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LOCAL ENTERPRISE PARTNERSHIPS

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Executive summary

1. Context

As an urban-regional geographer, Dr John Harrison has been actively researching England's urban and regional policies for the past decade, publishing extensively and delivering presentations (keynote or otherwise) to political leaders and policymakers, most recently in Canada, Germany, and UAE¹. In early 2011 he received funding from his institution to conduct an independent study into Local Enterprise Partnerships – joint local authority-business bodies brought forward by groups of local authorities to support local economic development across 'functional economies'. Extending previous research on the evolution of city-regionalism in England, this research project was uniquely positioned to offer an 'in retrospect', 'in snapshot' and 'in prospect' take on the establishment of LEPs as the Conservative-Liberal Democrat Coalition Government's chosen model for subnational governance. The research was conducted at a time of transition: Regional Assemblies had been abolished; Government Offices for the Regions and Regional Development Agencies were being wound down; various rounds of LEP announcements had seen 35 LEPs approved/established; first round decisions for the Regional Growth Fund (RGF) had just been announced; the first round of Enterprise Zones (EZ) had been announced. Furthermore, most LEPs were in the process of either forming their Board or holding their first/second Board meetings.

2. Aims and objectives

The project aim: *to use LEPs as a lens through which to address current gaps in our knowledge of city-regions, in particular the opportunities and barriers to achieving better integrated policymaking across a 'functional geography'*

To meet this aim, the project had four main objectives:

- To examine the emergence of the LEPs within the context of national and international policy agenda on city-regions;
- To analyse critically the way in which the LEPs are used as a framework for achieving better integrated policymaking through more networked forms of governance;
- To examine how the LEPs are integrated with existing strategies and frameworks in the context of multi-level governance;
- To provide a theoretically grounded critique of the capacity of integrated policymaking across a 'functional geography' examining its effectiveness in addressing different policy agendas.

¹ A full list of research projects, publications, and presentations can be viewed @ <http://www-staff.lboro.ac.uk/~gvjh2/index.htm>

3. Methods

3.1 Desk research

Initial desk research reviewed literature relating to LEPs, in particular: Government Bills, policy documents and strategies; speeches; related papers by researchers, consultants and think-tank's; press releases; Hansard; news articles (e.g. *Regeneration & Renewal*); and individual LEP strategies.

3.2 Fieldwork

The fieldwork took the form of semi-structured interviews. These lasted approximately 45 minutes each and were conducted during May-June 2011. Interviewees included: local authority officials (involved in an executive capacity, economic development, enterprise, or regeneration); LEP Board Members and officers; councillors; MPs; regional bodies; and representatives from Government Departments.

4. Summary of key findings

A summary of findings is given below. This information is in summary form and, in line with ethical research guidelines, unattributed.

4.1 Rationale for LEPs

The theoretical rationale for LEPs centres on the need to devise more flexible, networked and smart forms of subnational planning and governance arrangements as substantive expressions of accelerated urbanization are serving to increasingly challenge existing urban economic infrastructures and urban-regional governance, particularly as this urbanization sees the functional economies of large cities (the so-called 'economic footprint') extend far beyond their traditional territorial boundaries to capture physically separate but functionally networked cities and towns in their surrounding (regional) hinterland.

In England there is also a clear political rationale for more networked forms of urban-regional governance centred on 6 main points – (1) the need for a new regional policy following the collapse of Labour's plans to establish a regional tier of government; (2) England remains out of step with the rest of the UK and Europe where more freedom and powers have been devolved; (3) regional disparities continue to increase; (4) England's cities are increasingly under bounded and requiring new governance arrangements to fit policies to the 'real' geography of cities; (5) Competition not collaboration has been the determining factor in relations between local neighbourhoods, and contributes to weak cross-boundary urban governance, poor horizontal co-ordination and a lack of policy integration; and (6) the fundamental problem of seeking to contain growth in formal structures of territorial governance sees spatial planning increasingly conducted outside the formal system of practices of subnational 'planning' in so-called 'soft spaces' characterised by their fuzzy boundaries and sometimes fuzzy scales of governance.

Not surprisingly, this rationale saw city-regions quickly assume the status of *in vogue* spatial scale among policy elites in England, with LEPs the latest in a long wave of initiatives designed to operate at a, variously defined, city-region scale.

The study reveals a number of important contributing factors to the development of LEPs, most notably:

- LEPs are the “*only show in town*” as far as Government are concerned leading to a real “*fear of missing out*” or “*missing the train as it leaves that station*” if areas did not form a LEP.
- In many areas, a LEP was the logical continuation of partnership working across this geography.
- LEPs enable areas which were (or felt) marginalised by Government’s regional, and more recently city-regional, agenda to feel centrally involved in Government’s primary subnational economic development policy.

A strong counter-argument to establishing LEPs also emerged from the study. One of the key findings is a belief among some stakeholders that if an area needed a LEP it would already be operating a LEP-style model of partnership working across this geography prior to the government championing LEPs as their preferred model for subnational economic development. This thinking draws distinction between LEPs which are ‘experienced coalitions of the willing’, that is, those areas which established LEP-style partnership working across this geography under more voluntary conditions, and ‘maiden coalitions of the obliged’, that is, areas which felt obliged to begin partnership working across their LEP geography to fit in with government policy.

4.2 How LEPs developed

The study finds considerable support for the concept of LEPs amongst both local and national players. The main drivers for negotiating included:

- A LEP being the logical progression for a number of existing partnerships.
- There being no other option.
- The need to go with the flow of a new Government policy.
- Having just 69 days to put proposals together forced negotiations to take place and decisions to be made – they simply could not be put off.

The research also revealed a number of inhibiting factors to negotiating, including:

- Concerns about surrendering control and/or fears of being dominated by a larger neighbour.
- A lack of resource in the start-up phase and concern over the Government’s longer term commitment.
- A feeling of “*starting from scratch*” with another new initiative.

- LEPs being “*low down on the list*” of priorities in many areas.

Geography

The headline statistics are that:

- Every local authority was included in at least one LEP submission, although following the approval of 37 LEPs 9 are not currently covered by a LEP and 29 are covered by more than one LEP.
- 16 LEPs have no overlap with neighbouring LEPs while the Greater Birmingham and Solihull LEP has the greatest degree of overlap with 7 out of 9 local authorities also included in a neighbouring LEP area.
- The average LEP population is 1.5 million with Pan London the largest (8m), South East the largest outside London (3.4m), and Cumbria the lowest (0.5m).
- 6 submissions proposed what amounted to a definitive plan to work across regional boundaries, but only 3 of the 37 approved LEPs have a core geography which identifies them as cross-regional.

The study concludes that the expectation was a “*smaller number of more significant economic areas*” and this would have been the preferred outcome.

The legacy of regions

The study reveals a number of contributing factors for the continuing legacy and impact of regions and regional structures on LEPs:

- The continued presence of so many constructs that still look like the ‘old world’ of regions and which will take time to dismantle.
- The starting point for most LEPs was political rather than economic.
- There was reluctance to give up regional/subregional structures because areas had “*grown accustomed to*” and “*became comfortable with*” making things work in partnerships across this geography – leading to a perception of better the devil you know.
- Areas were reluctant to start from scratch with a completely new set of partners and proposals. Indeed, most cross-regional LEPs build on pre-existing partnership working across this geography.
- While Government encouraged areas to breach regional boundaries and form cross-regional LEPs there was no obligation or formal requirement to do this.

Transition and momentum

Most interviewees reflected on how the transition had been “*surprisingly easy*” despite a lack of resource. There is also a sense of momentum but it is not uniform across England. The study reveals a number of contributing factors to this perception, including:

- LEPs building on existing partnerships are perceived to be at a distinct advantage compared to those starting from scratch.

- LEPs hosting a Phase 1 Enterprise Zone (predominantly cities/city-regions) perceived to be favoured by Government.
- LEPs which were locations for successful RGF 1 projects (again predominantly major cities in the North and Midlands) were seen to be at an advantage given they could trumpet this success as evidence of the role the LEP can play in attracting resource to the area. Areas not in receipt of RGF 1 project were immediately on the back foot responding, once more, to questions about their role and capacity in orchestrating subnational economic development.

4.3 Key lessons and ongoing issues

The study identifies a number of ongoing issues and challenges for partnerships:

- To deliver something which makes a difference because if not businesses will not stay at the table very long and it will be harder to get them back to the table next time.
- Identify a clear role and position within the planning, implementation, and delivery of economic development in their area.
- Ensure equity of benefit without seeming, or actually, to boost one place at the expense of, or without enhancing, others.
- How to present their concerns to Government with a single, strong, coherent voice.
- Will individual LEPs be allowed to fail and, if so, what happens to those areas and the commitment to LEPs more generally.

