

# Local institutions and local economic growth: the state of the LEPs in England

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# Local institutions and local economic growth: the state of the LEPs in England

Introduction

Institutions and local economic growth

The state of the LEPs in England

Conclusions

# What do we mean by institutions?

“Formal regulations, legislation, and economic systems as well as informal societal norms that regulate the behaviour of economic actors: firms, managers, investors, workers... Collectively, they define the system of rules that shape the attitudes, values, and expectations of individual economic actors. Institutions are also responsible for producing and reproducing the conventions, routines, habits, and ‘settled habits of thought’ that, together with attitudes, values, and expectations, influence actors’ economic decisions. ... Although these institutionally shaped attitudes, values, and conventions influence choices and constrain decisions regarding practices, they do not wholly determine them. There is still a major role here for individual agency to produce a variety of responses within the same sector, region, and nation-state.”

# Decentralisation



# ***Local* institutions and *local* economic growth: analytical themes**

Formulating strategy, priorities and appraisal of local assets

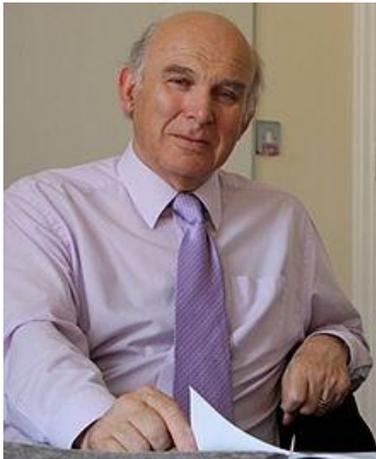
Providing organisational and co-ordination capacity

Mobilising actors and fostering linkages between public, private and civic sectors

Setting the framework and incentives for economic actors and activities

Generating and pooling resources

Providing voice in multi-level and multi-actor systems of government and governance



“...to invite local groups of councils and business leaders to come together to consider how you wish to form local enterprise partnerships” (29 June 2010: 1)



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To: Local Authority Leaders and Business Leaders  
Cc: Local Authority Chief Executive Offices

29 June 2010

Dear colleague,

**Local enterprise partnerships**

We are writing to you to invite you to work with the Government to help strengthen local economies. The Coalition Government is committed to reforming our system of sub-national economic development by enabling councils and business to replace the existing Regional Development Agencies. The purpose of this letter is to invite local groups of councils and business leaders to come together to consider how you wish to form local enterprise partnerships.

We are working with the Regional Development Agencies (RDAs) to enable this transition. We are reviewing all the functions of the RDAs. We believe some of these are best led nationally, such as inward investment, sector leadership, responsibility for business support, innovation, and access to finance, such as venture capital funds. Some of their existing roles are being scrapped, such as Regional Strategies. The forthcoming White Paper on sub-national economic growth will set out our approach in more detail.

Separate arrangements will apply in London, where discussions are currently underway with the Mayor of London on how we can further decentralise powers, particularly in the context of the abolition of the Government Office for London.

We are determined that the transition from the existing RDAs be orderly, working to a clear timetable.

Meanwhile, we are keen to encourage local businesses and councils to work together to develop their proposals for local enterprise partnerships. We want to encourage a wide range of ideas, and to aid that, we would suggest some parameters.

**Role**  
We anticipate that local enterprise partnerships will wish to provide the strategic leadership in their areas to set out local economic priorities. A clear vision is vital if local economic renewal is to be achieved. The Coalition Government is determined to rebalance the

economy towards the private sector. We regard local enterprise partnerships as being central to this vision.

Partnerships will therefore want to create the right environment for business and growth in their areas, by tackling issues such as planning and housing, local transport and infrastructure priorities, employment and enterprise and the transition to the low carbon economy. Supporting small business start-ups will therefore be important. They will want to work closely with universities and further education colleges, in view of their importance to local economies, and with other relevant stakeholders. In some areas, tourism will also be an important economic driver. Further details will be set out in the forthcoming White Paper.

**Governance**

To be effective partnerships, it is vital that business and civic leaders work together. We believe this would normally mean an equal representation on the boards of these partnerships and that a prominent business leader should chair the board. We would, however, be willing to consider variants from this, such as where there is an elected mayor responsible for the area, if that is the clear wish of business and council leaders in the partnership area. The governance structures will need to be sufficiently robust and clear to ensure proper accountability for delivery by partnerships.

**Size**

We have been concerned that some local and regional boundaries do not reflect functional economic areas. We wish to enable partnerships to better reflect the natural economic geography of the areas they serve and hence to cover real functional economic and travel to work areas.

