

ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS

1.	Meeting:	Cabinet
2.	Date:	19th December 2012
3.	Title:	No stone unturned; in pursuit of growth – The Heseltine Review
4.	Programme Area:	Environment and Development Services

5. **Summary**

This report updates Cabinet on Lord Heseltine's recent growth review, its main recommendations and their possible impact on Rotherham and the Sheffield City region.

6. **Recommendations**

That Cabinet:-

- 1) **Note the report and the potential opportunities and impacts for Rotherham.**

7. Proposals and Details

Background

In March 2012, Lord Heseltine was commissioned by the Prime Minister to produce a report on how economic growth can be most effectively encouraged in the UK. This report; running to 233 pages and including 89 recommendations was launched on 31st October 2012.

The report, "No Stone Unturned in Pursuit of Growth," recommends a major rebalancing of responsibilities between central and local government, and between government and the private sector and makes recommendations on how business, central government and local leaders should be organised and structured in order to encourage economic growth more effectively.

To achieve this, Lord Heseltine believes that Government needs to ensure the following:

- local communities empowered and incentivised to collaborate for growth
- a rejuvenated partnership between the public and private sectors involving both local and central government
- a dynamic, strategic central government with wealth creation at its heart, working more effectively in the national interest to support wealth creation and embracing a culture of both public and private sector decision making
- a private sector led business support infrastructure accessible everywhere
- a system for producing the skills that our economy needs now and in the future
- businesses, irrespective of size, sector or location which are engaged with their wider communities and ambitious to grow.

A key theme is further devolution and the report calls for Local Enterprise Partnerships (LEPs) to receive more authority and resources. This would allow them to lead on developing an economic strategy, bidding for government funding and be "free to implement its strategy; accountable to its local community but free from central government diktat."

In a section on "Effective and empowered local authorities" the report states that LEPs will need effective and empowered local authority partners that are more active in exploring opportunities for greater collaboration. He recommends that government provide an overarching legal duty for local authorities to have regard to economic development across all their activities and in the exercise of all their functions.

Other recommendations include two-tier authorities moving towards unitary status and council members being elected using the same electoral cycle across the whole of England where the entire council is elected at the same time every four years.

Heseltine also outlines a vision for a new business support infrastructure based around Chambers of Commerce.

With functions including promoting the economic interests of local businesses, facilitating the provision of information, advice and support to local businesses and providing a channel for the communication of national and local government information to business and visa versa, Heseltine envisages Chambers having a central role:

- working as the LEPs' delivery partners, taking responsibility for co-ordinating and organising the delivery of the business support services set out in each LEP's local economic plan
- providing a one stop shop for businesses so that they have easy access to business services, including practical advice and support on exporting and training and access to business networks and mentors
- acting as a focus for business engagement with the wider community, particularly engagement with schools and colleges
- using their increased legitimacy as broad-based business bodies to put wealth creation at the centre of local agendas, influencing decisions about infrastructure, planning and other aspects of the local business environment
- providing central government with a streamlined route for engaging with local business communities
- providing advice on routes to international markets for small and mid size companies.

Heseltine said: "I would expect chambers and other business bodies to collaborate closely and creatively at local level – far more than they do at the moment – to ensure that business support provision as a whole is greater than the sum of its parts."

Perhaps not surprisingly, the review and its recommendations have been resoundingly welcomed by LEPs and Chambers of Commerce.

The Government will consider the recommendations over the coming months although it is still unclear which of them, how and when will be taken forward within Whitehall.

Recommendations of particular interest to local authorities include:

Localism – building on our strengths

(1) Central government should identify the budgets administered by different departments which support growth. These should be brought together into a single funding pot [of some £49 billion] for local areas, without internal ring fences.

(2) Local partnerships should bid for the funds from central government on a competitive basis. Bids should be for a minimum of five years starting from 2015/16

(3) Government should streamline its management of EU Common Strategic Framework funds in England, strip out the bureaucracy of multiple programmes and align local allocations from the four funds with the single funding pot. One option in the report is LEPs to prioritise this fund to ensure fit with non-EU projects; with local projects and providers feeding into the LEPs

(4) Taking full account of the Government's national growth strategy, all LEPs, in collaboration with local stakeholders, should lead the development of a long term strategy and business plan for their area that will be used to bid for economic growth funds from central government.

