

The New Local Enterprise Partnerships

Response of the Association for Consultancy and Engineering

1. Summary

- 1.1. The Local Enterprise Partnerships (LEPs) should have a strong focus on business and job creation, improving the economic, social and environmental prospects for their local areas.
- 1.2. LEPs should also support the achievement of strategic national objectives, and should demonstrate that their work supports national needs, including encouraging growth outside of London and south east England.
- 1.3. LEPs should be encouraged to engage with other localities in order to learn from other areas' experiences and absorb best practice.
- 1.4. A National LEP Forum is one potential mechanism for fostering coordination between LEPs. Such a body would have a highly focused remit and be made up of high level representatives of all LEPs, but should not unduly impede the ability of LEPs to act in the best interests of their local areas.
- 1.5. The new LEPs are likely to experience the same problem that affects the existing Regional Development Agencies, namely that businesses would regard their boundaries as arbitrary political divisions. "Porous" boundaries could be established, with some local areas participating in multiple LEPs should they choose to do so.
- 1.6. The structure of the new LEPs could be modelled to a degree on the existing Local Economic Partnerships, with amendments to reflect modern needs and challenges.
- 1.7. Lay members of the public should be considered for election to the boards of LEPs, although business representatives should take at least

half of all seats.

- 1.8. Public accountability could be strengthened by involving communities in the steering of LEP work streams, local referendums on the performance of LEPs, regular public engagement, and locating LEP secretariats within local authorities.

2. The functions of the new Local Enterprise Partnerships

- 2.1. ACE believes that the LEPs should exist to:

- Improve economic, social and environmental prospects for their respective local areas; and
- Contribute to the overall economic, social and environmental prospects for the UK as a whole.

- 2.2. There should be a strong emphasis on boosting employment and business opportunities as part of this.

- 2.3. To do this, ACE believes that they should:

- Facilitate sharing of capacity, knowledge and best practice in areas such as procurement and service commissioning. The aim should be to improve the way in which products and services are procured in order to derive best long-term value;
- Be incentivised to engage with other authorities and organisations beyond their local areas in order to widen knowledge and understanding; and
- Be clear about how their local agendas contribute to, and impact upon, national and pan-area strategic needs.

- 2.4. The willingness and ability to share knowledge between areas will be vital in making these arrangements work both in the local and national interests. LEPs should be encouraged and supported – and incentivised, if necessary – to learn from each other and incorporate established good practice. This will reduce the risk of resources being wasted in reinventing solutions that have already been found.

3. Co-ordinating roles between LEPs

- 3.1. The degree of coordination required – and the types of issue that are likely to arise – depend on the overall roles and remits of the LEPs. The current Regional Development Agencies have common remits and responsibilities, but choose to address the needs of their regions in different ways.
- 3.2. Should the new LEPs be designed to be responsive to the specific needs of their local areas in a way that is meaningful, and if responsibility is to be given to local areas to develop as they see fit, then there will inevitably be instances of overlap in activities between LEPs.
- 3.3. However, one of the government's stated objectives is to encourage economic growth outside of London and south east England, particularly through the new Regional Growth Fund. A degree of coordination to ensure policy success and accountability to the taxpayer will therefore be necessary.
- 3.4. Fostering an attitude of collaboration between LEPs will be important in achieving cohesion. A simple way of doing this would be to establish a national LEP Forum, comprising of senior representatives of each LEP. The Forum would be given a well-defined scrutiny role, and be tasked with examining and addressing issues of compatibility between LEP strategies.
- 3.5. The role of the Forum would be restricted to some key areas so as not to unduly limit the LEPs' ability to act on behalf of their local areas.
- 3.6. An alternative approach would be to encourage the establishment of working groups between neighbouring LEPs to address issues of common interest. These could be similar to the multi-authority commissions established by the Association of Greater Manchester Authorities.

3.7. Given sufficient authority and buy-in from local authorities, this structure could help to reduce the risk of disagreement between LEPs on fundamental topics. However, a positive attitude of collaboration and engagement on the part of local authorities will be essential if LEPs are to co-ordinate their activities effectively.

3.8. If a steering body was not felt to be desirable, then a support network could be established as an information resource for LEPs, similar to the existing Knowledge Transfer Networks. The Local Government Association or similar organisations could take the lead on this.

