouraging public and private sector people at all levels to train together.
29. Civil Service Learning should be recreated as a commercial body to train civil servants to perform more strategic roles and develop expert policy knowledge, and to market its services overseas.
30. Government departments should offer all major sectors of the economy the opportunity to form a relationship with government.
31. The Department and the sector should agree an appropriate level of interaction which is endorsed by the Growth Council. Each relationship should be set out in departmental growth commitments.
32. Lead departments should coordinate the Government's interaction with each sector, ensuring there is a constructive dialogue with mutual understanding and shared ownership of outcomes.
33. An Industry Council should be established for each formal partnership between government and a sector.
34. Government departments and industry sectors should jointly nominate lead trade associations to represent sectors in their dialogue with government and encourage the private sector to bring about a major rationalisation of trade associations to enhance the quality of the debate.
35. Government should increase the number of companies managed through the Strategic Relationship Management model and this should be used by all government departments.

Government and growth – catalyst, enabler, partner

36. Every government department should recruit a Chief Procurement Officer at competitive market rates, reporting direct to the permanent secretary, to lead the procurement and delivery of major projects and improve the capabilities of their procurement cadre. The department's Non-Executives should approve the selection process and appointments.
37. The Cabinet Office should place a general duty on all public bodies, setting out the procurement standards to which they should adhere, by providing a pan-government procurement strategy, legislating if necessary.
38. The Government should go further in its plans to build strategic relationships with industry, ensuring that the long term impact on technological advantage and the UK industrial base are taken into account in the procurement of specialist technologies.
39. The Government should continue to commit to the long term stability of the core funding of science and research, at a level which keeps pace with our international competitors.
40. UKTI should work with the Technology Strategy Board and the Research Councils to strengthen the marketing of the UK as an inward investment destination on the back on our world-renowned research excellence.
41. The Department for Business, Innovation and Skills and the Technology Strategy Board must set out a clear statement explaining how they and other government agencies will work with LEPs and the devolved administrations to better connect national strategy with local initiative.
42. All government departments, working through the Chief Scientific Advisers Committee, should consult with the Technology Strategy Board and Research Councils UK on the development of their growth commitments.
43. Rather than setting up duplicate teams across government, a single source of expertise for innovative procurement should be established that builds on existing work and successful mechanisms. This resource should help to aggregate demand and coordinate activity around shared innovation challenges, provide expertise, coordination and guidance, and scale up and develop innovative procurement initiatives.
44. The British Standards Institution, Technology Strategy Board and Research Councils UK should work together to ensure that new standards are set earlier in the development of new technologies in the UK.
45. The Government should survey the practices and procedures of all regulators involved in conjunction with the sectors affected with a view to simplifying procedures and avoiding unnecessary duplication between agencies.
46. Government should involve the private sector in drafting regulations so it is a collaborative process. It should invite trade associations, through the lead associations for their sectors, to submit precise redrafting of existing regulations prior to wider consultation on any changes.
47. Through its review of both the Principles of Economic Regulation and the Compliance Code for non-economic regulators, the Government should impose an obligation on regulators to take proper account of the economic consequences of their actions.
48. In preparing for any review process, regulators should invite the lead sectoral trade association (or a national body in the case of horizontal regulators) to analyse and publish evidence on the impact of the regulator's activities – both what it does and how it does it – on the businesses affected. This published evidence would then be available for analysis and comment by other interested parties.
49. Regulators should set out their service standards and cost recovery policies clearly, showing how much they will charge under what circumstances.
50. Regulators should publish policy statements showing how they will ensure that their decisions are both internally consistent across their geographic area, and consistent with those of any other bodies which regulate the same businesses.
51. All regulators should adopt systems of earned recognition and meet the cost of inspections carried out at the discretion of the regulator within any recognition period.
52. All non-economic regulators should publish policies showing how their customers can ask, without prejudice, for an independent second opinion on a regulatory decision or requirement.

