



## £1 billion fund to help regional business

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Deputy Prime Minister Nick Clegg today launched a £1 billion Regional Growth Fund to help areas and communities at risk of being particularly affected by public spending cuts. The fund, which will operate in 2011/2012 and 2012/2013 will help areas most dependent on public sector employment as the country makes the transition to private sector-led growth and prosperity. Both private bodies and public-private partnerships will be able to bid for funding by demonstrating that their proposal will bring in private investment and support sustainable increases in private sector jobs and growth in their area.

Speaking in Bradford after the first Coalition Cabinet meeting outside of London today, Nick Clegg said:

"While we sort out the nation's finances we can also help to foster a thriving and more balanced economy so that no region or community gets left behind.

"The Regional Growth Fund will create the conditions for growth and enterprise in the regions by stimulating investment and create sustainable private sector jobs.

"Alongside our commitment to waive some employment taxes for new businesses starting up in targeted regions of the country, this fund can make a real difference to companies during difficult times."

Nick Clegg also set out plans for Local Enterprise Partnerships (LEPs) that will bring together councils and business on an equal footing with one voice, replacing the current Regional Development Agencies (RDAs). In a joint letter sent to councils and business leaders today, Business Secretary Vince Cable and Communities Secretary Eric Pickles have asked them to consider forming new local enterprise partnerships that can provide strategic leadership in their local areas and create the right environment for business success and economic growth.

Vince Cable, the Business Secretary said:

"We are determined to rebalance the economy towards the private sector, so it's important we create a more effective structure to drive economic growth and development across the country.

"We want a structure that reflects the genuine interests and commitment of enterprise, local councils and other stakeholders like universities and colleges. Local enterprise partnerships will provide that vision and then take on the task of renewing local economies and tackling local barriers to growth. Today we are asking them to tell us about their vision and I'm looking forward to what they've got to say."

Eric Pickles, the Communities Secretary said:

"If you want to rebuild a fragile national economy you don't strangle business with red tape and let bloated regional quangos make all the decisions. Urgent action is needed to rebuild and rebalance local economies so that new businesses and economic opportunities spread across the country.

"The solution needs to be local - we know that when councils and local business work hand in hand they can drive economic growth together and places can be transformed. Local enterprise partnerships are central to this vision which is why we are asking them what they need.

"By giving up central control we will put democratic accountability back into the local economy making it responsive to the needs of local business and local people."

Local Enterprise Partnerships will tackle issues including planning and housing, local transport and infrastructure, employment, enterprise and supporting business start-ups. Other roles currently carried out by the RDAs will be led nationally, such as inward investment, sector leadership, business support, innovation and access to finance.

Further details of the Regional Growth Fund, and the creation of LEPs, will be set out in the forthcoming White Paper on local and regional growth.

Alongside this, Ministers also today announced plans for a Green Paper on business finance. As part of the government's strategy to encourage investment in growing companies in areas overly dependent on public sector employment, the Green Paper will consider the evidence, and identify any barriers to the supply of finance in such areas. It will consider whether more can be done to encourage bank finance, and also look at other possible sources of finance - such as growth capital and equity finance. The paper will also consider the role for local stock exchanges, and whether concerns about lack of liquidity and diversification can be overcome.

## Notes to Editors

1. Full details of the Regional Growth Fund, including who will be eligible to apply, and the criteria and process for assessing bids, will be set out in the forthcoming White Paper on local and regional growth.

2. Budget 2010 announced:

The Government will shortly announce details of a scheme to help new businesses in targeted areas of the UK that need it most. During a three year qualifying period, new businesses which start up in these areas will get a substantial reduction in their employer National Insurance Contributions (NICs). Within the qualifying period, these employers will not have to pay the first £5,000 of Class 1 employer NICs due in the first twelve months of employment. This will apply for each of the first 10 employees hired in the first year of business and operate in selected countries and regions. Subject to meeting the necessary legal requirements, the scheme is intended to start no later than September 2010. Any new business set up from 22 June 2010 which meets the criteria set out in the forthcoming announcement will benefit from the scheme; and to help areas and communities particularly affected by reductions in public spending make the transition to private sector-led growth and prosperity, the Government will create a Regional Growth Fund in 2011-12 and 2012-13. This Fund will operate in England only and support increases in business employment and growth. The Devolved Administrations will be encouraged to undertake similar action.

3. The Government's Coalition Programme states: "We will support the creation of local enterprise partnerships - joint local authority-business bodies brought forward by local authorities themselves to promote local economic development - to replace Regional Development Agencies (RDAs). These may take the form of the existing RDAs in areas where they are popular."

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5. The Government is determined that the transition from RDAs to Local Enterprise Partnerships will be orderly, working to a clear timetable. Legislation to abolish them was announced in the Queen's Speech and is expected to be introduced to Parliament in the autumn.