

LEPs: the story so far

A survey of 51 Local Authorities by CommunitySense (Part 1)

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Introduction

About this research

In July 2010 CommunitySense launched a research project to investigate how Local Authorities intend to progress the development of their LEP. The research identifies current priorities, key concerns and assesses how the transformational potential of LEPs will be harnessed.

More than 50 senior regeneration professionals from county, unitary and district councils participated. This short report provides an overview of initial findings together with comment and analysis from iQ.

Local Enterprise Partnerships (LEPs)

Local Enterprise Partnerships will replace regional development agencies. LEPs are described as “joint local authority-business bodies brought forward by Local Authorities themselves to promote economic development”

The Coalition Government is seeking outline proposals from partnerships by 6 September.



iQ is the research and market intelligence division of regeneration consultancy CommunitySense. iQ provides in-depth assessment and analysis for regeneration professionals, drawing on primary research to improve understanding and encourage a course of action.

This report can be downloaded at www.communitysense.co.uk

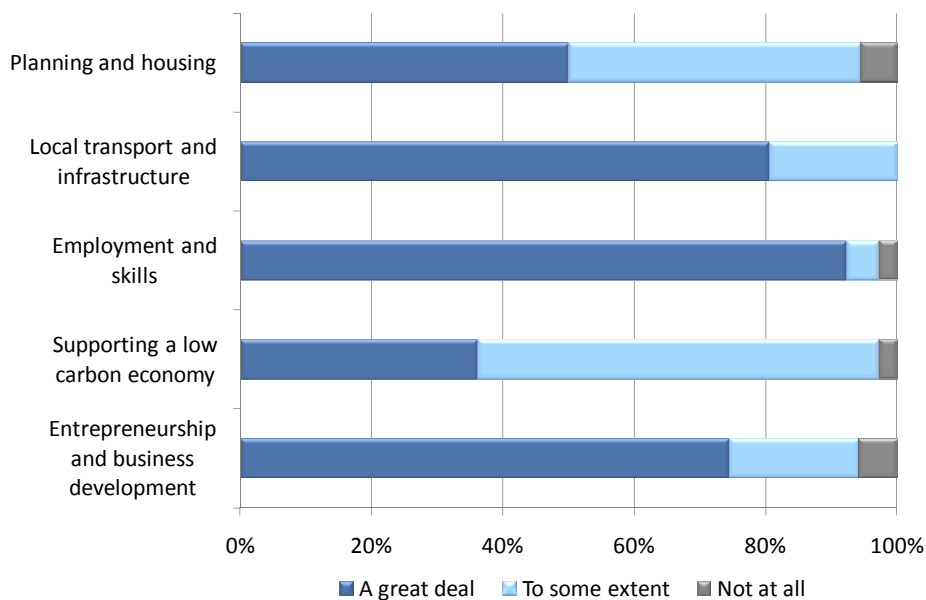
Research findings at a glance...

1. Most LEPs will be formed from existing partnership structures, but there are concerns about compatibility between different Local Authorities and linking to area-based strategies.
2. There is a strong appetite among Local Authorities for the LEP to lead inward investment activities in its area, support for which could help promote the Localism agenda.
3. Local Authorities are enthusiastic about the transformative potential of innovative partnerships with the private sector, but many expect brokering business involvement to be challenging.
4. Anticipated engagement of the third sector at a strategic level is low. Results suggest that there is a need to explore the role and potential added-value of the third sector in LEPs.
5. Defining a robust vision for each LEP and setting clear measures of success for economic renewal are seen as priorities.
6. There is a desire for LEPs to perform a strategic leadership and enabling function, with less focus on direct delivery.
7. LEPs need to achieve an optimum size. Securing sufficient critical mass whilst ensuring the LEP remains locally accountable will be a key consideration when determining the final membership structure.
8. LEPs will need to be economically competitive, using available resources to support a multi-disciplinary scope, facilitate a credible inward investment role, and understand and predict latest market trends to inform new policy.
9. Targeted support during the development stages will help partners achieve maximum impact with finite resources.