To be sufficiently strategic, we would expect that partnerships would include groups of upper tier authorities. If it is clearly the wish of business and civic leaders to establish a local enterprise partnership for a functional economic area that matches existing regional boundaries, we will not object. We will welcome proposals that reflect the needs of every part of England, not least areas that are economically more vulnerable. Government is keen to work closely with and through capable local enterprise partnerships which meet these criteria.

**Going forward**

As set out in the Budget, we will publish a White Paper later in the summer, which will set out the Government's approach to sub-national growth. Legislation to abolish RDAs and enable local enterprise partnerships was announced in the Queen's speech and is expected to be introduced to Parliament in the autumn.

We would therefore welcome outline proposals from partnerships of local authorities and businesses, reflecting the Coalition Government's agenda, as soon as possible, and no later than 6 September.

Yours sincerely

The RT Hon Dr Vince Cable MP  
Secretary of State for Business,  
Innovation and Skills  
and President of the Board of Trade

The RT Hon Eric Pickles MP  
Secretary of State for  
Communities and Local Government



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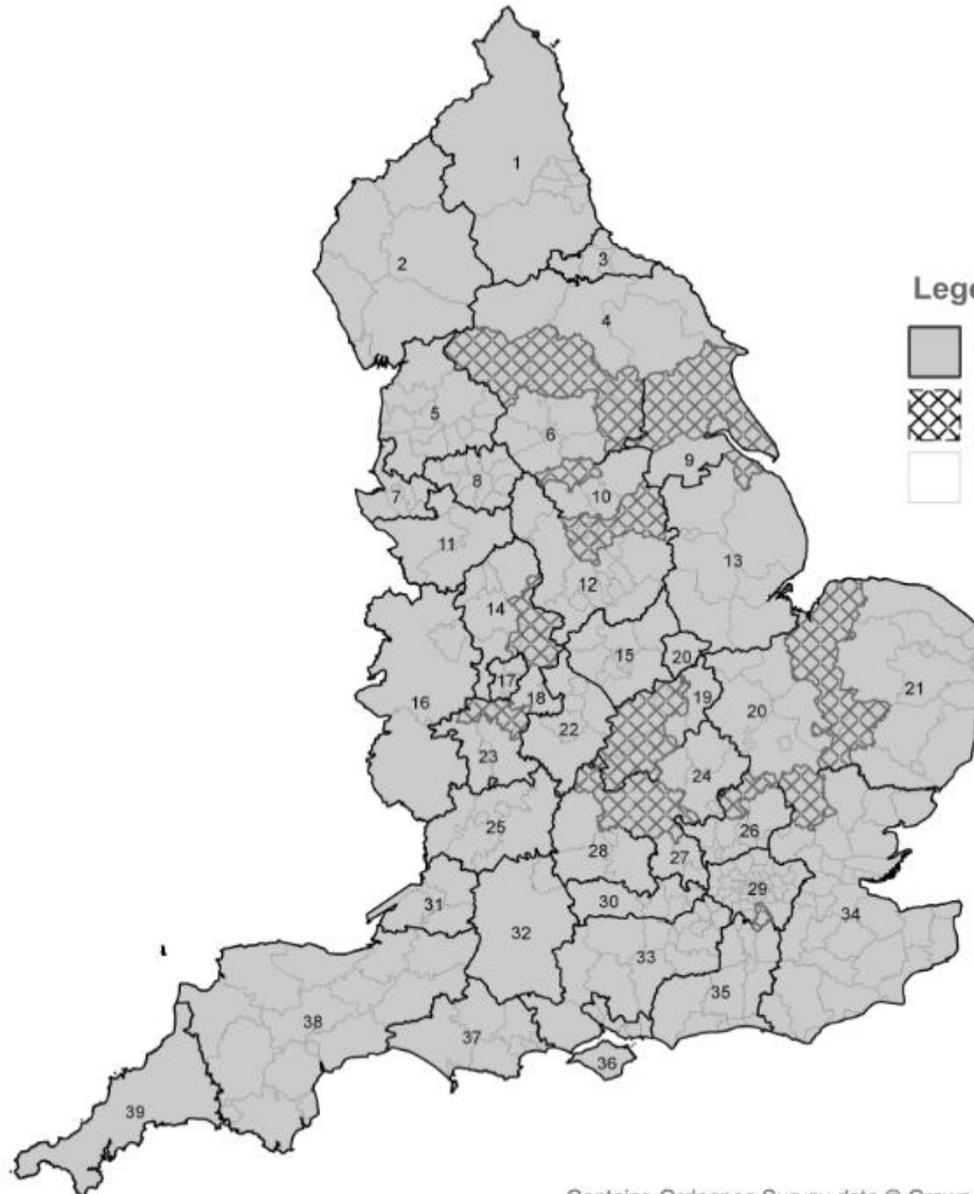
# REGIONAL DEVELOPMENT AGENCIES: ENGLAND