The study also identifies a number of key lessons for central government:

- A need to avoid “*mixing up the rules*” – for example, the conflicting messages from Ministers and government departments over the relationship between LEPs and bids to the Regional Growth Fund and Enterprise Zones, and secondly, areas being warned off for being too small and then smaller areas being approved later.
- Many LEPs were found to be reinventing the wheel because they felt pressured into developing new priorities that were different to previous initiatives (e.g. priorities identified in their MAA). This takes attention away from other more pressing matters.
- Some of the original rationale has been lost by trying to find a one-size-fits-all model.
- 69 days ensured that many areas had to go with what they already knew, with the result being a gentle “*dipping of the toe in the water*” with regards designing more appropriate, that is, *new* and more flexible, networked and smart forms of subnational planning and governance.
- LEPs operate in an *extant* regional world and regions cannot be airbrushed out and regional structures cannot be wished away overnight.

4.4 Conclusions

The report presents four broad conclusions:

1. The study reveals new new localism to be both a continuation of the localism advanced under late-Blairism, and a clear step away by the Coalition from the centrally dictated regional agenda and target culture of previous subnational economic development initiatives which were the hallmark of Labour.
2. The study reveals what we might usefully come to understand as a shift from 'conditional localism' under Labour to 'localism with compulsion' under the Coalition.
3. While the rhetoric conforms to the rationale for building new, flexible, and responsive frameworks of subnational governance, LEPs do not fully reflect the need to design *new* flexible, smart and networked forms of urban-regional governance or the need to do this across a functional rather than administrative geography.
4. LEPs are best identified as 'subnational functional economic areas' and as such city-regions have not been prioritised through LEPs. Nevertheless, it can be argued quite strongly that LEPs centred on cities/city-regions are being prioritised through the decisions made by Government in other policy areas relating to the Coalitions local growth agenda – notably Regional Growth Fund and Enterprise Zones, alongside proposals for directly elected city mayors.

1 Introduction

1.1 Policy background

Local Enterprise Partnerships (LEPs) are “joint local authority-business bodies brought forward by groups of local authorities to support local economic development across ‘functional economies’”.² They were formally introduced by the Conservative-Liberal Democrat Coalition Government in June 2010 when the Secretaries of State for Communities and Local Government (Eric Pickles) and Business, Innovation and Skills (Vince Cable) wrote to local authorities and businesses inviting them to bring forward proposals for LEPs.³ This left areas just 69 days to form proposals which would shape the geography and architecture for a new era of subnational economic development in England. By the deadline of 6th September 2010, the Government had received 62 responses of which 56 were for LEPs. In the 11 months since, 37 LEPs have been given the go ahead by the Government to move forward and establish their LEP boards. LEPs now cover 98% of the population in England, with only 9 local authorities not currently covered by a LEP.

LEPs represent the latest in an increasingly long line of initiatives designed to build new, flexible, and responsive frameworks of subnational governance which operate across a functional rather than administrative geography in England.⁴ Nevertheless, they represent the brave new world of “localism” which the Coalition Government argue is replacing regionalism and the regional tier of governance established under the 1997-2010 Labour Government’s. LEPs have access through a bidding process to a £5m Start-up Fund and a £4m Capacity Fund, have an important role to play in helping partners bid for funds from the £1.4bn Regional Growth Fund (2011-2014), and in the Government’s policy of creating Enterprise Zones in areas where incentives can be used to drive up economic growth.

1.2 Timeline

29 June 2010	Eric Pickles and Vince Cable send invitations to local authorities and businesses to bring forward proposals for LEPs.
5 September 2010	The Government receives 62 responses of which 56 are proposals for LEPs.
28 October 2010	The Coalition Government publish their <i>Local Growth White Paper</i> and announce 24 partnerships are being given the go ahead to move forward and establish their LEP boards. These were: Birmingham &

² HM Government (2010) Coalition Agreement. TSO, London.

³ <http://www.bis.gov.uk/assets/biscore/economic-development/docs/10-1026-final-letter-local-enterprise-partnerships.pdf>

⁴ Harrison J (2010) Life after regions: the evolution of city-regionalism in England. Regional Studies.

Solihull with East Staffordshire, Lichfield & Tamworth; Cheshire and Warrington; Coast to Capital; Cornwall & the Isles of Scilly; Coventry & Warwickshire; Cumbria; Greater Cambridge & Greater Peterborough; Greater Manchester; Hertfordshire; Kent, Greater Essex & East Sussex (South East); Leeds City Region; Leicester & Leicestershire; Lincolnshire; Liverpool City Region; Nottingham, Nottinghamshire, Derby & Derbyshire; Oxfordshire City Region; Sheffield City Region; Solent; South East Midlands; Stoke-on-Trent & Staffordshire; Tees Valley; Thames Valley Berkshire; The Marches; and, West of England.

12 December 2010	Black County, New Anglia and Worcestershire are given the go ahead by the Government to move forward and establish their LEP boards. This takes the number of LEPs to 27.
6 January 2011	Government announces the creation of a LEP Capacity Fund worth £4m over 4 years.
13 January 2011	North Eastern becomes the 28 th LEP.
21 January 2011	Deadline for RGF Round 1 - 464 bids received with a combined total value of £2.78 bn.
10 February 2011	York and North Yorkshire and Enterprise M3 become the 29 th and 30 th LEPs.
17 February 2011	Ministers grant Mayor of London, Boris Johnson, the green light to establish a pan-London LEP – the 31 st LEP approved.
7 March 2011	First LEP Summit held in Coventry. Eric Pickles announces plans to create a formal representative body for LEPs – the Association of Local Enterprise Partnerships.
23 March 2011	In his Budget speech, Chancellor, George Osborne announces 21 Enterprise Zones are to be created across England, the first 10 of which will be in the LEP areas of Birmingham and Solihull, Leeds City Region, Sheffield City Region, Liverpool City Region, Greater Manchester, West of England, Tees Valley, North Eastern, the Black Country, Derby and Derbyshire and Nottingham and Nottinghamshire.
31 March 2011	Heart of the South West becomes the 32 nd LEP.
6 April 2011	Eric Pickles announces the British Chambers of Commerce will lead the LEP network and receive funding of £300,000.
12 April 2011	50 bids valued at £450m approved from the First Round of the Regional Growth Fund

14 April 2011	Lancashire becomes the 33 rd LEP
12 May	A £5m start-up fund for LEPs is announced.
17 May 2011	Gloucestershire becomes the 34 th LEP.
8 June 2011	Humber becomes the 35 th LEP.
1 July 2011	Deadline for RGF Round 2 – 492 bids were received with a combined total value of £3.3 bn.
7 July 2011	Dorset becomes the 36 th LEP.
21 July 2011	Swindon and Wiltshire becomes the 37 th LEP.
2 August 2011	The £5m start up fund is administered to LEPs. Of the 32 bids received, 18 LEPs are offered full support, with 14 receiving part of the money bid for.

1.3 The research

Extending the author's previous research on the evolution of city-regionalism in England, this research project was uniquely positioned to offer an 'in retrospect', 'in snapshot' and 'in prospect' take on the establishment of LEPs as the Conservative-Liberal Democrat Coalition Government's chosen model for subnational governance. The research was conducted in May-June 2011 at a time of transition: Regional Assemblies had been abolished; Government Offices for the Regions and Regional Development Agencies were being wound down; various rounds of LEP announcements had seen 35 LEPs approved/established; first round decisions for the Regional Growth Fund (RGF) had just been announced; the first round of Enterprise Zones (EZ) had been announced. Furthermore, most LEPs were in the process of either forming their Board or holding their first/second Board meetings.

The purpose of the research is to examine the establishment of LEPs in order to identify opportunities and barriers to achieving better integrated policymaking across a 'functional geography'.

1.4 Aims and objectives

The **project aim**: *to use LEPs as a lens through which to address current gaps in our knowledge of city-regions, in particular the opportunities and barriers to achieving better integrated policymaking across a 'functional geography'*

To meet this aim, the project had **four main objectives**:

- To examine the emergence of the LEPs within the context of national and international policy agenda on city-regions;

- To analyse critically the way in which the LEPs are used as a framework for achieving better integrated policymaking through more networked forms of governance;
- To examine how the LEPs are integrated with existing strategies and frameworks in the context of multi-level governance;
- To provide a theoretically grounded critique of the capacity of integrated policymaking across a 'functional geography' examining its effectiveness in addressing different policy agendas.

1.5 Methods

The research combined the following elements:

Desktop research: Initial desk research reviewed literature relating to LEPs, in particular: Government Bills, policy documents and strategies; speeches; related papers by researchers, consultants and think-tank's; press releases; Hansard; news articles (e.g. *Regeneration & Renewal*); and individual LEP strategies.

Fieldwork: Fieldwork took the form of semi-structured interviews. These lasted approximately 45 minutes each and were conducted during May-June 2011. Interviewees included: local authority officials (involved in an executive capacity, economic development, enterprise, or regeneration); LEP Board Members and officers; councillors; MPs; regional bodies; and representatives from Government Departments.

2 Findings

2.1 Rationale for LEPS

Part and parcel of the rationale for LEPS is a broad theoretical and policy rationale for developing more ‘appropriate’, widely understood to mean more flexible, networked and smart forms of subnational planning and governance arrangements in globalization.

