

REQUEST FOR ASSISTANT DIRECTOR DECISION – ADD316

Title: London and Core Cities: The Impact of Devolution on Growth

Executive Summary:

The research will assess the value of fiscal devolution in strengthening the economic relationship between London and the Core Cities. The hypothesis is that it will enable stronger economic growth between the cities, capitalising on the leading global position of London and the comparative advantages of Core Cities. Within the context of understanding how London and the Core Cities can operate together to benefit the wider UK economy, this work will also develop a strong communications piece to restate the requirements for reform of the public sector financing and the necessary steps to achieve fiscal devolution to underpin economic performance.

Decision:

That the Assistant Director approves:

- £20,000 London Enterprise Panel funding for fifty per cent of the costs of the Core Cities/GLA research (see Appendix A)
- The Core Cities, as contract manager of the research, will invoice the GLA for £20,000

AUTHORISING ASSISTANT DIRECTOR/HEAD OF UNIT:

I have reviewed the request and am satisfied it is correct and consistent with the Mayor's plans and priorities.

It has my approval.

Name: Jeremy Skinner

Position: Assistant Director, Economic and Business Policy

Signature:

Date:

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

- 1.1 This piece of work builds on the London Finance Commission and assesses the devolution steps which will best support UK economic growth. The evidence is that economic growth will increasingly be driven by London and the UK's second tier (Core) cities.¹ Our hypothesis is that fiscal devolution will enable London and the Core Cities to develop more productive economic relationships, ones that take advantage of the capital's leading global position and the comparative advantages of all. The research will examine this view and, if evidence supports, will develop a powerful narrative in favour of strengthening the fiscal powers of London and the Core Cities.
- 1.2 The project will also address required changes to local government finance. At present, urban centres also have greater social need, with higher rates of poverty, poor health, economic inactivity and unemployment. The contention is that the level of need in London and Core Cities is undervalued and, as a result, current levels of central government grant are inadequate. It will, therefore, provide an important addition to the broader GLA work on functional or service devolution.
- 1.3 The total cost of the research is £40,000 and Core Cities, as the contract manager, will invoice the GLA for fifty per cent (£20,000). The GLA has satisfied that Core Cities invited a minimum of three potential suppliers to submit applications as part of procuring this piece of work. Metro Dynamics was appointed following this process. Core Cities procured the work on the understanding that it would cover the full amount, if the GLA's London Enterprise Panel funding request was not successful. Core Cities anticipates the research to be completed by September 2015

2. Objectives and expected outcomes

- 2.1 A demonstration that the future national economic model must be primarily city-led (whilst recognising the potential of other places), and based on an improved understanding, and positive promotion (where market failures exist), of the economic relationship between London and the Core Cities.
- 2.2 Evidence the economic role of these cities alongside the high levels of deprivation and complex dependency that exist within them (Growth and Reform), articulating how these could be linked together to provide a 'win win' with a different approach to national policy.
- 2.3 Setting out a roadmap to achieve fiscal devolution, based on a stabilised local government finance system.
- 2.4 Communicating the above in a compelling new narrative that incorporates fiscal devolution into a wider framework of national, city-led growth and rebalancing

3. Equality comments

The GLA will ensure that this piece of work builds a stronger case for London government to leverage greater investment to improve the capital's infrastructure. This will provide stronger

¹ The Core Cities are Newcastle, Liverpool, Manchester, Leeds, Sheffield, Nottingham, Birmingham, Bristol, Cardiff and Glasgow.

incentive for London government to invest to support economic growth, jobs and improvements in the quality of life for all Londoners. Greater fiscal powers will also mean London government is held more accountable by Londoners for its decision making.

4. Other considerations

- a) *Key risks and issues:* The GLA will maintain an active as part of the Steering Group for this piece of work. Regular project meetings will also be held with Core Cities, GLA and Metro Dynamics. This follows initial agreement between the GLA and Core Cities on the specification.
- b) *Links to Mayoral strategies:* Mayor of London's Infrastructure Plan 2050; LEP Jobs and Growth.
- c) *Impact assessments and consultation:* Officers have considered what consultation is required and decided that consultation is not necessary.

5. Financial comments

- 5.1 Assistant Directors approval is being sought for the expenditure of £20,000 to support the work on London and Core Cities: The Impact of Devolution on Growth. The funding for this will be from the London Enterprise Panel (LEP)'s 2015-16 Core budget (subject to LEP Core budget carry forward from 2014-15 being approved). LEP delegated approval to LEP Chair on 28 April 2015 to approve this research work and funding.
- 5.2 Any changes to this proposal, including budgetary implications, will be subject to further approval via the GLA's decision-making process.
- 5.3 The LEP and EBPU Unit within the Development, Enterprise and Environment Directorate, will be responsible for managing this funding.

6. Planned delivery approach and next steps

Activity	Timeline
Procurement of contract [for externally delivered projects]	
Announcement [if applicable]	
Delivery Start Date [for project proposals]	
Final evaluation start and finish (self/external) [delete as applicable]:	
Delivery End Date [for project proposals]	
Project Closure: [for project proposals]	By September 2015

Appendices and supporting papers:

Appendix A: LEP confirmation of funding
Appendix B: Core Cities and London devolution specification.

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary.

Note: This form (Part 1) will either be published within one working day after approval or on the defer date.

Part 1 Deferral:**Is the publication of Part 1 of this approval to be deferred? NO**

If YES, for what reason:

Until what date: (a date is required if deferring)

Part 2 Confidentiality: Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form –NO

ORIGINATING OFFICER DECLARATION:

Drafting officer
to confirm the
following (✓)

Drafting officer:

James Lee has drafted this report in accordance with GLA procedures and confirms that the Finance and Legal teams have commented on this proposal as required, and this decision reflects their comments.

✓

HEAD OF GOVERNANCE AND RESILIENCE:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature:

Date: