

SHARED INTELLIGENCE



Local Enterprise Partnerships Will Growth Happen?

Patrick McVeigh | Shared Intelligence | July 2011

Context



- LEPs operational in most parts of England – 36 LEPs covering 95% of the country
- LEPs vary hugely - different histories of working in partnership & different levels of capacity
- There are lots of demands on LEPs – locally, from commentators & from government – but not all of these demands are suitable for all LEPs
- LEPs are not like-for-like replacements of RDAs – most importantly they do not have the resources
- Significant decrease in funding available - what is available is smaller, piecemeal & more short-term
- LEPs need time to establish formal structures – but are already under pressure to deliver economic development **now**

Different kinds of LEPs



LEPs based
on existing
partnerships

LEPs based
on new
institutional
arrangements

Single
county LEPs

City Region /
MAA's

Completely
new
partnerships

The Broad Challenge



Approval of LEPs is only the beginning:

LEPs must now prove that they can be effective working partnerships that *lead* the economic development of local places

However:

Must also avoid the danger of *mission creep* and *avoid being reactive* rather than forward-thinking. This is especially important given that fewer resources will constrain the ability to act

What have LEPs been doing?



Some examples:

- Finalising staffing, structure and governance
- Capacity fund proposals
- Leading and supporting RGF bids
- Developing enterprise zone (EZ) bids
- Operational planning
- Building relationships with other LEPs
- Creating and deepening ties with local businesses

Resourcing – an opportunity and a challenge



Funds

- RGF
- European Funding
- Property and Regen Fund
- BIS start-up & capacity fund
- Heritage Lottery fund

New funding instruments

- Enterprise Zones
- TIF
- CIL
- Retention of business rates

Pooling Resources

- Sharing services
- Prudential borrowing
- New Homes Bonus

Private Sector

- Private sector contributions
- BIDs
- In kind contributions

Resourcing – utilising a range of resources



Ease of access ↑



BIS Start-up and capacity fund



Prudential Borrowing



Sharing services



Enterprise Zone



RGF



European Funding

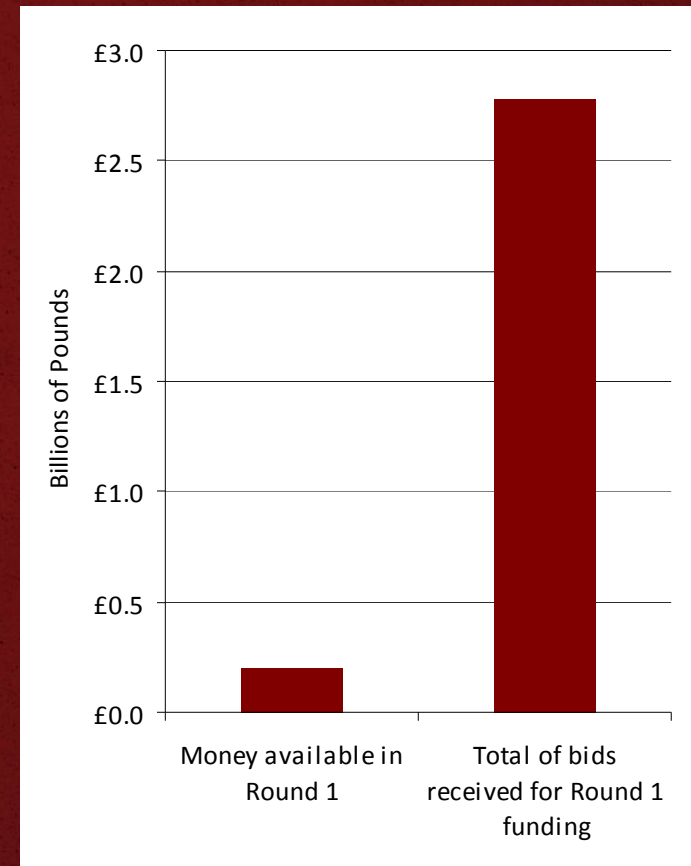


→
Size of resource available

Regional Growth Fund



- RGF is a £1.4bn fund operating in England from 2011 to 2014 available to public & private sectors
- Round 1 heavily oversubscribed - winners typically struggling (northern) areas and large private sector investors
- Suggested that 75% of bids were not state aid compliant
- Round 2 commenced on April 12th with deadline of 1st July
- Round 2 funding is higher but again oversubscribed with 1000 bids received
- Further third round envisaged to use remaining funds but same caveats will apply



Enterprise Zones



- EZ status given to 11 areas and bids invited for a further 10
- Bids must be joined up and led by LEP
- Benefits of EZ:
 - Business rates holiday for firms for 5 years
 - Business rates uplift retained in the LEP area for 25 years – allows for forward financing of needed infrastructure
 - Support for roll-out of high speed broadband
 - UKTI support for inward investment
 - Support for simplified planning
- Deadline for bids was 30th June and 29 bids received
- There is a real need for bids to deliver quick returns. This is **not** traditional regeneration
- Will this be enough to stimulate significant growth?

Rescent Work



Local Government Improvement and Development

Resourcing Local Enterprise Partnerships

A discussion note

By February 2011, a total of 31 LEPs have been approved by Government and more are likely throughout 2011. The Partnerships are expected to provide the clear vision and strategic leadership to drive sustainable private sector-led growth and job creation in their area. However, they have not been provided with much in the way of resources to carry out this ambitious task.