2.1.1 Theoretical rationale

Following the collapse of the Fordist growth dynamic during the 1970s, a ‘new regionalist’ discourse affirms how there has been a resurgence of regions as the primary spatial scale at which competing political and economic agendas are convened, not least those pertaining to increasing competitiveness, while simultaneously tackling entrenched inequalities, encouraging progressive planning and enabling piecemeal democratic rights. Alongside this, however, we have seen a growing appreciation of the resurgence of another spatial form – the city. This has become increasingly acute vis-à-vis a wider context of rapid urbanization which now sees more than 50% of the world’s population as urban dwellers, with predictions this will rise to 70% by 2050.⁵ On the one hand, globalization is thus fuelling claims of a resurgence of cities as drivers of competitiveness. Yet, on the other hand, substantive expressions of accelerated urbanization are increasingly challenging existing urban economic infrastructures and urban-regional governance, particularly as this urbanization sees the functional economies of large cities (the so-called ‘economic footprint’) extend far beyond their traditional territorial boundaries to capture physically separate but functionally networked cities and towns in their surrounding (regional) hinterland.⁶

So despite a resurgence of cities in globalization, in a number of respects the city as traditionally conceived no longer adequately reflects the underlying structure of how social and economic activity is organised. Stirred into action by these developments, the beginning of this century has seen a whole body of research arguing that this new urban spatiality is best captured by the concept of the city-region. In particular, attention is now directed toward a select number of global city-regions which are seen to have the capacity to both anchor and nurture dense nodes of social, economic, and political activity in globalization.⁷ City-regions, it is claimed, function as the basic motors of the global economy, are

⁵ UN-Habitat (2011) State of the World’s Cities Report 2010/11. UN-Habitat: New York.

⁶ Parr J (2005) Perspectives on the city-region. *Regional Studies* 39, 555-66.

⁷ Scott AJ (ed.) (2001) *Global City-Regions: Trends, Theory, Policy*. Oxford University Press, Oxford.

fundamental to economic and social revitalization, vital for establishing effective planning and policymaking, and become *the* pivotal sociospatial formation in globalization.⁸

But this is only part of the story. As places where globalization crystallises out on the ground, the presentation of city-regions as windows of locational opportunity is giving rise to a new city-regional orthodoxy in political praxis.⁹ For the pace of change – particularly in relation to their size, scale, number and reach – is leaving these pivotal societal and political-economic formations reliant on increasingly outdated and inadequate institutional structures, infrastructures, territorialities, statutory frameworks and supports. Today, the task of devising more flexible and networked forms of urban and regional governance is an ‘officially institutionalised task’ throughout North America and Western Europe, but large parts of Pacific Asia and Latin America also. The UK (especially England – the sole territory not in receipt of additional elected political representation, and by implication, new institutional spaces through which to pursue the new regionalist promise of increased accountability and participatory democracy, following the 1997-2010 Labour Government’s programme of Devolution and Constitutional Change) is no exception to this.¹⁰ But herein rests the tension: as the demand for more ‘appropriate’, widely understood to mean more flexible, networked and smart forms of subnational planning and governance arrangements increases, new *loci* and/or expressions of cooperation and conflict emerges around questions to do with increased competitiveness, new economic developments, collective provision of services, infrastructures, and governmentalized remappings of state space.

2.1.2 Policy rationale

The current case for working across functional economic areas in general and city-regions in particular can in England be traced back to 2000 and the publication of a pamphlet entitled *Is There a ‘Missing Middle’ in English Governance?*¹¹ With all the policy hubris surrounding the newly established RDAs and the government’s commitment to democratizing regional governance this pamphlet cut a lone voice, arguing that if the UK Government were serious in its intention to devolve authority from the centre, especially in fields related to economic development, it should consider whether city-regions provided a more appropriate scale for policy integration and delivery than regions. At the time this was perhaps not surprisingly considered superfluous to the requirements of the regionalist agenda. But with the regional agenda reaching its nadir in 2004 (see point 1 below), the case for city regions steadily gained momentum as an eclectic group, comprising academics, think tanks, and policy analysts successfully won over key government officials and departments. Their success was evidenced by the number of pamphlets, articles, policy statements, briefings, blogs and

⁸ Scott, *Global City-Regions*

⁹ Scott AJ and Storper M (2003) *Regions, globalization, development*, *Regional Studies* 37, 579-93.

¹⁰ Harrison, *Life after regions*

¹¹ New Local Government Network (2000) *Is There a ‘Missing Middle’ in English Governance?* NLGN, London.

media sound bites that flooded into the public domain, broadly supporting and stressing an appetite for greater devolution of authority from the centre and the role that city-regions could potentially play in that process.¹²

Captivated by the bristling 'can-do' bravado of the new city-regionalist orthodoxy, a clear policy rationale was emerging which was to underpin endeavours to build responsive and flexible institutions of urban-regional governance in England. This centred on six main points:

1. November 4th 2004 signalled the death knell of attempts to build a regional tier of governance in England. In what should have been the final piece in Labour's 'Devolution and Constitutional Change' jigsaw, plans to establish directly-elected regional assemblies in England collapsed when the proposal was rejected by 78% of voters in the North East. Having put all the eggs into the ERA basket, the referendum result meant "a new regional policy was required" and this was to be around functional economic areas in general, and city-regions in particular.¹³
2. Despite efforts to devolve activity in areas relating to economic development under the Devolution and Constitutional Change programme, it is something of a truism that a series of flagship initiatives championed the devolution of power to cities (e.g. Urban Regeneration Companies) and regions (e.g. Regional Development Agencies) continued to be overtaken by tendencies toward 'centrally orchestrated localism' and 'centrally orchestrated regionalism' respectively.¹⁴ Appearing more as mechanisms to facilitate central government intervention than to promote autonomous local and regional action, this leaves England out of step with continental Europe where the broad trend of devolving activity – however grudgingly – to the most appropriate level (according to the principle of subsidiarity) has seen more authority and powers devolved.
3. Despite promises to reduce the persistent gap in growth rates between the regions,¹⁵ regional disparities continued to increase under Labour.¹⁶ A particularly thorny political

¹² Institute for Public Policy Research (2006) *City Leadership – Giving City-Regions the Power to Grow*. Centre for Cities, London; Kelly R (2006) Keynote Speech. Core Cities Summit, 26 June, Bristol; Local Government Association (2006) *City Regions and Beyond*. Local Government Association, London; NLGN (2005) *Seeing the Light? Next Steps for City Regions*. NLGN, London; ODPM (2006) *A Framework for City-Regions*. ODPM, London.; Work Foundation (2006) *Enabling Cities in the Knowledge Economy*. CLG, London.

¹³ CLG (2007) *Is there a future for Regional Government? Volume I*. CLG, London (p3)

¹⁴ Jones M and Ward K (2002) Excavating the logic of British urban policy: Neoliberalism as the 'crisis of crisis-management'. *Antipode* 34, 479-500; Harrison J (2008) Stating the production of scales – centrally orchestrated regionalism, regionally orchestrated centralism. *International Journal of Urban and Regional Research*, 32, 922-941.

¹⁵ HM Treasury (2007) *Comprehensive Spending Review*. HM Treasury, London.

¹⁶ Dorling D, Vickers D, Thomas B, Pritchard J and Balles D (2008) *Changing UK: The way we live now*. BBC, Sheffield.

issue this serves to keep the pressure firmly on government ministers to mitigate a perception that they continue to adopt a southern bias.

4. General recognition is that the best performing cities are those where local government boundaries most closely match the functional geography of the local economy¹⁷. If regions in England are seen as too large to tackle the issues facing individual urban economies then existing city authorities are too small: Manchester has 450,000 residents out of a metropolitan population of over 2.5 million; Newcastle 270,000 residents out of a metropolitan population of 800,000; and, Nottingham 290,000 residents out of a metropolitan population of 670,000. England's cities are in effect under bounded and requiring new governance arrangements to fit policies to the 'real' geography of cities.
5. Competition not collaboration continues to be the determining factor in relations between local neighbourhoods. This is because most urban areas in England still receive approximately 80% of their funding (with conditions) from central government, while local authority performance sees local politicians and officials stand to gain more by delivering services within their borders than by co-ordinating across a wider urban area. This contributes to weak cross-boundary urban governance, poor horizontal co-ordination and a lack of policy integration.
6. Alongside economic governance city-regions are fast emerging as important spaces for spatial planning. Reflecting the fundamental problem of seeking to contain growth in formal structures of territorial governance, spatial planning is increasingly conducted outside the formal system of practices of subnational 'planning' (local and regional) in so-called 'soft spaces'.¹⁸ Characterised by their sometimes 'fuzzy boundaries' and fuzzy scales of policy and governance arrangements, new interregional, intercity, and transnational collaborative initiatives in spatial planning are closely associated with the emergence and institutionalisation of more networked forms of governance, many of which are cutting across the territorial map which prevailed through the twentieth century. In England, this is most clearly articulated in the four growth areas identified in the 2003 *Sustainable Communities Plan*.¹⁹ Cutting across regional and other administrative boundaries, the policy and governance arrangements developed for Ashford, the Thames Gateway, Milton Keynes and the South Midlands, and the London-

¹⁷ Cheshire P and Magrini S (2009) Urban growth drivers in a Europe of sticky people and implicit boundaries. *Journal of Economic Geography* 9, 85-115.