# 'LEP-land'

## Key

- 1 - North Eastern
- 2 - Cumbria
- 3 - Tees Valley
- 4 - York, North Yorkshire and East Riding
- 5 - Lancashire
- 6 - Leeds City Region
- 7 - Liverpool City Region
- 8 - Greater Manchester
- 9 - Humber
- 10 - Sheffield City Region
- 11 - Cheshire and Warrington
- 12 - Derby, Derbyshire, Nottingham and Nottinghamshire
- 13 - Greater Lincolnshire
- 14 - Stoke-on-Trent and Staffordshire
- 15 - Leicester and Leicestershire
- 16 - The Marches
- 17 - Black Country
- 18 - Greater Birmingham and Solihull
- 19 - Northamptonshire
- 20 - Greater Cambridge and Greater Peterborough
- 21 - New Anglia
- 22 - Coventry and Warwickshire
- 23 - Worcestershire
- 24 - South East Midlands
- 25 - Gloucestershire
- 26 - Hertfordshire
- 27 - Buckinghamshire Thames Valley
- 28 - Oxfordshire
- 29 - London
- 30 - Thames Valley Berkshire
- 31 - West of England
- 32 - Swindon and Wiltshire
- 33 - Enterprise M3
- 34 - South East
- 35 - Coast to Capital
- 36 - Solent
- 37 - Dorset
- 38 - Heart of the South West
- 39 - Cornwall and the Isles of Scilly



## Legend

-  Local Enterprise Partnership
-  Local Authority in overlapping LEPs
-  Local Authority



unleashing potential through partnership



South East Local Enterprise Partnership



Worcestershire Local Enterprise Partnership



HEART OF THE SOUTH WEST

Local Enterprise Partnership

Stoke-on-Trent and Staffordshire Local Enterprise Partnership (LEP)



South East Midlands Local Enterprise Partnership



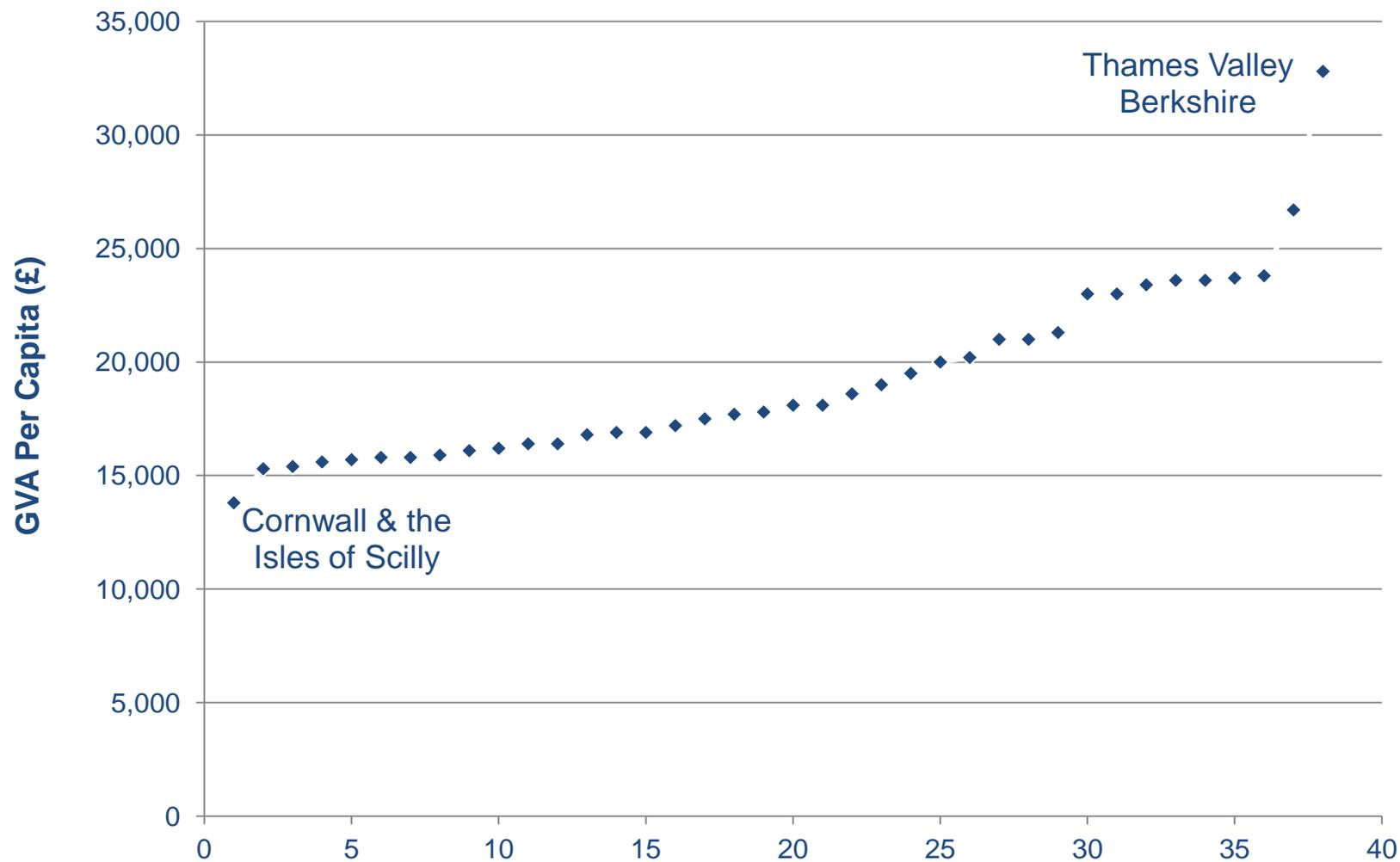
Coventry & Warwickshire Local Enterprise Partnership



