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# Local Enterprise Partnerships

## Summary Report – August 2011<sup>1</sup>

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### 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 UAE<sup>2</sup>. 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.

### 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.

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<sup>1</sup> A full version of the report is available directly from the author ([j.harrison4@lboro.ac.uk](mailto:j.harrison4@lboro.ac.uk)) or can be downloaded from his website (<http://www-staff.lboro.ac.uk/~gyjh2/index.htm>)

<sup>2</sup> A full list of research projects, publications, and presentations can be viewed @ <http://www-staff.lboro.ac.uk/~gyjh2/index.htm>

### 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.