



Centre for Local
Economic Strategies

bulletin

The CLES checklist for developing Local Enterprise Partnerships (LEPs)

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The last couple of weeks have seen a flurry of announcements about the future of economic governance across the UK. What is certain that far from being “orderly”, the closure of RDAs and the development of LEPs will be volatile and most certainly will bring much of the current regeneration and economic development to a halt whilst people work out where best to position themselves and their organisation. CLES has been thinking about the implications of LEPs and has come up a checklist of key questions which might be useful for your burgeoning LEP to consider.

The CLES checklist

- **How does your LEP fit with existing governance arrangements?** In many of our city region areas, we have some robust governance arrangements which have worked well to support economic development through effective relationships and networks. In many cases, the LEPs will simply involve a renaming of these existing structures. For other areas, where governance structures are less clearly defined, the LEPs may provide an opportunity to do things differently and provide space for new types of relationships and alliances. The question for these localities is to how LEPs will evolve from the existing structures and how will they use the opportunity of new transport and housing powers.
- **Does everyone bidding get a LEP and what happens if we don't?** Related to the last point, around LEPs potentially favouring those localities with existing city or sub regional governance arrangements, is the concern for those localities which do not have those arrangements. The fact that the LEP process is that of a bidding kind suggests that some localities will lose out. A question localities which 'lose out' may well be asking is how to utilise the bidding process to ensure cross boundary relationships stick informally without the formality of the LEP. There also remains a question as to exactly what LEP status brings and whether it is worth bidding for in the first place.

- **What powers will LEPs actually have?** RDAs since their inception in 1999 have had a fair degree of flexibility and power to shape economic development activities in their regions. Shaped by a stream of economic strategies these powers have included responsibility around inward investment and business support. With these functions being centralised in the early days of the Coalition Government, the question is exactly what will the LEPs have responsibility for? Will the rhetoric around sub-regional skills, planning and transport powers bear fruition through LEPs?
- **Where will the funding come from to develop and run LEPs?** The letter from Eric Pickles to local authorities inviting them to establish LEPs mentions bidding for funding – presumably to the new Regional Growth Fund. However there will probably need to be funding provided from local authorities themselves to get the LEP up and running. Given the spending constraints upon local authorities at the moment and particularly amongst policy and strategic functions, there is likely to be a degree of 'goodwill' required from authorities in their preparations and bidding for LEPs. Even once a LEP is in place there is no guarantee at present that funding will be aligned to enable economic development and other activities.
- **At what scale should LEPs function?** The current structure of economic governance in the UK is complex. Historically we have operated on a model using local authority boundaries or collaborations of local authority boundaries as yardsticks for economic governance. Very rarely have we seen cross regional or natural geographic examples of economic governance. The drive towards LEPs potentially provides localities with the opportunity to think beyond boundaries and consider projects which are of strategic importance to growth and development.
- **What exactly is the role of business?** In the whole debate around LEPs we seem to have forgotten a crucial element of Eric Pickle's letter which suggests that LEPs are to be collaborations between the public, commercial and social economies, with the commercial economy in the chair. In putting together the bid for LEPs, this potentially presents a challenge in localities where relationships between the public and commercial economies are less developed and where there is a lack of a commercial sector representative body.
- **Are LEPs radically different to things in the past?** For CLES, LEPs should not just be a re-hash of existing economic partnerships and MAAs. They are radically different with a much greater emphasis upon growth and the role of the commercial economy. The key emphasis of LEPs will be upon unlocking investment monies, upon innovation and growth, and upon bending export markets.

What should prospective LEPs do?

There are many different ideas about LEPs flying about at present with some seeing them as a replacement for the RDAs, albeit with more accountability, whilst others view them as an opportunity for cross authority working within regions. Some areas like the North East are talking about having a range of LEP structures at both the regional and local level. Whilst deciding the merits or otherwise of LEPs from a local authority point of view, there are a number of important issues they should be exploring as they prepare to submit proposals to Government.

- **Use existing LEAs and Work and Skills Plans as the evidence base.** There has been a great deal of activity at a sub regional level to develop Local Economic Assessments and Work and Skills plans. This work should not be disregarded but used as a critical evidence base to inform the strategy for the new LEPs. LEAs will also potentially answer questions around the most effective economic geographies for LEPs. There is also potential within LEPs for economies of scale in some functions, one of which is economic analysis. LEPs are therefore a vehicle for more effective sub-regional economic intelligence.
- **Engage with the business community.** Like the RDAs it is anticipated that a business sector representative will be in the Chair for the LEPs. Local authorities therefore need to start the

process of engaging with the business sector and identify who the key commercial sector players are likely to be in the economic future of their locality.

- **Set out the priority list of powers you want.** The letter around LEPs from the Minister has come with no formal guidance as to what they should include or indeed what bids should include. This is positive. It gives local authorities the opportunity to innovate and take risks. The LEP bid should outline the key powers you want for your locality in line with the Government's ethos of localism. As a pre-cursor to this request for power, LEPs should consider the freedoms and flexibilities already in place through existing governance arrangements such as the LAA and MAA.
- **Remember the RDA still has time to run.** Prospective LEPs should look to align their bids to the proposed activities of the RDAs for the next 12-18 months. Whilst £270million has been top-sliced from the budgets of the RDAs in the budget there are still valid programmes and projects in operation. LEPs should assess the relative merits of continuing these at a locality level as part of their LEP.
- **Think about cross-LEP linkages.** Economic development activity increasingly cuts across sub-regions. An example of this is the Northern Hub rail network. LEPs therefore need to not only consider issues of sub-regional importance but also engage with neighbouring LEPs to discuss cross-LEP linkages.

If you would like to discuss the issues discussed in this bulletin in further detail or have further questions or queries, please contact CLES on 0161 236 7036.

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