Written evidence submitted by the County Council Network (LRS0078)

Thank you for providing the opportunity to submit evidence to the Business, Energy and Industrial Strategy Committee inquiry into 'Post-pandemic economic growth: Industrial Strategy'. The County Councils Network (CCN) is a special interest group of the Local Government Association, representing 36 of England's county and unitary authorities. CCN works on a cross-party basis, commissioning research and working with members to develop policy proposals.

The network has recently worked with Grant Thornton on a report that analyses the impact that the pandemic will have on county areas. This resulted in the publishing of a new report, *Place-based recover: how counties can drive growth post COVID-19,* shows that county areas are more vulnerable to the economic impact of the virus compared to England's major cities, and if there aren't targeted solutions, the economic disparity between urban and county areas could get wider.

We attach a copy of the report for the committee to consider as part of the inquiry, and it is available here, but we also wanted to take the opportunity to provide a summary. The report finds that:

- Across a broad range of indicators related to business environment and living standards, there is notable variation in county authority performance, making it clear that county areas face complex and multifaceted challenges which in some cases are hindering growth.
- Over the past five years county authority areas have lagged behind non-county authority areas and England averages across a number of key growth metrics including total population, employees, businesses and GVA. The challenges that county areas face often need to be met with fewer levers, and lower levels of investment.
- County authority areas are not isolated islands, and their relationship to wider functional economic areas has a profound impact on the scale and nature of growth. Proximity to large cities also creates risks as they expand beyond the traditional administrative boundaries placing additional pressure on housing and infrastructure in the surrounding areas.
- Almost six million employees, over half the total of the workforce, in county areas are working in 'at risk' job sectors such as manufacturing, retail and tourism. Estimates show that this could lead to a marked decline in annual GVA output that will be felt the most in county areas, potentially declining by 15%.

The report also outlines how county authority areas are already invested in their areas, whether that be through their contributions to growth-related spend, or through the place-shaping influence that they can exert due to their capacity and scale.

With the levelling-up agenda still firmly a government priority it is imperative, for both people and place, that recovery is led locally and responds to the strengths and weaknesses of areas. The report sets out a number of recommendations which we believe would enable better place-based policy and decision making, aiding recovery. The full recommendations can be found within the report, but can be summarised as follows:

1. Rather than a focus on the 'north-south divide', government economic and investment assessments should identify those places where the gap is greatest, and focus on investment decisions that help to close that gap.
2. Funding processes need to be streamlined and simplified, focused on building capacity to deliver strategic growth priorities.
3. The Devolution White Paper must consider how devolution of powers to county authorities could assist in levelling-up the country.
4. Growth boards should be established in every county authority area to convene and co-ordinate key stakeholders and agree green growth priorities.
5. Growth boards should be insight and data-led, developing a clear, consistent and common evidence base that identifies strengths, opportunities and challenges for places, and allowing for data driven policy solutions.
6. Planning responsibilities should be reviewed with responsibility for strategic spatial planning given to county authorities.
7. The National Infrastructure Commission should ensure greater consideration of the infrastructure requirements in non-metropolitan areas.
8. Skills provision and growth needs to be aligned, ensuring that the current and future workforce have the skills required to deliver future growth.
9. Review structures and powers to ensure a greater degree of co-terminosity around places building on county geographies.
10. Bring talent together, joining up key growth teams and pooling budgets which will grow capacity and create better resourced and more effective delivery teams.

Central to enabling truly collaborative place-based recovery we believe that, in two-tier areas, the establishment of growth boards would be the best way to stop fragmentation and allow for a democratically-led joined-up approach across a strategic area. Local authorities are best placed to lead these, given their entrenched knowledge not only in their local economies, but also the way places and people live and work in their areas.

Paired with fiscal devolution, these boards would agree a vision for future growth and develop a clear, consistent and common evidence base that identifies strengths, opportunities and challenges for the place and develops data driven approaches to identifying priorities, solutions and appraisal of investment. They could also be a forum for pooling government, such as the High Streets Fund, Towns Fund and HIF bids, and agree a strategy for them that delivers the best outcomes and best value for money. We also believe we could go one step further and propose that growth boards become the bodies through which developer contributions are spent, again allowing projects that deliver the best outcomes – whether that be economically, socially or environmentally, can be prioritised.

Our report recommended that boards should be governed by a national framework which would cover building blocks for growth that we defined as powers, governance, funding and capacity. There is a need for boards to remain agile and respond and flex to allow differing membership as bodies come and go. We would anticipate LEPs, sub-national transport bodies, higher education providers to have places on growth boards for example.

In addition to our report with Grant Thornton, CCN has more recently worked with PricewaterhouseCoopers to explore local government reorganisation in two-tier shire county areas ahead of the publication of the government's 'devolution and local recovery' white paper. We also attach this report to this submission, and it is also available here. The work concludes that a single county unitary in each area would reduce complexity and give communities a single unified voice to government, in addition to providing savings of £2.94bn over five years nationally. It would also provide a platform to 'maximise' the benefits of strategic economic growth and housing policy; integral to the 'levelling-up' agenda and securing devolution.

The report also suggests that, when looking at the scenarios explored in the report, creating two or more unitaries in each county could potentially create and concentrate economic disparities, with one council benefiting from higher economic activity and local tax income. PwC argues that the creation of a combined authority alongside multiple unitaries to oversee growth and transport functions would be unprecedented and has no guarantee they will perform better in this new arrangement, nor that economic growth for the county is maximised.

The report concludes that that the "implementation of single unitaries in each of England's two-tier areas would deliver significantly greater benefit" and if "an alternative approach be pursued the process of disaggregating current county services does present a number of material costs, but also non-financial risks and complexities".

The local government landscape is about to go through fundamental reform, but CCN believes that recovery and growth will best be delivered by local growth boards made up of local leaders and key stakeholders, overseen by county unitary authorities. With the right powers and levers, alongside their entrenched knowledge of their localities and established relationships this will allow them to drive recovery at pace in their areas and turn this to growth that will assist in the 'levelling-up' across the country that is desperately needed.

We hope this submission and our reports are helpful for your inquiry. If you need any further information, please don't hesitate to contact my colleague Peter French.

Yours sincerely,

Simon Edwards
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