(6) The Government should invite LEPs to review their boundaries within a three month period to ensure they have a good match with their functional economic market area and that they do not overlap.

(8) At the earliest opportunity civil servants based across the country should be brigaded into Local Growth Teams, structured around clusters of LEPs, primarily tasked with joining up government and local partners in the areas of their responsibilities to facilitate, identify and realise economic opportunities.

(9) Ministers and permanent secretaries should be associated with individual LEPs, not to advocate individual plans but to add an understanding of place to the existing culture of function.

(10) Local authorities should have an overarching legal duty to have regard to economic development in the exercise of all their activities and functions. Where local authorities share a functional economic market area they should be required to collaborate on economic development.

(11) All two-tier English local authorities outside London should pursue a path towards unitary status. The Government should encourage this and work with authorities to clarify the process and enable it to happen.

(12) Proposals for formal collaboration between local authorities that reinforce the standing of the LEP and enhance the partnership with the private sector across a functional economic market area should be encouraged and prioritised for government approval. All proposals to move to unitary or combined authority models should be scrutinised by the Prime Minister's Growth Council.

(13) The government should remove all legislative barriers that are preventing local authorities from collaborating with functional economic market areas, including moving to unitary status.

(14) Local authority council members should be elected using the same electoral cycle across England where the whole council is elected at the same time every four years.

(15) Legislation should be passed to enable combined local authorities and other combinations of authorities that wish to elect a conurbation mayor to do so.

Government and Growth

(41) The Department for Business, Innovation and Skills and the Technology Strategy Board must set out a clear statement explaining how they and other government agencies will work with LEPs and the devolved administrations to better connect national strategy with local initiative.

(55) The planning inspectorate should be given powers to investigate planning decisions proactively. The Government should also consider on a rolling basis all the possible options to inject urgency and purpose into the planning system.

(56) The government should consider the effectiveness of local Development orders and extend their use after consultation with affected parties to establish best practice.

(57) The government should consider using Special Development orders to speed up specific planning decisions of strategic significance.

(58) The Government Property unit should work with local authorities to identify and publish details of all surplus and derelict public land on the PMS database so that LEPS and local authorities can collaborate to bring this land back into reuse in support of the local economic strategy.

Private Sector – broadening the capacity for excellence

(65) Local authorities should publish the list of all businesses paying non-domestic business rates so that chambers and other business representative bodies can identify businesses in their area more reliably, and seek to draw them into the local business support infrastructure. There should be exceptions for businesses where the identification of business premises could give rise to security concerns.

(70) The development of leadership and management skills should be integrated where appropriate into the education and skills system at every level from schools through to higher education and vocational skills training. We need to see individuals having opportunities to develop their leadership and management capabilities earlier on in their working lives alongside the development of technical or academic competencies.

Education and Skills – the foundation for growth and prosperity

(74) All failing schools should be subject to the intervention process forthwith. There should be a clear timetable within which an improvement strategy for each school is agreed, with the education authorities using their powers to intervene if the head teacher and governors fail to act. If local authorities delay, central government should intervene.

(75) The regional directors being appointed to lead Ofsted's new regional structure should be given formal powers to act swiftly where they identify problems in local schools.

(76) Business engagement should be incorporated far deeper into the school curriculum in order to develop young people's understanding of business, increase their employability, and further their understanding of career and future training options and where they might lead. LEPS should consider how they engage with local schools and work with chambers to facilitate this.

(78) All boards of governors in secondary schools should include two influential local employers, at least one of whom should have good connections with the wider business community. This could be coordinated by the local chambers of commerce.

(79) Local authorities should publish the Destination Measures for all secondary schools in their areas alongside academic attainment so that parents can make better informed choices, and to incentivise schools to give a higher priority to developing the employability of their leavers.

(80) The existing budget lines for adult careers advice should be included in the single funding pot. Each LEP, as part of its local economic plan, should consider how careers advice is best provided in its area to meet the needs of both the adult population and the requirement under the Education Act 2011 for careers advice in schools.

