



Report



Independent consultation with local authorities on the role of Local Enterprise Partnerships

July 2010

Caroline Masundire
Associate Director

Rocket Science UK Ltd
70 Cowcross Street
London
EC1M 6EJ

T: 020 7253 6289
E: caroline.masundire@rocketsciencelab.co.uk

Contents

1. Introduction	1
2. Key findings and challenges	3
2.1 High level summary	3
2.2 Responding to changing culture	4
2.3 Creating new working boundaries	5
2.4 Creating the right environment	6
2.5 Preparing for change	8
2.6 Final reflections	9
3. Survey results	11
3.1 LEP Survey Analysis	11
3.2 Authority profile	11
3.3 Current thinking on LEPs	13
3.4 Role and function of a LEP	20
3.5 Future challenges	25
Appendix 1 – Response profile	28
Appendix 2 – Core functions free text comments	29
Appendix 3 – Core areas free text comments	30
Appendix 4 – Priorities free text comments	31
Appendix 5 – Future challenges free text comments	35
Appendix 6 – LEP proposals free text comments	38

1. Introduction

Rocket Science in partnership with Rose Regeneration (www.roseregeneration.co.uk) is pleased to present this report and findings from an independent consultation with local authorities on Local Enterprise Partnerships.

The speed at which the Coalition Government's Localism agenda is being developed alongside existing and planned cuts in spending has left little time for reflection and thinking around the establishment of these new bodies.

On 29th June 2010, Business Secretary Vince Cable and Communities Secretary Eric Pickles invited authorities and business to develop proposals for establishing a Local Enterprise Partnership (LEP) to be submitted to government by 6th September 2010¹. A White Paper is due for publication later this summer which may be too late to help inform these proposals.

In view of the short timescale proposed, we decided to undertake independent research with the local authority sector to gauge their views and preparedness for developing a LEP.

An online survey went live on 24th June and closed on the 5th July 2010. 69 Councils completed the survey.

Responses have been received from all regions and authorities, The North West of England, with 20.6% of responses, was most represented in terms of where respondents were based, followed by the South East, South West and West Midlands (all with 13.7%), the East of England (9.2%), the North East and East Midlands (both with 8.5%), London (6.9%) and Yorkshire and Humber (5.75%).

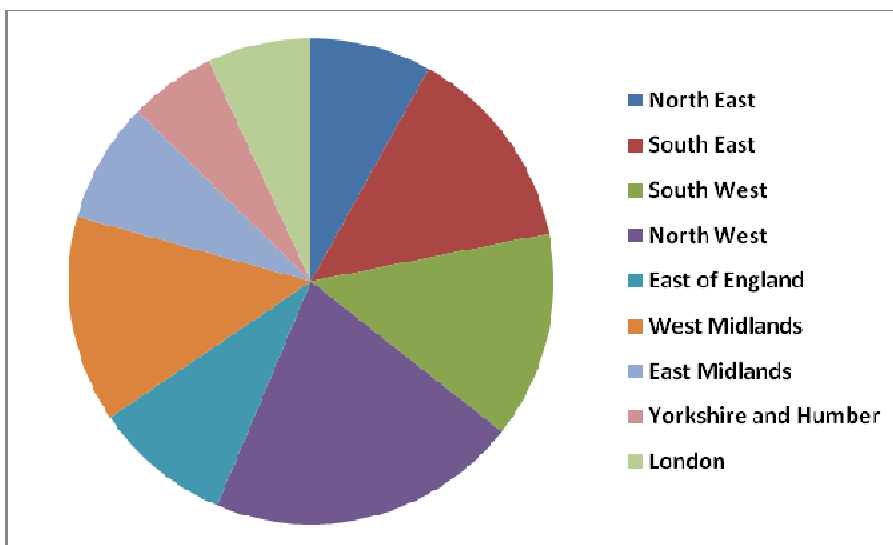


Figure 1: In what region are you based?

¹ <http://www.communities.gov.uk/newsstories/newsroom/1626460>.

There was a roughly equitable division between Unitary (37.2%) and District (36%) authorities, followed by County authorities (11.6%), City authorities (8.1%) and Metropolitan authorities (6.9%).

