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SHORT ARTICLE



In the pursuit of economic growth: drivers and inhibitors of place-based partnerships

Kate Broadhurst

ABSTRACT

In the pursuit of economic growth, England has historically retained a level of centralized control despite policy attempts to decentralize. Consequently, attempts to create a subnational tier have struggled to establish a durable alternative. Reporting on the episode of localism, which began in 2010 and has involved the abolition of regional development agencies (RDAs) in favour of 38 voluntary local enterprise partnerships (LEPs) alongside the construction of a growing number of combined authorities, the research investigates a complex place-based economic landscape whereby the provision of guidance and sharing of practice in England remains limited. This paper draws on the existing literature to propose a conceptual model of place-based partnership that formed a scaffold for an empirical study involving 10 LEPs in the Midlands. A soft systems methodology was adopted to understand the factors that help and hinder these place-based partnerships. The paper advances the argument that the persistence of centralism limits the LEPs' capacity to fill the missing space and observes a strong influence of central government and reliance on local government. Beyond the LEPs, given the global trend of decentralization, further research into the interplay between the factors in the conceptual model is encouraged to support the development of place-based partnerships as they work towards securing collaborative advantage.

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INTRODUCTION

The move towards greater decentralization is an international phenomenon and a clear shift towards place-based policies can be traced across most European Union member states encouraged in part by broader processes of globalization (Barca, 2009; Garcilazo, 2011). Yet, in the pursuit of economic growth, England has long struggled to fill the 'missing space' between central and local government (Hildreth & Bailey, 2014). Pike, Kempton, Marlow, Brien, and Tomaney (2016) observe an 'oscillating pendulum' that has swung from the regional to the local across several iterations of devolved governance, creating a complex economic landscape. Economic

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development policy was decentralized by the Labour government in 1997 to regional development agencies (RDAs), which were tasked with the implementation of policy across nine regions. The coalition of the Conservative and Liberal Democrat parties in 2010 adopted a discourse of localism and abolished the RDAs in favour of 38 newly formed, voluntary place-based local enterprise partnerships (LEPs). The philosophy behind the policy was that place-based partnerships should achieve a closer alignment between the geographies of decision-making and of functional economic space, which was expected to result in stronger growth (Pugalis & Townsend, 2013). Localism was promoted as a mechanism to deliver a host of varied outcomes, including spatial rebalancing of the economy; delivering political advantages; promoting public sector reform; improving political accountability; addressing societal challenges; promoting economic growth; and contributing to deficit reduction. Whether these apparent moves towards decentralization were anything more than rhetoric has been the subject of debate and criticism that the move was simply recentralism in disguise given that LEPs were afforded limited resource and power by the centre (Bentley, Bailey, & Shutt, 2010; Hildreth & Bailey, 2014).

The LEPs were set up with minimal formal guidance and their locally determined nature means there have been limited opportunities for shared practice. There have been increased calls for greater clarity in the way LEPs are evaluated to enhance their accountability given their use of significant public resources (Heseltine, 2012; NAO, 2016) and, in December 2017, a review of LEPs was announced in the government's Industrial Strategy White Paper (HM Government, 2017). Whilst Cox and Hunter (2015) recognize that a one-size-fits-all approach to place-based partnerships would be unsuitable, others argue that long-term strategic planning, development, and governance by central and local actors require a greater level and consistency of guidance (Pike et al., 2016).

Published research into the effectiveness of LEPs has largely focused on LEPs through their early development stages. Through an analysis of empirical research undertaken with 10 established LEPs using a soft systems methodology (SSM), this paper builds on earlier research to identify common factors that enable (and inhibit) their ability to function effectively that might offer guidance to all LEPs and other forms of place-based partnerships. The study finds that whilst a range of factors contribute to the success of these place-based partnerships, the ongoing presence of centralism in the English context hampers their ability to be locally determined.