4. Co-ordinating regional strategy

4.1. ACE regards a clear, coordinated approach to policy and strategy as essential, particularly for encouraging investment in infrastructure and low-carbon technology. Private sector investors and businesses tend to look for clear market signals.

4.2. The interface between local and national strategy is, therefore, key to the success of the new LEPs. Discontinuities between national and local priorities risk discouraging investment and inhibiting economic growth.

4.3. The location of boundaries between LEP areas will become an important point for discussion. At present, products offered by local authorities and existing Regional Development Agencies – such as grants and support services – are only available within well-defined areas. Those businesses located outside of the relevant geographical area are excluded, no matter how close they are to the geographical boundary.

4.4. Businesses tend to regard this as a somewhat arbitrary limitation, which the government has recognised as part of its criticism of the existing Regional Development Agencies.

- 4.5. There may need to be clearly-defined spheres of influence for each new LEP, so that businesses and local authorities are clear about the LEP under which they operate. This is particularly important to ensure efficient administration of the Regional Growth Fund.
- 4.6. However, issues of disenfranchisement would likely arise irrespective of how the boundaries are drawn up. Arranging the LEPs around local authority boundaries, for example, would probably not address the perception that services were being delivered according to arbitrary political divisions.
- 4.7. In some cases it may be possible to establish “porous” boundaries between LEPs, so that local authorities could participate in more than one enterprise zone. This could be particularly pertinent in areas such as the outer boroughs of London, which may see their economic futures aligned both with central London and their neighbouring counties.
- 4.8. Thus, the boundaries of an LEP would vary depending on the support programme concerned. In areas where LEPs overlap, businesses could choose to partner with the LEP that best matches their ambitions and direction.

5. Structure of the LEPs

- 5.1. There are several existing examples of how the new LEPs could be organised. These structures could potentially be scaled up to operate on a multi-area basis. A common theme of each grouping is a blend of stakeholders that bring together business leaders, local authority officials, third sector organisations and relevant public sector organisations:

- **Adur Economic Partnership¹**

This grouping of businesses, education and public sector organisations was established in 1994. It is a membership organisation established

¹ http://www.theaep.co.uk/about_us.html

as a limited company. AEP has carried out a number of functions including developing the business section of the Adur Community Strategy. AEP is governed by a board of ten directors and four co-opted members. All directors submit themselves for re-election, by rotation, every three years.

- **County Durham Economic Partnership²**

Also established in 1994, the County Durham Economic Partnership works through a partnership structure with representation from a range of sectors and key stakeholders within the county plus representatives from government agencies and the private sector. Durham County Council provides a secretariat to manage the implementation, monitoring, evaluation and review of the County Durham Economic Strategy.

- **Norwich Economy Round Table³**

Norwich City Council established an Economy Round Table as part of its Local Strategic Partnership. The role of the Round Table is to take an overview of the needs of the local economy, consult local businesses and take action to meet needs that are unmet. Members include representatives of district councils and Norfolk County Council, universities, businesses and relevant public sector organisations (e.g. Jobcentre Plus).

5.2. While organisations such as those listed above could form the basis of the LEPs, there would probably need to be some changes to reflect the challenges of the present and the future.

5.3. As mentioned earlier, if the LEPs take the lead in the new Regional Growth Fund then there would need to be clear lines of public accountability. This would help to reassure taxpayers and Parliament that public money was being invested wisely.

² <http://www.countydurhampartnership.co.uk>

³ http://www.norwich.gov.uk/webapps/atoz/service_page.asp?id=1398

- 5.4. Public accountability could be strengthened by having councillors or lay members of the community elected to the boards. These could be by direct election or elected through the participating local authorities.
- 5.5. Accountability could be further enhanced by locating the secretariat for each LEP within a local authority and giving the participating local authorities a scrutiny role.
- 5.6. The blend of organisations represented would be key. Business representatives should receive at least half of the seats, with some room reserved for representatives of business associations. Local authority and community representatives would be included, as above, along with the education sector.
- 5.7. Local referendums could be useful in gaining public approval for the LEP's work, although ideally the general public would be fully involved in the formation of LEP policy and activities from the outset. Regular opportunities for the public to interact with the LEPs will help to foster a sense of community engagement in local economies.

6. **About ACE**

- 6.1. ACE represents the UK's consultancy and engineering industry. Its 650 member companies collectively employ more than 100,000 people and contribute approximately £10 billion to the UK economy annually.
- 6.2. To discuss this document in further detail, please contact:

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