

LOCAL AUTHORITY BUSINESS GROWTH INCENTIVES (LABGI) SCHEME

Communities and Local Government's consultation on the future of the LABGI scheme closed on 20 November.

<http://www.communities.gov.uk/publications/localgovernment/reforminglabgiconsultation>

The scheme as we proposed it represented a significant simplification of the 3-Year LABGI scheme we trialled from 2005-06, and this was generally welcomed by respondents. We are working hard to analyse the responses in detail and will be publishing a full summary shortly.

One innovative feature of our proposals sought to reflect the fact that, increasingly, authorities do not work in isolation when working to enable business growth in their areas. They operate in partnership with neighbouring authorities, either informally or in the context of more formal arrangements such as multi-area agreements. Economic areas generally function across authority boundaries. We therefore built into the scheme the concept of sub-regions.

A key part of the consultation therefore sought to establish authorities' views about the sub-regions we should recognise for the purposes of the scheme. We asked:

- 1. Which other local authorities, if any, do you regard as being in the same sub-region as yours for the purposes of cooperation in economic development?*
- 2. Do you agree that London should be regarded as a single sub-region for the purposes of the scheme?*
- 3. Do you agree that where local authorities outside London cannot agree on a sub-regional grouping which meets the above criteria, the scheme should be broadly based on NUTS2 groupings, with the possibility of variation where the case for doing so can be made?*

As we expected, the picture that has so far emerged from this is not clear cut and local authorities have generally argued for approaches that maximise the prospect for their own individual gain. Ministers will make decisions about sub-regions, along with the other parameters of the scheme, in the early part of 2009 – and will have regard to the proposed default position on which we consulted via Question 3

In the meantime, we have written to all authorities – whether or not they responded to the consultation – to encourage them to establish as much of a consensus as is possible about the extent of the sub-regions in their locality, so that Ministers can take it into account before resolving the mapping.

Each authority has been sent a spreadsheet of all the responses we received to the consultation so far as sub-regions are concerned. We are also making this available online. It will enable an authority to identify which other local authorities have nominated it as a member of their proposed sub-regions. The table also sets out our best interpretation of the answers given by local authorities. However, to ensure that views are as accurately reflected as possible, and to pick up on the fact that many authorities expressed more than one preference, the spreadsheet also includes the actual responses provided to the relevant question(s).

We have also provided maps online which show the authorities that expressed a view to us about sub-regions - merely as an aid to identifying which authorities responded to the consultation. The spreadsheet and the maps are available on our website at <http://www.local.communities.gov.uk/finance/labgi.htm>

Authorities have been asked to reply by 20 February 2009, preferably by e-mail to LABGI.Consultation@communities.gsi.gov.uk.

LABGI Team
Local Government Finance Directorate
Communities and Local Government

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