(81) The budget for vocational training for learners aged 19 and over, and all funding currently set aside for apprenticeships for those aged 16 and over, should be devolved to local areas through the single funding pot described in Chapter 2. This therefore calls into

question the continuation of the Skills Funding Agency. Each LEP should incorporate skills needs within their local economic plans driven by the needs of local employers and the practical experience of FE colleges.

(82) All FE learning providers must consult and agree their provision with LEPs to ensure that the courses they offer to 16-18 year olds reflect local labour market requirements. In addition, any vocational courses delivered by FE providers to learners of any age must conform to the defined national standards set by employers and industry.

(83) Action to address NEETs is best taken at the local level. Resources to tackle the problem should therefore be available from the single pot. Youth unemployment will not be a problem or priority for action in every area, but where it is, LEPs working with local authorities, employers and other local partners should develop proposals for reducing NEET numbers as part of their local economic plans.

The government has said that it will closely study the full report and respond in the coming months.

Rotherham – issues and opportunities

- If the report's recommendations are implemented then LEPs will be taking on the lead role in driving local economic growth at City Region level. This will range from producing an Economic Strategy, identifying priorities for future EU funds, to leading on the bidding for UK government funds. In the context of the report the LEP could be seen as a strategic functioning geography as much as an organisation in its own right. Either way local authorities will have a major input into this area through the Membership of the current LEP Board and also on their proposed Combined Authority (CA). The LEP has a relatively small number of staff working for it, therefore a lot of the work to implement decisions made by the LEP/CA is likely to end up with the local authority economic development staff.
- Civil servants based across the country should be brigaded into Local Growth Teams, structured around LEPs (recommendation 8). RMBC will need to decide what functions we want these teams to have, and lobby accordingly.
- Local authorities may be given an overarching legal duty to have regard to economic development in the exercise of all their activities and functions (Recommendation 10). Also, where they share a functional economic market area (ie. South Yorkshire and/or Sheffield City Region) they would be required to collaborate on economic development, which is already firmly established at both South Yorkshire and City Region level.
- The report recommends that Chambers of Commerce (CoC) have a much greater role in delivering economic growth; acting as the main voice of the private sector in the region. While the CoC are a major partner of the Council and heavily involved in the LSP, the Economy Board, etc they are only one of a number of private sector partners, a number of who are not Chamber Members. This needs to be taken into account in any future structures for private sector input to strategic economic work.
- If all two tier authorities follow a path toward unitary status (recommendation 11) this will have an impact on the structure and voting rights of any City Region Combined

Authority, where the Derbyshire and Nottinghamshire districts could not currently be full voting members of the CA.

- A number of recommendations relate to planning (No. 55-57); seeking to speed up the process, extend the use of Local Development Orders (LDOs) and the use of special development orders to speed up specific strategic decisions. With the pre-application process we provide RMBC rarely go over the suggested 6 month intervention period. Three LDOs have already been put in place as part of the Enterprise Zone around the AMP, but as yet no developers have taken advantage of the simplified planning process they deliver.
- Business engagement should be incorporated far deeper into the school curriculum in order to develop young people's understanding of business, increase their employability, and further their understanding of career and future training options (recommendation 76). RMBC are already leading on this through Rotherham Ready, which has been widely identified as a national example of good practice in embedding enterprise into schools.
- Actions for tackling youth unemployment should be led by the LEP in conjunction with local partnerships including the local authorities (Recommendation 83). This is something that RMBC currently deliver a large amount of activity on and will need to continue to have a major local input if the correct people are to be targeted for the right type of assistance.

8. Finance

There is no money specifically attached to the report and its recommendations. However, the plan recommends future central government money for economic growth (i.e. Regional Growth Fund, future EU funds, etc) would be bid for by "Local Partnerships" based around plans and priorities covering 5 years or longer.

The government is proposing that future European Funding programmes will be delivered at a LEP level, or combination of LEP areas, and will be based on priorities set out in the LEP's "Economic Plans." Over recent years ERDF and ESF have been two of the largest sources of regeneration funding into Rotherham and South Yorkshire.

9. Risks and Uncertainties

The government has yet to decide which of the recommendations to accept and when they will implement them.

Details are still to be agreed on how a Combined Authority (CA) and the LEP will operate in future, should the CA be agreed and implemented.

