

Economic Prosperity: The Local Contribution

Sir Michael Lyons
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The Lyons Inquiry

Key questions

- What do we want local government to do?
- How can it best be funded? (Fairness and flexibility are key concerns)

Outputs

- Will feed into both White Paper and Comprehensive Spending Review
- On course to complete work in December

Objectives for today

- **Understand the role** of the local authority and its partners in promoting economic prosperity
- **Identify the wider benefits** of local action for individuals, communities and wider economy
- **Challenge** local govt, public sector organisations, business community about current approaches
- **Learn lessons about what works**, and how local government can work most effectively to promote economic prosperity

Starting points

- Private sector activity and competitive markets lead to economic growth – but government has a role to play
- Growth isn't a zero sum game – though some competition may have benefits
- Economic activity takes place across administrative boundaries
- Economic prosperity concerns everyone – rural areas as well as urban areas, and towns as well as major cities

My perspective on the debate

- My concept of place-shaping has been recognised and welcomed
- The potential for LAs to do more to promote economic prosperity is generally accepted
- LAs now have most of the powers they need
- But they do need more flexibility and greater confidence – I am concerned that place-shaping is currently 'crowded out' by central priorities
- And to ensure an effective, joined up approach we need to look at the role of regions and others
- We mustn't shrink from some difficult issues

Messages from discussions with business

- Economic prosperity needs to be higher on LG's agenda, as part of place-shaping
- There are some shining examples of good work by authorities – but these are seen as the exception
- To play a bigger role, local government needs to develop skills, expertise and confidence
- Business is prepared to engage if there is a real opportunity to influence decisions
- An appetite to pay more for the right investments
- We need greater space for local action, and appropriate roles for central govt and the regions

Challenges and questions

- How can action by LAs contribute to economic growth and prosperity?
- How important is distinctiveness and diversity to the economic success of places and the wider economy?
- How can we best deal with issues that cross LA boundaries? What are the benefits and drawbacks of current arrangements?
- Are new flexibilities or powers needed at local level, including on funding?
- How can we best fund necessary investments in infrastructure?