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## Abstract

This commentary piece seeks to outline the case for a ‘whole place’ approach to progressive economic development. It discusses how Local Enterprise Partnerships can expand their foci and considers the challenge for them of meeting social objectives. Local Enterprise Partnerships are not currently constructing coherent policy approaches to economic growth aspirations and social justice considerations. They offer an opportunity to enhance interplay between and within the commercial, public and social sector functions of the economy. It is through developing networks and relationships that Local Enterprise Partnerships can enhance resilience, and generate synergy to develop innovative solutions to socio-economic challenges. Universities and social enterprises are the exact sorts of organisations which are needed to support Local Enterprise Partnerships to ensure that these networks are given full consideration and representation in the strategic planning of local economies. The role of small-to-medium enterprises in delivering whole place economies is also important, and their views should be feed into strategic decision making at the local level, as arguably they have greater stakes in whole place economies. In conclusion, those Local Enterprise Partnerships who lead the way by embedding the social sector into their working practice will create the most sustainable economic and social benefits.

## Keywords

local economic strategies, Local Enterprise Partnerships, social and economic inclusion, social enterprises, social justice, social sector

## Introduction

The third anniversary of Local Enterprise Partnerships (LEPs) is upon us. It is timely to review how LEPs have evolved through their infancy and the effects they have created for local growth; what can we celebrate? LEPs are an interesting experiment.

Regional Development Agencies (RDAs) were abolished in mid-2010, with LEPs rising from their ashes to purportedly

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surpass their role through public-private partnership, efficiency savings and efficacy gains. The rapid deconstruction of RDAs was a clear signal from the new Coalition Government that they considered the regional tier irrelevant and that the local (or sub-regional) level was to be the new structure for driving forward economic growth. There are now 39 LEPs covering 100% of England (House of Commons, 2013).

LEPs are voluntary arrangements between local authorities and businesses, operating at the local level, intended to determine local economic priorities and strategies. The social sector is notable by its lack of presence in these structures. The social sector in this case refers to the voluntary and community sector organisations which operate outside of the commercial and public sectors. Reflecting the ideological approach of the Coalition Government, LEPs operate separately from central government and represent devolution of power and responsibility to local areas. Though LEPs might have consolidated a confusion of ambiguous governance structures, new confusion has been created due to their perceived lack of clear direction (McInroy, 2011; McInroy et al., 2013; and Tomaney et al., 2012). At best, LEPs have spent the last three years simply replicating traditional economic development vehicles, their primary foci being growth, competitiveness and investment. This approach fails to consider the value of social growth to a healthy and progressive economy. In our view, local economic priorities and strategies must adopt a ‘whole place’ approach, marrying local economic and business success with social growth and social sustainability. A local economy must work for all people in it.

This article seeks to underline the argument for a ‘whole place’ approach to progressive economic development, discussing how LEPs can expand their foci and adopt this approach towards creating a

prosperous and healthy economy. This is a commentary piece which considers the challenge of meeting social objectives for LEPs, exploring issues around effective and robust community engagement. There is a need for a strong commitment to social and economic inclusion as an intrinsic part of economic growth. This commentary discusses how a new economic narrative might be constructed, considering how the voluntary, university and social sectors can contribute to a progressive economic strategy, and how LEPs might engage with these organisations.

### **Stating the case for embedding social growth in LEPs**

LEPs are currently failing to construct a coherent policy approach to economic growth aspirations and social justice considerations. It is unclear how LEPs currently have scope to take forward policies which secure benefits for both businesses and citizens. There is no positive or causal relationship between economic or physical development and social benefits in local communities, so this deliberate consideration through strategy is necessary if social growth is one objective of economic growth (Hall, 2012).

To ensure an inclusive economic future, LEPs must consciously and deliberately form and work towards ‘policies which support local economies, business growth and private gain, but simultaneously, strengthen[s] local economic infrastructure, build[s] enduring social and civic institutions for the future and help[s] in the aim of providing a decent standard of living for all’ (McInroy et al., 2013: 3).