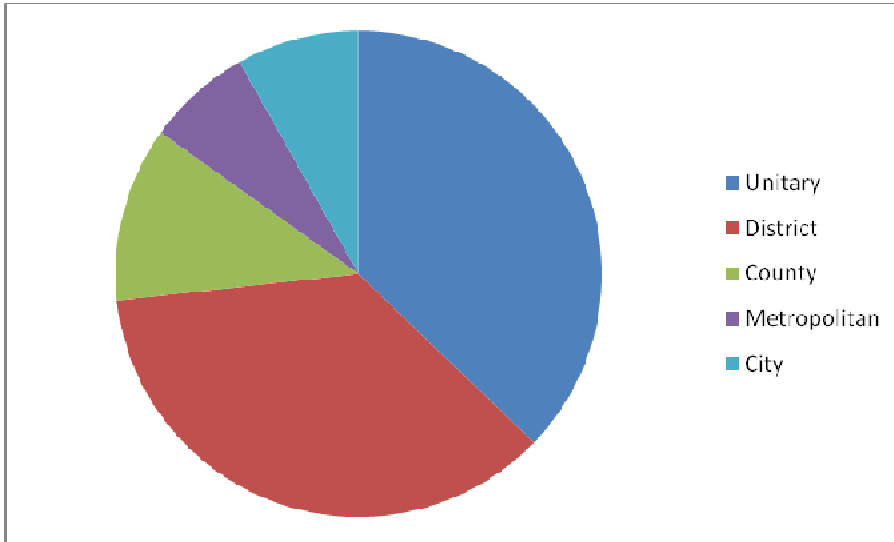


Figure 2: What kind of authority are you?

The following report sets out the key findings and challenges emerging from the survey, which need to be considered by both Government and local partners in the development of LEPs over the coming months. This is followed by a detailed breakdown of survey results and, to support the current consultation by CLG and BIS, we have also included verbatim responses to answers posed in the survey as a series of Appendices.

2. Key findings and challenges

2.1 High level summary

We have set out our key findings in summary below, highlighting five areas of challenge in this section. The most significant things local authorities told us are as follows:

- There is already significant activity underway to prepare the ground for the development of LEPs, although with a Government commitment to less prescription, there is a danger that time and effort could be wasted if LEP proposals do not reflect the ambitions set out in the forthcoming White Paper.
- There is a broad consensus about the importance of Functioning Economic Geographies as the common denominator for LEP boundaries.
- There is no significant negativity about the issue of private sector leadership. Neither is there any consistent advice or activity within current authority thinking on how this might be most effectively addressed to ensure individuals of the right calibre and quality are recruited.
- Functionally, local authorities feel that business support and inward investment should be central roles for LEPs whilst there is emerging guidance that these roles might be led nationally. There is clearly scope to join national leadership and sub-regional delivery up effectively but this is a key area for early thinking in the development of the LEP concept.
- There is relatively less enthusiasm for giving LEPs significant responsibility for planning and transport. This could be based on an emerging concern that LEPs might become “mini regional assemblies” by default.
- In two tier areas there is a danger that District Councils will be marginalised in the development of the LEP agenda. It is clearly not appropriate to give them a “veto” in terms of the development of partnerships which will work at higher geographical levels, but emerging thinking, as in the development of the current duty to undertake a Local Economic Assessment, should put an onus on their engagement.
- There is limited enthusiasm for a “big bang” approach to the development of LEPs. Most authorities prefer having the flexibility to build pragmatically on existing structures and arrangements which work. However, there is little enthusiasm for LEPs to follow current RDA boundaries and there is emerging evidence of significant interest in LEPs straddling traditional regional boundaries where it makes economic sense.
- Finally, it is our view that the Single Conversation and Duty to Undertake an Economic Assessment are both very important. They help move established and received behaviour in the context of economic development onto the right agenda to support local authorities in making the most effective contribution possible to the development of LEPs. There is a danger that both activities get scrapped in the current “bonfire” of duties and responsibilities. They should be retained because of their practical value in supporting the development of LEPs along the lines of the new localism agenda, which will underpin the rationale for local authority engagement in service delivery.

2.2 Responding to changing culture

The first few months of the Coalition Government has heralded big economic changes impacting at the local level. Philosophically, the “localism agenda” is pushing the devolution of power and responsibility for local economic renewal at the door of local businesses and authorities².