¹⁸ Haughton G, Allmendinger P, Counsell D and Vigar G. (2010) *The New Spatial Planning: Territorial Management with Soft Spaces and Fuzzy Boundaries*. London, Routledge.

¹⁹ ODPM (2003) *Sustainable Communities: Building for the Future*. ODPM, London.

Stansted-Cambridge-Peterborough corridor, are noteworthy in that none share boundaries with other statutory bodies.²⁰

Not surprisingly, this policy rationale saw city-regions quickly assume the status of *in vogue* spatial scale among policy elites in England.²¹ The result was a wave of initiatives designed to operate at a, variously defined, city-region scale in England. These include: the *Northern Way* growth initiative, comprising eight city-regions each with their own city-region development programme;²² *City Development/Economic Development Companies*, city or city-region wide economic development companies designed to drive economic growth and regeneration;²³ *Multi Area Agreements*, designed to enable local authorities to engage in more effective cross-boundary working across the economic footprint of an area;²⁴ and *Economic Prosperity Boards*, effectively statutory city-regions.²⁵ Launched by the new Conservative-Liberal Democrat Coalition Government, the most recent initiative is *Local Enterprise Partnerships*, joint local authority-business bodies brought forward by groups of local authorities to support local economic development across ‘functional economies’.²⁶

LEPs form a key component of the Coalition commitment to decentralisation and localism, details of which were outlined in the *Decentralisation and Localism Bill* published on 13 December 2010. This followed and built upon the *Local Growth* White Paper published on 28 October 2010 outlining the Government’s new approach to local growth, by shifting power away from central government, and the central role LEPs will play in meeting this economic ambition.

Ministers required that LEPs:

- “better reflect the natural economic geography of the areas they serve and hence to cover real functional economic and travel to work areas”
- “differ across the country in both form and functions in order to best meet local circumstances and opportunities”
- “secure effective business engagement” such that “it is vital business and civic leaders work together”

²⁰ Allmendinger P and Haughton G (2009) Soft spaces, fuzzy boundaries, and metagovernance: the new spatial planning in the Thames Gateway. *Environment and Planning A* 41, 617-33.; Allen J and Cochrane A (2007) Beyond the territorial fix: regional assemblages, politics and power. *Regional Studies* 41, 1161-75.; Allen J and Cochrane A (2010) Assemblages of state power: topological shifts in the organization of government and politics. *Antipode* 42, 1071-1089.

²¹ See footnote 11.

²² ODPM (2004) *Making it Happen – The Northern Way*. ODPM, London; Northern Way Steering Group (2004) *Moving Forward – The Northern Way*. NWSG, Newcastle.

²³ CLG (2006) *The Role of City Development Companies in English Cities and City Regions*. CLG, London.

²⁴ CLG (2006) *Strong and Prosperous Communities: The Local Government White Paper*. CLG, London.

²⁵ HM Treasury (2009) *Budget 2009*. HM Treasury, London.

²⁶ HM Government, Coalition Agreement; BIS/CLG, Letter to local authorities

- be of sufficient size that they should include “*groups of upper tier authorities*”.²⁷

The Government envisage **LEPs taking on a diverse range of potential roles**, including:

- Working with Government to set out key investment priorities, including transport infrastructures and supporting or coordinating project delivery;
- Coordinating proposals or bidding directly for the Regional Growth Fund;
- Supporting high growth businesses, for example through involvement in bringing together and supporting consortia to run new growth hubs;
- Making representation on the development of national planning policy and ensuring business is involved in the development and consideration of strategic planning applications;
- Lead changes in how businesses are regulated locally;
- Strategic housing delivery, including pooling and aligning funding streams to support this;
- Working with local employers, Jobcentre Plus and learning providers to help local workless people into jobs;
- Coordinating approaches to leveraging funding from the private sector;
- Exploring opportunities for developing financial and non-financial incentives on renewable energy projects and Green Deal; and
- Becoming involved in delivery of other national priorities such as digital infrastructure.²⁸

The research shows the **critical characteristics of an LEP** to be that it:

- Offers the ability to work on a local/sub-regional basis.
- Offers local areas the opportunity to take control of their future economic development.
- Is a locally-owned partnership between local authorities and businesses.
- Plays a central role in determining local economic priorities and undertaking activities to drive economic growth and the creation of local jobs.
- Signals a step away from the regional agenda and a more top down centralised approach to subnational economic development.
- Is a key vehicle in delivering Government objectives for economic growth and decentralisation, whilst also providing a means for local authorities to work together with business in order to quicken the economic recovery; and perhaps most crucially,

²⁷Ibid.; CLG (2010) Local Growth: Realising Every Place’s Potential (p13-14).

²⁸CLG, Local Growth (p.13).

- In principle, enables the creation of more flexible, networked and smart governance arrangements.

The study also uncovered a number of other important **contributing factors**:

- Concern from new ministers over the alphabet soup (LAA, MAA, RDA, GOR, URC, EDC) and the pull towards simplification of the subnational economic development landscape by removing some of the conflicting and competing bodies.
- LEPs are the “*only show in town*” as far as the Government are concerned leading to a real “*fear of missing out*” or “*missing the train as it leaves that station*” in some areas if they did not create a LEP. In some areas, LEPs were proposed to fit in with government policy.
- For many areas the LEP was simply a logical progression and continuation of the partnership working they were already doing across their LEP geography.
- LEPs enable the government to promote city-regions without being seen to exclude non-urban areas from the Government’s key subnational policy.
- LEPs provide a “*more structured approach*” for consulting with and influencing business on *inter alia* planning policy and transport issues, housing issues, and economic development opportunities. (n.b. This was very different in London, where it was suggested that the Mayor’s office already have this in place through existing devolved governance arrangements and that this is not part of the rationale for their LEP).
- LEPs enable places and areas which were (or certainly felt) marginalised and/or peripheral in a regional framework to feel centrally involved in Government’s primary subnational economic development policy. LEPs are seen to serve up a different ‘can-do’ psychology in these areas.
- Similarly, LEPs allow areas which felt marginalised and/or peripheral to the city-region agenda to feel centrally involved in the Government’s primary subnational economic development policy.
- LEPs can encourage neighbouring areas to trade more locally by “*knowing what is on the doorstep*” rather than always seeking to trade externally and globally.
- In the short-term, like all new initiatives LEPs have the capacity to get people excited and mobilised.

A **strong counter-argument to establishing LEPs** also emerged from the study. A recurring question that respondents kept coming back to was this: if an area did not have partnership working across their LEP geography before summer 2010 and the championing of LEPs by the Coalition Government, then why do they need one now? This thinking draws distinction between ‘**experienced coalitions of the willing**’ (areas which recognised a need to establish

LEP-style partnership working across this geography some time ago and felt compelled to establish new governance arrangements under more voluntary conditions) and **‘maiden coalitions of the obliged’** (areas which felt obliged to begin establishing partnership working across this geography in response to the government’s championing of LEPs as their preferred model for implementing subnational economic development policy).

One of the key findings of the research is this belief among many of those interviewed that the true test of whether an area needs an LEP is that they would already be operating a LEP-style model of partnership working across this geography before LEPs became the Government’s model for subnational economic development.

2.2 How LEPs developed

This study began by asking two important and related questions:

1. *Why has the regional agenda withered away?*
2. *Why was there scope for the Coalition government to airbrush out regions and introduce LEPs?*

In addition to the theoretical and political rationale for designing more networked forms of (city-region) governance (see previous section) the research also revealed a number of other political arguments which are critical to understanding how LEPs developed:

- Through regions, the Labour Government was able to dictate, prescribe and pursue a one-size-fits-all approach for England which did not take account of, nor allow, autonomous local and regional action.
- The delay in attempting to put all the institutional pieces of the English regional jigsaw together left England out of line with the other territories in the UK and Europe, and in England saw too much attention focused on structures not powers, and means not ends.
- Regional institutions faced tough economic targets which were often unrealistic - the most notable example being the Regional Economic Performance PSA target to *“Make sustainable improvements in the economic performance of all English regions and over the long term reduce the persistent gap in growth rates between the regions”*²⁹ – and provided critics with an easy target to attack.
- If regional structures were to insulate regions against economic collapse then this failed when the impact of the 2008 financial crash saw regional economies contract

²⁹ CLG (2006) PSA Target 2 - Regional Economic Performance. Available <http://www.communities.gov.uk/documents/corporate/pdf/psa-target2.pdf>

more in the north and west than in London and the South East where the cause of the collapse originated.

- The European funding argument for English regions, which had been one of the strongest motivations for establishing regional structures in England following the Millan Commission's conclusion that English regions were losing out by not having regional structures, was eroded by 2010 because the expansion of the EU sees UK regions no longer qualify for as much European (Objective 1) funding.³⁰
- No matter how strong the conviction, an incoming Government will always find it hard (and often impossible) to unpick policies established by a previous regime when there is a popular mandate and broad consensus for them. Regions in England never achieved this broad consensus and were therefore left exposed to the Coalition Government's axe.

