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TITLE: Leadership in action: an examination of UK Local Enterprise Partnerships through the lens of Urban Regime Theory and Stakeholder Theory

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ABSTRACT

This paper examines leadership in action in UK Local Enterprise Partnerships(LEPs) through the lens of Urban Regime Theory (URT) and Stakeholder Theory (ST). As the UK Coalition Government dismantles the existing regional architecture and abolishes RDAs (Regional Development Agencies) and Government Offices, LEPs are a new spatial fix, situated sub-nationally between national and local level, and created to enable local leaders to drive economic prosperity (Cable and Pickles, 2010, HM Treasury, 2010). They are expected to be private sector led, demonstrate firm local political support and deliver 'added value'. The exact role of the 32 successful LEPs is open to local determination, and as yet they have no direct funding or legislative basis, but they are being seen as the primary governance arrangement for economic and social development at sub-national level.   They are encouraged to bid for funds from the £1.5b regional growth fund but have been informed that their bids will not receive any preference over bids received from other agencies or constellation of agencies. Leaders therefore have to develop LEP strategies within a context of shrinking public finances and a global economic downturn, and are expected to lever in private finance to achieve these.

Urban Regime Theory is the most dominant theoretical approach focusing on political/power relationships in cities to explain the co-ordination of multiple actors (stakeholders) (Mossberger, 2009), it helps to explain how local actors constrained by their environments are capable of re-shaping the environment through cross-sectoral arrangements (Davies and Imbroscio, 2009) and how these governance arrangements are embodied within the actions of a governing coalition, or informal yet relatively stable group with access to institutional resources can have a sustained role in decision making (Stone, 1993) The global economic downturn and financial constraints are creating major problems for leaders, such as those working in partnerships at sub-regional level, including LEPs, to to transform their localities and many environmental influences and concerns are forcing leaders to rethink their strategies.

It is desirable to investigate how the different stakeholders who are members of 32 LEP Boards (Local Authority, Business and Auxiliary Leaders[1]) have been able to influence, if at all, the strategies that LEPs are pursuing, and examine the relationships between powerful (or less powerful) actors in this domain. Stakeholder Theory is a useful way of illuminating these inter-connections, as it can be used as either descriptive/empirical, instrumental or normatively (Donaldson and Preston, 1995). Descriptively, it will help to examine what the purpose of a LEP is, allow an examination of the constellation of cooperative and competitive interests possessing intrinsic value, but it is also instrumental in enabling a framework for analysis of the connections between the stakeholders as they seek to achieve performance goals. Normatively, stakeholder theory can assist in showing how things ought to be done

This paper uses both URT and ST to map the arena of the 32 LEPs to examine the inter-connections between a variety of local authority, business and auxiliary/service leaders and further understand the following elements of their activities and external constraints

Coherence of LEP
Local dependency
Purpose & Objectives
Spatial level
Composition
Leadership
Governance & Legal Basis
Strategic decision making & symbolic/project realisation
Activities
Resources/Assets
Performance Management & Accountability
Power/influence between stakeholder

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[1] 'Auxiliary', as defined by Harding (1991) includes organisations such as universities, media, the voluntary and other sectors, broadened out to include other societal organisations, which have been afforded privileged access to decision making forums.

Introduction

The past thirty years (in the United Kingdom) have seen the growth in and proliferation of different initiatives aimed at the regeneration of economically and socially disadvantaged neighbourhoods (Cochrane 2006; Dargan 2009: 305-317, Diamond et al 2010) and across Europe the region became the obvious scale for economic governance (Newman, 2009: 183-191). However, the search for the right scale, institutions and initiatives to facilitate economic and social regeneration still presents substantial challenges for policy makers. The city-region concept is am old one, dating back over a hundred years but its modern manifestation emerged as a response to the strategic tasks associated with managing across, and beyond urban areas (Liddle, 2009: 192-202). Received wisdom suggests that if we can understand the functional relationships between cities and their hinterlands we can examine the strategic capacity for creativity, innovation, development and competition within a global economy (Jonas and Ward, 2007: 169-178 . Some argue that the creation of LEPs is the 'no frills version of economic policy or economic development on the cheap' (Larkin, 2010)

A regional architecture that had been put into place by previous UK national governments is to be dismantled after April 2012, on the basis of three core policy narratives (i) Accountability (ii) Geographical scope (size), and Efficiency and effectiveness (Pugalis, 2011). Regional Development Agencies, Government Offices, Regional Leaders' Boards, and Integrated Regional Strategies are all being dismantled, and some, but not all, of their functions and responsibilities handed over to 32 Local Enterprise Partnerships (LEPs)[2]. Some of responsibilities formally carried out by RDAs and Government Offices such as inward investment, skills, and European funding, are not being transferred in their entirety to LEPs; instead they are being clawed back to central government[3], whereas decision making on housing and planning are being taken back to local level, with Open Source Planning in Neighbourhoods. The 'Big Society', another Coalition policy will give communities greater rights to buy out assets and run their own neighbourhoods. Social and voluntary enterprises are emerging as potential deliverers of public services and facilitators of civic activism, community capacity and cohesion. LEPs (in competition with other bidders) must apply for specific funding from a Regional Growth Fund or lever in private/commercial funds to finance their activities. Furthermore, and to add to already complex sub-national governance arrangements, the Coalition recently announced the setting up of 12 Enterprise Zones in some LEP areas.

These new arrangements present challenges to existing territorial settlements and processes of government, notably because thirty two non-elected LEPs were established. Each one must have 50% of its Board

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[2] Over 60 LEP bids were submitted in September 2010, and announcements on the successful bids have been phased in since then, and a LEP Capacity Fund announced to fund research and other activities to break down barriers (BIS, 2011)

[3] It was recently announced that LEPs will help to monitor ERDF projects, but have no control over the overall regional programmes. Furthermore they will have no power, just a consultative role, in Adult Skills (BIS, March 2011)

membership and the Chair from private/commercial sectors. They also need to have the remaining 50% of the Board made up of local authority, and constellations of other public service and wider interests (service lass), though in reality most have a majority of private and local authority individuals. Hardly any LEPs have individuals who represent societal sectors (third and community/voluntary), but a few have 'auxiliary' agency involvement such as agricultural, university or utility interests (Harding, 1991). Some include elected representatives who were elected as local authority members, but who are delegated to attend the LEP, others are public officials who were delegated to attend on behalf of their agencies, but the business community representatives are a diverse group of self appointed individuals, those identified by central/local government as a 'safe pair of hands', or those representing the dominant business interests in an area (either Chamber of Commerce, CBI, IOD, or FSB). There is no uniformity at all in either private, public or wider interests (auxiliary/third societal) and involvement on LEPs .