A letter sent to all local authorities and business leaders on 29 June 2010 inviting authorities to begin negotiations with CLG on the formation of Local Enterprise Partnerships³ suggested that both inward investment and business support should be managed nationally. It also hinted at the development of planning and transportation roles within LEPs. Our survey, undertaken before the publication of this letter, indicates strong local authority support for the retention of a local or sub-regional focus for inward investment and business support along with limited enthusiasm for more substantively involving LEPs with planning and transport issues:

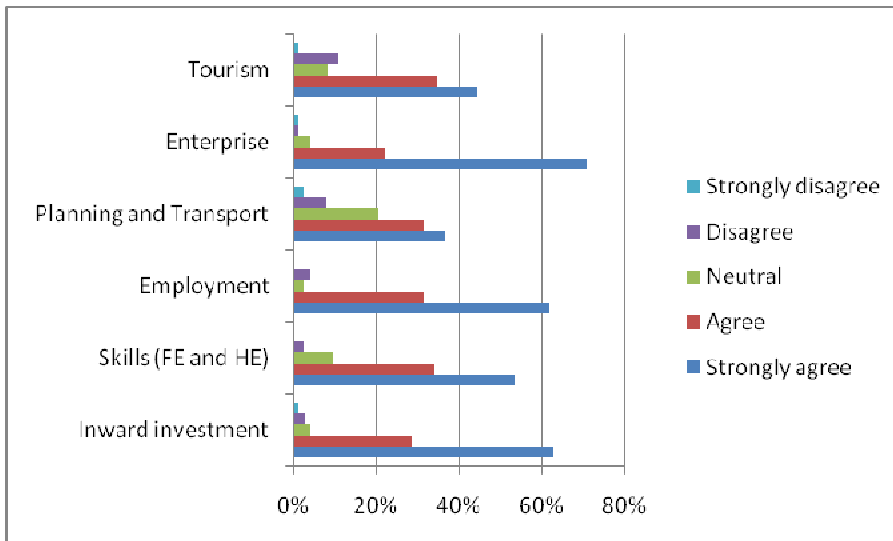


Figure 3: Core areas of interest

Challenge 1 – Influencing national programmes and investment

To what extent will LEPs be able to influence nationally commissioned and managed programmes and what scale of resources will be available to meet the needs required for local economic renewal?

² Government has promised to set its localism programme out in detail in the Decentralism and Localism Bill which was announced in the Queen's Speech on 25 May 2010

³ "Local Enterprise Partnerships" jointly signed letter by Eric Pickles MP and Vince Cable MP sent to all local authority CEOs on 29 June 2010

2.3 Creating new working boundaries

The letter sent to authorities on 29th June 2010 clearly stated that authorities should come together around real functioning economic and travel to work areas to be 'sufficiently strategic'. Our findings show that in the spirit of Localism and commitment by Government to less prescription, the majority of authorities believe it is up to them to decide the most appropriate area.