2.2.1 Support for LEPs

The study found considerable support for the concept of LEPs amongst both local and national players and, in particular, that:

- Working across local authorities boundaries is no longer a choice but a necessity.
- There is a need to design to more flexible, networked and smart forms of subnational planning and governance arrangements.
- Thinking and working at the level of functional economic geographies is becoming both desirable and necessary for certain types of policy-making, delivery and intervention.
- In principle, LEPs *are* a framework for achieving better integrated policymaking through more networked forms of subnational governance.
- The targets attached to previous cross-boundary initiatives produced too much of a regimented box ticking exercise and the LEP model is seen to be a deliberate attempt to step away from this.

2.2.2 Negotiating LEPs

Drivers for negotiating included:

- LEP being seen in many areas as a logical progression of existing partnership working.
- There being no other option.
- The need to be seen to be going with the flow of a new Government policy.

³⁰ Regional Policy Commission (1996) *Renewing the Regions: Strategies for Regional Economic Development*. PAVIC Publications, Sheffield Hallam University.

- An evolving recognition that many policy challenges cannot be addressed by individual local authorities.
- Pooling resources for economic development becoming increasingly unavoidable in a time of fiscal austerity and as the effect of local authority budget cuts are fully felt.
- Having only 69 days to put proposals together forced negotiations to take place and decisions to be made because they simply could not be put off.

Inhibiting factors for negotiating included:

- Concerns about surrendering control and/or fears of being dominated by a larger neighbour.
- A lack of trust between key groups about who the power broker was in discussions and whether establishing the LEP was about one group looking to centralise power.
- Disagreements over the name and identity of the LEP.
- A lack of resource in the start-up phase and concern over the Government's commitment to LEPs with no promise of additional resource.
- Having only 69 days to put proposals together prevented many areas from fully exploring all possible options and forced them to go with what they already knew.
- A lack of time to gather/study evidence on the functional economic geographies of their area.
- Confusion among different partners, particular in relation to different views over the purpose, role and capacity of LEPs.
- Concerns over longevity, especially if they could not secure funding for their LEP, and whether it was an initiative therefore worth committing precious time and resources to at a time of fiscal austerity and deep cuts in the public sector.
- The feeling of "*starting from scratch*" with another new initiative.
- Some people reflected that LEPs were "*low down on the list*" of priorities in many local authorities and often the negotiations only took place because individuals or groups took it upon themselves to drive forward proposals.
- Maintaining the engagement of partners without the promise of resource as enticement.

2.2.3 LEP geography

The headline statistics are that: ³¹

- Every local authority district was included in at least one LEP submission.
- 37 LEP areas have been approved, covering 98% of the population in England.

³¹ <http://www.bis.gov.uk/policies/economic-development/leps/statistics>

- Out of 326 local authorities in England, 288 (88%) are wholly within a single LEP.
- Pan London covers most local authorities (33), closely followed by the South East (32), while Cornwall and the Isles of Scilly has the lowest number (2).
- 29 local authorities are in more than one LEP.³² Greater Birmingham and Solihull (7 out of 9), Sheffield City Region (5 out of 8), York and North Yorkshire (5 out of 9) and Leeds City Region (5 out of 10) are noteworthy in that 50% or more of their local authorities also come under the umbrella of a neighbouring LEP. Derby, Derbyshire, Nottingham & Nottinghamshire and Stoke & Staffordshire are also noteworthy for containing 4 local authorities which are covered by two LEPs.
- 16 out of 37 LEPs share no local authorities with other LEPs.³³
- 9 local authorities (3%) are not currently within a LEP – located in groups to the west of London and south central Midlands.³⁴
- The average LEP population is 1.5 million. Pan London covers the largest population (8 million), the South East the largest population outside London (3.4 million), and Cumbria the lowest (0.5 million). The smallest proposed LEP was Fylde Coast with a resident population of 333,000 people.
- Only 6 submissions proposed what amounted to a definitive plan to work across the English Standard regional boundaries. Of those LEPs approved, only 3 have a core geography which identifies them as being cross-regional - Sheffield City Region, Kent, Greater Essex & East Sussex (South East), and South East Midlands.

2.2.4 Optimum size

Albeit Government never specified an optimum size for LEPs, it appears 2 million was the size Government always had in mind. The research supported this, with some areas “*quickly warned off*” by Government that their initial thoughts of LEPs between 0.5m-1.0m were too small. What the study also reveals is frustration that some LEPs were then subsequently approved by Government with a resident population less than 1.0m. All in all, the study concludes that the expectation was a “*smaller number of more significant economic areas*” and this would have been the preferred outcome.

³² Barnsley, Bassetlaw, Bolsover, Bromsgrove, Cannock Chase, Cherwell, Chesterfield, Craven, Croydon, Dacorum, East Hampshire, East Riding, East Staffordshire, Forest Heath, Harrogate, King's Lynn and West Norfolk, Lichfield, North East Derbyshire, North East Lincolnshire, North Hertfordshire, Redditch, Selby, St Edmundsbury, Tamworth, Test Valley, Uttlesford, Winchester, Wyre Forest and York.

³³ Cumbria, Greater Manchester, Liverpool City Region, Cheshire and Warrington, Leicester and Leicestershire, West of England, Cornwall and the Isles of Scilly, Tees Valley, Thames Valley Berkshire, Black Country, (The) North Eastern LEP, Heart of the South West, Lancashire, Gloucestershire, Dorset, and Swindon and Wiltshire.

³⁴ Chiltern, East Northamptonshire, Elmbridge, Epsom and Ewell, Runnymede, South Bucks, Spelthorne, Wellesbourne, and Wycombe.

2.2.5 Functional economic areas

Despite the rhetoric, the LEP map is clearly not a map of functional economic areas in England. On the face of it, while each claim LEP claims to represent a functional economic area many are the result of political consideration coming before economic consideration. This should come as no surprise, however, and the study concurs with previous research in revealing the difficulty of developing a national policy for subnational economic development based on functional economic geographies:

- There is not a single functional economic geography but multiple functional economic geographies.
- The globalizing world of flows, connections and hypermobility is complex and messy. Governance requires us to make sense of and therefore simplify this – this requires compromise.
- The study reveals how the fundamental question relating to functional economic areas, that is, “What is the economic geography of England?” remains unanswered. Furthermore, LEPs and their geography do not reflect, and do not shed light on, what the answer to this question is.
- Despite widespread use of ‘real’ and ‘natural’ to describe (functional) economic areas in the literature on LEPs, this incorrectly implies that functional economic areas are out there waiting to be discovered. Governance requires space to be made visible and functional economic areas are therefore always defined, designated and delimited by political actors.
- Consciously or not, the emphasis on ‘functional’ was substituted in many LEP submissions by an emphasis on ‘commonality’ or facing a ‘common issue’.
- Whichever functional economic geography you go with, areas will always fall in the gaps and this was the case with LEPs. The resulting map of LEPs is clearly indicative of an attempt to ensure as few white spaces appearing on the map as possible from multiple possible permutations.
- As economic integration and urbanization continue apace, functional economic geographies increasingly overlap with the result being places increasingly located in multiple functional economic areas. Many areas found themselves with the potential to be located in multiple LEPs but for practical reasons locating in more than 2 LEPs were deemed unworkable.
- The expanding size of functional economic areas also increases the range of scales at which places can identify being part of functional economies – this increases the choice of which functional economic geography areas choose to adopt and the difference in size of different LEP areas.
- In certain places discussions stalled because while there was evidence to suggest a functional economic area of ‘optimum size’, business did not recognise this

economic geography or support it. In contrast, smaller (sub-optimum) functional economic areas in these areas did receive sufficient business support as it was this economic geography they recognised – therefore meeting the Government’s key criteria for approving LEPs.

- The importance of individual places having their own identity, rather than being bolted on to or subsumed by a larger neighbour, was as an important contributing factor in certain (often smaller) ‘functional economic areas’ forming the basis for LEPs and not other (often larger) ‘functional economic areas’.
- A further consideration is that local elites rarely want change to existing structures if they see it as a threat to their own position or power. Conversely, local elites see new policy initiatives as an opportunity to strengthen their own position or power. This is clearly evident in the resurgence of counties, and county halls, with 16 out of 37 LEPs explicitly identifying this being their LEP geography.
- Conversely, only 4 LEPs explicitly identify with being ‘city-regional’ (Leeds, Liverpool, Oxford, Sheffield) while only 15 explicitly identify with a city or cities. Equating to just over 50% of LEPs, this is indicative of how in the main LEPs do not conform to the rationale for building new, flexible, and responsive frameworks of subnational governance which operate across a functional rather than administrative geography.
- Functional economic geographies are extremely complicated, but particularly so in the south east. Proximity and functionality with London results in an extremely messy map of overlapping functional areas and produced the majority of competing/rival LEP bids.

2.2.6 The legacy of regions

Despite the rhetoric, regions and their extant structures remain important in the establishment of LEPs. The starkest observation is the distinct lack of cross-regional LEPs, which is evidenced by:

- The initial 62 submissions to Government of which only 6 made an explicit case that the core of their LEP would cross a regional boundary.³⁵
- Only 3 LEPs having a core geography identifying them as cross-regional – Sheffield City Region, Kent, Greater Essex & East Sussex (South East), and South East Midlands.
- The geography of LEPs in the North West region, for example, remaining identical to the 5 subregions operated by the Northwest Regional Development Agency since 1999.

