

CLARITY OR CONFUSION?

LOCAL ENTERPRISE PARTNERSHIPS AT THE CROSSROADS

INSIGHT PUBLIC AFFAIRS
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#LEPS

FOREWORD



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#LEPs

England's 39 Local Enterprise Partnerships (LEPs) have reached a major crossroads. Operating in the context of prolonged austerity politics and with the 2015 General Election looming large, the Coalition's delivery of the localism agenda is at risk of falling by the wayside. It is now crunch time for this flagship Government policy to either deliver local economic growth, or face extinction.

In July, the Government issued its response to the Business, Innovation & Skills Select Committee, announcing that core funding will be provided for LEPs during 2013-14 and 2014-15, as well as setting out the details of the Single Local Growth Fund. A full analysis of these major proposals has not yet been undertaken, and the significance of the next two years for the future of LEPs has, to date, been understated.

Our report provides an update on the 'state of play' for LEPs, and with less than two years until the election, we consider the Coalition Government's continuing commitment to the LEPs, assessing issues of funding, governance and delivery. We also consider the Opposition's perspective, with the Adonis Growth Review providing a backdrop to our analysis.

At Insight, we endeavour to consider the challenges facing the Coalition, responding to an increasing interest in the issues of civil service reform and public sector efficiency with high-quality reports, well-attended seminars, and innovative mind-maps. Most recently we published our major report, Non-Executive Directors: A Quiet Revolution Transforming Whitehall, which sets out recommendations to improve and enhance the role of NEDs serving at the heart of Government.

As we turn our focus to LEPs, we hope to advance the debate on local economic growth with our analysis of the political challenges that they face. As always your feedback would be appreciated.

EXECUTIVE SUMMARY

FUNDING

Since 2010, the Government's approach to funding LEPs has been fragmented and over-complex, lacking the holistic approach that is required to provide certainty and clarity. More recently however, the Chancellor of the Exchequer, in his 2013 Budget, outlined how LEPs will now be required to bid for funding from a £2 billion single pot: the Single Local Growth Fund (SLGF). The Government has also outlined 'core-funding' for LEPs to the tune of £250,000 for the two years 2013/14 and 2014/15 on the condition that it is matched by the private sector. Both of these funding streams are significant for the sustainability of LEPs as well as their ability to deliver, but questions remain with regard to how they will be administered, and how value for money for the taxpayer will be assessed.

ACCOUNTABILITY

It is imperative that the Government put in place improved accountability structures that will provide a conduit for the effective assessment of the performance of LEPs, appraising the value-added by major funding streams and also the extent of local economic development. While the creation of the Local Growth Committee is welcome, it operates in a vacuum at the heart of Government with little interaction with Parliament and the 39 LEPs, and as a result, it is not ultimately responsible for the performance of LEPs in delivering economic growth. Accountability will not be established until lines of responsibility are improved within Whitehall; this can only be achieved by appointing a Minister for Local Growth with sole responsibility for the performance of LEPs.

COMMUNICATION

Central Government needs to demonstrate a better understanding of local issues if it is to effectively support LEP Boards. Lord Heseltine rightly suggested that central Government interest in 'place and localities' is lacking when working with LEPs, and its record to date has been characterised by what is essentially a 'one-size-fits-all' approach. This stems from a lack of effective dialogue and the means to facilitate it.

As such, central Government cannot expect to assess the performance of LEPs when its key delivery departments, the Department for Business, Innovation & Skills and the Department for Communities & Local Government, both lack an effective understanding of local challenges. LEPs therefore require a champion in Whitehall in the form of a Minister for Local Growth.

PERSPECTIVES

In August 2013, Insight Public Affairs conducted a qualitative survey of LEP Chief Executives and Chairs. Participants were asked for their views on the current state of LEPs across England with respect to issues of funding, representation and sustainability. The overarching theme underlying the responses was the vital importance of maintaining private sector confidence and the need to ensure that businesses are well represented on Boards.

Our report also features the expert contributions of advocates of the LEPs project and we are grateful for the insights supplied by the following thought-leaders:

- James Morris MP, Co-Chair of the All-Party Parliamentary Group for Local Growth & Local Enterprise Partnerships;
- Andy Sawford MP, Member of the Communities & Local Government Select Committee;
- Lord Shipley, Government Adviser on Cities;
- Alex Thomson, Chief Executive of Localis; and,
- Stewart Towe, Chairman of Black Country Local Enterprise Partnership.

