

## After Regions: What Next for Local Enterprise Partnerships?

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### Introduction

Standing out as an oddity in comparison to the convergence of policy across EU nations whereby the merits of *regional* apparatus – however defined – for administering development support appear to be accepted, the UK Government has abandoned England's experiment with regionalism. Under the banner of localism, providing the thinnest of masks for swingeing public expenditure cuts, sub-national development activity (encompassing planning, regeneration, infrastructure development, enterprise support and spatial leadership) is in the throes of considerable economic shifts, policy flux and institutional upheaval (Ward & Hardy, 2012).

This article attempts to address some of the questions posed in *The regional lacuna: a preliminary map of the transition from Regional Development Agencies to Local Economic Partnerships* (Pugalis, 2011) and helps to advance some of the points relating to the emerging sub-national development landscape published in recent issues of *Regions* (e.g. Bailey, 2011). The purpose is to take stock of policy developments underway by means of a post-regional sub-national review in order to outline the future development trajectory of Local Enterprise Partnerships.<sup>1</sup>

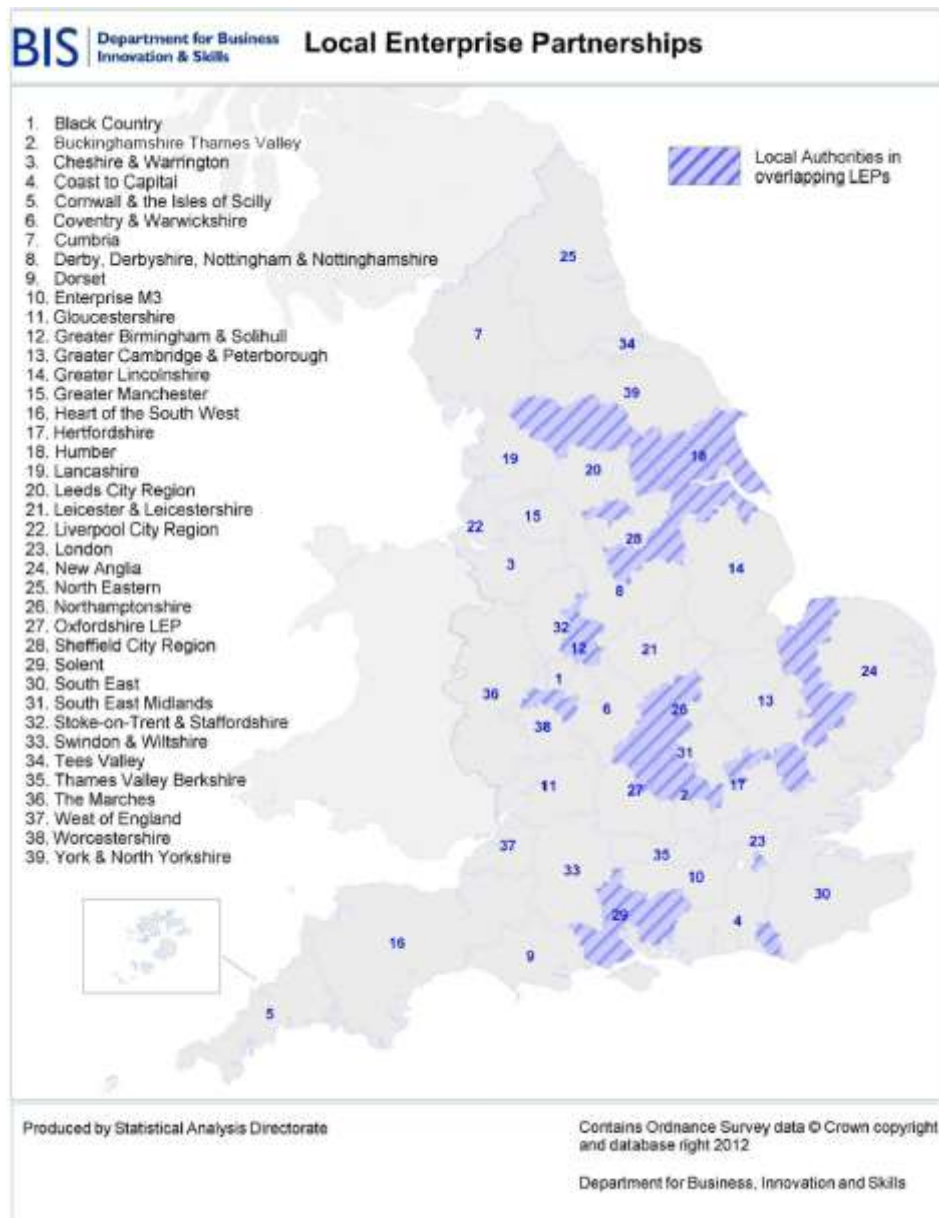
### The rise of Local Enterprise Partnerships

Although the discourse of the Coalition champions 'localism', they at least recognised the requirement for some form of sub-national development arrangements. Local Enterprise Partnerships (or LEPs) are voluntary arrangements between business, civic, educational and community leaders. Taking forth the spatial leadership mantle in a depleted sub-national institutional landscape, they have been set a considerable challenge: uniting multi-level, cross-sector interests in a way that enables the regeneration and growth of local places. At this juncture, it has emerged that most of

the 39 LEPs *approved* by government are preoccupied with the Coalition’s growth agenda and less concerned with sustainable regeneration endeavours.