³⁵ SQW (2010) Local Enterprise Partnerships – A new era begins? Available http://www.sqw.co.uk/file_download/250

The study reveals a number of **contributing factors** for the continuing legacy and impact of regions and regional structures on LEPs:

- The continued presence of so many constructs that still look like the ‘old world’ of regions and which will take time to dismantle.
- The starting point for most LEPs was political, not economic. For this reason many expressed little surprise that the resulting geography looked more like that which dominated most of the twentieth century, where national economies were described in regional terms to inform policies that were essentially territorialist in nature, as opposed to the new relationally networked (city-) regional spaces that many have come to believe characterise the geography of early twenty-first century economies.
- The experience of areas which have been working cross-regionally is that it requires (i) a lot of time, effort, and resource; (ii) the right type of personalities (i.e. the people in the key positions to be open, not closed, to new ways of working); (iii) a common agenda for working together; and (iv) support from partners (particularly the business community), before cross-regional partnership working will produce benefits. This is not achievable in all areas, and in the first instance, very difficult to commit to establishing a cross-regional LEP given 69 days to put together a coherent, evidence-based, proposal to Government.
- There was a reluctance to give up regional/subregional structures because over the years they had “*grown accustomed to*” and “*became comfortable with*” making things work within these partnership arrangements – a case of better the devil you know.
- Areas were reluctant to start from scratch with a completely new set of partners and proposals, especially given the lack of resource.
- While there was encouragement from Government to breach regional boundaries and form cross-regional LEPs, there was no obligation or formal requirement to do this. When a couple of areas (in the north and south) reported being encouraged by Government to explore links to other areas across, in one case there was political reluctance, and in the other, while travel-to-work data supported the economic case the business community did not recognise this economic geography and therefore did not support a cross-regional LEP submissions.
- Most cross-regional LEPs build on pre-existing partnership working (e.g. Milton Keynes-South Midlands) and were therefore not established in response to the Government’s call for LEP proposals.

2.2.7 Transition

Most interviewees reflected on how the transition had been “*surprisingly easy*” given the rhetoric behind LEPs signalled a continuation of thinking which pre-dated the Coalition

Government. To evidence this, in 2006, HM Treasury were proclaiming that *“there is significant empirical evidence to suggest that the coordination of economic policies across the city-region is conducive to economic performance”*,³⁶ while similar logic was being used at the same time by the CLG to argue how *“further devolution needs to encourage and reinforce this co-ordination and collaboration and so ensure maximum impact by better aligning decision-making with real economic geographies such as city-regions.”*³⁷

One frustration expressed by many, however, was that while the rhetoric signalled a continuation of much work that had been taking place in the later years of the Labour Government, politics was such that people were not allowed to talk about the past. This was particularly acute in areas which had been working with (or on) an MAA and where both local and national stakeholders were keen to re-open, renegotiate, or in some instances move away completely from the agreements and strategies approved a year or two previous simply because MAAs are deemed *“old hat”*.

A further frustration was the lack of resource available to establish LEPs and to support staff in facilitating this process. This was to be addressed during the research with the announcement in May of the £5m LEP Start-up fund, but the biggest frustration was prior to this many local authorities were only able to employ one individual, on a short-term contract, and therefore a lot of talented people working in economic development at regional/subregional levels are not being re-employed and are therefore being lost. The launch of the LEP Start-up fund in May was welcome, but an earlier recognition and resolution would have saved much head scratching and frustration.

2.2.8 Momentum

There is clearly momentum but it is not uniform across England. One often referred to point was that only having 69 days to develop proposals ensured rapid progress and a quick start in establishing LEPs. In short, there was no other option but to move quickly and a gathering sense of momentum was the by product of this.

During the research, most people reflected that while the momentum was maintained through into Spring 2011 by (1) the further announcement of new LEPs; (2) the need to work quickly to develop and support bids to RGF 1 and applications for Enterprise Zones; and (3) the strengthening of the rhetoric surrounding LEPs at a series of seminars and events at which Government ministers were present. However, many reflected that by May-June there was a danger momentum was being lost in some LEP areas. One of the key findings from the research was the different paces at which LEPs are developing.

³⁶ HM Treasury (2006) *Devolution Decision Making 3 – Meeting the Regional Economic Challenge: The Importance of Cities to Regional Growth*. HM Treasury, London, p13.

³⁷ CLG (2006) *Strong and Prosperous Communities: The Local Government White Paper*. CLG, London. p73.

Contributing factors to this perception are:

- LEPs which are building on existing partnership and are experienced at working across this geography are seen to be at a distinct advantage given they are not starting from scratch.
- LEPs approved in the first round were seen to have some advantage, albeit some saw this as less of an advantage given the quick turnaround in being subsequently approved and that not having LEP approval did not stop these areas working in much the same way as areas which had their LEP approved in the first round.
- The 11 LEPs hosting a Phase 1 Enterprise Zone (predominantly cities/city-regions) were seen to be favoured by Government.
- LEPs which were locations for successful RGF 1 projects (predominantly major cities in the North and Midlands) were seen to be at an advantage given they could trumpet this success as evidence supporting of the role the LEP can play in attracting resource to the area. LEP areas which did not have RGF 1 projects located in their area were soon on the back foot responding, once more, to questions about what their role is and concerns over their longevity.

2.3 Key lessons and ongoing issues

Ongoing issues and challenges for partnerships:

- To secure additional resources to keep partners round the table.
- To deliver something which makes a difference because if not businesses will not stay at the table very long and it will be harder to get them back to the table next time.
- To find ways of looking forward and asking “What are the future economic growth opportunities?” rather than looking back because all the statistical analysis is rooted in the past.
- Adopting a pragmatic approach to what LEPs can realistically achieve given their powers.
- Identifying a clear role and position within the planning, implementation, and delivery of economic development in their area.
- Identifying where LEPs can add value.
- Moving from establishing a Board and developing a strategy to delivery requires different skills, expertise and leadership. With limited resource LEPs will need to be creative in how they ensure they are able to turn strategy into delivery.
- How to plan for the medium/long term without firm commitment over resources for staff and projects.
- Taking the strain once all regional structures have been dismantled – most notably the RDA by 31 March 2012.

- Ensure equity of benefit without seeming, or actually, to boost one place at the expense of, or without enhancing, others.
- Recognition that working across boundaries involves authorities being more/less developed in different work areas - the challenge is to synchronise the pace of work without being slowed down by the pace of the slowest and/or least developed.
- If LEPs work at one of multiple 'functional economic geographies' which cross their area what are they going to do to ensure they can address issues across the other functional economic geographies across which there may not be a LEP operating (see Section 3.3 for more on this)?
- To find ways of presenting their concerns to Government with a single, strong, coherent voice.
- The future and what it entails? Will individual LEPs be allowed to fail? If so what happens to these areas and also the commitment to LEPs more generally.
- What comes next? How long before LEPs are challenged, overtaken, and superseded by another initiative?

Key lessons for central government:

- The recurring theme which emerged throughout the interviews was this sense that government departments and ministers were "*mixing up the rules*".
- Developing LEPs is a resource intensive activity. Lack of resource to staff LEPs was a major problem because many LEPs were only able to employ one person on a very short-term contract. This led to great uncertainty over the potential viability of individual LEPs.
- In some cases, LEPs were found to be reinventing the wheel. They felt pressured into developing new priorities that were different to previous initiatives (e.g. priorities identified in their MAA). This took attention away from other more pressing matters.
- While the need to get bids in for RGF1/2 and EZs gave LEPs immediate tasks to be getting on with, many struggled to get on with the task of getting their LEP up and running because these tasks took precedent due to the resource that could be secured for the LEP area.
- There was confusion resulting from the lack of a consistent message from CLG/BIS and ministers over the relationship between LEPs and RGF/EZs.
- A lack of clarity over what is 'enterprising' about a LEP. Many are unclear what makes a LEP a Local *Enterprise* Partnership and not a Local *Economic* Partnership – or whether this is important?
- Some of the original rationale has been lost by trying to find a one-size-fits-all model for the country.
- There is a growing tension emerging between the Government's dual emphases on 'functional economic areas', with the implication being an ability to transcend local

territorial politics, and 'localism', which is opening new, and reopening old, debates over local territorial politics.

