

# Spending Review 25/11/15

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# Contents

- Aim to cover briefly:
  - Introduction: Me, Cities & Local Growth Unit (CLOG)
  - CLOG responsible for: Economic growth (LEPs, EZs etc), devolution
  - SR Headlines
  - What does it mean for businesses?
  - And for (North) Kent?

# SR context

- Government priority to eliminate deficit
- BIS savings of £2.4bn
- Chancellor aims: 'to spread economic power and wealth through a devolution revolution'

*'...This is a Government that backs all our businesses, large and small. We understand there is no growth and no jobs without a vibrant private sector and successful entrepreneurs. So this spending review delivers what businesses need'.*

# LEPs and Local Growth Fund

- The Local Growth Fund: driving economic growth across the country, raising productivity by stimulating private investment and investing in the right skills for places.
- Government has confirmed:
  - Indicative funding profiles announced in the Growth Deals agreed with all 39 Local Enterprise Partnerships under the last Parliament
  - Further funding to bring the total size of the local Growth Fund to £12 billion up to 2021. Potential therefore to build on existing £488 million committed to South East LEP.
  - Business-led LEPs continue to be best placed to know what drives growth and productivity in their areas, working in partnership with combined authorities where they exist. **LEPs will continue to receive core funding from government, matched by local areas, in order to perform this role.**

# Enterprise Zones

- There are currently 24 Enterprise Zones on 143 sites.
- The Enterprise Zone programme is a 25 year initiative aimed at attracting jobs, creating local economic growth, and balancing the economy.
- 18 more new Zones have been announced in the Spending Review along with 8 extensions, including:
  - North Kent Innovation Corridor: strong bid featuring Maidstone, Rochester and Ebbsfleet which will link to the sector strengths such as life sciences at the existing successful EZ at Sandwich

# Growth Hubs

- **What's the announcement?**
  - Ambitious small businesses benefit from **high quality expert support** to help them grow. This is best supported **locally** rather than by central government. UK Government is providing **further funding** for Growth Hubs to continue their support for small businesses in their local areas.
- **Key messages:**
  - Government is investing in **39 Growth Hubs** (one in every Local Enterprise Partnership (LEP) area) and giving them ownership of how they support local businesses to start and scale.
  - Growth Hubs: partnerships with organisations like chambers of commerce, Federation of Small Businesses (FSB), accountancy firms, incubators and university business schools – will create a **joined-up local network of support**.
  - Best wishes for the Kent and Medway Hub which opens next week.
- **Spending:**
  - Up to £24 million will be made available to embed Growth Hubs in every LEP area.
  - After two years want them to be self-sustaining.

# Ebbfleet Garden City

- Government has demonstrated its commitment to deliver the first Garden City in over a hundred years.
- This settlement of **£310 million** exceeds that of the up to £200 million initially announced by the Chancellor in April 2014.
- The Ebbfleet Development Corporation will use this money, alongside private sector investment, to **coordinate and unblock key pieces of infrastructure** to bring forward at pace up to 15,000 homes in the Ebbfleet Garden City.
- The investment from the SR settlement, along with private sector funding, will enable **essential utilities infrastructure**, including
  - Sewerage and high speed fibre optic broadband
  - Community infrastructure: including Springhead Bridge, coordination of local health infrastructure
  - Employment infrastructure: utilising the connections of the Garden City and its close proximity to London

# Business rates

- By the end of the Parliament the local government sector will **retain 100% of local taxes** to spend on local government services.
- This is a real opportunity to reshape the role of local government and it is a major step forward in government's plans to boost growth and give local people **more control over how their money is spent**.
- The Government is committed to helping rate-payers. The Chancellor announced at the 2014 Autumn Statement an **extra £650m** of support for 2015-16 business rates bills in England, bringing the total support from 2013 and 2014 Autumn Statement measures to £1.4bn in 2015-16.
- With the agreement of their Local Enterprise Partnership, areas with elected mayors will be able to increase business rates to fund infrastructure projects.
- The Spending Review presents an opportunity for local authorities to take control over their own finances and **drive growth through devolution deals** in advance of the move to 100% business rates retention.

# Apprenticeships levy

## **What's the announcement?**

- The SR announces detail of the Government's UK-wide apprenticeship levy:
  - The use of PAYE to collect the levy
  - The creation of a new employer led apprenticeships body

# Innovation

- Government will aim to deliver **£165m per annum through new finance products** by the end of the Parliament. But shift from grants to loans by Innovate UK.
- UK **2nd** on Global Innovation Index
- Government wants Britain to be best place in Europe to **innovate, patent new ideas and start a business.**
- Opened **10 Catapults** since 2011, with total public and private investment exceeding £1.6 billion over their first five years of operation
- <https://www.catapult.org.uk/about-us>
- The **R&D Tax Credits** scheme is now the single largest source of Government support for business investment in R&D. It underpins about 70 per cent of all business spend on R&D work, **worth more than £13 billion** to more than 15,000 companies

# Wider announcements / consultations

- **Local government finance**

- We will consult on changes to the local government finance system to pave the way for the implementation of 100% business rates retention by the end of the parliament.
- The consultation will take into account the main resources available to councils, including Revenue Support Grant, council tax and business rates.
- Also consulting on operation of New Homes Bonus

- **Lower Thames Crossing**

- Early in 2016. Case to be made against competing priorities in e.g. Northern Powerhouse, Midlands Engine