

DLP BRIEFING NOTE 37

Prepared by
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On 28th October the Coalition Government published its long awaited localism white paper, **“Local Growth: Realising Every Place’s Potential”**.

This document outlines government’s new approach to local development/growth, which will see power move away from central government to local communities, citizens and independent providers.

The key commitments are to:-

- **Shift power to local communities and business, enabling places to tailor their approach to local circumstances;**
- **Promote efficient and dynamic markets, in particular in the supply of land, and provide real and significant incentives for places that go for growth; and**
- **Support investment in places and people to tackle the barriers to growth.**

These commitments will be delivered through:-

- **the creation of Local Enterprise Partnerships (LEPs), which are to replace Regional Development Agencies (RDAs);**
- **Investment in a £1.4 billion Regional Growth Fund over the next three years, which is aimed at helping areas which depend too heavily on the public sector for jobs, helping create more sustainable private sector employment;**
- **Significantly reducing ringfencing for local government;**
- **Allowing councils to borrow against their future tax revenues;**
- **Exploring the possibility of letting councils have greater discretion over business rates while promoting business and growth.**

Local Enterprise Partnerships

In June this year, the Government invited businesses and councils to come together to form *local enterprise partnerships*, whose geography properly reflected the natural economic areas of England, as opposed to the previous arrangements for RDAs, which were based on administrative regions -

“Local enterprise partnerships will provide the clear vision and strategic leadership to drive sustainable private sector-led growth and job creation in their area. We particularly encourage partnerships working in respect to transport, housing and planning as part of an integrated approach to growth and infrastructure delivery. This will be a major step forward in fostering a strong environment for business growth”.

LEPs will not be defined in legislation, and the idea is that they will differ across the country in both form and function, depending on local circumstances. It is envisaged that LEPs could take on a diverse range of roles, such as:

- **Lead changes in how businesses are regulated locally;**
- **Strategic housing delivery, including pooling and aligning funding streams to support this;**

- **Working with Government to set out key investment priorities, including transport infrastructure and supporting or coordinating project delivery;**
- **Coordinating proposals or bidding directly for the Regional Growth Fund;**
- **Supporting high growth businesses, for example through involvement in bringing together and supporting consortia to run new growth hubs;**
- **Making representations on the development of national planning policy and ensuring business is involved in the development and consideration of strategic planning applications;**
- **Working with local employers, Jobcentre Plus and learning providers to help local workless people into jobs;**
- **Coordinating approaches to leverage funding from the private sector;**
- **Exploring opportunities for developing financial and non-financial incentives on renewable energy projects and Green Deal; and**
- **Becoming involved in delivery of other national priorities such as digital infrastructure.**

RDAs are to be wound down by March 2011 and the White Paper sets out how their functions are to be transferred, with some going to LEPs and others to be taken on by a number of existing government departments.

With 62 bids having been made, and only 24 approved so far, large areas – notably in East Anglia, Humberside, Lancashire, the North East and the West Country – remain without any formal partnership in place to replace the former RDA's. Clearly, many issues remain to be resolved.

Regional Growth Fund

From April 2011, the Regional Growth Fund (RGF) will provide £1.4 billion for projects and programmes that encourage enterprise, and help areas reliant on the public sector make the transition to private sector jobs. A £1 million bid threshold has been set to avoid spreading the fund too thinly.

Successful RGF bids could be used for research and development, strategic investment programmes, interventions to improve housing supply, services such as energy and transport, land remediation and improvements to the built environment.

Ministers will take advice on deployment of the RGF from an independent panel drawn mostly from the business community and chaired by a former Environment Secretary, Lord Heseltine, but the final decisions will be made by a group of senior ministers, chaired by Deputy Prime Minister Nick Clegg.

Lord Heseltine has announced that, whilst all areas of the country will be eligible to bid, some parts of the country “*where there are already high levels of employment and a vibrant private sector, including parts of the South-West*” may struggle to demonstrate how they meet the initiative's objectives.

Increasing Confidence to Invest

Actions to increase confidence to invest include:-

- **Introducing a national presumption in favour of sustainable development, which will apply to decisions on all planning applications;**
- **Giving local communities new Right-to-Build powers;**
- **Fundamentally reforming and streamlining national planning policy and guidance, presenting to Parliament a simple national planning framework; and**
- **Placing a new statutory duty to cooperate on local authorities, public bodies and private bodies that are critical to plan-making, such as infrastructure providers.**

'Powerful' incentives for local authorities to deliver sustainable economic development will include:

- **The New Homes Bonus scheme, starting in 2011-12, will provide a simple, powerful and transparent incentive for local authorities to support new housing development;**
- **Considering options to enable councils to retain locally-raised business rates in the Local Government Resources Review;**
- **Bringing forward proposals that will enable local authorities to offer local discounts on business rates;**
- **Introducing new borrowing powers to enable local authorities to carry out Tax Increment Financing.**

It is hoped that these new incentives will encourage local communities to opt for growth, as they will reap the benefits. The White Paper, perhaps somewhat boldly, asserts that it is a "***desire of almost every local community to see new homes, more jobs, extra investment and a better local environment***". Many involved in the development process would question this, and the view that incentives will not be enough to stimulate development remains widespread.

If you would like to discuss the Coalition Government's plans for Local Growth and how these may affect you/your future development projects, please contact us.

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