- It is difficult to talk seriously about 'functional economic areas' when places and areas feel they have to be included otherwise they miss out.
- Even within the scope of 'localism', there was some support (albeit not universal) that Government should not be afraid to say what they envisage – in this case X number of LEPs of a particular size. The research suggests that while localism is to be applauded, this scenario may be more acceptable than having Government step in to *"put the worms back in the can"* at a later date when partnerships are already a long way down the line of establishing proposals for a LEP. In the case of LEPs, the research revealed that areas knew what Government wanted, but because they were not explicit in their requirement they saw the opportunity to exploit the situation to their own benefit by not conforming.
- Consistency of message was a recurring theme which came through in the research. To give one of a number of pertinent points raised, it was noted by areas that they were warned off for being too small and yet smaller areas were then later approved.
- 69 days ensured that many areas had to go with what they already knew. The result has been a "dipping of the toe in the water" as opposed to a breaking free from the shackles of administrative regions. It therefore remains an open question whether a different geography (more cross-regionals?) would have emerged given more time.
- A national map of 'functional economic areas' is impossible to apply all over the country without considerable compromise.
- Despite the rhetoric, regions cannot be airbrushed out and regional structures cannot be wished away. LEPs operate in an *extant* regional world and it will be important to consider the impact these regional/subregional structures have on the way LEPs mature, even beyond 31 March 2012 and the abolition of RDAs.

3 Conclusion

The study finds that despite scepticism about what LEPs will be able to achieve, people recognise that they have to get behind LEPs. For one, there is no reason not to get behind it, give it a go, and work as hard as they can to try and make it work. For another, there is no other immediate option.

In addition, the study also sheds light on a number of broader questions:

3.1 New new Localism: continuation or clean-break?

This study finds the answer to be both. At one level, the localism agenda in general, and LEPs in particular, are presented as a clear step away from the regional agenda, top-down centralised approach, and target culture of previous subnational economic development initiatives which were the hallmark of Labour. At the same time, at another level, it is not a complete break because albeit there has been a change of direction in the UK Government due to change at ministerial level, the knowledge is still there from before and the broad direction of movement away from doing everything at national level remains the same. Indeed, much of the rhetoric – allowing city-regions to bubble up voluntarily, giving local authorities more of a role in economic development, and encouraging cross-boundary partnership working across functional economic geographies – ensures a continuation of themes established as part of Labour’s 2007 *Review of Subnational Economic Development and Regeneration*. The study has also shown that there is a strong legacy of regions, in particular, extant regional/subregional structures, which are active progenitors in shaping and orchestrating the direction, shape, and geography of the new architecture of subnational economic development.

3.2 From ‘conditional localism’ to ‘localism with compulsion’?

New new localism, as just noted above, advanced under late-Blairism. But while the trend towards localism has continued under the Coalition Government this study has revealed some important differences. Most notable is what we might usefully refer as a shift from ‘conditional localism’ to ‘localism with compulsion’.

3.2.1 Conditional localism

In 2006, the Labour Government launched their Local Government White Paper, *Strong and Prosperous Communities* which aimed “to give local people and local communities more influence and power” and show “confidence in local government, local communities and other local public service providers by giving them more freedom and powers”.

The Local Government White Paper included plans to establish City Development Companies, city or city-region wide economic development companies formed to drive economic growth and regeneration, and Multi-Area Agreements, designed to enable local authorities to engage in more effective cross boundary working with the incentive that government would action to devolve more power and reduce barriers to delivering better outcomes across a functional economic area in return for groups of local authorities setting out a convincing case for how they can better work together across a functional economic area.³⁸ It was followed 2 years later by further plans, this time the promise was of at least two forerunner statutory city-regions with increased statutory responsibility for strategic transport issues, joint housing and regeneration boards, formal powers over education and skills, integrated city-region planning, and additional financial flexibility over capital funding.³⁹

Nevertheless, only 9 areas took up the opportunity to establish a City Development/Economic Development Company;⁴⁰ only 15 areas, covering 104 local authorities, signed off Multi-Area Agreements, with a further 5 in negotiations with government over their MAA when it became clear that existing MAAs would be folded into the new LEPS;⁴¹ and only 7 areas bid for statutory city-region status.⁴² So albeit there was a promise of more freedom and power the take up was relatively low. The reasons for this are many fold, but in short, despite the localist rhetoric areas were bidding in faith, rather than knowledge, that these initiatives would provide real devolution while they were bidding in the certain knowledge that the target culture of the Labour Government would ensure they would have ambitious targets imposed upon them and then be driven by their accountability to inspectorates rather than local priorities – the hallmark of Labour’s conditional localism⁴³.

3.2.2 Localism with compulsion

The study reveals that while the Government have attempted to stick to their guns regarding LEPs being localist, there is a strong feeling that the Coalition’s version of new localism is one underpinned by a strong sense of compulsion.

³⁸ CLG (2006) The Role of City Development Companies in English Cities and City Regions. CLG, London.

³⁹ HM Treasury (2008) Pre-Budget Report – Facing Global Challenges: Supporting People through Difficult Times. Cm 7484. HM Treasury, London; HM Treasury (2009) Budget 2009. HM Treasury, London.

⁴⁰ Liverpool (Vision), (Creative) Sheffield, Hull (Forward), (Prospect) Leicestershire, Plymouth, (New) Swindon (Company), (Opportunity) Peterborough, (Re)Blackpool, and Camborne, Poole and Redruth (Regeneration).

⁴¹ The 15 signed-off MAAs were Bournemouth, Dorset and Poole, Greater Manchester, Leeds City region, Partnership for Urban South Hampshire, South Yorkshire, Tees Valley, Tyne and wear, Leicester and Leicestershire, Liverpool City Region, Pennine Lancashire, Birmingham, Coventry and Black County City Region, North Kent, West of England Partnership, Fylde Coast and Olympic Boroughs. The 5 areas still in negotiation were Gatwick Diamond, Hull and Humber, Milton Keynes South Midlands, Nottingham and Regional Cities East. Overall, 13 MAA were (being) developed in the north and midlands, and 7 in the south.

⁴² Birmingham, Bristol, Leeds, Luton, Manchester, Sheffield and Tees Valley.

⁴³ There is not space here to go into all the reasons - for a full explanation see Harrison (2010) Life after regions.

When Labour launched CDCs, MAAs and statutory city-regions the reality was that while there was the promise of more freedom and power, Regional Development Agencies remained the key players in subnational regeneration and economic development – given their vastly superior budget (c.£1.7bn nationally) and statutory role as orchestrators of regional economic development (through Regional Economic Strategy's) and latterly spatial planning (through the integration of the Regional Spatial Strategy following the abolition of Regional Assemblies). With the Coalition Government signalling the abolition of RDAs, as the *"only show in town"* LEPs will be the flag bearers for subnational economic development in England. No doubt, as this study reveals, this led to a sense of obligation; a compulsion that areas needed to ensure they were part of this brave new world of subnational economic development and ensuring they *"did not miss the train as it was leaving the station"*.

Related to this, the abolition of regional institutions, politics, structures, frameworks and supports means regions are no longer there as a safety net for those areas who fall into the gaps when more networked forms of governance are spatially defined. This contributes to an increased *"fear of missing out"* and compulsion to ensure their area is included within at least one LEP area.

When announcing the £1.4bn Regional Growth Fund, the Government also made strong statements that only "private bodies and public-private partnerships will be able to bid for funding", the implication being that the majority of bids would have to be approved and formally submitted by LEPs, as public-private partnerships.⁴⁴ This was further emphasised in that announcements relating to RGF were almost always saw Ministers use it as an opportunity to talk up LEPs and vice versa. All of which ensured that with the lack of resource for subnational economic development in England following the decision to abolish RDAs establishing a LEP was seen as necessary to access the RGF.

The study also revealed two further elements of compulsion underlying the establishment of LEPs. The first was the lack of an alternative model, and the second, was how deep cuts to the budgets of local authorities in general, and economic development in particular, ensured the pooling of scarce resources from neighbouring local authorities was necessary to ensure economic development functions could be maintained.

All in all, this study concludes that it is too soon to judge whether this is tantamount to constituting another example of 'centrally orchestrated localism' – the accusation levelled at initiatives launched by Labour as part of their urban and regional programme, which appeared as mechanisms to facilitate central government intervention much more than promoting autonomous local and regional action⁴⁵ - but close monitoring of LEPS over the

⁴⁴ BIS (2010) £1 billion fund to help regional business. Available

<http://nds.coi.gov.uk/content/Detail.aspx?ReleaseID=414110&NewsAreaID=2>

⁴⁵ Jones and Ward (2002) Excavating the logic of British urban policy; Harrison (2008) Stating the production of scales.

next six months will provide real insight into the Government's aspirations for LEPs, especially the freedom and power they will have to respond to local needs and priorities.

3.3 Functional economic geographies: economic logic or politically constructed?

While LEPs conform, in the main, to the rationale for building new, flexible, and responsive frameworks of subnational governance in recognition that multiple local authorities working together across territorial boundaries is necessary to achieve better integrated policymaking and increase the effectiveness of addressing different policy agendas, LEPs do not always conform to design *new* forms of urban-regional governance or the need to do this across a functional, rather than administrative, geography.