Local Enterprise Partnership



# GVA per capita (£) by LEP area, 2011



# National Survey Study: Aim and method

*Aim:* To examine the current position and prospects of the 39 LEPs in England

*Methods:*

- Survey interviews (between December 2012 and February 2013) with 39 LEPs (100% response rate) of Chairs and/or Chief/Senior Officers - 13 (33%) face-to-face
- Review of secondary sources (e.g. LEP websites, LEP Network reports, Government documents and independent studies)
- Follow-up exercise to gather additional technical data
- Academic and practitioner seminar, March 2013

# Formulating strategy, priorities and appraisal of local assets?

Vision(s)

Different kinds of strategy

Varied prioritisation approaches

Uneven utilisation of evidence base and analysis

Varied consultation practices

# Providing organisational and co-ordination capacity?

Emergent organisational models

Modifying existing or building new partnerships

Unsettled governance and accountability

Culture concerns

# Emergent organisational models

## Legal Status

Incorporation (with single (i.e. LA) or multiple shareholders)

Unincorporated partnerships

Part of broader Local Authority or City Region/Mayoral strategic governance arrangements (e.g. Combined Authority, Greater London Authority/Mayor)

## *Modi operandi*

LA Leaders Boards

Board leads (public and private)

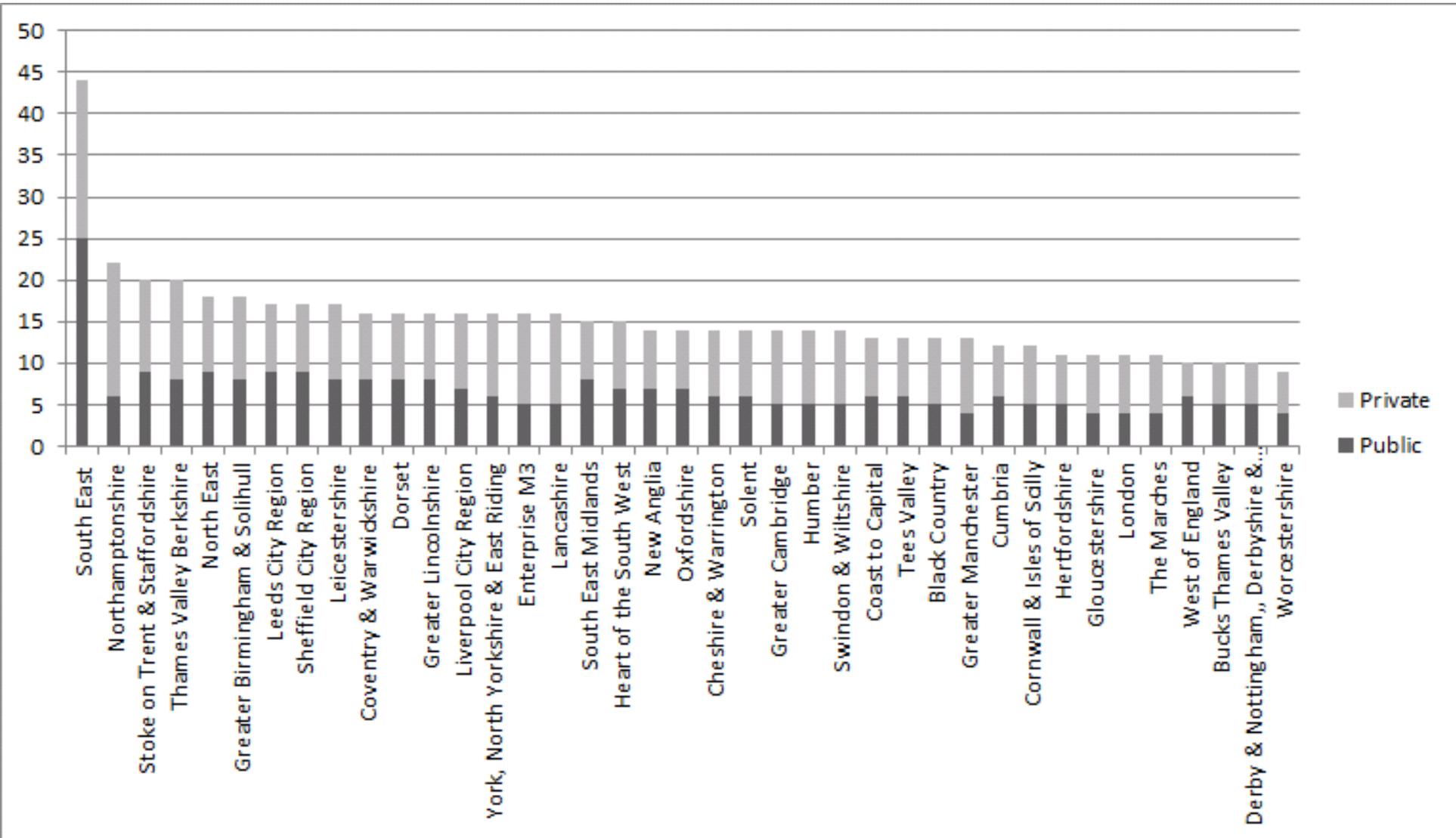
Standing sub-groups

‘Task and finish’ groups

Delivery Partners

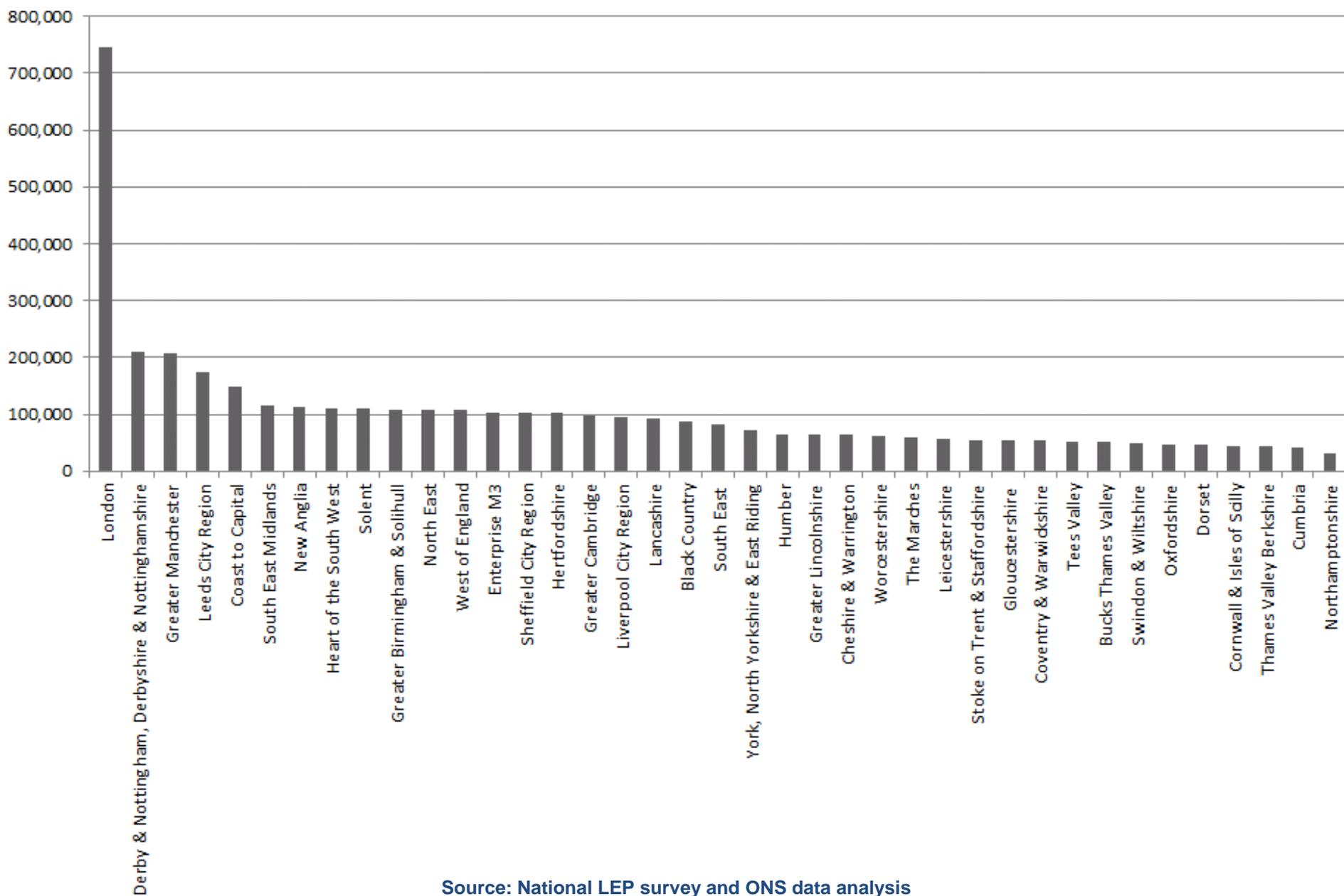
Business Membership body support arrangements