Role of LEPs: key focus

CommunitySense comment: Local Authorities want the LEP to adopt a strong enterprise focus including supporting employment, skills and business development. There is evidence of innovative thinking around securing short and long-term economic benefits through a portfolio of cross-cutting activities, including inward investment, but there appears to be less strategic emphasis placed on supporting a low carbon economy

What key issues should your LEP focus on to meet the economic priorities in your area?



Source: CommunitySense

Enterprise

LEPs are intended to play a central role in creating the right environment for business and economic renewal. Not surprisingly, most Local Authorities want the LEP to adopt a strong enterprise focus, including employment and skills and entrepreneurship and business development as key priorities.

Of particular interest is the intention of several respondents to implement a portfolio of cross-cutting activities to secure tiered outcomes. For example, complementing long-term economic growth via planning, housing and infrastructure, with short-term wins through successful inward investment.

Infrastructure

Local Authorities recognise the importance of continued investment in productivity-boosting infrastructure. Over 80% of those sampled identified local transport and infrastructure as priority focus issues for their LEP, in both urban and rural settings. Government should ensure that LEPs have sufficient scope to drive development in these areas to support local economic renewal.

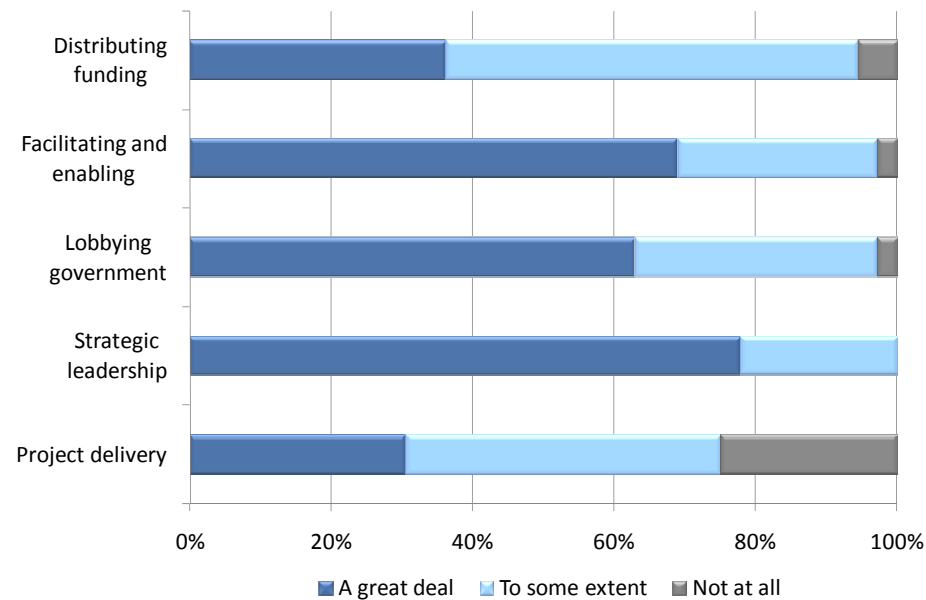
Low carbon

A third of respondents consider supporting a low carbon economy to be a priority issue for the LEP. Arguably, this is lower than may be expected and could suggest there is uncertainty among Authorities as to how this would yield tangible gains in economic renewal in their area. The LEP process provides a significant opportunity for Government to show how supporting a low carbon economy can contribute to local economic sustainability and growth, which could include additional guidance for partnerships.

Role of LEPs: core functions

CommunitySense comment: There is a clear trend towards LEPs performing a strategic leadership and enabling function, with a lesser focus on delivery-type roles. Guidance should be issued to support Local Authorities and their partners establish a robust vision for the LEP, with the freedom to tailor a strategy for economic renewal particular to their area. Enabling LEP partners to determine the type of regional coordination they choose to support and inward investment activities they can lead would add value to the LEP process and promote the Localism agenda.

What core functions do you want your LEP to perform?