KEY FACTS:

- There are currently 39 Local Enterprise Partnerships across the UK, comprising a total of 601 board members from the public, private and voluntary sectors.
- The average number of board members for each individual LEP is 15. Although the largest board belongs to the South East LEP, which contains 43 members from Essex, Kent and East Sussex.
- 50% of board members across all LEPs are representative of the business sector. Of these 50%, there is equal representation from both SMEs and large companies. On average, this equates to 3.8 members of a LEP board representing SMEs and 3.8 representing large companies.
- 40% of board members across all LEPs are representative of the public sector, with the majority representing local authorities.
- 38 of the 39 LEPs have Higher Education and/or Further Education representation.
- There are currently 28 University Vice-Chancellors sitting on LEP boards across the UK.
- There are 92 female board members across all LEPs, making up, on average, just 15% of board representation.
- Of the 92 female board members, 3 hold the position of LEP Chair (7.6%) and 3 are Vice-Chairs of a LEP.



RECOMMENDATIONS

Outlined below are the key recommendations to emerge from our research. Together these form the spine of the main report.

Recommendation One: Support to and assessment of Local Enterprise Partnerships should be undertaken by Government on a 'case-by-case' basis rather than the 'one-size-fits-all' approach it has previously demonstrated.

Government needs to develop its knowledge and understanding of local areas if it is to support LEPs in driving innovation and local economic development. It is essential that the Coalition combines its promising approach to funding with a move towards a case-by-case consideration of LEP performance ahead of the General Election in 2015. Only then can a fair and accurate appraisal take place of LEPs' record in delivering local economic growth.

Recommendation Two: Local Enterprise Partnerships require assurance in the form of long-term financial commitments. There should be a five-year commitment, from all parties, to secured core funding and Single Local Growth Fund (SLGF) allocations for after the 2015 General Election.

The creation of the SLGF is a positive sign that Government has listened to the proposals initially put forward by Lord Heseltine in his No Stone Unturned report. Core funding (matched by private sector investment) has been allocated for 2013/14 and 2014/15 and this also is welcome. Yet there is a lack of clarity concerning the basic level of financial support that the Government will provide to LEPs after 2015. In order to maintain the confidence of the business community, these funding streams should be secured with a five-year commitment from all parties.

Recommendation Three: The scope of the Strategic Economic Plans submitted by Local Enterprise Partnerships should be widened, setting out a vision for funding for a five year period.

The Strategic Economic Plans submitted by each of the 39 LEPs should be more forward-looking. The Plans should provide a blueprint for prospective investment over a five year period (as opposed to a single year, as is presently the case), outlining costed proposals for the spending of core funding and SLGF allocations.

Recommendation Four: A Minister for Local Growth should be accountable for the performance of LEPs, reporting to the Local Growth Committee within Government, and the relevant Select Committees in Parliament.

LEPs do not currently have a champion at the heart of Government and this needs to be rectified with urgency. Currently the Department for Business, Innovation & Skills and the Department for Communities & Local Government share responsibility for the performance of LEPs. A single lead Minister needs to be held accountable for the overall performance of LEPs in order to assess the value for money offered to the taxpayer by the SLGF and current levels of core funding.

Recommendation Five: The Local Growth Committee should meet on a quarterly basis and establish a forum to enable its direct engagement with all 39 Local Enterprise Partnerships.

The creation of a Cabinet Committee with responsibility for the local growth agenda is encouraging. However, and given that the Committee will have responsibility for the design and implementation of the SLGF, there are issues of transparency that need to be addressed. It is, therefore, important that a forum be established that allows the Committee to directly engage with all 39 Local Enterprise Partnerships.

RECOMMENDATIONS

Recommendation Six: Government should create a standard framework for assessing local economic development and use this as a baseline to assess Strategic Economic Plans.

Having already taken major decisions with respect to funding, the Government must put in place a system by which it can monitor the performance of LEPs in delivering local economic growth. This is currently non-existent. A standard framework for economic assessment would establish a baseline for assessing the Strategic Economic Plans put forward by each LEP.

Recommendation Seven: Regional Ministers should be re-established and be given the responsibility for leading engagement with all LEPs that fall within their designated area, with the remit of driving local growth.