10. Policy and Performance Agenda Implications

The Review will contribute to a wide range of economic priorities included within the Community Strategy. These Include:-

- Promote innovation, enterprising behaviour, competitiveness and sustainability.
- Promote business start ups, growth and inward investment.
- Improve access and remove barriers to employment
- Promote business growth and improved productivity by supporting employers to develop and train existing staff.

11. Background Papers and Consultation

The full review document can be accessed by following the link below:-

<http://www.bis.gov.uk/heseltine-review>

The Finance, Planning and Commissioning, Policy & Performance teams of RMBC were all consulted on the report.

The LEP are writing to government regarding the Heseltine report on behalf of the City Region, setting out areas of support and also concern. RMBC will be contributing to this response.

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Appendix 1

Summary of recommendations

Localism – building on our strengths

1. Central government should identify the budgets administered by different departments which support growth. These should be brought together into a single funding pot for local areas, without internal ring fences.
- 2 Local partnerships should bid for funds from central government on a competitive basis. Bids should be for a minimum of five years starting from 2015/16.
3. Government should streamline its management of EU Common Strategic Framework funds in England, strip out the bureaucracy of multiple programmes and align local allocations from the four funds with the single funding pot.
4. Taking full account of the Government's national growth strategy, all LEPs, in collaboration with local stakeholders, should lead the development of a long term strategy and business plan for their area that will be used to bid for economic growth funds from central government.
5. The Government should allocate LEPS up to £250,000 of new public funding, resourced through departmental efficiency savings and underspends, in each of years 2013/14 and 2014/15 specifically to devise their local economic strategies, and create the foundations for their implementation.
6. The Government should invite LEPs to review their boundaries within a three month period to ensure they have a good match with their functional economic market area and that they do not overlap.
7. In light of the new role and vision for LEPs, each LEP should ensure that their board has the necessary skills and expertise to deliver their expanded functions and pay particular attention to the representation of employees from both private and public sector.
8. At the earliest opportunity civil servants based across the country should be brigaded into Local Growth Teams, structured around clusters of LEPs, primarily tasked with joining up government and local partners in the areas of their responsibilities to facilitate, identify and realise economic opportunities.
9. Ministers and permanent secretaries should be associated with individual LEPs, not to advocate individual plans but to add an understanding of place to the existing culture of function.
10. Local authorities should have a new overarching legal duty to have regard to economic development in the exercise of all their activities and functions. Where local authorities share a functional economic market area they should be required to collaborate on economic development.

- 11.** All two-tier English local authorities outside London should pursue a path towards unitary status. The Government should encourage this and work with authorities to clarify the process and enable it to happen.
- 12.** Proposals for formal collaboration between local authorities that reinforce the standing of the LEP and enhance the partnership with the private sector across a functional economic market area should be encouraged and prioritised for government approval. All proposals to move to unitary or combined authority models should be scrutinised by the Prime Minister's Growth Council.
- 13.** The Government should remove all legislative barriers that are preventing local authorities from collaborating within functional economic market areas, including moving to a unitary status.
- 14.** Local authority council members should be elected using the same electoral cycle across England where the whole council is elected at the same time every four years.
- 15.** Legislation should be passed to enable combined local authorities, and other combinations of authorities, that wish to elect a conurbation mayor to do so.
- 16.** The Government should produce an overarching and long term National Growth Strategy and its vision for wealth creation, with concrete commitments against which it can be held to account.
- 17.** A new National Growth Council should be established, chaired by the Prime Minister and with a strong, cross-government focus on driving growth and wealth creation.
- 18.** Operational responsibility for implementation of the National Growth Strategy should rest with a designated minister, supported by a secretariat.
- 19.** Government should establish a shadow Growth Council of permanent secretaries and Non-Executives chaired by the designated minister to drive implementation of the Growth Strategy across all departments.
- 20.** Departments should include a growth commitment in their annual business plans setting out their contribution to the Growth Strategy over the previous year and planned action for the coming year. This should explicitly include how departments will use the economic levers available to them to support growth over the long term.
- 21.** The role of Non-Executives in the development of growth commitments and departmental business plans should be strengthened and formalised. Non-Executives should have access to the Growth Council secretariat to support their enhanced role.
- 22.** Departments should work with the public bodies they sponsor to ensure they explicitly consider their potential for wealth creation when developing business plans.
- 23.** Government must continue to look at opportunities for devolving or transferring the functions of public bodies to the local level or to the private sector.
- 24.** A Whitehall management information system must be introduced and should encompass management and financial data as set out in Annex F.