Source: CommunitySense

Vision and coordination

LEPs need to set out a clear vision and strategy for economic renewal in their area. A relentless focus on growth that is rooted in realistic objectives and backed-up with defined measures of success were identified as vital to ensuring the long term effectiveness of the LEP. The vision should also articulate private sector aspirations and form the foundation for the role of businesses as accountable partners.

Our research identified an appetite among a majority of Authorities for some form of strategic regional approach to coordinate business support and inward investment activities undertaken by different LEPs. Effective coordination will rely on robust relationships between LEPs from different sub-regional areas as well as with any regional coordinators.

Strategic

Strategic leadership, facilitating and enabling and lobbying government are considered to be core functions of the LEP. Such functionality will be essential to provide the necessary direction and stimulus needed in hard-hit areas.

Several respondents also expressed a desire for the LEP to promote sector development, including coordinating market intelligence activities, in order to best inform strategic regeneration planning across the sub-region.

Inward investment

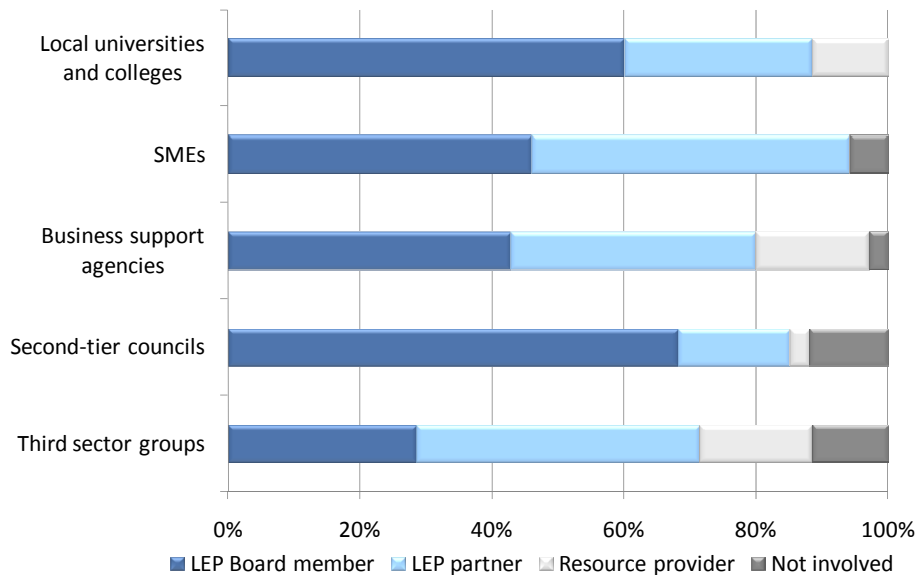
Several respondents indicated wider aspirations for the LEP to play an active role in delivering inward investment 'on the ground'.

Defining a remit for the LEP that supports inward investment activities could serve to crystallise historic efforts of Local Authorities and RDA inward investment teams that have encouraged business expansion and reinvestment, whilst also promoting the Government's Localism agenda by allowing inward investment activity to be led locally.

Governance of LEPs: representation

CommunitySense comment: Local Authorities recognise the need to engage with a range of key groups in order for the LEP to stimulate growth and capitalise on opportunities afforded through the Regional Growth Fund. However, perceptions about the type and level of engagement with third sector groups differ significantly, highlighting the importance for the LEP structure to remain flexible to the nuances of each area. Results suggest that there is a need to explore the role and potential added-value of the third sector in the LEP model.

How would you want the following groups engaged in your LEP?



Source: CommunitySense

Engagement

Local universities and colleges were broadly seen as being central to addressing enterprise and skills development issues in an area, and all Local Authorities would seek to engage them in the LEP.

Over 95% of respondents want to engage business support agencies in the LEP. This can present valuable opportunities to broker links with the wealth-generating private sector through close partnership working with organisations including Chambers of Commerce. Other agencies, such as the Federation of Small Businesses, offer a practical means to secure SME input in the LEP - businesses which were widely recognised to be major contributors to their economy.