# Board size and membership by LEP area



Source: National LEP survey

# Population per Board Member by LEP area



# Generating and pooling resources?

Variation in staffing

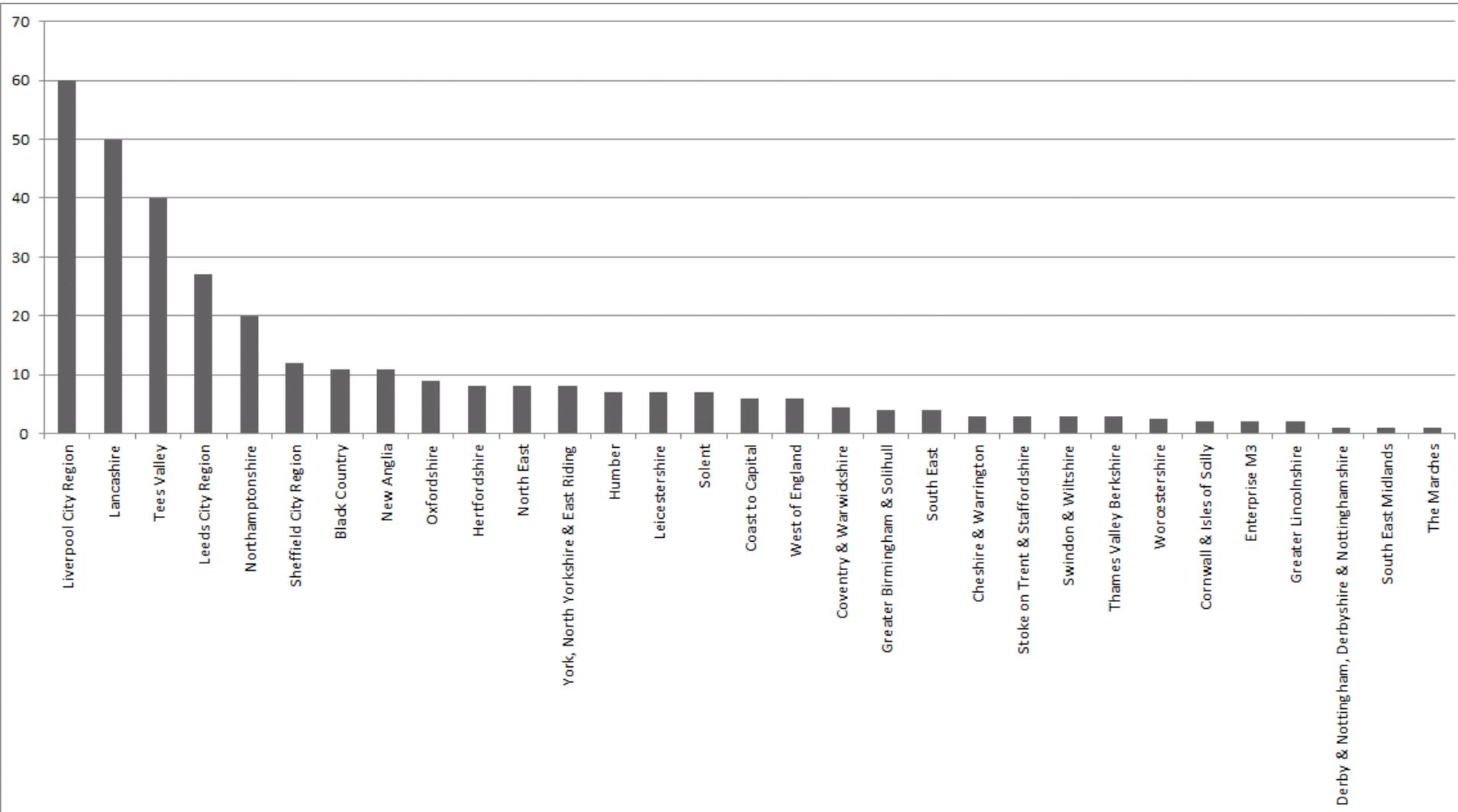
Chairs

Boards

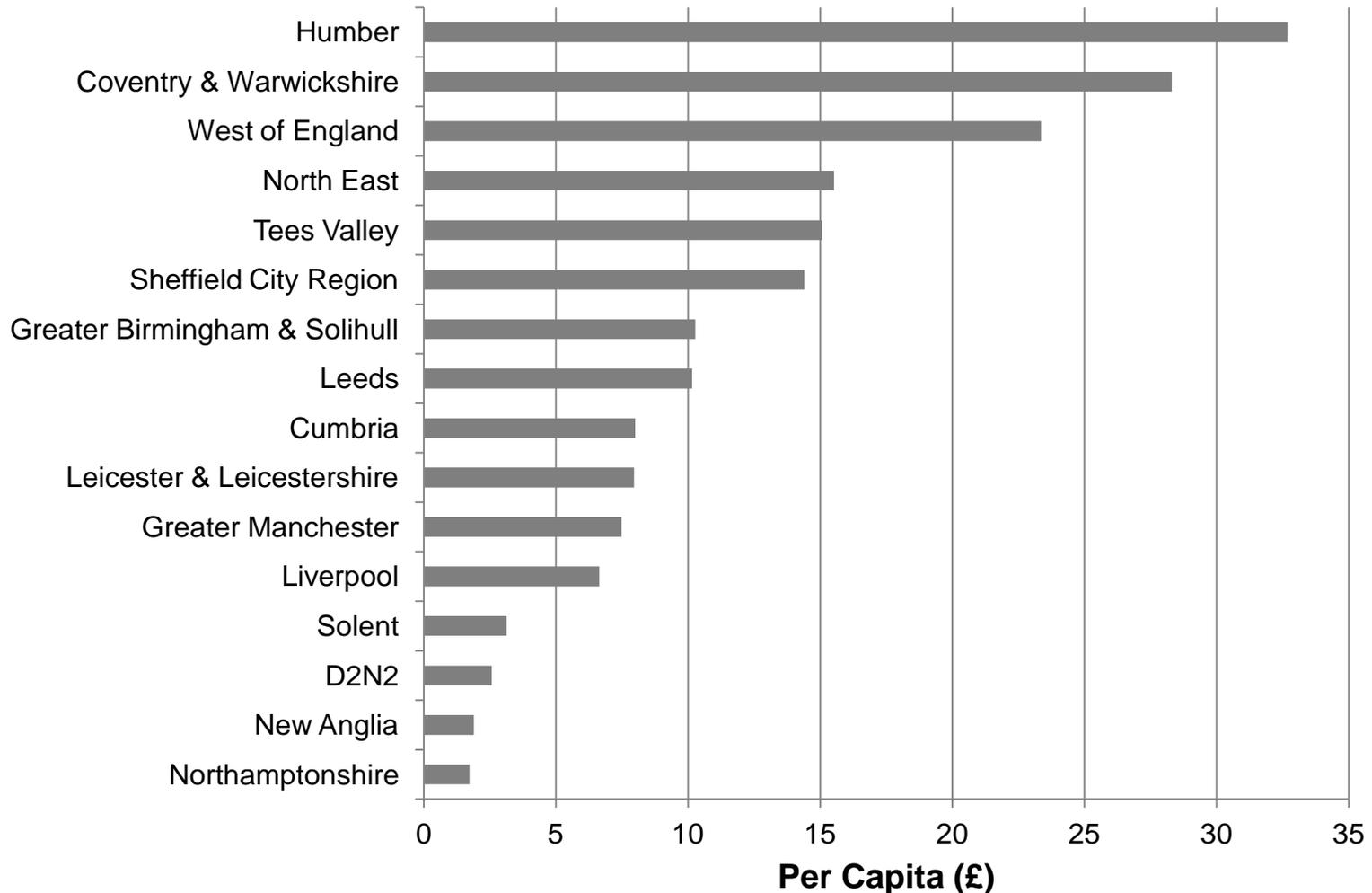
Variation in financing

Level, flexibility, sustainability...

