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## Pocket Watch – Is a Single Funding Pot the answer?

### Introduction

Next month, the Chancellor is due to give a formal response to Lord Heseltine's landmark Report last autumn on what might be needed to stimulate growth in this country. It could signal a significant shift in the way in which the skills system operates, for at the heart of the proposals is the creation, potentially from 2015, of 'a single funding pot' that could be used to drive local growth and skills. *"We need to brigade the separate funding streams which support the building blocks of growth into a single funding pot for local areas."* Simplifying and co-ordinating funding streams may sound attractive but is not new and has provoked sharp debate in the FE sector which could find itself having to deal with a range of separate bidding and funding processes operated through some 39 separate Local Enterprise Partnerships (LEPs.) So is funding devolution really the answer and just what is the single funding pot?

### What is the single funding pot?

In his Report, Lord Heseltine identified 59 current but separate funding streams that could be brought into a single funding pot for locally determined growth purposes. The largest chunk, £17,435m worth, comes under the heading skills support and includes the current adult skills, apprenticeship and learner support budgets. Others include a range of separate funding streams, currently channelled through at least half a dozen different Depts and grouped under such headings as business support services, local infrastructure, employment support, housing and innovation. In total it could amount to anything between £58bn, to the upgraded figure given by Lord Heseltine in evidence to the [Select Committee](#) recently, of nearly £70bn though much depends on the accretion of EU and LA funding

### How would it work?

This is where the question of local devolution comes in for the model is that central government, potentially through a new National Growth Council, would identify the overall growth budget and LEPs would then bid for 5 year allocations from this budget, which along with locally sourced match funding would be used to support locally determined growth activity. Further down the food chain, college and training providers would bid to LEPs for commissioned training activity. Lord Heseltine, who has been advising the government on bidding rounds for the Regional Growth Fund, maintains that *"competitive funding is key to unleashing the entrepreneurial spirit in local areas."*

### What are the downsides?

Lord Heseltine maintains that the longer the current recession continues, the greater the need for this sort of approach and indeed the Chancellor, faced with continuing concerns about lack of growth has been quick to praise the Report. A big concern, however, and one raised in Select Committee recently, is that it might substitute one form of bureaucracy, central, for another, local. There is some evidence for this from past initiatives but Lord Heseltine has pre-empted some of it by calling for localisation of civil service decision making as well. Other issues include accountability, LEPs are not after all locally elected, making inward investment procedures more complicated and the dangers of postcode lotteries with some areas able to attract resources easier than others

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**A Single Funding Pot? Feb 2013**