Purpose of report:

To advise the Regional Transport Forum (RTF) of the content of the White Paper *Local Growth: Realising Every Place’s Potential* which was published on 28th October 2010.

Recommendations:

1. To note that 4 Local Enterprise Partnerships in the East of England have been approved by Government and have been invited to progress and establish their Boards.

2. To note that the Regional Growth Fund has been increased to £1.4bn and will be spread over 3 years starting 2011/12. Bids will only be able to be made by Local Enterprise Partnerships or the private sector.

3. To note the proposals to reform the Planning system that will place greater emphasis on growth and a presumption in favour of sustainable development.

1 Introduction

1.1 The White Paper *Local Growth: Realising Every Place’s Potential* was published on 28 October 2010. Of interest to Transport are the following subject headings:-

- Local Enterprise Partnerships
- Funding
- Planning and Housing

2 Local Enterprise Partnerships (LEP’s)

2.1 Proposals from 24 LEPs were accepted and given approval to progress to the first phase and establish their Boards. For the East of England the following LEP’s were included in the initial list of 24:-

- Kent, Greater Essex and East Sussex.
- Greater Cambridge and Greater Peterborough.
- South East Midlands (covering Luton, Central Bedfordshire and Bedford Borough).
- Hertfordshire

2.2 Areas not covered by the above approved LEP’s have been invited to submit further proposals with a view to a second round announcement. It is understood that Norfolk and Suffolk submitted a joint proposal for a LEP entitled ‘New Anglia’ on 12th November 2010, which includes all districts in both counties including Norwich City. The proposal envisages the LEP operating from 1st April 2011.

2.3 Local Enterprise Partnerships will not be defined in legislation. The constitution and legal status of each partnership will be a matter for the partners, informed by the activities that they wish to pursue.
2.4 LEPs will be expected to fund their own day-to-day running costs. They will also have to compete with purely private sector bids to access the Regional Growth Fund (see section 3) and will not be given any preferential treatment.

2.5 LEPs are envisaged to take on a diverse range of roles, such as:-

- 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;
- making representation on the development of national planning policy and ensuring business is involved in the development and consideration of strategic planning applications;
- lead changes in how businesses are regulated locally;
- strategic housing delivery; pooling and aligning funding streams to support this;
- working with local employers, Jobcentre Plus and learning providers to help local workless people into jobs;
- coordinating approaches to leveraging funding from the private sector;
- exploring opportunities for developing financial and non-financial incentives on renewable energy projects and Green Deal;
- becoming involved in delivery of other national priorities such as digital infrastructure;
- working with Further Education /Higher Education providers in order to agree how to generate the demand for agreed strategic priorities locally.

2.6 The Government wishes to encourage cooperation between partnerships where this would result in a more efficient use of resources and secure a better outcome than operating in isolation e.g. aerospace clusters in the North West and South West.

2.7 LEPs are recognised as having a key role in delivery of some of the former Regional Development Agency functions including business advice for SMEs, low carbon enterprise and growth, regeneration in conjunction with HCA and a coordinating role in tourism. The execution of other RDA functions will be undertaken by other organisations: Technology Strategy Board will be responsible for Innovation, Inward Investment and Investor Development by UKTI, Skills to be routed through Skills Funding Agency and VisitEngland will have a supporting role for tourism.

3 Funding

European Regional Development Fund

3.1 New delivery structures to replace the RDAs are being worked on to ensure that the ERDF programmes continue to be implemented with minimal disruption. Alignment of the Regional Growth Fund with ERDF will be encouraged where the aims of bids are eligible for support from both funds.

Business Rates

3.2 Options regarding additional income from business rates are being considered:-

- Tax Increment Financing. This will require new legislation to allow local authorities to borrow finance based on the future uplift in business rates as a result of new infrastructure.
- Business Rate Increase Bonus scheme to reward those 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,
- Enabling councils to retain locally-raised business rates. This would go further than the Business Increase Bonus scheme, with incentive effects likely to be stronger and more predictable, over longer time periods.
Regional Growth Fund

3.3 A Regional Growth Fund will be established and will run for 3 years, starting in 2011/12. The fund will provide £1.4bn of focused investment. The first bidding round is now open and will close on 21st January 2011. A minimum of two further bidding rounds are anticipated.

3.4 The fund will be operated on the basis of a minimum threshold of £1 million in support of strategic packages or stand alone projects. It does not rule out smaller projects, which should be presented as a coherent package, collectively meeting the needs of local economic strategies, or that could be managed through investment bodies operating Regional Growth Fund programmes. The level of the minimum threshold will be reviewed by the Advisory Panel at the end of the first bidding round.

3.5 The objectives of the Regional Growth Fund remain largely as originally set out. These are to:

- stimulate enterprise by providing support for projects and programmes with significant potential for economic growth and create additional sustainable private sector employment;
- support in particular those areas and communities that are currently dependent on the public sector make the transition to sustainable private sector-led growth and prosperity.

3.6 All areas of England are eligible to bid for the Regional Growth Fund, although some parts of the country, particularly where there is currently high employment, low-levels of deprivation and a vibrant private sector, may struggle to demonstrate how they meet the second objective of the Fund. In addition to the information presented in the bid, decisions on successful bids will therefore take into account intelligence from the DWP led Labour Market Group.

3.7 Leverage of private sector funds against the Regional Growth Fund will be a key criterion for successful bids. Local Authorities must bid through LEPs.

4 Planning and Housing

Planning Reform

4.1 Government intends to reform the planning system so that it actively encourages growth. Reforms will ensure that people have increased ownership of the planning system. Actions proposed 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;
- 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.
4.2 Communities will be centre-stage in the reformed planning system through the creation of Neighbourhood Plans. Neighbourhood plans will need to respect the overall national presumption in favour of sustainable development, as well as other local strategic priorities such as the positioning of transport links and meeting housing need. Local Authorities will be expected to produce local development plans. Where neighbourhoods choose not to develop a neighbourhood plan the local plan will be used to guide development in that area.

4.3 A new statutory duty to cooperate on local authorities, public bodies involved in plan-making and on private bodies that are critical to plan-making, such as infrastructure providers is proposed. There will also be a new requirement for large-scale developers to consult with others in the local community before submitting planning applications.

**New Homes Bonus**

4.4 Starting in 2011-12 for 3 years, this scheme will match fund the additional council tax for each new home and property brought back into use, for each of the six years after that home is built.