A MODEL FOR ECONOMIC DEVELOPMENT

As localized systems of collaboration drive growth, the model of economic development unpinning LEPs has its roots in two bodies of literature. First, decentralization towards a more functional economic geography draws on Porter (1990) and the related literature on economic activity clusters, innovation systems and entrepreneurial ecosystems (Acs, Stam, Audretsch, & O'Connor, 2017; Coombes, 2014; Feld, 2012; Foray, 2015; Isenberg, 2011). In understanding the factors for success, a number of common conditions feature in the literature as elements of an effective system, notably:

- a shared vision;
- an effective network of partners;
- leadership from strong entrepreneurs;
- supportive policies and governance arrangements;
- access to capital, funding and talent; and
- a culture of collaboration.

Second, the governance of functional economic space adopts a partnership approach. Growing in popularity in the 1990s, partnership working is an established form of governance for economic development and the literature offers a steer as to the drivers of partnership effectiveness that reveals commonality across a range of agendas, not just economic development (Bentley, Pugalis, & Shutt, 2017; Carley, 2000; Geddes, 2006; Huxham, 2003; Mcquaid, 2009):

- common aims and a workable strategy;
- engaged partners with established levels of trust;
- effective leadership;
- strong governance arrangements;
- access to resources and skills; and
- partnership history and a capacity for collaboration.

There is a clear overlap between the factors highlighted in the two bodies of literature summarized in Figure 1 and, whilst recognizing that each locality is unique, these six factors provide a conceptual model of place-based partnership that was used as a lens through which to explore, and to understand examples of place-based partnership working across 10 LEPs.

RESEARCHING PLACE-BASED PARTNERSHIPS

The study adopted an SSM to guide systematically the data collection. SSM is widely used as a learning and development tool to intervene in complex problems (Checkland & Poulter, 2010). Unlike hard systems methodologies, which assume problems are clearly defined with agreed

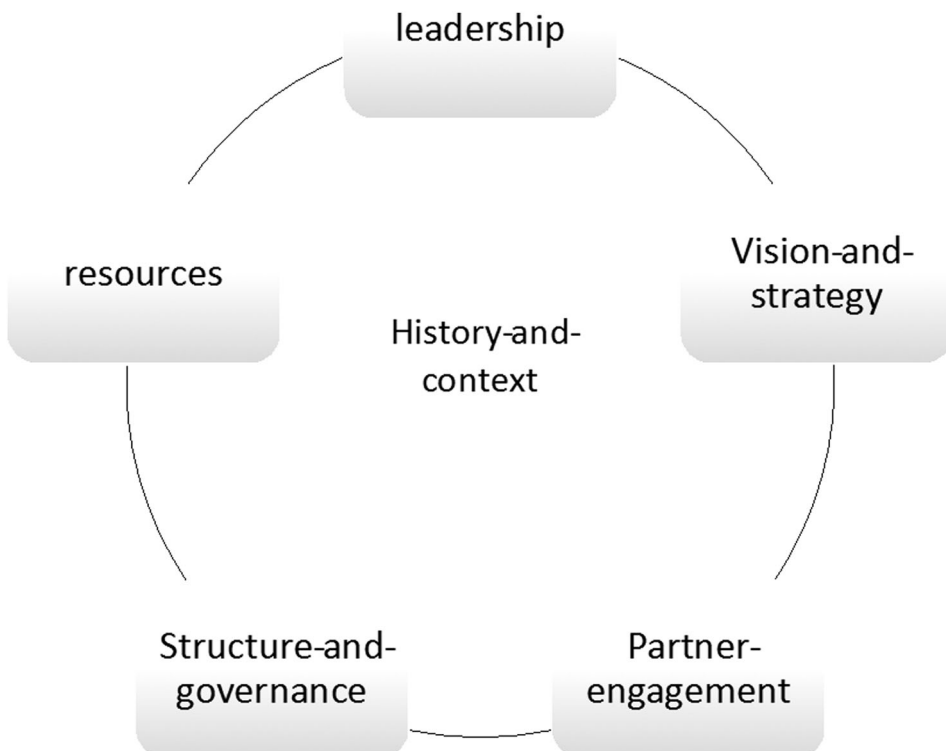


Figure 1. Conceptual model of place-based partnership working. Source: Author.

goals, SSM deals with problems that are ‘fuzzy’ in nature with less clear objectives. The methodology accommodates different perceptions of the situation and so works well in the study of partnerships.