LEPs are part of a radical reform of public services, and a declaration by the UK Coalition Government of decentralised decision making to enable local partners to identify their own social and economic development needs and produce appropriate strategies for their locality (the first tranche are a mix of regional or sub-regional level). Researchers at IPPR North, a Think Tank, suggest that LEPs should empower the sub-national level, further social justice, be an important element in a 'functional economic area', as well as being accountable to the locality (Johnson and Schmuecker, 2010) . Rather than creating policy uniformity, and an administrative or policy logic, LEPs have the potential to increase diversity and fragmentation of English governance as they have such a strong inbuilt 'enterprise' or 'business' logic, which is rather different from previous structural reforms. National policy makers, in their attempts to respond to fiscal pressures and changing environmental factors such as maintaining economic competitiveness of ' functional economic areas' have become obsessed with the logic and language of enterprise to solve economic ills. The Prime Minister and senior Cabinet Ministers are also driving a Localism agenda, which may turn out to be quite at odds with the sub-regional arrangements in which LEPs are a central feature.

It is early to say whether service-based or functional interests are re-asserting themselves against territorial identities, or to determine which specific interests will be dominant, but this is an unashamedly business and enterprise growth agenda. There are numerous and unresolved issues as LEPs become an embedded element of sub-national governance, and many are outside the remit of the paper, but they include :-

- -Uncertainties and ambiguities on accountability in new territorial arrangements
- -Conflicts in values and contestation on rules of engagement between partners
- -Problems of co-ordination and strategic coherence
- -Confusion on responsibilities/governance between the different tiers of government/governance surrounding the LEPs
- -Problems on scope, scale and resources for activities

- • -Adding value and transforming innovative practices between sectors ?
- • -Engagement of relevant partners and legitimacy without mandates
- • -Contradictions and dilemmas for local authorities and their communities/citizen
- • -Difficulties in measuring impacts

LEPs as part of a structural reform and a drive towards sub-regional and more localist solutions have, at the time of writing, no mandatory/legal basis so are still part of the existing mechanisms of partnership, inter-municipal agreements and informal co-operation. As such they have an in-built expectation on consensus-building, but as the following quotes from Catalonia and an academic writer in the 1990s show, implementing strategies in spaces between the formal and informal can exemplify risky and fluid power relationships between elites.

'Success does not depend on formal, constitutional mechanisms, it depends on the space occupied between the formal and the informal. The risks you take in that space is what makes a place succeed' (Catalonian Minister for Industry, BBC Money Programme, 13 September 1998)

'without an understanding of power there can be no understanding of politics' (Dowding, 1994: 79-85)

Theoretical framework

Earlier analyses of sub-national governance offered partial and particularistic insights but failed to capture the complexity, fluidity, flexibility, advocacy or internal and external forces. Therefore LEPs, as another example of sub-national governance offer interesting opportunities to draw on political and management theories, because of the unique nature of each 'place' and different elite engagement, though direct comparisons are difficult. The multi-faceted nature of sub-national change and linkages between the levels, require typologies that allow isolation of key elements, and political science and management theories help to further develop the concept of sub-national elite regimes, to understand the complexities and power relationships in 'managing' sub-national space. Cultural, political, historical and external dimensions of change, and micro and macro elements can be incorporated into the analysis to explore how stakeholders 'strategise' in spaces.

Harding (1991) believed that Urban Regimes and Growth Coalitions were on more fertile conceptual ground at local, rather than urban levels, but it is clear that their significance can only be tested with empirical data. Furthermore subtle nuances and informal inter-actions between elites, development of capacities and leadership, cohesion of organisational resources, were located at the

micro levels, whereas regime theorists had restricted analysis to the meso level. Thus concentration at micro-level, though valuable was weakened. It had been usual to explain business dominance by the fact that local government relied on property taxes to redistribute to the disadvantaged; therefore capital accumulation was a prerequisite. The importance of external forces on regime formation had been weakly articulated (Elkin, 1985: 11-27) but regimes can be the mediating factor between external forces and locales (Stone, 1991: 289-298). Stone's three categories of corporate, progressive and caretaker, were challenged because they lacked external focus (Harding, 1991: 300), but coalition building was informal, uncertain, and actors were more concerned with maintaining a regime, than considering countervailing powers (Stone, 1991: 289-298).

In the absence of conceptual clarification, Stoker and Mossberger (1994: 195-212) developed a composite typology to isolate internal and external variables, within a bounded geographical area to facilitate the story of each urban area. Organic, instrumental, and symbolic regimes, with various sub-divisions such as caretaker and progressive were categorised. Goals, motivations, common sense of purpose, internal relationships and congruence of interests, as well as relationships with wider local and national political environment were analysed. An acceptance of decentralisation of state responsibilities, financial constraints and increased privatisation increased complexity and improved public/private co-operation. Urban regimes were characteristically co-operative, had strong collective action and elite co-ordination, in this sense state and non-state elites took on enabling roles to develop mutually beneficial relationships, and business became core to shaping the urban terrain.

Business was categorised as one the three key participant groups with the others being elected officials and community representatives. To these, technical/ professional officials such as local government officials, quango officials or the local agents of central/local government, were added as a fourth category. Stoker and Mossberger's composite typology Appears at **Fig 1.0**

Fig 1.0 Characteristics and defining features of regimes: Stoker and Mossberger (1994)

Defining characteristics	Organic	Instrumental	Symbolic
Purpose	Maintenance of status quo	Project realisation	Redirection of ideology/image
Main motivation of participants	Local dependency	Tangible results	Expressive politics
Basis for common purpose	Tradition and Social cohesion	Selective incentives	Strategic use of symbols
Quality of coalition (congruence of interests)	Political Communion	Political partnership	Competitive

Relationship with environment

Local	Exclusive orientation	Exclusive orientation	Inclusive orientation
Non local	Independent	Dependent	Dependent

NB: There is a diagnostic rule for using the typology, thus 'it is unlikely that any regime will conform exactly to the listed characteristics' and 'may not fit exclusively in one classification because regimes are dynamic so there may be movement between classifications as circumstances change'

The stakeholder concept emerged in the 1960s as a simple but controversial idea, and was popularised by Freeman (1984: 46) and defined as ' any group of individual who can affect or is affected by the achievement of an organisation's objectives'. The ambiguity and indeterminacy of the term led writers to distinguish between the descriptive, instrumental, and normative aspects (Donaldson and Preston (1995: 65-91). The concept had been used mainly in the field of politics, with little empirical evidence to illustrate its economic or social advantages., and had been challenged because it is based on a pluralist premise that a multitude of actors with diverse and competing interests can be ' managed ' by assessing, arbitrating and allocating resources. This created an imbalance between those who are managing and those being managed, implies a hierarchy, and is not always a means of getting from exclusion to inclusion, because it failed to

deal with the structural reality of redistributive conflict between stakeholders' (Froud et al, 1996: 120).

