

Committee	Dated:
Policy and Resources	28 May 2015
Subject: Sponsorship of New Local Government Network research project: <i>Social Capital – How Public Investment Can Drive Public Value.</i>	Public
Report of: Director of Public Relations	For Decision

Summary

The New Local Government Network (NLGN) is a national think tank and network of key players in the local government sector that was founded in 1996 with the aim to make local government more relevant and credible to local people.

NLGN is undertaking a project: *Social Capital – How public investment can drive public value*, that will explore the wider social value of capital investment. They believe that a clearer understanding of how new development can impact on public service, carries with it two clear benefits. First, it will help councils to develop a more rigorous sense of where, when and how to spend their money. This is especially important at a time when politicians are re-examining local growth policy for the new parliament. Secondly, it will provide a much clearer sense for private investors and developers about the best ways in which they can add value, potentially leading to better quality deals between the public and private sectors.

NLGN is seeking £15,000 to complete the funding package for this project. If the City of London Corporation were to sponsor the project, it could host and be able to shape events relating to the project, including the launch, and the Policy Chairman would receive prominent speaking slots. The City Corporation would also be acknowledged on all publicity relating to the project.

Recommendation

This report recommends sponsorship of the NLGN project *Social Capital – How public investment can drive public value* at a cost of £15,000 to be met

from your Committee's Policy Initiatives Fund 2015/16, categorised under the Research section of the Fund and charged to *City's Cash*.

Main Report

Background

1. The New Local Government Network (NLGN) is a national think tank and network of key players in the local government sector that was founded in 1996 with the aim to make local government more relevant and credible to local people. A non-profit making, independent organisation, NLGN seeks to transform public services and empower local communities. It works closely with individual local authorities, national agencies, central government and the private sector to promote ideas about how these objectives can be achieved in practice.
2. Through its independent research, events and advocacy, NLGN works with central and local government partners, the business and voluntary sectors and the wider policy community to provoke debate and discussion about the future of relationships between central and local government. The Network brings together leading innovative local authorities to push forward the localism debate and their research work identifies and examines emerging policy developments and recommendations. Its engagement with a diverse range of parties ensures that the City Corporation remains at the heart of existing and emerging political debates. Recent NLGN events have featured Eric Pickles MP (Communities & Local Government Secretary), Hilary Benn MP (Shadow Communities & Local Government Secretary) and Danny Alexander MP (Chief Secretary to the Treasury)
3. The City Corporation has enjoyed a long and successful relationship with NLGN. As well as being a Corporate Partner, the City Corporation has sponsored a number of influential research projects, in particular three projects on capital finance which brought together key representatives of Local Government and the 'City financial' and helped to shape the debate in this area. The Guildhall has hosted a number of NLGN events featuring key figures such as Yvette Cooper, Bob Neill, Greg Clark and Tony Travers as well as the 2015 NLGN Annual Conference. A large number of influential councils form part of the NLGN innovations network including five of the surrounding Boroughs (Camden, Islington, Lambeth, Southwark and Westminster) plus major councils such as Birmingham City, Manchester City, Essex County and Kent County.

4. Capital investment is at the top of the political agenda locally and nationally as the parties seek new ways to create jobs and prosperity. While the abolition of the Regional Development Agencies has reduced some sources of capital spending, it also has had the effect of giving local government a renewed role at the forefront of national investment. Council capital spending has remained stable since 2010 as it is buoyed by the impact of national funds such as growing places and the devolution of funds as part of city-and- growth deals. As local authorities have taken this leading role, they have also become more commercial investors, a fact reflected in support for the Local Government Association's plans for the creation of an independent bond agency. Some are using their borrowing power to finance new commercial housing, others are taking a stake in major urban redevelopments and still others are financing and managing growth projects themselves. But the bigger question for many councils is not just how they can make a financial return, but how they can use investment strategies to reduce their medium-term revenue pressures.
5. This means finding new ways to ensure that capital spending delivers social value for residents and public value to communities and councils. With local authorities facing unprecedented budget cuts, many are looking to support developments that can support older people to live independently, promote active lifestyles and actively shape the local economy to support nascent growth sectors and increase well-paid, sustainable work

Proposal

6. NLGN therefore proposes a project: *Social Capital – How public investment can drive public value* that will explore the wider social value of capital investment. They believe that a clearer understanding of how new development can impact on public service bottom lines carries with it two clear benefits. First, it will help councils to develop a more rigorous sense of where, when and how to spend their money. This is especially important at a time when politicians are re-examining local growth policy for the new parliament. Secondly, it will provide a much clearer sense for private investors and developers about the best ways in which they can add value, potentially leading to better quality deals between the public and private sectors.
7. This project will seek to address a number of interrelated questions, namely:
 - What is the outlook for local authority capital spending?
 - How are council attitudes towards capital investment changing?
 - What can they learn from private sector investment practice?
 - What are the key opportunities for capital investment to deliver additional social and public value?

- How can capital investment deliver medium-term revenue savings or demand reduction for the public sector? What role can better data and collaboration play in realising these benefits?
 - What approaches to market engagement and which commissioning practices are most likely to unlock social and public value?
 - How should private sector investors and developers respond to a changing marketplace?
8. The work of the NLGN, and this project in particular, accords well with the role of the City Corporation in promoting debate on key policy issues that affect the City and London. The relationship with this think-tank allows for high level interaction with a number of the City Corporation's key audiences and stakeholders, as outlined in the *Communications Strategy 2015-2018*. In addition, this project aligns with the City Corporation's strategy of using its resources to work in partnership with local communities and its wider economic development priorities.
9. NLGN is seeking £15,000 to complete the overall funding package for the project of £50,000. The remainder will be funded by Capita. If the City of London Corporation were to sponsor the project, it would host and be able to shape events relating to the project, including the launch, and the Policy Chairman would receive prominent speaking slots. The City Corporation would be acknowledged on all publicity relating to the project.
10. This report recommends sponsorship of the NLGN research project *Social Capital – How public investment can drive public value* at a cost of £15,000 to be met from your Committee's Policy Initiatives Fund 2015/16, categorised under the Research section of the Fund and charged to *City's Cash*.

Corporate & Strategic Implications

11. Although sponsorship is also being acquired from other sources for this project, the contribution from the City Corporation will form an important part of the overall funding package. It is proposed that the required funding of £15,000 is drawn from your Policy Initiatives Fund 2015/16, categorised under the Research section of the Fund and charged to *City's Cash*. The current uncommitted balance available within your Committee's Policy Initiatives Fund 2015/16 amounts to £259,000 prior to any allowance being made for any other proposals on today's agenda.

Conclusion

12. The work of the NLGN, and this project in particular, accords well with the role of the City Corporation in promoting debate on key policy issues that affect the City and London. The relationship with this think-tank allows for high level interaction with a number of the City Corporation's key audiences and stakeholders, as outlined in the Communications Strategy 2015-2018. In addition, this project aligns with the City Corporation's strategy of using its resources to support London's communities and its wider economic development priorities.

13. If the City of London Corporation were to sponsor the project, it would host and be able to shape events relating to the project including the launch and the Policy Chairman will receive prominent speaking slots. The City Corporation also would be acknowledged on all publicity relating to the project.

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