To explore the conceptual model *in situ*, interviews were conducted with a sample of 10 LEPs in the Midlands. A semi-structured interview was undertaken with each of the 10 LEP chief executives supplemented by three further interviews with central government officials who had oversight of the partnerships to provide a point of comparison to ensure the recoverability and validity of the conclusions drawn. The interviews sought to explore the factors that drove and inhibited partnership working, and on completion were transcribed and analyzed using thematic and open coding. The analysis explored the six factors but, to avoid confirmation bias, the open coding allowed for the inclusion of emerging themes.

EXPLORING THE FACTORS *IN SITU*

Interviewees agreed that the six factors were important to the LEPs’ ability to function effectively, and the thematic analysis that follows provides a greater understanding of how these drive and inhibit progress.

Leadership

The presence of effective leadership is recognized as one of the key components of an effective partnership, and the literature on entrepreneurial ecosystems encourages leadership by a strong entrepreneur who is visible and committed locally (Feld, 2012). Interviewees valued the strong local connections of their chairs who needed to be well respected in both public and private sector realms. However, having strong central political connections was cited by a number of LEP chief executives as equally, if not more, important in terms of accessing funds from central government. As one LEP chief executive stated, ‘I think it is increasing the awareness in Westminster of the issues that you are facing locally and getting agreement from ministers that those things are part of the growth strategy for your area directly.’

Partner engagement

There was overall agreement amongst interviewees that the genuine engagement of partners was critical to the LEPs’ success, and several highlighted this factor as the most important to secure. There was evidence of mature collaborations between the public and private sectors, and interviewees commented that the need to collaborate with business was having a positive impact on partner agencies, particularly local authority members. However, the time commitment required of board members was highlighted as a barrier to participation, particularly for private sector directors notably those from small and medium-sized enterprises (SMEs) that struggled to justify the commitment. There was concern that this could result in dominance by the public sector which had a longer track record of joint working, as one LEP chief executive explained:

I think the public sector is very powerful in the sense that the leaders around the table have a strong voice, they have their priorities and they work together. The private sector doesn’t do a bad job but it is just my sense that from time to time you need someone to really give a big shout on an issue and sometimes I think a little bit more input from the private sector at that level would be good.

Resources

All LEP chief executives cited a lack of funding to administer the growing workload of the LEP as an inhibiting factor, and some argued that the blanket contribution from central government should be replaced by an allocation that was proportionate to the size of the LEP:

I think a lack of resources is really holding (LEPs) back and I think that LEPs could achieve a lot more if we had a little bit more resource. ... I think all LEPs are very stretched in terms of their resources.

The influence of the public sector was apparent, and where resources (human and financial) had been levered in, interviewees explained that these tended to come from local authority sources, and there was little evidence of pooling wider partner resources. The voluntary nature of LEPs also meant that a local authority remained ultimately accountable for LEP funds providing further evidence of the reliance on and greater influence of local government in the partnership.

Vision and strategy

A clear vision and strategic direction are highlighted as key elements of partnership effectiveness, and by drawing stakeholders together to develop a shared systematic plan, partnerships can achieve greater effectiveness (Carley 2000). Interviewees indicated that the production of the strategic economic plans in some cases had relied heavily on LEP staff teams who engaged wider partners to varying degrees. There was mixed evidence of board members actively engaging in the strategic development process and, in some cases, there appeared to be an overreliance on LEP teams: 'No, it has been a little bit top down. The LEP team got together and said, 'right this is our vision and here is the strategic economic plan and here is the documentation and this is what we are.'