Freeman's 1984 definition is still considered by most scholars to be the classical norm, but six important additional conceptual qualifications can be identified, a legitimate claim on the organisation (Cornell and Shapiro, 1987: 5-14), (Evan and Freeman, 1988: 75-84), (Carroll, 1989), (Alkhafaji, 1989: 61-75, Hill and Jones, 1992: 131-154), formal contracts (Freeman and Evan, 1990: 337-359), direct or critical impact on survival (Cornell and Shapiro, 1987: 5-14), a moral obligation to make decisions for fair distribution of harms and benefits (Carroll, 1989, Langtry, 1994: 431-443, Donaldson and Preston, 1995: 65-91), risk-bearing, either financial or otherwise (Clarkson, 1994).

For Lukes (1974a), pluralists believed that the focus of power was determined by who prevailed in decision-making, or where conflict was observable, but these were inadequate mainly because the structures of decision- making determined the kinds of explanations and outcomes. His three-dimensional model of power identified, (i) overt conflict i.e. A has power to get B to do something B would otherwise not do, (ii) non- decision making aspects, identified by Bacharach and Baratz (1962: 946-952), and (iii) a radical structural view of decisive socialisation processes, in which A educated and persuaded B to accept an assigned role, and conflict was diffused. The latter, more insidious and unobtrusive type of power, or management of meaning allowed power to be retained by dominant interests (Fulop and Linstead, 1999: 125). A fourth, relational dimension of power showed how each partner to the interaction is constrained by roles, contextually specific practices, techniques procedures and forms of knowledge routinely developed to shape the conduct (Fulop and Linstead, 1999: 126).

Observable and non-observable aspects of power are notoriously difficult to discern and secrecy and informality lubricates elite decision-making. Wider social influences are rarely challenged by groups excluded from decision making, and as has already been noted, in the case of LEPs, third sector organisations have been conspicuous by their absence. A recent report showed that despite 'nearly nine out of ten voluntary and community groups interested in being part of LEPs, only 15% had been approached'(Townsend, 2010).

Undoubtedly LEPs capture the flavour of 'the highly fragmented, networked shape of *sub-national* power structures' (Pike, 1997: 3), and exemplify a poorly institutional context , increased non-

democratic input, and a patchwork of governmental and non-governmental elites trying to regulate space (Mawson, 1997). They also confirm earlier views of the significance of business input (Davies, 1995).

The notion of partnerships at sub-national level, despite conceptual difficulties, had become an almost universal or global phenomenon, synonymous with complex policy initiatives to solve problems all over the world (Greer, 2001: 219). Partnership literature uncritically accepted that elites willingly collaborate, and minimised power relationships and history, expectations and in-built professional assumptions, but the inevitable conflict must be managed for effective working (Darwin, cited Montanheiro l et al 1999: 125-138, Diamond, 2001). The size of resources are important, the type of people involved, discretion they have, whether or not the relationships are formal through contractual agreements, or informal and based on trust. Diversity of multi-organisational relationships has led researchers to develop numerous typologies and classificatory frameworks; located on a continuum, with co-operation, as loosely coupled arrangements at the lower end of the continuum, co-ordination located at the centre, and collaboration at the high end (Huxham & Barr, 1993). Very little research had focused on improving partnerships performance and it is rare for partnerships to explicitly evaluate their work. There are 'how to do guides' on setting up partnerships (Vangen and Huxham, cited Mitchell and McQuaid, 2001: 395-496), and processes models (Mackintosh, cited Mitchell and McQuaid, 2001: 395-496). However, despite these toolkits, Robinson and Shaw such partnerships struggled to involve communities as elites traditionally failed to shed or share power, or accept that mature communities can develop their own ideas and implement their own visions (1998: 24-42).

Task forces became a preferred and emergent model of adaptable and entrepreneurial organisation, and they thrived in uncertain conditions, as they developed, dissolved and reconstituted as new needs arise (Pike, 2000: 3). The LEP, business driven model of sub-national governance, with local authority and other state involvement takes much of its philosophy and structure from a mixture of the city-region model and the flexible 'Task Force' model based on a 'trouble shooting' role for elites to tackle sub-national economic/ social decline.

UR Theories offered useful guidance, but because of contested terrain the partnership model developed by Lowndes et al (1997: 333-343) provided a set of criteria for adaptation to other context, in this case a sub-national LEP **(Fig 2.0).** Like earlier writers, Lowndes et al (1997) claimed that the fluidity, diversity and informality made boundary drawing difficult, old decision

making systems became obsolete as new networks emerged. Sub-national governance had been dominated by networks and partnerships so these writers distinguished networks as informal relationships within a distinct mode of co-ordinative governance, whereas partnerships were formal inter organisational arrangements (Lowndes et al , 1997: 340). Differences remain because fragmentation gives rise to questions of legitimacy, accountability and autonomy,

Fig 2.0 Network/partnership model adapted to a LEP

Source: **Adapted from Lowndes et al (1997: 333-343)**

	Network	Partnership	LEPs
Focus	Individual	Organisation	Individual, Organisational Socio-Cultural-Civic role
Motivation	Voluntaristic	Imposed	Mix of voluntaristic and imposed 'safe pairs of hands' Limited mandatory/legal basis
Boundary	Indistinct	Clear	Flexible and adaptable to local circumstances
Composition	Fluid	Stable	Stable over time space. Ad hoc and dynamic, as necessary
Membership	Defined by self and others	Defined by formal agreement	Formal agreement and clearly defined membership Some LEPs include 'service' and 'auxiliary' actors
Formalisation	Low	High	Low until legislation is forthcoming. Primacy given to relational and informal links

Adapting, or developing new models to describe sub-national elite decision making can help to move beyond the narrow emphasis of city government and representative politics to a broader concern on how collective decisions were made through conflict or collaboration, beyond state actors and agencies (Stoker, 1996). Regime theories focused on leadership capacity, partnership operations, who benefited, encapsulated broader agency and civic society into a political economy, to understand how were tasks achieved (Stoker, 1996)[4].

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[4] Four forms of power were discernible, (i) systemic power, or position in the socio.economic system, (ii) command, or social control power to mobilise resources; finance, information, reputation or knowledge, (iii) coalition power through bargaining and negotiation, and (iv) pre-emptive, or the power of social production,

Previous studies in the UK had suggested that business interests were assuming a greater role in growth coalitions, but were still less influential than in the US (Harding, 1991: 295-317, Harloe, 1990: Lawless, 1994: 1303-1324). This weakness of business was seen as a result of a more tenuous tradition of involvement, the leading role of local government, party politicisation of local issues, dominance of professional hierarchies, and limited local tax revenues to fund partnerships (Bassett, 1996:539-555). However, in the 1980s, business interest became prevalent in urban development, and since 2010 LEPs have been afforded a more privileged role.

