MISSION 5

Devolution and Local Economic Plans

One key power devolved to local authorities is that of developing local economic plans that will, essentially, become the framework for economic and business growth. This means that the local economic plan will need to integrate different policies and initiatives into a coherent whole. It is essential that this integration supports the growth plans and objectives of rural business.

KEY ASKS

1. Ensure that local growth hubs meet their objectives of providing clear and targeted advice and support to rural SMEs;
2. Understand how innovation and investment can provide the key elements of a coherent local economic framework;
3. Create proper lines of communication between local decision makers and external stakeholders that maintains ongoing dialogue and engagement that can inform the local economic plan on an ongoing basis;
4. Maintain and update economic data as the platform for each respective local economic plan.

1. Integrate local growth hubs with the Small Business Strategy

One of the major challenges that rural businesses face is the failure of local decision makers to take into account their respective interests. This has been shown on numerous occasions and is often due to a failure of Local Authorities to understand both the unique challenges faced as well as the potential of rural businesses to deliver on local growth. Such a situation needs to change.

The Government's Small Business Strategy is an opportunity to help in prioritising the rural economy. One such method would be to fully utilise local growth hubs that Local Authorities have already created. But these hubs need to be used to, firstly, provide the assistance businesses actually require and secondly, act as a point of engagement, particularly regarding the delivery of the Small Business Strategy.

The local growth hub network, if used effectively, can act as a pivotal contact and ensure the necessary integration of policy decisions. Through this, rural businesses would be able to

inform policy and ensure that available resource is targeted to the right areas in order to promote business growth.

2. Generating local economic growth through investment and innovation

A key element for Local Authorities is the ability to generate both local economic growth as well as provide the platforms to encourage investment. This is crucial for rural areas. Within rural development delivery we have seen that the model of joint public and private investment working effectively. However, the model to be used at a devolved level will need to be different. Given the financial constraints being placed on the economy, it is unlikely that the traditional routes to aid private investment, such as capital grants to aid diversification, will be available, and certainly not on a big enough scale. That means that businesses seeking support will need to look at alternative routes for finance.

One such alternative route is that of soft loans. These are loans offered by a public institution, such as the British Business Bank, at a regional level, with a zero or low interest rate. Clearly, terms and conditions together with eligibility criteria would need to be applied but these should not be onerous.

3. Local Economic plans that engage rural business

Integration and engagement is essential if Local Economic Plans are to work as intended. If they are to be effective, there needs to be transparent communication between local decision makers and external stakeholders. The latter can play a crucial role in providing information and intelligence on what is actually happening on the ground. In the past there has been an information vacuum where decisions made at the local level fail to take into account the needs of rural communities and rural economies. This has led to decisions that both negate the positive contributions of local communities and lead to unintended consequences.

In order to build, or, in some cases, rebuild, engagement and relationships, devolved authorities will need to create the conditions required for that necessary dialogue. Devolved authorities need to put in place rural employer (engagement) forums that will provide much needed evidence, particularly in terms of learning lessons of past decisions.

4. Maintaining and updating economic data in each local area as a fundamental part of each respective local economic plan

In the past a number of local economic or growth plans have been based on data and evidence that is out of date. This has led to decisions that fail to deal with the actual challenges faced by rural SMEs. One of the reasons for this dilemma is simply that the data required is not available. This is probably the largest challenge that those local authorities face when developing their respective local economic plans.

Local economic plans are, in their own right, fundamental in providing a framework that is both flexible as well as targeted to sectors that are designated as priorities in a local area. Importantly, this approach takes into account the particular needs of a local area. It is

important that data available to external stakeholders (from their respective members) and local authorities is pooled. With the most relevant and available data, it should be possible to design local economic plans that are current, relevant, and flexible enough and that can be reviewed and updated efficiently.