Given that in several cases LEP teams are reliant on local authority secondees, this offered another example of the greater influence of the public sector over the private.

Structure and governance

The influence of the private sector on governance arrangements was evident across the LEPs and business involvement on the boards was cited as helping to keep governance fit for purpose whilst steering away from over-complicated structures. One chief executive explained how:

Businesses know no boundaries so all of these structures need to enable growth. ... My feeling for what the LEPs have brought into the mind-set is a greater understanding of business, they are not really interested in your local governance, as long as it's fit for purpose and simplified. So, hearing it from a business as to what works and what doesn't work has influenced how leaders have tackled governance of the LEP.

However, concerns over the accountability and transparency of spending has led to the publication of national guidance and LEPs have been encouraged by central government to strengthen their governance arrangements. Interviewees expressed a concern that a balance was needed to ensure that LEPs remain fleet of foot and not become over-burdened by bureaucracy.

Favourable local context and culture

In seeking to establish a new partnership, areas with an existing favourable context and institutional networks fare better (Geddes, 2006; Pugalís & Bentley, 2013). Local public and private sector leaders were encouraged by central government to self-organize their partnerships around a functional economic geography, and those with a history of positive spatial collaboration responded better than those who formed partnerships across new spaces. LEP interviewees supported this view. Recognizing that the UK's economic paradigm continued to lean heavily on a centralized system, those areas that had established subnational networks were able to absorb central changes to policy more quickly. However, there was frustration voiced at central government who remained hierarchical in their mode of governance; one LEP chief executive explained that:

What LEP is doing is nudging one way or another and shaping as opposed to really having sufficient power to create. You are trying to make a difference within the broader framework and you can only move some of the small pieces locally, you can't move the big pieces nationally.

As non-statutory partnerships, the LEPs have been placed in a difficult position and the ongoing influence of central government hampers their LEPs' ability to be locally determined, which in turn affects the influence of local leaders and the level of collaboration they can achieve.

DISCUSSION AND CONCLUSIONS

The finding drawn from the empirical research provides insights into how the six factors identified in the conceptual model (Figure 1) are played out in the 'missing space' currently occupied by English place-based partnerships, which reveals the predominance of government actors' continued importance of the public sector in LEPs, but also the continued centralizing approach of Whitehall across the themes.

Drawing on the established literature, and applied through empirical research, this paper has presented a conceptual model that informs understanding of the factors that enable and inhibit the effectiveness of subnational economic partnerships in their ability to deliver a plan for growth. In the English context, the analysis has shown that even if LEPs can comply with the six factors within the model, two emergent themes retain a strong influence over these partnership. First, although LEPs were intended to be business led, this research suggests that constraints of time, finance and a lack of mandated accountability limit the private sector's ability to contribute to partnership working. Despite significant reductions to budgets, the local authority conversely experiences fewer constraints, which places them at the forefront of the partnership. Second, there was clear evidence of the retained power of central government over the LEPs, which are required to bid for centrally allocated growth funds which encourages LEPs to pursue a common set of central government's priorities. As such, although LEPs were generally positive about their achievements, there was limited evidence of them transforming the local governance landscape and filling the 'missing space' between established forms of central and local government. Rather than encouraging place-based innovation, central government remains more dirigiste than devolved in its approach, which has a detrimental influence on cooperation between sub-regional actors. Despite apparent moves to a more place-based approach, the findings of this paper point to Whitehall limiting the collective and relative power of local actors to achieve collaborative advantage (Bentley et al., 2017; Huxham, 2003).

Given the study included a variety of LEPs, the model could form the basis of guidance to all LEPs, and further conceptual and empirical work is underway. Furthermore, given the global trend of decentralization, enquiry into the interplay between these factors in place-based partnerships beyond the English context would be beneficial to shaping the model so that it could be used in different national contexts as they work towards securing collaborative advantage.

DISCLOSURE STATEMENT

No potential conflict of interest was reported by the author.

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