Most previous adaptations of US theory to the UK were unsuccessful (Bassett, 1996: 539-555) as they identified how the interests of place dependent consortia developed, or derived direct or indirect benefits from urban growth. Typically rentiers, property owners and development companies, worked with local government agencies, the media, trade unions and educational institutions to boost the image of a locale. There is a substantial literature from the US; much of it informed Stoker and Mossberger's later typology (Fanstein, 1995: 34-43, Elkin, 1985: 11-27, DiGaetano and Klemanski, 1993: 137-158). Historically from a UK perspective, it was not inevitable that business would achieve a privileged position, but the early evidence from LEPs and the Coalition's drive for enterprise and business growth indicates that business interest are now taking centre stage in sub-national growth. As this quote from Eric Pickles, the Minister of Communities and LG illustrates:-

'If you want to build a fragile economy you don't strangle business with red tape and allow bloated regional quangos to make all the decisions (29th June 2010, www.communities.gov.uk)

Not one of the 32 LEPs readily fits into any one regime classification, but the framework does facilitate improved explanation of collections of disparate and distinct phenomena. The composite framework is a useful classificatory model to test questions empirically, and in spite of its limitations the concept of a sub-national regime combined with other theoretical frameworks can be used to develop a useful synthesised framework. Drawing upon concepts developed by managerial and political theorists the key characteristics, activities, membership, power-inter relationships and effectiveness of elite regimes can be teased out, as the following sections show.

Coherence of LEP coalitions

UR theory placed considerable importance on the quality or coherence of a regime, and these were sub-divided into (i) political communion; (ii) political partnership, and (iii) competitive agreement. LEPs include business, local authorities and a variety of auxiliary actors, but boundaries are less well defined and motivations more varied. Some display a high degree of congruence, very strong sense of identity, with a common interest in the growth agenda. However a lack of formal mechanisms or institutional frameworks may create difficulties in holding LEPs together, but the strength of multi-agency leadership, the informal interactions and longevity of relationships provide a historical cohesion. Co-operation and morality are underlying principles in leadership, because multi-dimensional co-operation is not a natural act (Barnard, 1938), so social purpose as well as material gain and individual interests are crucial. LEPs have broad agendas, a shared a vision that location was more than profit/investment based activities, and non business elements of community governance were equally important. Co-operation, does not necessarily depend on altruism, personal honour, common purpose, internalised norms, or shared beliefs but in a set of values embodied in an existing culture. Where there is a long history of harmonious multi-agency engagement LEPs have had some early successes, in particular those who were designated as Enterprise Zones, of those capable of successfully bidding from the RGF and Capacity Funds.

Many previous examples of partnership working showed examples of conflict. For example, during the 1990s in Devon and Cornwall, County Councils had to be propelled into collaboration in the interests of attracting inward investors (Stanyer, 1997: 85-89), in the NW conflict arose from environmental and economic development issues. In the NE tensions were overcome by fostering a regional vision and informality lubricated the processes, as the following quote from Sir George Russell, former Chair of NDC, demonstrates:

'in a networked regions such as the NE there is no need for formality' (Business Contact magazine, 1998).

In Manchester, there had been a need to create informality, and inevitably conflicts and turf wars arose (Peck and Tickell, 1994: 57-78) but in the NE, where informal networking was a socially embedded feature of political and cultural life, highly publicised fracas between business and state elites were minimised in the interests of the locality. Sir John Hall famously went to court over Newcastle CC's objection to his new football stadium, Sir Ron Norman had countless battles with

Cleveland CC over property developments, and Karl Watkin, a maverick businessman was denied planning permission for a leisure emporium (Liddle, 2003, PhD thesis).

Party political congruence or communion cannot be assumed on any regime, especially a LEP where members are drawn from different local authorities with different political persuasions, and a fragmented business class representing the interests of varied business organisations. Not all will share the same party political allegiance, if any. Despite party political differences elites share a political partnership based around articulation of locality interests, and energetic lobbying. Elites have bought into a set of strategies to find solutions to, in some cases, perennial and intractable problems, but the overriding objective is to regenerate their locality, and choose appropriate projects to facilitate this. Already there are conflicts even within the business community on LEPs, as the following commentary indicates:-

'Former president of the Birmingham Chamber of Commerce's appointment as the Chair of the LEP has caused fury across other business communities and branded a 'stitch up'. The Chamber will turn into its own little fiefdom because of its cosy relationship with Birmingham City Council' (Findlay, 5.11.2010)

Elites co-operate on the basis of relational contracts, based on trust, mutuality, and collaboration dependent on a series of repeated transactions over the long term (Kay,1993). Despite all contributing to a LEP proposal and set of strategies, in the early stages there were no explicit rules, regulations and formality, because commitment and flexible responses were critical, and achieved by free flows of information. There was also an implicit, rather than explicit understanding that the partners must continue to co-operate in a series of repeated transactions for mutual benefit Kay (1993). As one LEP partner suggested

'Trust had to be built up by all partners. You cannot measure trust in output terms but it has to be there to succeed' (interview)

Local dependency

Stoker and Mossberger found that tangible results such as public support, getting things achieved, advancing careers guaranteed participation in *urban* regimes, and the level of dependency each interest group had on a locale were important factors. Business people were seen to participate for profit, politicians depended on votes, public officials had career motives and community

representatives normally wanted community gains. On LEPs all elites have signed up to improve local conditions, and claim that local dependency is more important than self- interest. It is cautionary to note, however, that interviews do not always reveal true feelings, and actors may be pursuing their individual goals at the same time as furthering the interests of the locality.

Strategies are formulated and implemented to pursue projects aimed at meeting unmet economic, social and cultural needs, even though it would be interesting to examine more deeply beneath the rhetoric and hype to investigate real motives Obviously business people have employment and inward investment uppermost in their minds, and all elites are concerned with their career paths but all LEP members claim to have altruistic motives, and will be pursuing strategies as the next section reveals.

Purpose and objectives of LEPs

In general all LEPs were created to provide strategic leadership by setting out local priorities, and to help to rebalance the economy towards the private sector, as well as creating the right environment for business and enterprise. They had the primary purpose of providing **a** clear vision to drive sustainable private-sector led growth and job creation, and to help foster an integrated approach to transport, housing and planning. They were expected to work ☐with Central Government to set out key investment priorities, including transport infrastructure and supporting or coordinating project delivery in their LEP functional area. ☐LEP Boards were also coordinating proposals or bidding directly for the Regional Growth Fund and for the more recent Capacity Fund to build up research capacity. They are expected to support high growth businesses, for example through involvement in bringing together and supporting consortia to run new growth hubs. ☐Cooperation will be encouraged around industrial clusters, eg the aerospace industry in the North West and South West.