The whole place approach which is required must be established at the national level to create ‘the effective context to a progressive sub national economic future’ (McInroy et al., 2013: 4). Without strategic support for a progressive economy, LEPs are likely to continue to focus on that

which has been done before and which seems comfortable, rather than constructing innovative and creative solutions for whole places. An enhanced focus on social growth is not to undermine economic growth or its necessity for the local economy – this is to support it, to enhance it and create a sustainable prosperity which benefits all people in the economy. Social growth is the other side of the coin. If government seeks to ameliorate long-standing imbalances in fortunes across different local and regional economies, it must set out the frameworks and support, through LEPs, for a focus on social growth alongside economic growth.

Where traditional economics focuses on land, labour and physical capital, theory has evolved far beyond this. A more rounded and contemporary approach considers human capital (education, training and health) as having some value to the economic picture as well as social capital (relationships, networks and social structures). Yet the evolution of economic thinking seems poorly mirrored in contemporary structures holding responsibility for local growth. LEPs primarily focus on traditional economic measures, though perhaps with some links to education and training, for example in support for apprenticeships. Placing value only on some aspects of the system is to the detriment of social and less tangible aspects, which can only lead to the development of an unbalanced, unsustainable and unhealthy economy. LEPs must adopt a whole place approach to local development to increase overall prosperity.

Whilst the role of LEPs does not appear concrete, it is important to consider the opportunities they present for developing more progressive local economies. Enterprise should work to support local places, which include *both* the harder, financial aspects of growth *and* social measures. One would presume that public sector involvement in LEPs would promote this, though that of course depends on the

particular drive of the local authorities involved. If LEPs are responsive and act in the best interest of the whole local community (not just the business community), they have the scope to develop their own strategy which can work towards a whole place approach. LEPs certainly have the gravitas to make these emphases through their own programme of activity should the boards decide this is the route they wish to take.

### **The challenge of setting and meeting social objectives**

LEPs are not organised to meet any particular social objectives; there is no overarching strategy which determines this. With individual LEPs determining a singular focus on the ‘hard’ end of development, the most promising route for social benefits to be gained though their operation is through engagement with social enterprise.

Social enterprises can add a rich dynamic to economic development, as they focus on achieving a wider range of objectives than conventional businesses. They foster social and environmental innovation, are ethical in their motivations and are accountable to their employees, consumers and communities. (Social Enterprise Commission, 2010: 3)

Social enterprise is currently viewed as just one element of the commercial sector by LEPs, a view which creates specific conditions for their mutual engagement. Due to their own private-sector-heavy composition, LEPs are very comfortable engaging with the private sector. The lines of communication are already open to those sections of an economy considered to be the ‘wealth makers’.

LEPs are therefore much more likely to engage with social enterprise than they would with comparable institutions from the third sector, as these fit more neatly

within their experience and conceptualisation of growth. However, whilst LEPs may on the surface appear open to engagement with social enterprise, what we have seen so far is a preference for engagement with strategic partners and organisations; social enterprises in their infancy and with less financial clout may seem much less attractive for partnership working. The risk with thinking about social enterprise as merely a section of the commercial sector is that the wider community benefits of social enterprise are overlooked as their ‘alternative’ values play second fiddle to traditional economic outputs. To compete on a level field with other ‘commercial’ organisations, LEPs would need to consciously value the less tangible aspects of whole place development.

It is clear that in order to create social benefits through LEPs, social objectives must be embedded within policy. Without strategic direction underlining this, there is no reason for LEPs to operate outside of their current focus. The theoretical basis for LEPs needs to recognise contemporary economic perspectives from the outset if it is to create productivity and growth for the local economy and the local community. As CLES stated in response to consultation on LEPs and their progress there is:

a need to be considering other forms of growth within localities. Social growth and development of social capital are just as important and have an intrinsic link with stronger economies. Communities face a range of challenges which requires bottom up, softer initiatives which are just as important to economic development as other interventions. It is through developing social and economic growth in tandem that places can become successful, and LEPs have a responsibility as economic development leaders to ensure that this happens. (House of Commons, 2013: 65)

The next section of this article explores what is needed to establish a new economic

narrative in which LEPs can contribute to development of whole place economics for local communities.