53. The Government must continue to promote the British interest in Europe and all secretaries of state with EU business affecting their department should make bi-annual trips to Brussels to influence decision making throughout the EU policy making process. All departmental ministers with EU business should consider every proactive step possible to put Britain on the front foot at the negotiating table.
54. Government departments should develop greater capacity to identify forthcoming EU regulations well in advance.
55. The Planning Inspectorate should be given powers to investigate planning decisions proactively. The Government should also consider on a rolling basis all the possible options to inject urgency and purpose into the planning system.
56. The Government should consider the effectiveness of Local Development Orders and extend their use after consultation with affected parties to establish best practice.
57. The Government should consider using Special Development Orders to speed up specific planning decisions of strategic significance.
58. The Government Property Unit should work with local authorities to identify and publish details of all surplus and derelict public land on the EPIMS database so that LEPs and local authorities can collaborate to bring this land back into reuse in support of the local economic strategy.
59. The Government should set up a new Development Corporation under an independent chairman from the private sector, comprised of representatives of central government, the Mayor of London, London boroughs, Kent and Essex councils and with a majority of members from the private sector and related disciplines. It should not exceed 20 members. Once created the Corporation should be given the powers it needs to drive its vision for future growth. It should be able to bid for its funds from the single pot.
60. The Government should accept the need to clarify urgently its preferred solution to the problem of airport capacity in the South East and indicate that preference whilst making its implementation conditional on the outcome of the next election.
61. The Government needs to set out a definitive and unambiguous energy policy, including the supporting financial regime, to give the sector the certainty to invest.
62. The Government should initiate discussions through the Bank of England and, in cooperation with the appropriate regulators, seek one or more solutions to enable UK pension funds to invest in UK infrastructure assets. The Government should ensure that best practice applies to both public and private sector pension fund investments.

Private sector – broadening the capacity for excellence

63. The chambers of commerce could benefit from an enhanced legal status to support their role as coordinating hubs for business support and engagement at local level. The Government should consider legislating to give chambers basic statutory functions, whilst guaranteeing their continuing independence from government. It should provide for compensation if government opts out of these arrangements.
64. Government and the private sector should collaborate to create a strong and stable, locally-based, private sector business support infrastructure. This should be centred on an enhanced role for chambers of commerce. At the minimum, government should pursue option 2 and take all appropriate steps to secure its implementation.
65. Local authorities should publish the list of all businesses paying non-domestic rates so that chambers and other business representative bodies can identify businesses in their area more reliably, and seek to draw them into the local businesses support initiatives. There should be exceptions for businesses where the identification of business premises could give rise to security concerns.
66. An updated Code of Practice for Trade Associations should be developed. It should be given teeth by making compliance with the Code a condition for membership of the Trade Association Forum.
67. The Trade Association Forum should press ahead with the development of a competency framework for individuals to drive up professionalism within trade associations.
68. The Trade Association Forum should develop an enhanced directory of associations which is easily navigated through keyword searches.

69. In developing their economic plans, LEPs and chambers should consider ways in which leadership and management capabilities in local businesses can be raised making full use of local networks, local training providers and businesses themselves. Plans could, for example, incorporate commitments from large corporates and leading mid-size businesses to help raise leadership and management capacities in their supply chains.
70. The development of leadership and management skills should be integrated, where appropriate, into the education and skills system at every level, from schools through to higher education and vocational skills training. We need to see individuals having opportunities to develop their leadership and management capabilities earlier on in their working lives, alongside the development of technical or academic competencies.
71. As part of their growth commitments, departments should set out plans for sector-based supply chain programmes, learning from the experiences of the Advanced Manufacturing Supply Chain Initiative.
72. Government should ensure the availability of long term patient loan capital to growing businesses which do not want to dilute their equity. It should give serious consideration to tasking the new Business Bank to provide this either by itself or in partnership with the Business Growth Fund.
73. The Government should take a greater interest in foreign acquisitions from the perspective of the UK's industrial strategy priorities, using an enhanced sector knowledge and expertise. Government should do far more to engage with potential foreign investors in our core sectors to secure commitments to developing the UK research, skills and supply base, and in exceptional cases to discourage unwanted investments. We should underpin this by signalling a greater readiness to use existing powers in the Enterprise Act 2002 to allow ministers to consider takeovers and mergers to ensure our long term industrial capabilities are given proper consideration.