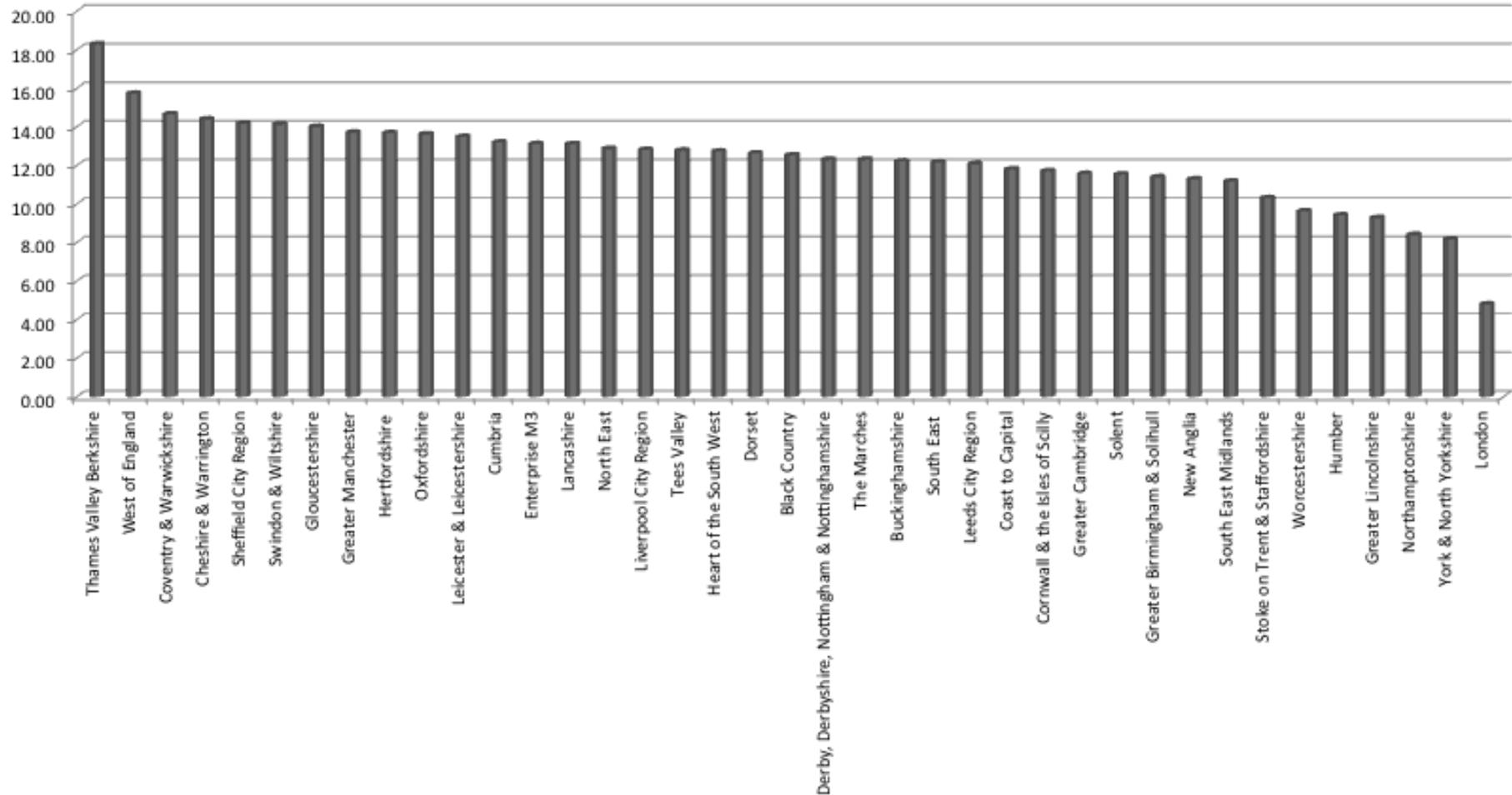
# Estimated direct staff by LEP area



# RGF Allocated to LEPs by Per Capita (£)



# GPF allocations per capita by LEP area, 2012



# Total resources under the strategic influence of LEPs and City Deals 2012-13 to 2020-21

Resources already announced	Amount (£m)
Growing Places Fund	730
Regional Growth Fund	380
City Deals	489
Public Loan Works Board	1,500
<b>TOTAL</b>	<b>3,099</b>
Additional resources announced in the Spending Review	Amount (£m)
Single Local Growth Fund	12,114
EU Structural & Investment Funds	5,300
<b>TOTAL ADDITIONAL RESOURCES</b>	<b>17,414</b>
<b>AGGREGATE TOTAL</b>	<b>20,513</b>

# **Mobilising actors and fostering linkages between public, private and civic sectors?**

Seeking to add value

Direct local-central connections

LEP-BIS Locals

Uneven LEP relations with other centralised functions

LEP-Local Authority relations

Gaining and sustaining business engagement

# Conclusions I

Fragmented and shifting institutional landscape of economic development governance

Diversity and variety

Longer term vision, plan, role...?

- Centralism *and/or* localism
- Competitors *and/or* collaborators
- Agility *and/or* “bureaucratisation”
- Limited capacity and resources

“LEP family” collective voice and advocacy

Inability to exert substantive influence on local economic growth

# Conclusions II

Identification and examination of analytical themes concerning local institutions and local economic growth

The limits of localism in the “austerity state” (Shäfer and Streeck 2012: 19)

Endemic institutional churn and disruption problematic (historically acute in England)

Appropriate type, scale and nature of institutions?

Some institutional capacity better than none?

# Acknowledgements

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