Context

Of particular interest are the perceptions of Local Authorities with respect to the role of the third sector in the LEP. Less than a quarter of respondents wanted Board membership for third sector groups and 11% would not want to involve the third sector at all. This raises interesting questions about both the perception and strategic presence of social enterprises and CVS groups in supporting the economic renewal agenda. More work may need to be done to highlight the added value the third sector can bring to LEPs.

Representing business

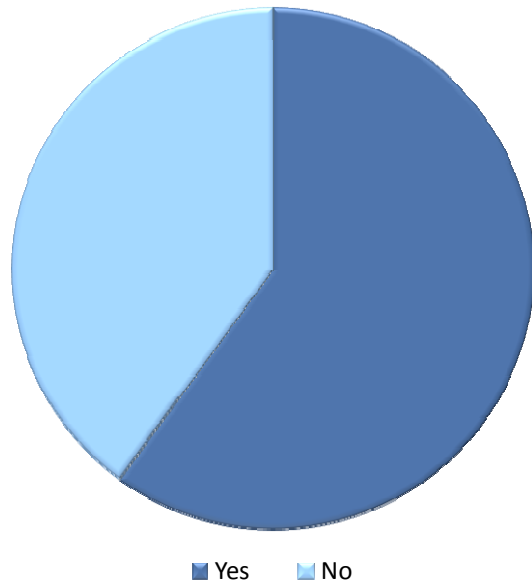
Respondents were asked to indicate their preferred level of business representation in the LEP. Again, feedback varied considerably, ranging between 20-75% of total membership. The average business representation was just over 50%, which is in line with Government aspirations for LEPs to rebalance the economy towards the private sector.

This result helps to illustrate the motivation detected among a number of Local Authorities around the transformative potential of innovative partnerships with the private sector, which can drive economic growth and prosperity, and through the right structure, can ensure partners are accountable at a local level.

Governance: challenges

CommunitySense comment: Our survey has identified that a majority of Local Authorities anticipate challenges in engaging some groups in the LEP, in particular, brokering private sector involvement. Local Authorities should consider liaising closely with business support agencies that have established relationships with the local business community.

Do you anticipate any challenges in engaging the groups listed above, in your LEP?



Source: CommunitySense

Engaging businesses

The majority of authorities recognised discrete issues likely to affect engagement with key groups in their area. Notably, 44% of respondents expected to experience difficulties in engaging the private sector, and a number of authorities acknowledge long-standing challenges to effective business engagement.

This result highlights the potential significance of having business support agencies represented, including Chambers of Commerce and FSB, which are well placed to broker private sector input into the LEP.

Difficulties

Feedback returned from the Authorities surveyed suggests that most recognise engagement of key groups can be aided where the LEP sets an inclusive vision for economic renewal and growth, backed by objectives that cross-sector partners can sign-up to.

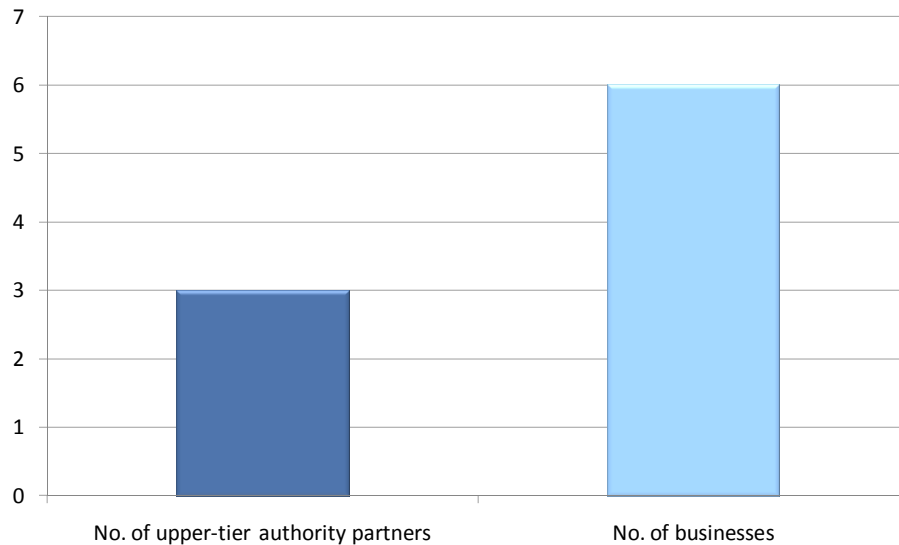
Our survey identified that respondents are realistic about the potential pitfalls of partnership development and the need to identify and overcome any conflicts of interest at the outset, especially where existing partnership structures are to be incorporated into the LEP (see page 7).