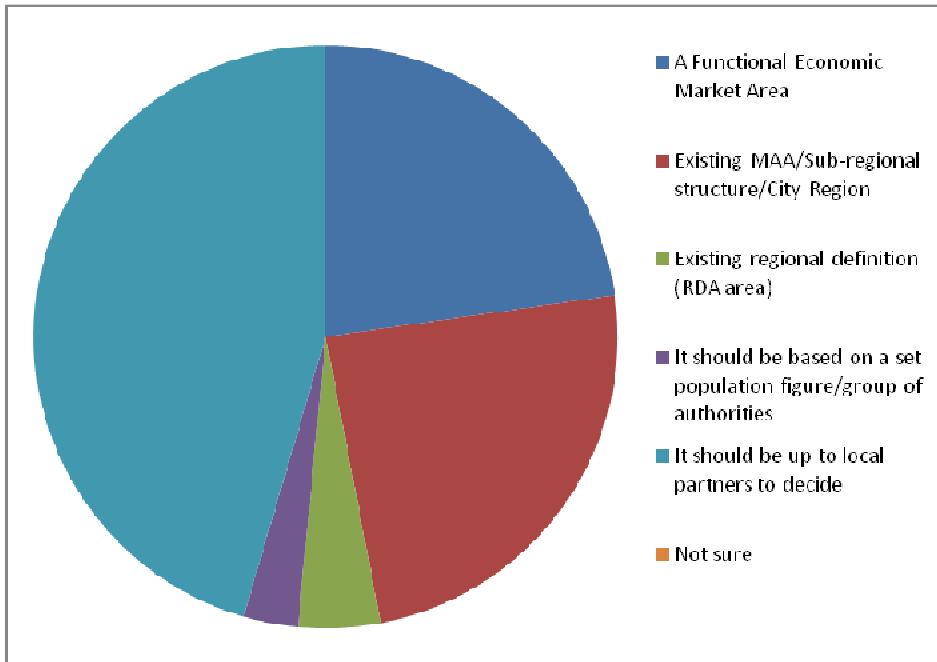


Figure 4: What should be the geographic scope of a LEP?

Reassuringly, other responses (when combined), show that authorities will focus on Functioning Economic Geographies. Authorities and partners are keen to work pragmatically and avoid “re-inventing the wheel”. More than half of our survey respondents indicated their intention to build on existing partnerships rather than start from scratch.

It will be important, therefore, for the Government to clarify their position soon on the future of existing formal partnership arrangements such as Employment and Skills Boards, Multi-Area Agreements and City Regions.

Challenge 2 – Going beyond boundaries

How will local authorities determine the governance and leadership of the LEP where their FEMA includes many authority boundaries and areas have traditionally found it difficult to work sub-regionally? In particular, how will district authorities be included in governance arrangements?

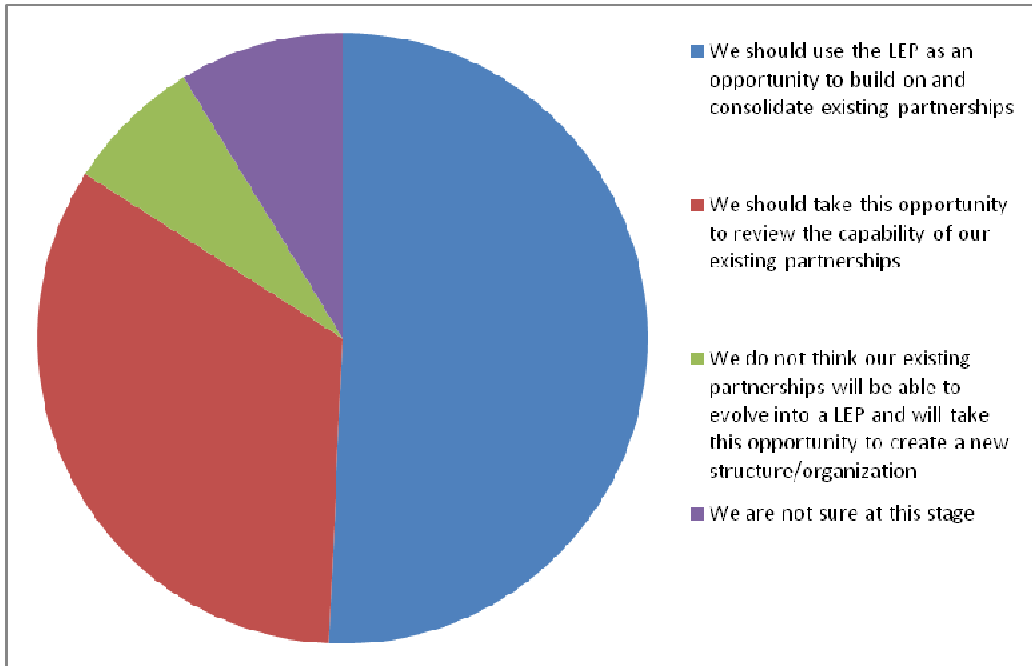


Figure 5: Out of the following options, which best describes your views on how LEPs should be developed?

Challenge 3 – Getting business on board

With leadership for LEPs given to the private sector and a requirement for these being a 50:50 partnership with the private sector, how will existing partnerships evolve where they have been predominantly public sector led?

How will LEPs attract businesses to the table and retain their interest without exposing them to the inevitable bureaucracy of governance and management arrangements?

2.4 Creating the right environment

Undoubtedly LEPs are an opportunity to create a new environment for private and public sector working. But there is a challenge around timescales. History and experience shows us that setting up and running an effective organisation does not happen overnight. There is often a considerable lead time before an organisation functions at full capacity.