Local BIS teams have been set up in each region with responsibility for a number of LEPs, but with barely 3 or 4 staff team members in each team, and the need to cover many varied and diverse business support activities, their work could be seriously hampered. . Board members of LEPs are also expected to make representation on the development of national planning policy and ensuring business is involved in the development and consideration of strategic planning applications. Moreover they must lead changes on how businesses are regulated locally, as well as work with local employers, Jobcentre Plus and learning providers to help local workless people into jobs.

Strategic housing delivery is a key task, including pooling and aligning funding steams to support this activity, but the capacity to co-ordinate and leverage funding from the private sector is an imperative. LEPs must also explore opportunities for developing financial and non-financial incentives on renewable energy projects and deliver other national priorities such as digital infrastructure.

Spatiality

The Cables-Pickles letter set an ambitious deadline of Sept 2010 for potential joint public-private proposals, which meant that partners had just 70 days to negotiate territorial alliances between stakeholders with a backdrop of local politics, histories of cross-boundary and multi-sector collaboration, business views and the logic of 'functional economic geographies' (Pugalis, 2011:7). LEPs are, by and large sub-national and sub-regional but there are regional LEPs. The different spatial levels are expected to work together in the interests of the functional area but it is up to elites to deal with cross boundary conflicts and work across territorial units. One major problem is the link between LSPs at district and county levels and the exact nature of that linkage. LSPs brought together all key state, non state and societal agencies in a given locality to allocate Neighbourhood Renewal Funds, Working Neighbourhood, Total Place and other funding streams, but apart from the latter, the others are being phased out. The 'Big Society' and 'Localism' agendas are taking over the agenda (contentious as they both are) and the role of LSPs in developing Sustainable Community Strategies is still hanging on by a thread, though without the vital funding streams to maintain their activities, and in the light of public sector cuts, many LSPs are being slimmed down and reconfigured to become either commissioning bodies, productivity panels or whole systems forums for achieving efficiency gains and 'lean' management approaches. Many of the activities of regional agencies such as RDAs, GOs and others will either be clawed back by central government, hived off to other agencies or cease altogether. The Department of Business, Innovation and Skills (BIS) has established Local BIS teams in each region , but each is manned with only 3 or 4 personnel and will be responsible for many business support activities, as well as offering support to LEPs, the business community and local authorities. Numerous territorial uncertainties remain to be explained more fully.

Composition of LEP Boards

Unlike the shallow politics of opportunism found in Manchester (Peck and Tickell, 1994: 55-78) and conflicts in Sheffield (Peck and Tickell, 1995: 16-46), a dominant business class lacking

cohesion (Harding, 1991: 295-317) or the indolent groups only concerned with profit (Cooke and Morgan, 1993: 543-564), the autonomous actors who only act voluntarily to gain wider leverage (Bassett, 1996: 539-555), business elites are also 'political opportunity structures' in which businesses choose an appropriate action repertoire to focus on the critical factors for success, develop frames of reference, mobilise collective support, and broaden appeal beyond the business class (Lipsky,1968: 1144-58). Moore and Pierre (1988: 169-178) proposed that both public and private elites voluntaristically occupy political space created by democratic gaps in governance, and where pragmatism overcame ideology. There are different categories of business representation on the 32 LEPs, as shown at **Fig 3.0**

Group one:	Traditional industrial capital, from the brewing, property, financial, media, sporting and culture agencies.
Group two:	'Bransonian' entrepreneurial capitalists, wealth created over the past 25 years.
Group three:	Executives representing inward investment companies
Group four:	Business groupings (CBI, IOD, Chambers, FSB, Specific Business Groupings)
Group five:	Auxiliary (as defined by Hardy) eg Churches, Media, Trade Unions, agricultural/ports
Group six:	Individuals who would formally have been regarded as public servants, but who now act in a more 'business-like' fashion and are incorporated into business groupings (e.g. CEOs of the Utilities, Universities, Health Trusts, Quangos)-referred to by Morgan in 1998 as the service class.

**Fig. 3.0   Categories of business class on LEPs**

Leadership of LEPs

Leadership is a crucial element in sub-national fortunes, and it is generally agreed that entrepreneurialism in all sectors is beneficial. The need to turn external stimuli into internal responses, and secure collective goals is central to explanation (Bennett and Krebs, 1994: 119-140), but we currently lack a proper understanding of the ways in which business people develop a 'civic consciousness' or the diverse motives that drive people to become involved. Existing

research failed to recognise the complex interplays between state and non-state actors, added to confusion in spatial entities, by describing partnerships some with similar objectives, operations and personnel, others with quite different compositions and objectives but increasingly overlapping (Wood, Valler and North: 1998:10-27). In Manchester local business leadership had limited autonomy because of wider economic and regulatory relations, and a language of growth not matched by reality (Peck and Tickell, 1994: 57-78), whereas in Bristol, 25 main activists led by John Savage, CEO of a local company ensured that social and economic goals prevailed (Bassett, 1996: 539-555).

Public leaders (political and agency heads) had always been drawn into elite activities to legitimise activities, purposes and rationale, and LEPs appear to be no different in that respect. Uncertainties and ambiguity in policy directions means that business elites need to work alongside public leaders to clarify, and help to adapt policies to local needs. As the context and space for collective action enlarged, state and non state elites have sought to increase their autonomy, and indeed have been granted privileged access, to act through a grapevine, informality and loosely coupled arrangements *such as LEPs* (Kanter 1994: 96-112).

Fig 4.0 Leadership of LEPs
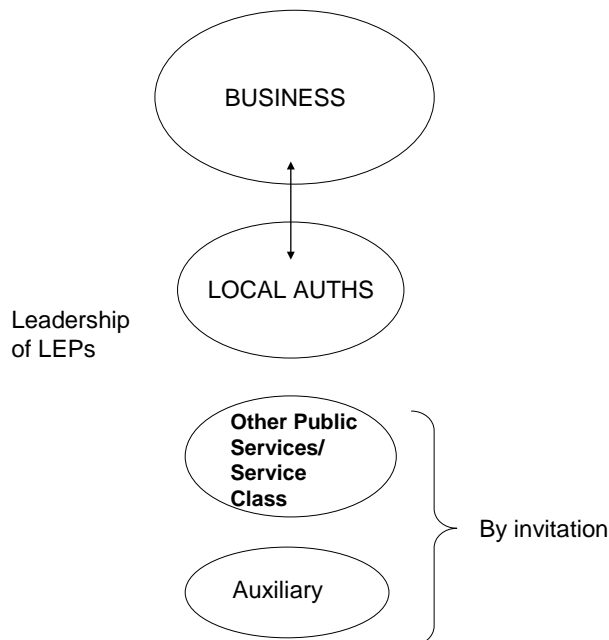
Governance and Legal basis

The governance and formation of LEPs was not predetermined by central government, except that they were expected to exemplify collaboration between business and civic leaders, normally including equal representation on the Board, and there was a strong steer to work closely with universities and further education colleges. Central Government made if clear that they had no intention of defining LEPs in legislation, instead they would be 'loosely coupled' and collaborative arrangements, with constitutional and legal status a matter for the partnership. . The Board was required to have a prominent business person as Chair and 'sufficiently robust governance' structures and proper 'accountability' mechanisms in place for delivery. The key criterion for governance was that each LEP would be structured to meet local circumstances and opportunities.