The most notable observation with LEPs is the lack of overlaps – only 29 local authorities in two or more LEPs. This runs counter to all the evidence which shows that as functional regions increase (in size, scale, type, and number) as a result of global economic integration and rapid urbanisation, there are fewer 'clean breaks' to separate one functional economic area from another one nearby.⁴⁶

While somewhat 'messy' in parts of England the overall impression is that LEPs represent a new form of territorial organising subnational economic development. Certainly there is no evidence in the spatial vision for LEPs of 'soft spaces' and their 'fuzzy boundaries' and sometimes fuzzy scales of governance. This is in stark contrast to a previous incarnation of an, albeit informal and piecemeal, national spatial plan for England which emerged in 2004-5 around the geography of functional economic areas and city-regions more specifically. This developed following the Labour Government's *Sustainable Communities Plan* (2003) which established four growth areas in the south east. The policy and governance arrangements for these areas cut across regional and other administrative boundaries, such that none shared boundaries with existing statutory bodies – clearly indicative of the move towards 'soft spaces' of planning and the need to work across functional economic areas. This was quickly followed in 2004 with *The Northern Way*, which was set up in response to this focus on growth in the south east and sought to establish the North of England as an economic counterbalance to the south east by developing a growth strategy based on eight interacting, but hierarchically differentiated, city-regions. There further initiatives emerged – *The Midlands Way* (spanning East and West Midlands), *The Way Ahead* (covering the South West region but recognising the porosity of the regional boundary), and *Regional Cities East* (an alliance of 6 cities in the East of England) – to ensure that by 2005 the whole of England was covered by what amounted to a relationally-networked embryonic national spatial plan based on functional economic geographies. What is revealing in the current context is that the spatial visions for LEPs conform much less to this being as they are clearly

⁴⁶ Coombes M (2011) English city regions as sub-regional functional economic areas: what are the issues? Paper presented at the 2011 RGS-IBG Annual International Conference, 2 September.

defined as politico-administrative or governmental units over which territorial power can be exercised.⁴⁷ There is a strong argument to suggest we are moving further away from the original rationale (see Section 1.1) – albeit for very practical reasons.

One further observation is worth noting here, and this relates to London specifically, but has wider resonance for England's larger cities/city-regions. For all the rhetoric of designing more networked forms of urban-regional governance the research reveals that in London, the most under-bounded of all England's cities in relation to its functional economic geography, the removal of regional structures and establishment of LEPs is a backward step in terms of designing governance arrangements which operate across a functional economic area. For on the one hand, the Government's decision to establish a Pan London LEP means that London's LEP is to operate across the metropolitan area – thereby running contrary to the rhetoric of designing new networked forms of governance that extend beyond the traditional boundary of the city. Nevertheless, on the other hand, the removal of the regional tier leaves no provision for integrating spatial planning and economic development across the wider functional scale of the London mega city-region. Instead of having two Regional Development Agencies – SEEDA in the South East and EEDA in the East of England – working alongside the London Assembly and Mayor's Office to provide overview across the functional economic geography of London, that is, the south east mega city-region, the removal of regions leaves a large gap between national planning (i.e. centrally orchestrated) and the 11 LEPs which will operate at a more local/subregional level across the London mega city-region. In a recent research paper which delves into this in more detail, Kathy Pain concludes that institutions for the governance of the mega city-region, that is, London's functional economic geography, *"will be weaker under new localism"*.⁴⁸ Similar arguments could be made in relation to Liverpool and Manchester, two economies which are increasingly interconnected and overlapping. For where the Northwest Development Agency could once provide a mechanism for coordinated planning and policymaking across this larger functional economic area it will now be left to 3 LEPs working at a local/subregional level to work together to establish an informal mechanism through which to fill this gap.

3.4 City-regions: priority or not?

The Coalition Government are unclear on whether or not to prioritise city-regions. On the face of it, the rhetoric for LEPs – the need for more flexible, smart forms of networked urban and regional governance based on functional economic geography – is indicative of

⁴⁷ One of the reasons for this is that despite giving the impression that more networked forms of governance can override purely political boundaries, the reality is that to govern space needs to be rendered visible and requires space to be demarcated. For this reason, these functional economic areas were unable to escape the existing territorial mosaic of regional and subregional political-administrative units and boundaries. Harrison (2010) Networks of connectivity.

⁴⁸ Pain K (2011) Cities in transformation – what role for the state? GaWC Research Bulletin 384. Available <http://www.lboro.ac.uk/gawc/rb/rb384.html>

the rationale for prioritising functional city-regions over politico-administrative regional/subregional units. Nevertheless, the Coalition are, like Labour before them, very conscious of the politics which surround being seen to prioritise cities/city-regions and are therefore keen to ensure their preferred model for subnational economic development is open to all. It is clear that despite the rhetoric the term 'city-region' is noticeably absent from much of the policy literature on LEPs. Like Labour before them, the Coalition Government are very conscious of the politics which surround prioritising cities/city-regions and are keen to ensure their preferred model for subnational economic development is open to all areas.⁴⁹ The study therefore concludes that LEPs could best be described and framed as 'subregional functional economic areas', that is, the outcome of a conjunction between the political need for LEPs to be open to all and the economic rationale underpinning this need for more flexible, smart and networked forms of urban-regional governance.

The study has also revealed that while not being seen to prioritise city-regions when approving LEPs, the Coalition have actually been able to prioritise cities/city-regions by the decisions they have made in relation to the Regional Growth Fund, Enterprise Zones. While it does remain somewhat of an open question as to how much this is a conscious decision and how much it is a natural outcome of RGF and EZs focusing on job creation and growth – both of which clearly favour urban areas – the announcement of new support for cities and the appointment of Greg Clark (Minister for Decentralisation) as the new Minister for Cities all point towards a trend of prioritising cities and city-regions and it will be necessary to assess the impact, direct or otherwise, this has on LEPs in the coming months.⁵⁰

3.5 Looking ahead

Over and above points made above, there will be a number of important points to consider as we look ahead to the future of LEPs. These include, but are certainly not limited to:

- What will success look like for LEPs?
- Is what LEPs deem 'success' the same as Government?
- How will Government manage 37 LEPs as opposed to 9 regions?
- What impact/response will there be to having 9 local authorities not currently covered by a LEP?
- How will LEPs approach distributing the capital accumulated from Enterprise Zones across their LEP area?
- What impact will the removal of the regional tier of governance have for dealing with Europe and administering European funding?

⁴⁹ Harrison (2011) Life after regions.

⁵⁰ BIS (2011) Government renews focus on cities. Available <http://nds.coi.gov.uk/content/Detail.aspx?ReleaseID=420483&NewsAreaID=2>

- With the Government being localist rather than devolutionist, how long will some weaker LEPs survive?
- Will individual LEPs be allowed to fail?
- If a number of LEPs do fail and the map starts to disintegrate how will the remaining LEPs respond? How will the Coalition respond? Would the failure of some LEPs trigger withdrawal of support (both rhetoric and resource) from Government? Would it signal the launch of a new initiative to replace LEPs?
- How will LEPs be viewed when RDAs have been officially disbanded by 31 March 2012? Will LEPs be able to take the strain of being flag bearers for subnational economic development in England?
- Will there be more demand for cross-regional partnerships as the regional tier is disbanded – either within the LEP initiative or subsequent initiatives?
- What will happen to LEPs when the RGF finishes in 2014?
- How will England be affected by not having a dedicated funding stream for economic development when RDAs are abolished, while the other devolved administrations are able to maintain this?
- How will local authorities and neighbourhoods, now with responsibility for planning, and LEPs, with responsibility for economic development, work together given there is no longer a formal relationship between spatial planning and economic development?

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Background

Dr John Harrison is Lecturer in Human Geography in the Centre for Research in Identity, Governance, Society (CRIGS) within the Department of Geography at Loughborough University, UK. He is a member of the Globalization and World Cities (GaWC) research network (<http://www.lboro.ac.uk/gawc/>) and was the recipient of the 2011 Early Career Regional Studies Association Award in recognition of an original and outstanding contribution to the field of regional studies. He has published extensively on issues of urban-regional governance, new regionalism, city-regions, and English regions. He has delivered presentations in over 10 countries, including keynote lectures in the UK, Germany, France, Canada, and UAE.

Previous research

Previous research focused on English regional policy. An ESRC 1+3 grant to undertake Masters and PhD at the University of Wales, Aberystwyth (2002-2006) enabled the completion of a Masters project on 'The political-economy of Blair's "new regional policy"' and PhD entitled 'Regions in focus – a "new regionalist" interpretation of England's Northwest'. Following this, the focus of his research switched to the evolving city-region agenda in England, and city-regionalism more generally. Prior to undertaking the current research project on LEPs, he conducted a British Academy project on City Development Companies.

Key publications

- Life after regions – the evolution of city-regionalism in England (2011 *Regional Studies*)
- Global city-region governance, ten years on (2011 *International Handbook of Globalization and World Cities*)
- Networks of connectivity, territorial fragmentation, uneven development: the new politics of city regionalism (2010 *Political Geography*)
- Stating the production of scales: centrally orchestrated regionalism, regionally orchestrated centralism (2008 *International Journal of Urban and Regional Research*)
- City-regions and governance (2008 *Connecting Cities: City-Regions*)
- From competitive regions to competitive city-regions: a new orthodoxy, but some old mistakes (2007 *Journal of Economic Geography*)
- The political-economy of Blair's 'new regional policy' (2006 *Geoforum*).
- Re-reading the new regionalism: a sympathetic critique (2006 *Space & Polity*)