- 25.** The Cabinet Office should work with departments to remove restrictions on departments recruiting externally for key skills and professionals – including disapplying general pay ceilings, recruitment freezes and redeployment pool policies. In making recruitment decisions, departments should focus on controlling their total salary costs. Where a recruitment breaks a pay ceiling, departmental Non-Executives should give their approval to the process and the appointment.
- 26.** Departmental Non-Executives should be able to make recommendations on the appointment of permanent secretaries.
- 27.** Barriers to secondments between the public and private sectors should be removed and secondment programmes in government departments should be reinvigorated.
- 28.** Civil Service Learning should develop courses aimed at encouraging public and private sector people at all levels to train together.
- 29.** Civil Service Learning should be recreated as a commercial body to train civil servants to perform more strategic roles and develop expert policy knowledge, and to market its services overseas.
- 30.** Government departments should offer all major sectors of the economy the opportunity to form a relationship with government.
- 31.** The Department and the sector should agree an appropriate level of interaction which is endorsed by the Growth Council. Each relationship should be set out in departmental growth commitments.
- 32.** Lead departments should coordinate the Government's interaction with each sector, ensuring there is a constructive dialogue with mutual understanding and shared ownership of outcomes.
- 33.** An Industry Council should be established for each formal partnership between government and a sector.
- 34.** Government departments and industry sectors should jointly nominate lead trade associations to represent sectors in their dialogue with government and encourage the private sector to bring about a major rationalisation of trade associations to enhance the quality of the debate.
- 35.** Government should increase the number of companies managed through the Strategic Relationship Management model and this should be used by all government departments. Government and growth – catalyst, enabler, partner
- 36.** Every government department should recruit a Chief Procurement Officer at competitive market rates, reporting direct to the permanent secretary, to lead the procurement and delivery of major projects and improve the capabilities of their procurement cadre. The department's Non-Executives should approve the selection process and appointments.
- 37.** The Cabinet Office should place a general duty on all public bodies, setting out the procurement standards to which they should adhere, by providing a pan-government procurement strategy, legislating if necessary.

38. The Government should go further in its plans to build strategic relationships with industry, ensuring that the long term impact on technological advantage and the UK industrial base are taken into account in the procurement of specialist technologies.

39. The Government should continue to commit to the long term stability of the core funding of science and research, at a level which keeps pace with our international competitors.

40. UKTI should work with the Technology Strategy Board and the Research Councils to strengthen the marketing of the UK as an inward investment destination on the back on our world-renowned research excellence.

41. The Department for Business, Innovation and Skills and the Technology Strategy Board must set out a clear statement explaining how they and other government agencies will work with LEPs and the devolved administrations to better connect national strategy with local initiative.

42. All government departments, working through the Chief Scientific Advisers Committee, should consult with the Technology Strategy Board and Research Councils UK on the development of their growth commitments.

43. Rather than setting up duplicate teams across government, a single source of expertise for innovative procurement should be established that builds on existing work and successful mechanisms. This resource should help to aggregate demand and coordinate activity around shared innovation challenges, provide expertise, coordination and guidance, and scale up and develop innovative procurement initiatives.

44. The British Standards Institution, Technology Strategy Board and Research Councils UK should work together to ensure that new standards are set earlier in the development of new technologies in the UK.

45. The Government should survey the practices and procedures of all regulators involved in conjunction with the sectors affected with a view to simplifying procedures and avoiding unnecessary duplication between agencies.

46. Government should involve the private sector in drafting regulations so it is a collaborative process. It should invite trade associations, through the lead associations for their sectors, to submit precise redrafting of existing regulations prior to wider consultation on any changes.

47. Through its review of both the Principles of Economic Regulation and the Compliance Code for non-economic regulators, the Government should impose an obligation on regulators to take proper account of the economic consequences of their actions.

