Purpose of report:

- This report sets out the changing scene of sub-National Government, including statements made by Phillip Hammond, and outlines the current position regarding Local Enterprise Partnerships and the proposed Regional Growth Fund. Some key questions are included for discussion.

- Proposals for LEP’s were submitted to Government by 6th September 2010. Transport Portfolio Holders from each Local Authority will be invited at the RTF to give orally an outline of the emerging proposals covering their LA area.

Recommendations:

1. To note the emerging changes to sub-National Government;
2. To note the emerging proposals for LEP’s across the East of England; and
3. To discuss some questions which will help shape the future of RTF, particularly relating to the new Terms of Reference and future management arrangements.

1 Background

1.1 To reduce the deficit the Government will:
   - reduce public sector borrowing from 11% of GDP to 1.1%;
   - cut spending from 48% of GDP today to 40% by 2015-16; and
   - produce a surplus of 0.3% of GDP by 2014.

1.2 Cut £11bn from the welfare bill, so unprotected departments (e.g. DfT) face 25%-40% cuts to overall budgets.

1.3 Abolition of Quangos such as, EEDA, EERA and other government bodies such as, Go-East. Regional government abolished to save £16 million a year.

1.4 Ring-fencing removed from £438 million of capital grants, so councils could transfer the funds to higher priorities (e.g. schools).

1.5 Abolition of Regional Spatial Strategies and suspension of Regional Funding Allocations.

1.6 The Government Spending Review will be published on 20th October 2010. This will identify 3 year budgets for each government department starting 2011/12. There is
wide expectation that budgets will be very tight.

2 Phillip Hammond’s Speech to the Transport Select Committee

2.1 Phillip Hammond stated that “Local Economic Partnerships (sic) will offer a route to looking at these wider (regional approaches) … and, depending on how they form – because obviously they are bottom up organisations; we cannot be prescriptive about what the shape of Local Economic Partnerships will be…. “I hope … to encourage them to work together in appropriate groupings to look at transport issues on a sub-national basis around natural geographical areas that are relevant from a transport infrastructure point of view”. “The DfT will need to create channels for appropriate discussions about sub-national funding… We are allowing it to come from the bottom up. I think we need to wait and see what pattern emerges and then decide how best to harness that network to assist in the transport decision making process. It may be… that it is appropriate to think in terms of consortia of LEPs being formed for transport purposes around a geography which is appropriate to that function.”

2.2 In considering the formation and role of LEP’s, consideration will need to be given to options for joint working with neighbouring partnerships as follows:-

1. Building on existing partnerships

2. A multi-functional partnership

3. A collaboration between neighbouring LEPs focused on transport

3 The Opportunity – Local Enterprise Partnerships

3.1 The Government’s Coalition Programme supports creation of Local Enterprise Partnerships (LEPs) to replace Regional Development Agencies, which had already taken on the responsibilities of Regional Assemblies. Appendix A shows an example of the proposed LEP governance and delivery arrangements.

3.2 LEPs will be locally owned partnerships between Local Authorities and businesses, and a key vehicle in delivering economic growth and decentralisation while providing a means for Local Authorities to work together with business in order to quicken the economic recovery. It is anticipated that LEP’s will be chaired by the private sector although consideration will be given to other possibilities.

3.3 The Emergency Budget in June announced a White Paper on the Government’s economic development plans and more detail on the transition to LEPs.

3.4 The Government invited all Leaders and Chief Executives of Local Authorities to outline proposals from partnerships of Local Authorities and businesses to form LEPs by 6th September 2010.

3.5 It is understood that the Department for Business Innovation and Skills (BIS) and the Department for Communities and Local Government (CLG) are now considering the proposals received with a view to confirming shortly those LEP’s which can proceed.

3.6 **Transport Portfolio Holders are asked to outline verbally to RTF the emerging proposals for LEP’s in their area.**
Regional Growth Funds

4.1 It was announced in the Budget on 22nd June 2010 that a new Regional Growth Fund, worth £1bn, would be established to support projects across England that would deliver economic growth. Funding would be allocated over two years (2011/12 – 2012/13) across a range of activities, including transport, that have the greatest impact on sub-national growth.

4.2 A consultation was launched in July 2010 by BIS, CLG and HMT seeking views on how a Regional Growth Fund would work. To ensure that the Regional Growth Fund is flexible to meet different needs in different places it is envisaged that it will have two main objectives:

1. To encourage private sector enterprise by providing support for projects with significant potential for economic growth and create additional private sector employment; and

2. To support those areas and communities that are currently dependant on the public sector to make the transition to private sector led growth.

4.3 The consultation closed on 6th September 2010. It is envisaged that bidding for the fund will be led by the LEP’s and will be carried out through two bidding rounds, the first of which is expected to have a deadline of the end of December this year. Successful bids are expected to be announced by the end of February 2011. Private sector companies and public-private partnerships may also be eligible to bid to the fund. Criteria for the first bidding round is expected to be published in October 2010.

Key Questions for Discussion on the Future of RTF

5.1 It is planned to bring a paper to the RTF meeting in December on the future role and function of RTF or other sub-national transport forum. This paper will include recommendations on the future Terms of Reference, management and organisational structures. To feed into this work it is proposed to have a discussion centred on some key questions.

Members of the Regional Transport Forum will break into discussion groups to consider the following questions:-

5.2 Local Governance

1. How do you expect LEP’s and LA’s to work together over strategic transport issues and what relationship do you expect between LEP’s and other existing sub-national transport bodies?

2. What relationship do you anticipate between the LEP’s and RTF or another possible sub-national transport forum?

5.3 Relationships with Central Government

3. How do LA’s and LEP’s anticipate engaging with the Department for Transport over sub-national transport issues?

4. What role do you think RTF or other sub-national transport forum should have with Central Government?
5.4 **Relationships with the Private Sector**

5. To what extent should the private sector and businesses be represented on a re-constituted RTF or sub-national transport forum?

6. How should Local Authorities better tap into innovative funding mechanisms that involve the private sector?

APPENDIX A

**Example of the Proposed LEP Governance and Delivery Arrangements**

Diagram illustrating the proposed governance and delivery arrangements for a Local Enterprise Partnership (LEP) with roles and responsibilities assigned to different boards and sectors.