Education and skills – the foundation for growth and prosperity

74. All failing schools should be subject to the intervention process forthwith. There should be a clear timetable within which an improvement strategy for each school is agreed, with the education authorities using their powers to intervene if the head teacher and governors fail to act. If local authorities delay, central government should intervene.
75. The regional directors being appointed to lead Ofsted's new regional structure should be given formal powers to act swiftly where they identify problems in local schools.
76. Business engagement should be incorporated far deeper into the school curriculum in order to develop young people's understanding of business, increase their employability, and further their understanding of career and future training options and where they might lead. LEPs should consider how they engage with local schools and work with chambers to facilitate this.
77. The bureaucracy and paper work around work experience and work placements must be streamlined. DfE must be clear about what is absolutely necessary. Government must then ensure the removal of all regulations and requirements that place unnecessary burdens on employers, schools and colleges.
78. All boards of governors in secondary schools should include two influential local employers, at least one of whom should have good connections with the wider business community. This could be coordinated by the local chambers of commerce.
79. Local authorities should publish the Destination Measures for all secondary schools in their areas alongside academic attainment so that parents can make better informed choices, and to incentivise schools to give a higher priority to developing the employability of their leavers.
80. The existing budget lines for adult careers advice should be included in the single funding pot. Each LEP, as part of its local economic plan, should consider how careers advice is best provided in its area to meet the needs of both the adult population and the requirement under the Education Act 2011 for careers advice in schools.

- 81.** The budget for vocational training for learners aged 19 and over, and all funding currently set aside for apprenticeships for those aged 16 and over, should be devolved to local areas through the single funding pot described in Chapter 2. This therefore calls into question the continuation of the Skills Funding Agency. Each LEP should incorporate skills needs within their local economic plans driven by the needs of local employers and the practical experience of FE colleges.
- 82.** All FE learning providers must consult and agree their provision with LEPs to ensure that the courses they offer to 16-18 year olds reflect local labour requirements. In addition, any vocational courses delivered by FE providers to learners of any age must conform to the defined national standards set by employers and industry.
- 83.** Action to address NEETs is best taken at the local level. Resources to tackle the problem should therefore be available from the single pot. Youth unemployment will not be a problem or priority for action in every area, but where it is, LEPs working with local authorities, employers and other local partners should develop proposals for reducing NEET numbers as part of their local economic plans.
- 84.** Industry Councils should work with the higher education sector to ensure that courses are relevant, incorporate placements in industry, and match the skills for which there is demand. Government needs to consider incentives to encourage and develop this further.
- 85.** Higher Education courses should, where appropriate, be a collaboration between employers and universities. For shortage subjects for which there is strong employer demand, universities and employers should develop models where a commitment from firms of between a third and a half of a student's course fees will commit the student to working for that employer for a fixed number of years after graduation. This should be taken forward by the relevant Industry Councils.
- 86.** The Home Office should undertake a targeted communication programme to improve business understanding of the skilled worker immigration rules to align perception and reality.
- 87.** Government should review the regulations relating to immigration policy as part of the Red Tape Challenge process.
- 88.** Government should accelerate the pace at which it is tackling illegal immigration, overstayers and the backlog of residency applications. It should do this through a significant but temporary redeployment of public sector people and resource. The backlog should be tackled on a task and finish basis, with clear targets and milestones, so that the redeployment does not become permanent.

Making it happen

- 89.** An experienced implementation team should be set up in the centre of government, including secondees from the private sector, LEPs and local authorities.