



Report to Cabinet

Subject: The Sub-National Growth White Paper

Date: 13 January 2011 (deferred from 2 December 2010)

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1. Purpose of the Report

- To inform Cabinet of the key points from the recent Government White Paper on Sub-National Growth and their potential implications for Gedling.

2. Background

The Government published '*Local Growth: Realising Every Place's Potential*', also known as the Sub-National Growth White Paper in November.

The paper sets out the Government's vision for economic development including Local Enterprise Partnerships (LEPs), the Regional Development Agency (RDA) transition, the Regional Growth Fund (RGF) and the reform of the planning system.

The White Paper is part of the Government's localism agenda. It states that local authorities and businesses create the conditions for growth. This is reflected by the removal of the regional role in planning and economic development and the creation on local partnerships based upon locally agreed economic areas. Throughout there is a strong focus on the role of the private sector and the importance of creating private sector jobs.

3. Key Messages

3.1 - Local Enterprise Partnerships (LEPs)

- LEPs, the successor bodies to RDAs, will '*provide the clear vision and strategic leadership to drive sustainable private sector-led growth and job creation in their area*'. LEPs are encouraged to create an integrated approach to growth and infrastructure by being involved in transport, housing and planning, and by contributing to a number of areas including worklessness, sustainable energy and digital infrastructure.
- The LEP Board is expected to be business led.
- The Government does not intend to define LEPs in legislation.

- The Government wishes to encourage co-operation between LEPs.
- There will be no funding for the day-to-day running costs of LEPs, although they can bid into the Regional Growth Fund (RGF) to support local priorities.
- The initial Nottingham, Nottinghamshire, Derby & Derbyshire LEP proposal has met key benchmarks set out by Ministers and has been invited to establish a shadow Board.

3.2 - Regional Development Agency (RDA) Transition

- Government will work with LEPs to establish which existing RDA functions will be led nationally and locally. Functions which are centralised will be flexible to take into account the evolving capabilities and priorities of LEPs.
- It is expected that UK Trade and Investment (UKTI) will take the lead on foreign direct investment and the Homes and Communities Agency (HCA) retain a role in regeneration.
- Business support, via the Business Link brand, will be led through a national website and telephone service with LEPs able to take a role in locally focussed advice and support.

3.3 - Regional Growth Fund (RGF)

- The objectives of the RGF are to stimulate economic growth, create additional private sector employment and enable areas and communities currently dependent on the public sector to make the transition to sustainable private sector-led growth.
- The national fund will operate from April 2011 to April 2014, with £580m capital and £840m revenue available. There will be at least three bidding rounds with the first round closing on 21st January 2011 for bids that are 'ready to go'.
- LEPs can apply for RGF but it must be in partnership with the private sector. The private sector can submit bids independently.
- An independent Advisory Panel, made up of business leaders, will provide a strategic view to Ministers on how the fund should be spent. Final decisions will be made by a ministerial group chaired by the Deputy Prime Minister.

3.4 - Reform of the Planning System

- The Government intends to produce a simplified national planning framework driven from the bottom up, with sustainable development at its heart.
- Local authorities will have to produce local development plans which will be the strategic framework for infrastructure and deal with issues such as economic growth requirements. However, the process and timescales will be streamlined and simplified so that communities are better able to understand and influence them. Every neighbourhood will be able to create a 'neighbourhood plan' to help shape development in their area. Where these have not been prepared, the local plan will be used to guide development in that area. The aim is to place communities at the heart of planning.
- New statutory duty to cooperate placed on local authorities and public bodies involved in plan-making and on private bodies such as infrastructure providers.
- LEPs will be free to work with partner planning authorities to develop strategic planning frameworks to address economic development and infrastructure issues.
- Further clarity on changes to the planning system will be contained within the draft 'Localism' Bill, which was due for imminent publication at the time this report was written.

- The White Paper proposes a development of the existing presumption in favour of development for a presumption in favour of sustainable development. Sustainable development needs to be defined. The aim is that neighbourhoods will welcome growth because they will be sharing in the gains it produces and because they will be able to shape how economic development looks and where it happens, subject to national policy requirements.
- Communities will have new Right-to-Build powers, to be able to deliver small scale development without planning permission.
- Local authorities will have a continuing need to ensure a responsive supply of land that supports business growth and increases housing supply.

3.5 - Financial Incentives

- The *New Homes Bonus* will involve the Government match funding the additional council tax revenue for each new home and property brought back into use for six years. Consultation on this scheme opened on 12 November and ends on 24th December and is the subject of a separate report on this agenda.
- The *Business Increase Bonus* scheme will reward local authorities where growth in the business rates yield exceeds a threshold, by allowing them to keep the increase – up to a certain level – for a period of six years.
- The Government is also considering ways of allowing councils to retain locally raised business rates. Any Business Rates Retention model would require the support of local businesses, who would have the right to hold a binding vote on any local proposals. Consultation on these proposals opened on 28th October and closes on 1st December 2010.
- New borrowing powers to enable authorities to carry out Tax Incremental Financing (TIF). It is anticipated that TIFs will be introduced through a bid-based process.
- Local authorities that host renewable energy projects will be allowed to keep the business rates they generate. The Local Government Resource Review will consider how this will work.

4. Possible Implications for Gedling

- Concerns are being raised over District/Borough Council involvement in the establishment and structure of the LEP. Clearly, the council would want to have some influence and it is not clear yet how this will take shape.
- The £1.4bn Regional Growth Fund represents a significant decrease in the level of funding available across the country and this will make securing any monies to support potential projects in this area increasingly difficult.
- Reform of the planning system is likely to have significant implications, particularly for the Development Control and Planning Policy functions. Issues around this will become clearer once the draft 'Localism' Bill is fully analysed and considered and will be reported to Cabinet in due course.
- The Council is formally responding to consultation around Business Rates Retention model and is broadly in favour of the approach, although concerns are being raised over implementation and potential costs as appropriate.

5. Recommendation

Cabinet is **recommended** to note the report.