Strategic decision- making and symbolic/project realisation

Despite the fact that each LEP Board submitted a LEP proposal outlining their proposed strategies for growth, many elites are pursuing very different and innovative approaches. Indeed the uncertainties and ambiguous mandatory guidance has left a vacuum for entrepreneurial action to fill. Flexibility had been crucial in formulating and elaboration of strategic agendas, drawing on organisational resources and information to implement chosen strategies. At the same LEP boards need to manipulate symbols and images of growth to foster an ideology of transformation. They are all pursuing a growth led strategy, as expected in the agreement from BIS/CLG to establish the LEP. No agreed definition on strategy in either private or public sectors had been established, and differences exist between the sectors despite strategic planning being used successfully in the public sector (Dodge and Eadie, cited Bloom, 1986: 235-259). There are continuous problems in applying private sector ideas in public sector environments, but Danson and Lloyd (1992: 46-54) advocated a more 'strategic approach' to growth suggesting that strategy at *regional* level can guide lower levels and act as a co-ordinated, coherent and responsive framework. The words 'strategies', 'plans', 'policies', and 'objectives' are often used interchangeably in either public or private settings (Bennett, 1996), but it is likely that the strategic approach adopted by LEPs will follow a business model of strategising. The fact that each LEP is chaired by a business representative and the emphasis is on economic growth ensures that commercial and enterprise agendas will be followed. The demise of the regional architecture and the sub-national, city region, 'economic functional ' focus leaves LEPs as the 'strategic' unit for determining local needs.

LEP Early Activities

As already explained in the section on purpose and objectives, central government is expecting LEPs to carry out wide ranging activities to improve their localities, and many are at the early stages of identifying and developing new projects and programmes. In the first few months following the announcement of the successful LEP bids/ proposals, most LEP Boards concerned themselves with establishing Board membership, allocating roles, creating structural and governance arrangements, drawing in relevant personnel, assessing resource allocations, bidding for Regional Growth Funds and Capacity Funds, as well as applying for Enterprise Zone status. They are also expected to develops suitable and robust accountability mechanisms, and some are relying on the help and assistance of newly formed Local BIS teams and what remains of personnel from RDA and GO teams in this transitional phase. That being said, there is evidence ass shown at **Fig 5.0** of other activities being carried out (and these will grow as LEPs evolve, develop research capacity and lever in resources/assets)

Fig 5.0 LEP Early Activities

Leadership and unanimity of purpose: integration of transport/planning/infrastructure
Stimulate growth hubs and industrial clusters
Lever in private sector investment, bids for RGF, EZ, Capacity Fund
Use of strategic techniques-Drawing on Strategic Intelligence and environmental scanning.
Focal point for FDI and skills (or will this rest with CG?)-seems likely.
Research and capacity building.
Links with external world (lobbying)
Links to other LEPs
Linking SMEs/ inward investors to support agencies (Local BIS)
Links cultural, artistic, sporting to economic development objectives.
Linking different spatial levels.
Aligning urban and rural needs
Minimise sub-national and inter/intra-regional conflict.
Facilitate information flow from BIS/CLG/HM Treasury/Cabinet Office
Pooling resources/assets
Facilitate networks and rotation of cross-agency/sector personnel .
Foster prominence of elites
Create Task Forces, when necessary
PR role and image change
Ideas exchange forum
Identification of Projects/ Programmes for Growth
.

Resources/Assets

LEPs predecessors, the RDAs, were an expensive policy intervention. Between 1999/2000 and 2006/7 they spent £15.1 bn, and in the 2010 financial year they were due to spend £1.7bn, according to BIS and this was reduced by "270m as part of the Coalition's £6bn in year efficiency savings and the pessimistic view is that they won't be getting much, if any monies to spend in addition to existing local authority budgets (Larkin, 2010).There is no anticipation that LEPs will

have RDA assets transferred to them, and existing RDA property and land may be sold off. LEPs are expected to leverage in private sector investment, and all had the opportunity to bid for pots of money from the £1.5m Regional Growth Fund and a LEP Capacity Fund (though for the former they were told that no preferential treatment would be forthcoming, given that LEPs would be in competition with other potential agencies/mix of agencies. No central government funding will be made available for day to day running cost, but the LEP must be legally incorporated to take on any assets or deliver contracts. Some pre-existing Whitehall contracts may be handed to LEPs on a 'case by case' basis, but this will be dependent on having the necessary governance and legal structure to enable them to do this.

On the issue of LEP funding, the Director of the IOD (Institute of Directors) said:-

' LEPs will need small amounts of money to identify local and regional development needs through research because the lack of cash will make them reliant on Local Authorities to provide advice on local infrastructure needs. Without cash, priorities will be diverted away from economic development towards a Local Authority agenda' (IOD, 28.10.2010)

They have limited funds and a remit, but are not yet intended to provide a set of Statutory Planning Authorities as substitutes for Regional Spatial Strategies, which are needed if the entire planning system is to continue (Townsend, 2010) and there are considerable uncertainties and potential risks as the Coalition plans to recalibrate sub national responsibilities (Pearce, 2010)

Performance Management and Accountability

This is the main area where there is considerable ambiguity and confusion about how LEPs will operate. Thus far, limited information has been released from central government regarding management, monitoring and measurement of the performance of LEP activities, apart from some vague instructions that they must have robust governance and accountability mechanisms in place. We are promised that these issues will be contained in forthcoming legislation, but it is still far from clear who or which body will carry out internal or internal inspection of activities. The creation of LEPs was accompanied by an announcement that Audit Commission[5] and the National Performance Regime would be abolished (including with the whole panapoly of Local Area

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[5] Audit Commission is still under threat, but has had a stay of execution with debates raging in Parliament on whether the NAO has the capacity or the will to work alongside District Auditors to measure and monitor public service performance. Added to this LGA and LGID have challenged Local Authorities in particular to develop their own 'outcomes frameworks' in collaboration with citizens

Assessments, Comprehensive Assessments, and some Multi Area Agreements), Local Strategic Partnerships are to change focus (although they still have to produce a Sustainable Community Strategy for each locality) with some becoming commissioning bodies, other reconfigured into productivity panels, while others will take on a 'whole systems' approach aimed at improving efficiencies across all public services in an area .