A number of Local Authorities stated that they are keen to avoid over-prescriptive direction as to the type of structure and form of the LEP membership in order to optimise working relations with Authorities, local business community and other key players in their area.

Size of LEPs

CommunitySense comment: LEPs need to operate at the right scale. The optimum size of the LEP is likely to be very specific to an area, and something that can be best determined by Local Authorities and their partners. Securing sufficient critical mass whilst ensuring the LEP remains locally accountable and action-focused will be a key consideration when determining the final membership structure.

How many of the following partners do you anticipate being represented on your LEP?



Source: CommunitySense

Structure

Local Authorities readily acknowledge that LEPs need to operate within an optimum size. Managing the size of the LEP as well as its focus will directly impact on the overall effectiveness of the measures eventually taken to reinvigorate the sub-regional economy.

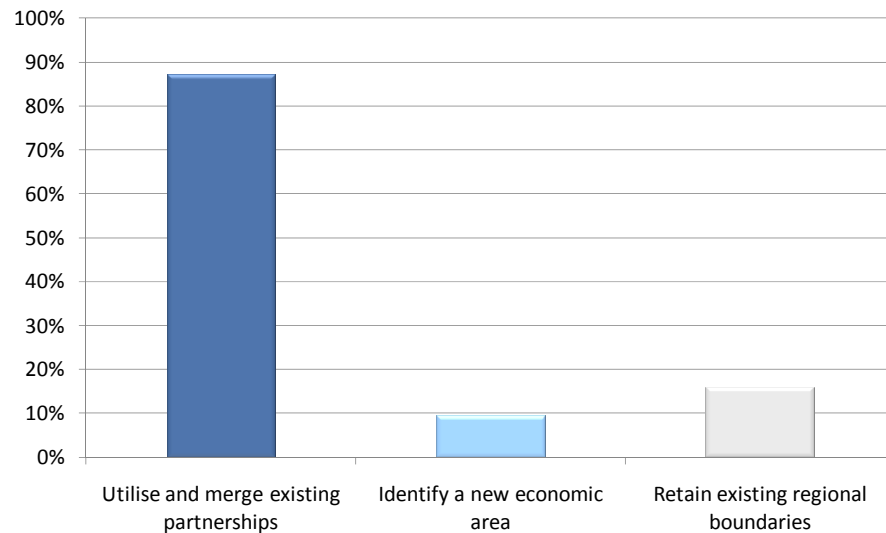
It will be important that authorities and their partners ensure that the LEP has sufficient critical mass without being overburdened by substructures, and remains accountable at a local level. The preferred number of upper tier authorities within a LEP varied between 1 to 7, with an average of 3. Similarly, the preferred number of businesses varied between 5 to 15, with an average of 6, giving an average authority:business ratio of 1:2.

The result further highlights the commitment of Local Authorities to engaging a high proportion of businesses in the LEP, despite concerns about challenges in brokering private sector involvement.

Going forward: approach

CommunitySense comment: Over 87% of Local Authorities sampled were preparing to utilise and merge existing partnership structures to support LEP development. Examples include MAA cross-boundary frameworks, economic partnerships and multi-agency business and employment initiatives. Given the prevalence of this approach, coupled with a demand for some form of regional coordination between LEPs, it will be important that partners assess how well they are capturing the transformational potential of their LEP – attracting new partners and fresh thinking to challenge and invigorate approaches to economic renewal and stimulating innovation in nurturing growth, locally and regionally.

Which of the following best describe how you intend to develop a LEP?



Source: CommunitySense

Existing partnerships

Commitment among Local Authorities to existing partnership structures was generally sound. These were broadly felt to reflect the local economic geography, with fewer than 10% of respondents stating they needed to identify a new functional economic area for the LEP.

Utilising and merging existing partnership structures in the LEP can be faster and more straightforward than developing a new and untested infrastructure, and enables Authorities to capture the existing momentum of working partnerships and avoid the risk of duplicating other area-based initiatives.

Our research identified that those Authorities with existing economic partnerships were most likely to not anticipate difficulties in engaging key groups, especially where sustainable private sector commitment has already been successfully brokered. Such partnerships could be presented as useful learning sets for other Authorities.

Regional advantage

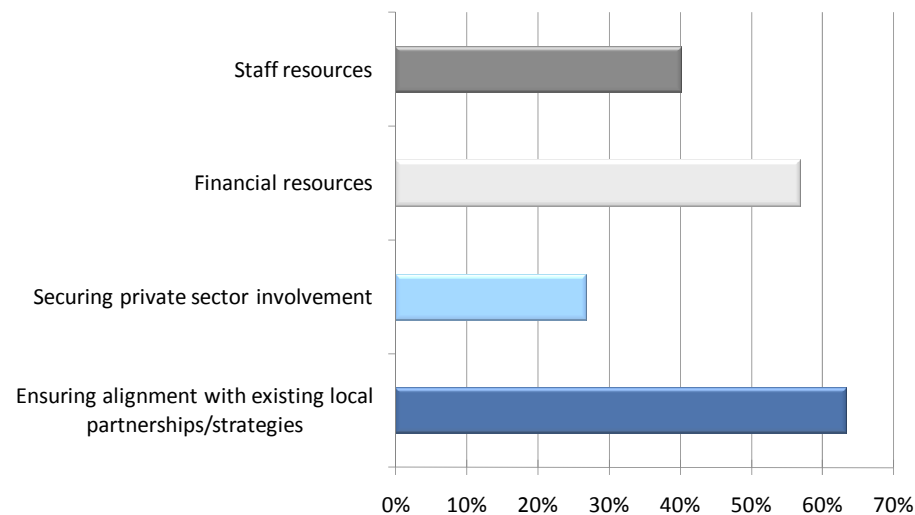
Whilst only 16% of respondents wanted to retain existing regional boundaries to help develop the LEP, many authorities expressed a desire to see regional coordination of LEP-driven inward investment activity and continued marketing of the regional advantage.

However, our research identified that perceptions about retaining a regional presence vary considerably between Local Authorities in different parts of the country. Where some Authorities would prefer a light-touch regional advocate of LEPs, other authorities were more inclined to seek a distinct regional structure allied to LEP activities across neighbouring sub-regions.

Going forward: barriers

CommunitySense comment: With the vast majority of LEPs likely to be formed from existing partnerships, many Local Authorities express concerns around compatibility issues with neighbours and linking to area strategies. There are concerns about resourcing. LEPs themselves will need to be economically competitive, using available resources to support a multi-disciplinary scope, facilitate a credible inward investment role, and understand and predict latest market trends that can inform new policy.

What are the potential barriers to your authority in developing a LEP in your area?



Source: CommunitySense

Strategic alignment

Two thirds of respondents view aligning the LEP with existing partnerships and strategies as a significant potential barrier. Some specific examples provided include:

- Concerns about a lack of economic allegiance with nearby larger urban centres;
- Potential incompatibility issues with neighbouring authorities; and
- Defining the value of the LEP that is meaningful to all cross-sector partners.

It will be important, therefore, to ensure strategic complementarity between individual LEP partners and sub-regional economic objectives if sustainable growth is to be achieved.

Resources

Both staff and financial resources were identified as significant potential barriers to LEP development. Providing LEPs with support during the development stages will help to ensure partners can set realistic objectives that will achieve maximum impact with finite resources. This will be vital if LEPs are to perform the strategic support function favoured by a majority of Local Authorities.

Private sector

Although many Local Authorities surveyed identified difficulties in engaging businesses in the LEP, only 27% of respondents actually consider securing private sector involvement to be a barrier to developing the LEP overall.



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