Following 62 LEP propositions originally submitted to government, 24 were approved in October, 2010, a further 3 came forward in December, 2010 and 12 more followed throughout 2011. With the exception of a solitary local authority that remains ‘LEP-less’, the map of LEPs is now complete in the sense of contiguous geographic coverage (see Figure 1). This includes some LEPs, such as Leeds City Region, which are larger than the smaller EU administrative regions in working population and 38 local authorities are members of two LEPs.

**Figure 1: 39 state-sanctioned LEPs**



The Northern Way mapped the City Regions of the three northern *formal* regions as meeting across a ‘fuzzy’ transition. In the first round of LEP approvals, Barnsley Metropolitan Borough, lying between the City Region ‘cores’ of Leeds and Sheffield, was permitted to join both these LEPs, following which an increasing number of local authority areas has joined two. This is a major departure from *formal* regions and potentially a progressive policy development that may pave the way for more creative arrangements for operating across variable *functional* regions – with the scope of each region predicated on the specific policy under consideration. Nevertheless, the complexity and potential for confusion associated with navigating numerous overlapping and mutable geographies of governance need to be overcome. Whereas policy narratives and statistical sources (e.g. journey-to-work data) could be utilised to make a strong case that some LEPs strongly correspond with notions of *functional* regions, the converse is also apparent: some LEPs splinter functional areas. In addition, Townsend (2012) identifies the similarities between LEP boundaries and present or former County Council administrative areas, or combinations of them.

### **Spatial leadership and governance quandaries**

If board representation is used as an indicator of leadership interests, then it can be concluded that LEP governance is weighted in favour of capitalist interests and the majority tend to be a ‘closed shop’. Such scepticism – similar to concerns raised in respect of Regional Development Agencies – would suggest that business expertise continues to occupy a privileged position. Indeed, some research participants involved in the inner workings of LEPs indicate that a seat on the board for educational and community ‘representatives’ may be little more than a tokenistic gesture.

Nevertheless, similar charges could be levelled at the role of business in some LEPs where it is apparent that local authorities (though not necessarily elected councillors) are ‘calling the shots’. There has also been some suggestions that the role of local authorities has taken a back seat in driving forward the priorities of some LEPs, particularly in the case where business interests have contributed tangible (e.g. financial support) alongside intangible (e.g. knowledge) resources.

While 39 LEPs have been approved, not all have had their boards formally recognised by ministers. As every LEP has opted to install a businessperson as chair, it would appear that democratic accountability is not the reason why some boards are yet to acquire government’s stamp of approval. It has been suggested gender

composition and ‘other’ interests outside of the business sector and local government may be the stumbling block.

Many sub-national development interests feel more than a little marginalised, just as many large corporate companies and small businesses are also wondering how to engage with the LEPs. More worrying, the majority of business see little benefit in or reason to engage with LEPs. This could prove to be a fatal flaw in the LEP experiment; especially as they are non-statutory arrangements relying on collaborative ventures and reciprocal benefits. Many boards also only have a token understanding of localism where social enterprise has the potential to perform a crucial role. Consequently, in some instances social enterprises are looking towards local authorities to help them develop the capacity to deliver, perhaps an early indication that they have already dismissed the role of LEPs?

### **LEP progress**

LEPs have been expected to cover a lot of ground in a relatively short space of time. Most LEPs are moving forward to discuss their priorities and developing business plans. Some – the unofficial ‘frontrunners’ – have advanced well beyond this rudimentary stage and are now seeking to influence patterns of development, including negotiating ‘deals’ with government. Some LEPs have formed or are considering forming companies that will enable them to trade and hold assets, whereas others have opted for more informal partnership arrangements. Some are focussed on strategic functions, whereas others are managing and delivering programmes. Priorities and the scale of ambition also differ across LEPs although there are some commonalities. The dilemma of a permissive approach where LEPs are ‘free’ to intervene in the economy as they see fit – so long as they can resource it – is that they strive to appear to be all things to all people. As a result, a gamut of different interests and organisations are asking what LEPs can do for them – contributing to ever lengthier wish lists.