In addition to timescales, Figure 6 below highlights what the greatest challenges will be. They include:

- Resourcing an organisation in a time of spending cuts and without any current indication from Government about how it might contribute to the costs,
- Attracting the right skills and leadership and,
- Partners’ commitment to work sub-regionally.

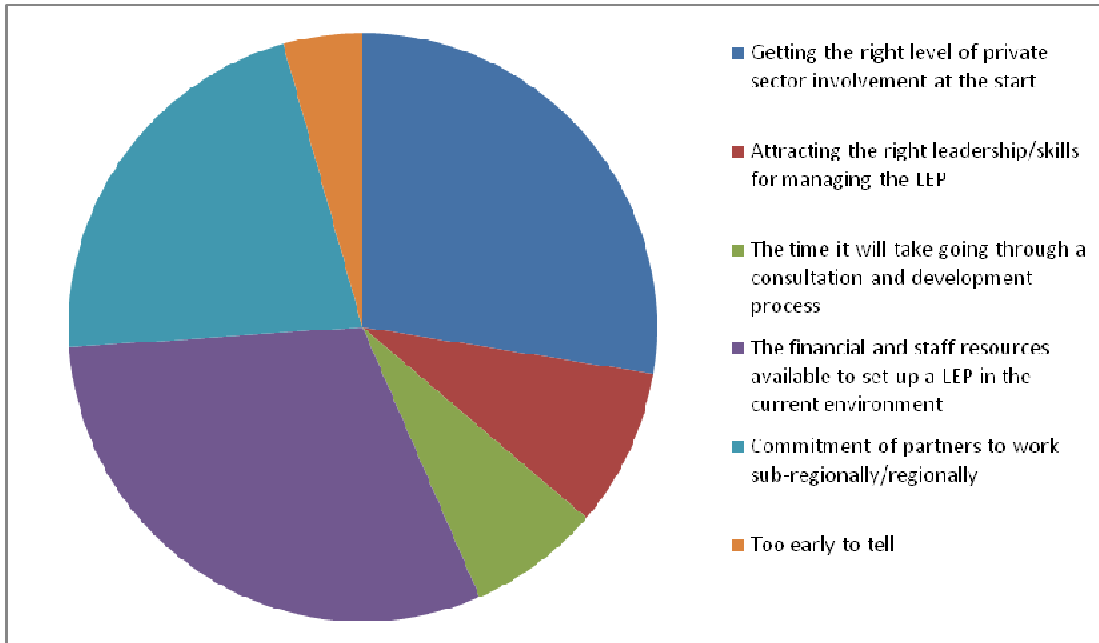


Figure 6: Which of the following do you think will be the biggest challenge in creating a LEP?

Partners will also need to determine the key role and function of the LEP. The survey suggests agreement on three areas; pooling of partner resources and distribution of investment, research and development and – unsurprising in this climate – lobbying Government for resources.