Given the scale of public spending cuts, the LEPs have no real money and will have to come up with some innovative and largely untested ways of funding both their running costs and their project activity if they are to make any impact on their local economies.

This paper has been prepared by Shared Intelligence for Local Government Improvement and Development and is a contribution to a continuing discussion on the issues. It demonstrates how LEPs are responding to the resourcing challenge and what ideas and lessons are being learned from other LEPs in England and elsewhere.

CONTENTS

1. What are the LEPs' resourcing needs?
2. First Challenge - How will LEPs fund their operational costs?
3. Second Challenge - How will LEPs fund their project programmes?
4. Conclusions

Annex - Funding options for LEP interventions

Local Government Improvement and Development

LEPs: Leadership and Governance

A discussion note

By February 2011, a total of 31 LEPs have been approved by Government and more are likely throughout 2011. The Partnerships are expected to provide the clear vision and strategic leadership to drive sustainable private sector-led growth and job creation in their area.

The government has stipulated that LEPs will be 'business-led'. However, this has not been defined and this should be achieved other than that suggest that LEP boards should have equal representation from business and civic leaders, and be chaired by a prominent business leader. This raises a number of leadership and governance issues for LEPs. These issues are explored in this paper.

This is one of three discussion papers prepared by Shared Intelligence for Local Government Improvement and Development (LGID), part of the Local Government Group. This paper is based on a review of LEP interviews with business representative organisations, 20 local officials leading the development of their LEPs, and government officials with responsibility for LEPs.

CONTENTS

1. Introduction.....
2. What does 'business-led' really mean?.....
3. Do the attributes required to lead a LEP differ from those required to lead other local organisations?.....
4. What roles will LEP board members play and what does the composition of LEP boards?.....
5. If form follows function what governance arrangements are needed for LEPs?.....
6. Conclusions.....

Local Government Improvement and Development

Working with the Private Sector

A discussion note

By February 2011, a total of 31 LEPs have been approved by Government and more are likely throughout 2011. The Partnerships are expected to provide the clear vision and strategic leadership to drive sustainable private sector-led growth and job creation in their area.

The private sector is expected to have a central role in the work of LEPs and equal representation from business and civic leaders. Businesses will drive economic growth - with private investment, and strong local leadership. However, a closer working relationship with the private sector raises challenges as well as opportunities for LEPs, and this paper explores a range of important issues that require discussion and consideration.

This is one of three discussion papers prepared by Shared Intelligence for Local Government Improvement and Development (LGID), part of the Local Government Group. This paper is based on a review of LEP interviews with business representative organisations, 20 local officials leading the development of their LEPs, and government officials with responsibility for LEPs.

CONTENTS

1. What is the role of the private sector in LEPs?.....
2. What types of business leaders are involved in LEPs?.....
3. How are business leaders being engaged?.....
4. What are the keys to effective partnership working?.....
5. Moving forward: conclusions.....

Key issues for Local Government



- New ways of working, pooling resources & expertise, rethinking delivery of economic development services
- Working across boundaries to deliver sub-regional programmes of activity
- Setting real priorities across LEP area & agreeing phased approach
- Engaging with the private sector & establishing effective working arrangements
- Leading at different spatial levels within LEP's & across LEP boundaries

Key issues for Business



- Ensuring that time and resources invested in the LEP are productive & that business views drive the LEP's activities
- Ensuring that debate turns into practical actions & outcomes
- Minimising bureaucracy & maximising transparency in decision-making
- Ensuring that actions contribute to the economic success of the area & continued investment in the local economy
- Maintaining momentum & continuing to attract new private sector partners into the LEP

Moving forward



1. Focus on a small number of real and realistic priorities
2. Work to align and pool resources before looking at what external resources might be available
3. Ruthlessly focus on agreed priorities and where there is a real chance of getting something done
4. Act as effective advocates for the LEP area on those issues that are important but where the action is longer term and/or with others



CLEES thoughts...

- Serious attempt to 'upgrade' nation's enterprise performance?
- Gain commitment of local businesses to fostering enterprise
- Working with the grain of the market...accelerating performance: Market failure/Market opportunity?
- 'Sign-off planning of Enterprise Zone strategies and funding bids. Ensure economic, social and environmental benefit?
- Linking LEPs to other areas: EU regions, PCTs, other LEPs...
- CSF: Getting things done, short-term quick wins; and long-term outcomes

Working Together



1. What are your aspirations for the LEP?
2. How do you want to work together - What are the practicalities of this?
3. What should be different about how you work together?

10 minutes discussion on each question

Brief feedback on each issue

Resourcing & Delivery



1. What type of business plan is required and what must it contain?
2. What scope is there to align existing activity – how will this happen?
3. How will you work with the private sector to support them in the LEP agenda?

10 minutes discussion on each question

Brief feedback on each issue

Influencing Others



1. What will it mean to work in partnership and how will you work together to maximise your influence?
2. How will you seek to influence government and what resources will this require?
3. How will you communicate and engage with wider stakeholders and businesses?

10 minutes discussion on each question

Brief feedback on each issue