48. In preparing for any review process, regulators should invite the lead sectoral trade association (or a national body in the case of horizontal regulators) to analyse and publish evidence on the impact of the regulator's activities – both what it does and how it does it – on the businesses affected. This published evidence would then be available for analysis and comment by other interested parties.

- 49.** Regulators should set out their service standards and cost recovery policies clearly, showing how much they will charge under what circumstances.
- 50.** Regulators should publish policy statements showing how they will ensure that their decisions are both internally consistent across their geographic area, and consistent with those of any other bodies which regulate the same businesses.
- 51.** All regulators should adopt systems of earned recognition and meet the cost of inspections carried out at the discretion of the regulator within any recognition period.
- 52.** All non-economic regulators should publish policies showing how their customers can ask, without prejudice, for an independent second opinion on a regulatory decision or requirement.
- 53.** The Government must continue to promote the British interest in Europe and all secretaries of state with EU business affecting their department should make bi-annual trips to Brussels to influence decision making throughout the EU policy making process. All departmental ministers with EU business should consider every proactive step possible to put Britain on the front foot at the negotiating table.
- 54.** Government departments should develop greater capacity to identify forthcoming EU regulations well in advance.
- 55.** The Planning Inspectorate should be given powers to investigate planning decisions proactively. The Government should also consider on a rolling basis all the possible options to inject urgency and purpose into the planning system.
- 56.** The Government should consider the effectiveness of Local Development Orders and extend their use after consultation with affected parties to establish best practice.
- 57.** The Government should consider using Special Development Orders to speed up specific planning decisions of strategic significance.
- 58.** The Government Property Unit should work with local authorities to identify and publish details of all surplus and derelict public land on the ePIMS database so that LEPs and local authorities can collaborate to bring this land back into reuse in support of the local economic strategy.
- 59.** The Government should set up a new Development Corporation under an independent chairman from the private sector, comprised of representatives of central government, the Mayor of London, London boroughs, Kent and Essex councils and with a majority of members from the private sector and related disciplines. It should not exceed 20 members. Once created the Corporation should be given the powers it needs to drive its vision for future growth. It should be able to bid for its funds from the single pot.
- 60.** The Government should accept the need to clarify urgently its preferred solution to the problem of airport capacity in the South East and indicate that preference whilst making its implementation conditional on the outcome of the next election.
- 61.** The Government needs to set out a definitive and unambiguous energy policy, including the supporting financial regime, to give the sector the certainty to invest.

62. The Government should initiate discussions through the Bank of England and, in cooperation with the appropriate regulators, seek one or more solutions to enable UK pension funds to invest in UK infrastructure assets. The Government should ensure that best practice applies to both public and private sector pension fund investments.

Private sector – broadening the capacity for excellence

63. The chambers of commerce could benefit from an enhanced legal status to support their role as coordinating hubs for business support and engagement at local level. The Government should consider legislating to give chambers basic statutory functions, whilst guaranteeing their continuing independence from government. It should provide for compensation if government opts out of these arrangements.

64. Government and the private sector should collaborate to create a strong and stable, locally-based, private sector business support infrastructure. This should be centred on an enhanced role for chambers of commerce. At the minimum, government should pursue option 2 and take all appropriate steps to secure its implementation.

65. Local authorities should publish the list of all businesses paying non-domestic rates so that chambers and other business representative bodies can identify businesses in their area more reliably, and seek to draw them into the local businesses support initiatives. There should be exceptions for businesses where the identification of business premises could give rise to security concerns.

66. An updated Code of Practice for Trade Associations should be developed. It should be given teeth by making compliance with the Code a condition for membership of the Trade Association Forum.

67. The Trade Association Forum should press ahead with the development of a competency framework for individuals to drive up professionalism within trade associations.

68. The Trade Association Forum should develop an enhanced directory of associations which is easily navigated through keyword searches.

69. In developing their economic plans, LEPs and chambers should consider ways in which leadership and management capabilities in local businesses can be raised making full use of local networks, local training providers and businesses themselves. Plans could, for example, incorporate commitments from large corporates and leading mid-size businesses to help raise leadership and management capacities in their supply chains.