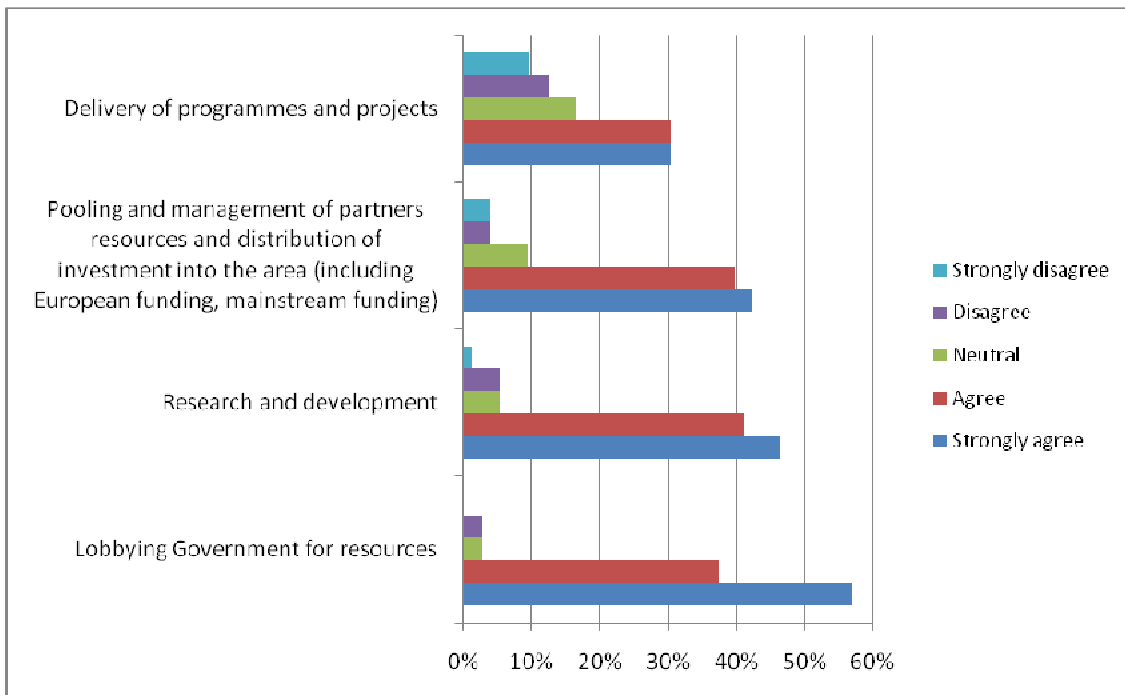


Figure 7: Core functions of the LEP.

There is less agreement around delivering programmes and although 60% either agree or strongly agree that they should deliver programmes, many of the supporting comments state that LEPs should focus on being commissioners, rather than deliverers of services.

Challenge 4 – Getting them off the ground

How will LEPs deliver on their function and role and put in place the appropriate management and governance arrangements with potentially little or no resources?

2.5 Preparing for change

The survey has revealed that a third of authorities are currently working up their proposals with a further third in preliminary discussions. This should provide some comfort to Government that local authorities are embracing the challenge that has been set. It is important that Government moves quickly to set out more detail about the evolution of LEP. This is to avoid significant opportunity cost arising from potential LEP partners pursuing territorial and functional arrangements which may potentially fall outside of the final terms of reference for LEPs.

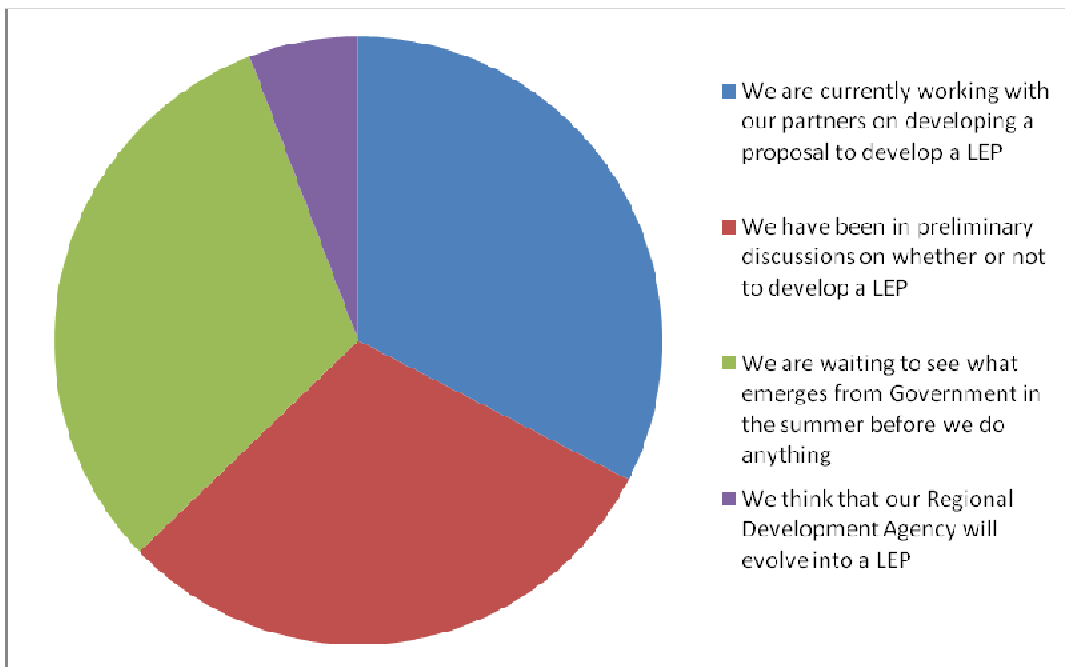


Figure 8: Which of the following best describes your current thinking/activity on LEPs?