### **Establishing a new economic narrative**

A progressive local economy takes into account the different roles and strengths of all its actors in effecting change and creating benefits. Benefits are more complex and multifarious than just access to capital, business growth or jobs created. A local economy comprises significantly greater value than traditional economics; it is essential that we look at the human and social capital which works together in different ways to create varying local outcomes. Social growth and social capital have an intrinsic link with stronger, more resilient communities. Our economies comprise more actors and beneficiaries than simply the commercial sector guided by some public sector steering. We cannot plan for economic growth, if we continue to cut out the social sector, or if we continue to neglect our duty to put communities at the heart of our economy. Economic growth and social growth are two sides of the same coin; LEPs must strategise for both if they are to effect positive and sustainable change.

A local area or sub-region is a system which relies upon all its requisite parts operating effectively to create a prosperous economy. The different parts of an economy, which includes the communities where it operates and those who work within it, form networks through which growth is delivered. Policy sets the structures for growth, but it is networks of actors, individuals and communities who create change.

Within these networks, LEPs are clearly key connectors and are an opportunity to enhance interplay between different components of the economy – within and between its commercial, public and social sector functions. It is through developing

networks and relationships that LEPs can enhance resilience, and generate synergy to develop innovative solutions to socio-economic challenges. Many LEPs will be operating without an understanding of the strengths of local networks, and must do so in order to be able to develop sophisticated responses to the challenges they face. (House of Commons, 2013: 66)

Universities and social enterprises are the exact sorts of organisations which are needed to support LEPs to ensure that these networks are given full consideration and representation in the strategic planning of local economies. Such key parts of the local economy should not be overlooked in favour of the commercial sector, but should be embraced to work with all sectors.

The role of small-to-medium enterprises (SMEs) in delivering whole place economies is also important. Increasing emphasis on assisting SMEs through procurements practices by local authorities is steered towards effecting greater local benefits and supporting both communities and the economy. SMEs have typically much smaller resources than larger private firms, but their views should be feed into strategic decision making at the local level, as arguably they have greater stakes in whole place economies. It is essential for strategic development that all views are taken into account when developing LEPs' strategies. An overt focus on one sector and one conceptualisation of economic growth is short sighted and unhelpful to supporting sustainable prosperity. For more effective local results, different actors representing different sections of the three sectors as equal partners must influence policy design.

## Summary

There is some hope, as LEPs are being assigned more and more responsibility. Indeed as this article is being written, details of the new single local growth

fund, recommended by Lord Heseltine (2013) is to be announced in the spending review. However, no matter what the scale of resources put to this, it is unlikely to deliver the progressive social outcomes we allude to here.

LEPs are and will remain a creature of traditional economic development thinking. They will only realise a new economic reality if they and local government are released from economic centralism, and are deeply imbued with different ideas of how economic and social success run mutually together. Hampered by the economic context, their hasty introduction and process, it is a real shame that the abolition of the architecture of economic development, in the form of the RDA, has not resulted in greater progress. Indeed, even judged on traditional economic development thinking, LEPs could be seen as a backward step.

It is my view that the future for LEPs until the next election will follow a similar trajectory to that which has been taken over the last three years. There is significant distinction and variety between LEPs nationally, resulting from the relatively free rein they have been given to determine their own agendas. It is likely therefore that that local economic approaches will continue to diverge as LEPs evolve. Government has taken a view that devolution of power to the local level will derive greater local benefits, though this enables an environment of 'winners' and 'losers' to develop if some LEPs are more effective than others. The relationships which are the foundations of LEPs are of utmost importance to their efficacy, and so I expect that cities such as Manchester, where the commercial and public sectors already benefit from strong collaboration, will derive greater local benefits than other local areas that do not have this historic working relationship. Towards developing more resilient, 'whole place' economies, those LEPs who lead the way by embedding

the social sector into their working practice will create the most sustainable economic and social benefits.

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