70. The development of leadership and management skills should be integrated, where appropriate, into the education and skills system at every level, from schools through to higher education and vocational skills training. We need to see individuals having opportunities to develop their leadership and management capabilities earlier on in their working lives, alongside the development of technical or academic competencies.

71. As part of their growth commitments, departments should set out plans for sector-based supply chain programmes, learning from the experiences of the Advanced Manufacturing Supply Chain Initiative.

72. Government should ensure the availability of long term patient loan capital to growing businesses which do not want to dilute their equity. It should give serious consideration to tasking the new Business Bank to provide this either by itself or in partnership with the Business Growth Fund.

73. The Government should take a greater interest in foreign acquisitions from the perspective of the UK's industrial strategy priorities, using an enhanced sector knowledge and expertise. Government should do far more to engage with potential foreign investors in our core sectors to secure commitments to developing the UK research, skills and supply base, and in exceptional cases to discourage unwanted investments. We should underpin this by signalling a greater readiness to use existing powers in the Enterprise Act 2002 to allow ministers to consider takeovers and mergers to ensure our long term industrial capabilities are given proper consideration.

Education and skills – the foundation for growth and prosperity

74. All failing schools should be subject to the intervention process forthwith. There should be a clear timetable within which an improvement strategy for each school is agreed, with the education authorities using their powers to intervene if the head teacher and governors fail to act. If local authorities delay, central government should intervene.

75. The regional directors being appointed to lead Ofsted's new regional structure should be given formal powers to act swiftly where they identify problems in local schools.

76. Business engagement should be incorporated far deeper into the school curriculum in order to develop young people's understanding of business, increase their employability, and further their understanding of career and future training options and where they might lead. LEPs should consider how they engage with local schools and work with chambers to facilitate this.

77. The bureaucracy and paper work around work experience and work placements must be streamlined. DfE must be clear about what is absolutely necessary. Government must then ensure the removal of all regulations and requirements that place unnecessary burdens on employers, schools and colleges.

78. All boards of governors in secondary schools should include two influential local employers, at least one of whom should have good connections with the wider business community. This could be coordinated by the local chambers of commerce.

79. Local authorities should publish the Destination Measures for all secondary schools in their areas alongside academic attainment so that parents can make better informed choices, and to incentivise schools to give a higher priority to developing the employability of their leavers.

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81. The budget for vocational training for learners aged 19 and over, and all funding currently set aside for apprenticeships for those aged 16 and over, should be devolved to local areas through the single funding pot described in Chapter 2. This therefore calls into

question the continuation of the Skills Funding Agency. Each LEP should incorporate skills needs within their local economic plans driven by the needs of local employers and the practical experience of FE colleges.

82. All FE learning providers must consult and agree their provision with LEPs to ensure that the courses they offer to 16-18 year olds reflect local labour requirements. In addition, any vocational courses delivered by FE providers to learners of any age must conform to the defined national standards set by employers and industry.

83. Action to address NEETs is best taken at the local level. Resources to tackle the problem should therefore be available from the single pot. Youth unemployment will not be a problem or priority for action in every area, but where it is, LEPs working with local authorities, employers and other local partners should develop proposals for reducing NEET numbers as part of their local economic plans.

84. Industry Councils should work with the higher education sector to ensure that courses are relevant, incorporate placements in industry, and match the skills for which there is demand. Government needs to consider incentives to encourage and develop this further.

85. Higher Education courses should, where appropriate, be a collaboration between employers and universities. For shortage subjects for which there is strong employer demand, universities and employers should develop models where a commitment from firms of between a third and a half of a student's course fees will commit the student to working for that employer for a fixed number of years after graduation. This should be taken forward by the relevant Industry Councils.

86. The Home Office should undertake a targeted communication programme to improve business understanding of the skilled worker immigration rules to align perception and reality.

87. Government should review the regulations relating to immigration policy as part of the Red Tape Challenge process.

88. Government should accelerate the pace at which it is tackling illegal immigration, overstayers and the backlog of residency applications. It should do this through a significant but temporary redeployment of public sector people and resource. The backlog should be tackled on a task and finish basis, with clear targets and milestones, so that the redeployment does not become permanent.

Making it happen

89. An experienced implementation team should be set up in the centre of government, including secondees from the private sector, LEPs and local authorities.