When analysing responses by authority type, counties are advanced in terms of their development with 70% working up proposals. Yet districts appear to be waiting for what comes out of the consultation. Districts will need to start a dialogue with their upper tier now to ensure that their needs are taken into consideration, by using their influence through the LDF, their strategic housing responsibilities and their access to local businesses.

Finally, we asked authorities to estimate when they might be able to have a LEP in place and ready for business. When responses are combined, more than two thirds state these could be open within six to twelve months. There is an interesting balance to be struck here, with RDAs likely to run until March 2012, there is ample time to carefully plan and develop the formation of LEPs. On the other hand, the transfer of responsibilities and need to maintain momentum around the proposed changes are persuasive arguments of moving quickly.

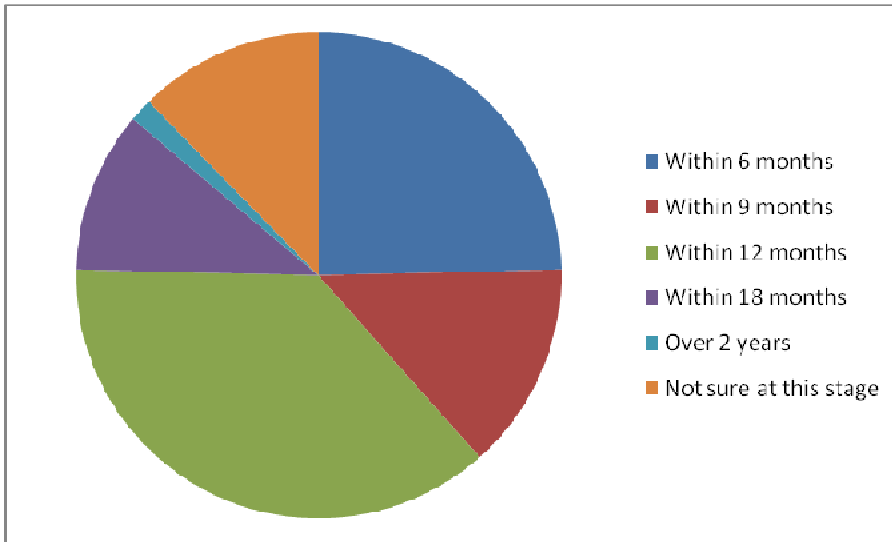


Figure 9: When do you think that you could have a LEP in place?

At the time of writing this report there was little information about how European Funds would be managed locally and whether they would come under the role of the LEP. The Government will need to provide clarification on this as proposals are being developed.

One of the key lessons we have learnt about managing organisational change is to mitigate “intellectual flight”. Local areas have amassed significant intellectual capital across their partnerships and organisations. If we are to deliver on the Government’s aspirations for local economic renewal then we have to find a way of keeping the skills and capabilities we have developed and learn the new language and behaviours that ‘less prescription’ brings.

Challenge 5 – Building capability

What plans have authorities made for building the capability of leaders, members and officers in delivering the new LEP agenda?

2.6 Final reflections

We are entering a new era with an emphasis on localism. This requires changes in thinking and behaviour from central government to local authorities, civil servants to members, business leaders and partners - but learned behaviour cannot change overnight. As we make the first steps to creating LEPs we must embrace the opportunity to:

- Challenge the way in which we have done things in the past;

- Keep what is useful and what works; and
- Create the right structures and conditions that bring the best of the private and public sector together.

In the current rush to save resources and plan more efficient approaches to service delivery (including economic development), there is a danger of turning off a number of initiatives which give legitimacy and add value to the work of the public, private and voluntary and community sector organisations – organisations that will have a key role to play in the Localism agenda.

For example, data and evidence collected as part of the Local Economic Assessment reflects the unique nature of places that will be key to the geographical and service rationale for LEPs. The Single Conversation methodology developed by the HCA also offers a means of joining up actions of local stakeholders in a way which facilitates more effective service delivery. The direct cost of both activities is negligible. Both recognise the central role local authorities have to play in economic development, with the LEA being a statutory duty.