County All Party Parliamentary Group Inquiry – March 2014

What should ambitious growth deals for counties look like?

Contribution from Nottinghamshire County Council

Nottinghamshire County Council is supportive of the County APPG's first independent inquiry into the role of county economies in driving economic growth. We agree that counties are uniquely positioned to deliver sustainable growth alongside the more obvious growth hubs in city areas. Counties generally have a complementary offer to those of the cities, and one that is characterised by:

- availability of land for development and housing;
- better transport connectivity;
- a more diverse employment and skills base;
- better quality of life factors

In addition, counties often reflect natural economic areas that have developed over time and that recognise sectoral and locational advantages. Supply chains are particularly important in this regard and can form the backbone of county economies, particularly where there are very large firms or original equipment manufacturers.

Counties often boast highly developed infrastructure in terms of the economic growth agenda. There are, for example, established partnerships around skills and employment and inward investment that reflect the needs and demands of the local area, and destination management partnerships that bring together public and private sector partners. Counties give a critical mass to this collective approach towards economic development infrastructure.

What is the contribution of county areas to economic growth for local communities and the national economy?
County areas play a significant role in terms of economic growth. In Nottinghamshire, the County area contributes 64% of the total jobs and 74% of the total population. There are approximately 27,000 businesses in the County area, over three times more than in Nottingham City. Some of our larger towns form conurbations in their own right, with Kirkby-Sutton-Mansfield rivalling cities such as Lincoln in terms of population, job and company density. County areas also host market towns and sub-regional service centres, which are often thriving economic hubs in their own right. Finally, county areas offer the space for larger scale industrial and economic activity which simply cannot be housed in cities and dense urban areas. The investment location choices of companies such as Toyota (Burnaston), Honda (Swindon) and Hitachi (County Durham) underline this.

What is the strategic role of counties in promoting economic growth?
As noted above, counties offer opportunities for large scale capital development which is often not present in more urban areas and are able to deliver major housing developments and mixed use sites which will deliver significant economic impact. County Councils' strategic role in highways and planning is an important enabling factor in this regard. Close working across upper tier and district councils can deliver activity and interventions of real

economic impact and the joining up of investment on a bigger scale can reduce inefficiencies and duplication. The BDUK broadband initiative is a good example of this – the Government recognising, in this instance, that a project of such strategic importance requires a lead agency that can offer both the capacity to deliver (i.e. legal / financial / procurement expertise) and the strategic understanding of the local area.

What are the barriers and challenges facing counties and local partners in delivering more ambitious plans to drive economic growth?

Governance around economic development and growth continues to be a complex and sensitive area, and successive Governments' changes to the economic development landscape do not help. A further significant factor in this regard is the confused picture that devolution of fiscal powers and funding creates for the business community, particularly where growth incentives are concerned. Nottinghamshire offers a good example of this. Nottingham City Council negotiated a Wave One City Deal, elements of which are available to businesses at different spatial levels (some restricted to the unitary city; others available for the wider conurbation; and some available across the City and County area). Whilst the City and County Councils, other public sector partners and the D2N2 LEP share common objectives with regards to growth, the tools to deliver said growth are not common across the area. There is a risk that maintaining private sector commitment and energy around our shared growth agenda will be undermined by perceived anomalies in terms of incentivising growth and excessive Government bureaucracy.

Considerable progress has been made in Nottinghamshire towards the creation of effective public sector governance around economic growth. An Economic Prosperity Committee has been established and will oversee investment and growth plans for Nottingham and Nottinghamshire that will deliver against priorities agreed in the D2N2 Strategic Economic Plan. This new arrangement will form the foundation for any future discussions with the D2N2 LEP and government in terms of the devolution of growth incentives, fiscal powers and freedoms and flexibilities.

Another key challenge that we are facing currently is the way in which section 106 agreements are managed through planning applications for major new developments. Whilst all parties wish to support investment in economic and housing infrastructure that will benefit the wider community, considerations relating to section 106 agreements and the financial implications thereof can present a real barrier to growth and result in political disagreement. We are supportive of proposals through the D2N2 Local Enterprise Partnership to explore ways in which the section 106 issue can be better addressed, including looking at risk-sharing arrangements which would potentially free up significant private sector investment.

What can Central Government do to remove barriers and free counties and local partners to deliver further economic growth?

Central Government often downplays or underestimates the complexities of delivering growth in two-tier areas. Central decisions relating to the disbursement of local funds (i.e. business rate receipts / New Homes Bonus) could have been better balanced. Current arrangements in terms of the Community Infrastructure Levy and New Homes Bonus should not be used as the blueprint for any future devolution of powers.

Central Government could also ensure that its delivery agencies are better aligned to County and/or Local Enterprise Partnership arrangements. In Nottinghamshire, for example, the structure of the Homes and Communities Agency splits the County into two. JobCentre Plus district arrangements put Nottinghamshire together with Lincolnshire, disregarding the obvious potential alignment with the Derbyshire and Nottinghamshire Local Enterprise Partnership. Department for Work and Pensions contract package areas are also not reflective of local economic geographies (i.e. Nottinghamshire is combined with Leicestershire and Northamptonshire for some DWP contracts).

Central Government should also recognise the unique role of County Councils in terms of highways and strategic transport and young people and skills. Devolution of funding in these areas could be better directed to County areas rather than through Local Enterprise Partnerships, recognising that much of the governance and delivery infrastructure already exists at County level.