The Local Growth White Paper (2010) and Localism Bill(2011) embodied ideas on the 'Big Society', Prime Minister Cameron's core elements of a long term radical reform of the way in which public services are designed, delivered and measured (Liddle, 2010). Localism is regarded as essential to improving public services by devolving power to communities and stripping out government control. Under the new legislation local authorities have a new 'general power of competence' and new freedoms and flexibilities, whereas communities have new rights and powers to challenge decisions across a whole range of policy areas (DCLG, 2011). The legislation is designed to invigorate local communities and to 'disperse power, adapt decisions to local circumstances, and innovate to deliver services more effectively and at lower cost' (Greg Clark, Minister for Decentralisation, 2010)

Local Authorities are still 'responsible bodies' for allocating what were formerly regeneration and other monies emanating under previous LSP regimes (Neighbourhood Renewal and Working Neighbourhood Funds) , but it is very unclear how they will administer funds under a 'Big Society' agenda. Furthermore, there are very tenuous links between LSPs and LEPs, and without clarity embodied in legislation, the lines of accountability between local citizens-Local Authorities-LSPs-LEPs are confused. The potential demise of Audit Commission, the dismantling of the National Performance Framework and the 'unknowns' on LEP accountability mechanisms and performance measurement means that we can only speculate on the future. Perhaps the ideas embodied in the 'Big Society' and 'Localism' agenda might also be applied to LEPs, and the Coalition may suggest that they develop their own 'outcomes frameworks' and that they could be accountable to any number of bodies or citizen forums. Without the necessary guidance and legislation, conjecture is the order of the day. Legislation is promised, so this may clarify a very confused governance picture.

Power/influence between stakeholders

In the absence of legislation, it is clear that LEP Board members have no 'real' legitimacy to act on behalf of either civic society or the 'locality' or 'place' , as their activities are relational rather than contractual, and the level of direct and indirect involvement varies between programmes/projects. For some activities LEP will act as the commissioning, rather than the delivery body so they may exert influence rather than power. This will rather depend on the governance and accountability mechanisms put into place. It will also depend on how their performance is measured, and by whom?

From a moral basis, which guides behaviour, elites on LEPs (in theory, at least) are acting on behalf of the locality, and claim to have a social rather than financial gain as their main motive. Regularity of participation in decision making, the profile of actors and the ability to harness resources depends on many variables, not least legislative/mandatory or other obligations. Financial risk will be a consideration because, although resources committed to LEP activities are not of a personal nature, the lack of **real** funds means that they must harness tangible (private and public funds, staff, premises) and intangible (knowledge, information, stakeholder management, capacity to lobbying) resources to achieve their strategies. They must also seek legitimacy for their actions.

The balance of direct and indirect power/interest will change over time, as will the elites involved and specific projects/programmes identified. Some elite stakeholders remain powerful in some circumstances but become less powerful at other times. The unity, diversity, alliance or rifts between stakeholders changes in line with circumstances, and level, nature and frequency of communication impacts on strategic direction. The LEP regimes will be sustained by their exclusionary nature, but they do have to maintain unity of purpose and frequent contact between elites, if survival is to be guaranteed.

Specific events can often trigger stakeholder formation (Johnson and Scholes, 1993, 1997), and already evidence shows that in the short life of LEPs key critical incidences and formal/ informal inter-connections have galvanised elite support for strategic aims. Rhetoric and symbolism are used to remove obstacles to change and to convince detractors that a particular course of action is not only necessary, but vital. These activities legitimise activities and each LEP is developing symbolic projects appropriate to local needs.

Elites may have overt executive power (those who have proved themselves the most powerful in fulfilling contracts or doing their duties), reputational power (the degree of respect they command) or cultural power (transmitted through ideas, active persuasion, through values, and codes of conduct that prevail). Elite agency representatives s also use the media in their own way to achieved credibility, or notoriety, in some cases, and as **Fig 6.0** illustrates they have either high, medium or low power .

Indicators	Business	Local Authorities	Other Public Agencies	Auxilliary Universities/Media/ Utilities	Third sector and VCS/Community Stakeholders
Observable DM	H	M	L/M	L	Nil
Past Performance	H	H	H	M	Nil
Accessibility to info expertise/ Knowledge	H	H	H	L/M	Nil
Profile at sub-national level	H	H	H	L	L
Control over/links with external word	H	M	M	L	L
Involvement in key DM forums	H	H	M/H	L	L
Closeness to strategic DM	H	H	M/H	L	L
Informal links	H	M	M/H	L/M	L
Control over internal/external resources	H	M	M	L/M	L
Mandatory role/legality	L	H	L	L	L
Freedom to choose	H	H	M	L	L
Power Legal/rational traditional/Historical charismatic	H	M	L	L	L
Resource capacity	M	M	M	L	L
Knowledge/ skills	M	M	M	M	M
Status	H	M	M	M	L
Discretion	M	M	M	M	L

H = High M = Medium L = Low

Fig 6.0 Power matrix of LEPs

Gomes and Liddle (2010) proposed a five sided model of stakeholder influence which can be applied to the LEP strategy and decision making process, as shown at **Fig 7.0** to include:-

- The Limitation cluster (who has the power to limit actions of LEPs?)
- The Collaboration cluster (which interactions with partners influence strategy?)
- The Inspection cluster (who are LEPs accountable to?)
- The Orientation cluster(who sets the main agenda of LEPs?)
- The Legitimacy cluster (how democratic are LEPs ?)

Five-sided stakeholder influence model
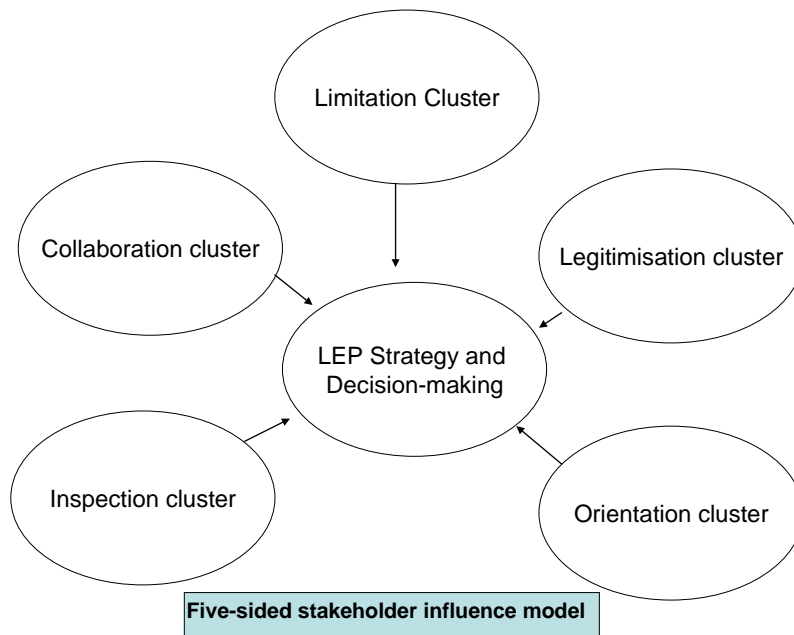
Fig 7.0 Five sided stakeholder influence model