While state spending continues to contract, in 2011 government acknowledged that the private sector alone was unable to generate the jobs and investment required to sustain a steep economic recovery. In this respect, government launched a series of national funding programmes, including the £500m Growing Places Fund; whereby approximately £460m has been allocated across the LEPs to manage, with over £33m going to the South East LEP and less than £4m for Northamptonshire LEP, and in the

2012 Budget it was announced that funding would be increased by £270m. However, LEPs appear to be considerably lacking in both resources and momentum, and are insufficiently embedded within government growth plans and some local public-private-voluntary networks to be able to sufficiently respond to the deepening economic malaise. As a way of supporting LEPs and facilitating mutual learning, the government is financially supporting a National LEP Network, which is managed by the British Chambers of Commerce. This is largely a symbolic measure of support, especially in light of the institutional knowledge lost with the passing of regional apparatus, and the funding of a national network could be perceived as a less invasive but no less insidious way of the government controlling LEPs.

In the time that has elapsed since the first LEPs took their place in the reconfigured sub-national development landscape, many have focussed on board recruitment, governance aspects, reporting systems, support structures, business engagement mechanisms and communication methods. This is to be expected during the formative stage, nonetheless form follows function. It is the precise function of LEPs that remains in an ambiguous state. Almost every month government have added to the role that LEPs *could* perform, with one of the latest being Gloucestershire LEP identified by the Business Minister as a ‘flagship trailblazer for retail’. The government’s sub-national development policy has been arbitrary; a failure to review the role and effectiveness of regional apparatus has limited the functions of LEPs. The decision to sell-off RDA land and business assets (and transfer the remainder to the Homes and Communities Agency) being a case in point. As strategic entities operating at the public-private national-local interface, the precise functions of many individual LEPs is yet to be determined. The *Local Growth* White Paper is littered with vague roles that LEPs ‘could’ perform, but more than eighteen months after the majority of LEPs were endorsed by government, many of these potential roles have failed to materialise into any tangible functions.

It is clear that each partnership configuration is taking different paths of development and these locally contingent journeys are likely to continue, notwithstanding the nudges and steering from the centre. Multi-speed and multi-directional LEPs is anticipated to characterise their ongoing development journeys. Whether LEPs represent a novel urban policy approach is open to debate; many are in effect ‘refashioned existing partnerships’.

## **Conclusion: what next?**

In contrast to many European countries that have elected sub-national government apparatus and/or an extensive history of robust inter-municipal cooperation, a succession of UK governments have been ambivalent towards decentralisation within England. This is more disconcerting in the context of the devolutionary deals secured by Scotland, Wales and Northern Ireland, with calls growing louder in Scotland for full devolution and departure from the Union. Despite the rhetoric, decentralisation efforts spluttered during New Labour's time in office as Whitehall was reticent to relinquish crucial levers of power. The Office of the Deputy Prime Minister and its successor the Department for Communities and Local Government has often been thwarted by the centralist tendencies of HM Treasury and Cabinet ministers to such an extent that decentralisation under New Labour failed to move beyond the regionalisation of central government functions.

The degree to which the design of LEPs – including their composition, network relations and power dynamics – supported by resources and assets equips such loosely defined sub-national leadership entities to help rebalance the UK's spatial economy remains a moot point. The government's transitional plan claimed that its programme of policy change would be largely completed by March, 2012. However, whilst the dismantling of regional machinery was expedited, the progress made by LEPs in assembling new spatial visions, influencing development patterns, stimulating enterprising endeavours and delivering local interventions has been patchy. Moving forward it is imperative to augment the capacity of LEPs. A failure to do so will leave them susceptible to institutional oblivion.

LEPs are not defined in legislation and do not have a statutory role. Collectively, a lack of resources, delivery powers and statutory responsibilities has raised persistent concerns leading to accusations that LEPs will be 'toothless tigers' and 'talking shops'. Moreover, this is compounded by the lack of arrangements for transparency and corporate public sector governance, uneven as this is. On the flipside, LEPs potentially have much more flexibility than their predecessors to focus, implement and enable what local partners consider is best for their sub-regional territory and some (at least) may help unite businesses, councils and 'other' interests across *functional* regions, which would otherwise work apart in counterproductive ways. If LEPs are to be radically different from what has gone before, then they should look to harness the creative energy and expertise of a much more diverse cast

of characters than a narrow business 'elite' and to put together new project partnerships determined by *functions*.

Further monitoring and longitudinal assessment of the (individual and collective) development of LEPs will be important going forward. This will be particularly crucial across the many localities where LEPs are potentially at their weakest (or at least at an infant stage in their development path), where urban 'resilience' has been the norm for decades and there is insufficient attention on the priorities for regeneration (i.e. backing those in need).

## References

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## Endnotes

<sup>1</sup> This article is based on emerging findings from an ongoing research project tracking the shift from regionalism to localism, with a specific focus on the extent to which Local Enterprise Partnerships can help rebalance the national spatial economy. The research explores the issues arising from the formation of LEPs over their first three years. The insights presented in this article draw in particular on some research findings published by the Smith Institute and Regional Studies Association (Shutt *et al.*, 2012) and the Institute of Economic Development (Pugalis *et al.*, 2012).