In individual LEP Board decisions, there are a few other considerations, as shown at **Fig 8.0,** such as:-

- Key strategy developers and agenda setters
- Facilitators-Individuals who possess skills and technical know how
- Performance measurers (internal and external to LEP)
- Controllers of resources and technical expertise
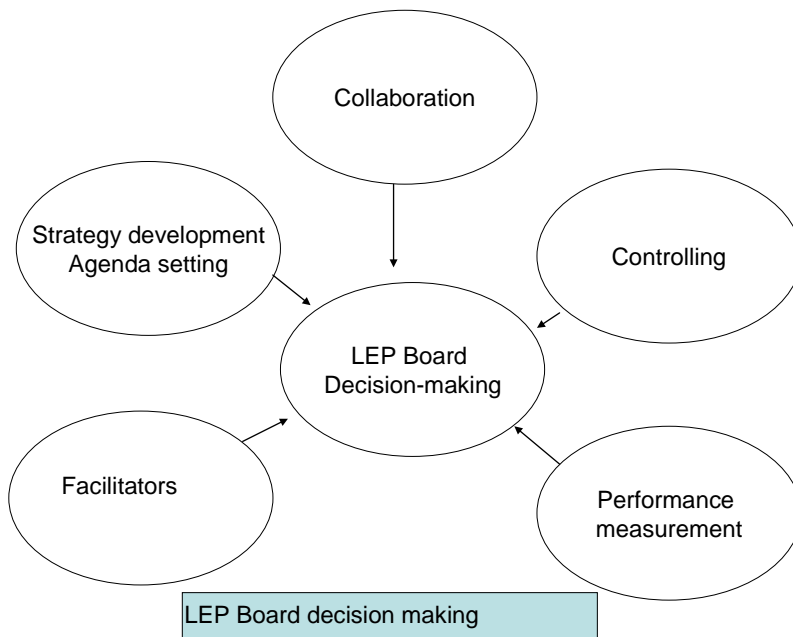- Collaborators on delivery

LEP Board decision making

Fig 8.0 LEP Board decision making

In **Fig 9.0** the main LEP activities are shown

LEP- Main activities

Fig 9 LEP Main activities

The power to limit the actions of LEPs (limitation cluster) is initially held by the Coalition government, and the Ministers of BIS and CLG, as they were responsible for determining whether or not a LEP should be created. Moreover, until (and whether) LEPs are able to lever in private

finance they are dependent on Regional Growth Fund, Enterprise Zone and Capacity Fund monies, if successful, and any asset transfer from RDAs. There is an expectation that each LEP Board will seek to draw on other agency resources (state and non state) but there is no guarantee that these funds will be available. This rather depends on how well the relationships between agencies develop and hoe easy it is to coordinate a variety of different funding streams. The collaboration cluster is perhaps the most well developed of all influences on LEP activities, due mainly to the fact that in many sub-regions multi-agency actors have now long established relationships within economic development. Despite the usual turf wars between local authorities, and the different styles of operating between state and non state agencies, many local authorities and other public agencies have established good working relationships. As explained earlier, the inspection cluster is perhaps the most ambiguous and vague influence on LEP activities and one that will be clarified once legislation is enacted to show how they are accountable and measured on performance, both internally and externally. In line with the Coalition government's expectation, business is afforded a privileged role on LEPs and the business growth and enterprise agenda has been firmly set, though there is an expectation that business will work harmoniously with local authorities and other public/service and auxiliary agencies. The Legitimacy cluster is very problematic indeed as LEPs are 'loosely coupled' entities somewhere on a continuum between a partnership and a network. Most of the elites on LEPs are self appointed, and not elected by anyone. LEPs therefore sit outside the democratic system of electoral politics, and as such are not subject to the same democratic control as elected politicians.

Strategies and agendas have been set by the Board of LEPs, and of course the composition of LEPs varies between different sub-national localities across England. In some cases the business voice dominates; others display more harmonious state and non state relationships and strategies have been agreed by consensus; and in some auxiliary elites/service elites have been allowed to influence the agendas/strategies. Nearly all LEPs are served by officers from the collaborating local authorities or chambers of commerce, who are able to draw on relevant skills, expertise and technical know how from across the partnership. Most LEP proposals indicate that the Boards will commission delivery agencies to carry out specific projects, although until there is some clarity on funding, they may have to draw on the partnership agencies for delivery of existing or proposed programmes.

Conclusion

This paper has used an adapted form of URT and Stakeholder Analysis to seek to explain the evolution of a new form of governance (LEPs) across sub-national functional economic areas across England. It has examined how coherent and locally dependent these bodies are, and in addition to governance, power and influence between stakeholders, it has considered the significance of purpose and objectives; composition; leadership and strategy; performance and accountability; activities; resources and assets, and symbolic project realisation.

LEPs are 'loosely coupled' pragmatic arrangements that encourage locally contingent solutions for localised problems, and this new localism is an attempt to devolve power and resources from the central state to sub-national partnerships and structures to deliver what works (Coaffee and Headlam, 2007) However, they are deficient in democratic terms, as well as lacking real power and capacity to exercise any serious influence on the state apparatus (Geddes, 2006), but rhetorically at least they are an espousal by the Coalition government of bringing state and non state actors together in localities to identify priorities and effect economic/social and cultural transformation. The lack of explicit funding and the expectation that private capital can make up the shortfall in state funding of services restricts their capacity to be effective. LEPs as regimes of 'autonomous , self-organising governance networks', part of the mix of market, hierarchy and network of contemporary governance are deeply problematic and flawed arrangements, because they need to harness a host of tangible (private and public funds, staff, premises) and intangible (knowledge, information, stakeholder management, capacity to lobbying) resources to achieve their strategies. They must, above all else, seek the necessary legitimacy for their actions. Leadership of 'place' presents challenges across policy and spatial boundaries, not least the lengthy and complex supply chains, vertically between different tiers of governance, but also horizontal spheres of influence across, and between policy arenas. Seeking legitimacy for actions and drawing together various policy agendas should be aimed at building confidence in 'places'. Any escalation in social problems has the potential for greater conflict/unrest, so leaders' decisions need support from those people affected by decisions. Building trust is perhaps the greatest challenge faced by leaders, with so many groups still excluded from political processes (Liddle, 2010: 657-664)

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