Government needs to provide a more effective line of communication with LEPs. It should build a greater knowledge base of local issues before assessing funding bids. By re-establishing regional ministers that will audit LEPs and help them prepare their Strategic Economic Plans, Government will provide a more effective dialogue with LEPs, as well as an insight into the local and regional issues that define their funding bids.

Recommendation Eight: At least 60% of Board Members should represent the business community. This should be a prerequisite for any LEP ahead of receiving core funding or bidding for the Single Local Growth Fund.

Our survey of LEP Board Members showed that the importance of business confidence is crucial to the success of LEPs. It therefore seems appropriate that the number of business representatives that sit on individual Boards should outweigh those individuals representing the public sector or local authority. This should be a prerequisite before central Government funding is allocated to LEPs.

Recommendation Nine: All LEP Boards should require at least one specialist education representative.

Board Members representing the education sector are a vital mouthpiece for promoting universities, apprenticeships and skills training within LEP jurisdictions. Representatives from further and higher education backgrounds should also sit on individual boards as a prerequisite ahead of LEPs receiving funding from central Government.

Recommendation Ten: A minimum threshold for Small & Medium-sized Enterprise (SME) representatives should be applied to LEP Boards.

The Government should look to widen opportunities for smaller companies to drive local innovation and growth. SME representation on LEPs Boards should ensure that local companies are well represented and well supported, and should therefore be proportionate. This will ensure that the Strategic Economic Plans prepared by LEP Boards echo the wider business interests of the locality



BACKGROUND TO LOCAL ENTERPRISE PARTNERSHIPS

Following the 2010 'Emergency Budget', the Coalition created 39 Local Enterprise Partnerships (LEPs) tasked with operating as voluntary partnerships between businesses and Local Authorities across England. These locally-determined bodies replaced the nine, significantly larger, Regional Development Agencies (RDAs) – non-departmental public bodies that existed to stimulate economic development in the UK's regions.

RDAs were the tool of successive Labour Governments between 1998 and 2010 operating, as they did, as public sector bodies distributing ring-fenced central funding to England's regions. To Lord Heseltine, the bodies were 'to all intents and purposes, creatures of central government,' based around what were 'administrative, not economic boundaries.'

The Coalition saw RDAs as 'top-down initiatives that ignore the varying needs of different areas.' It stated in its white paper, *Local growth: realising every place's potential*, that its vision for the creation of LEPs contrasted directly with the previous arrangements, in which RDAs operated as bureaucratic, administrative bodies that failed to represent economic areas effectively. LEPs, as an alternative, would facilitate sustainable business-led growth by drawing on the economic strengths of the areas that they represent with initiatives reflecting key investment priorities across issues such as transport, housing and planning, skills and access to finance.

The fundamental difference between LEPs and RDAs is that the latter were public bodies. LEPs, on the other hand, are characterised by being business-driven, non-statutory bodies representing locally-determined functional economic areas. The Coalition's Local Growth white paper also underpinned key tenets of the 'new localism' decentralisation agenda. Accountability and transparency remain the underlying themes that have characterised the LEP project to date, with a view to 'shifting power to the right levels' and ensuring that the public purse is more responsive to the needs of local businesses and people.

As such, LEPs remain at the forefront of the Coalition's local growth agenda. In light of recent announcements, most notably the Government's commitment to provide core funding to LEPs for 2013/14 and 2014/15, as well as the creation of a Single Local Growth Fund for the 2015/16 Spending Round, the short term future is secure for LEPs.

The Programme for Government – The Coalition's commitment to Local Enterprise Partnerships.

The Coalition published its *Programme for Government* after forming a Government in May 2010. The document stated that it would 'support the creation of Local Enterprise Partnerships – joint local-authority business bodies brought forward by local authorities themselves to promote local economic development – to replace Regional Development Agencies.' This effectively sounded the death knell for Regional Development Agencies (RDAs), the public bodies introduced by Tony Blair's Labour Government in 1998 to drive economic growth.

THE STATE OF PLAY IN 2013

The Coalition Government set out plans for a deficit-reduction strategy that would define economic policy during the 2010-15 Parliament. Consequently, LEPs were created amidst the backdrop of austerity. Filling the void left by RDAs, LEPs, as the outposts of the 'new localism' agenda, were essentially tasked with spearheading a new model of economic governance while growth flat-lined and public finances were squeezed.

At this point in the Coalition Government's term, growth remains sluggish (forecasted at 0.6% for 2013). Despite this, trade data has shown strong performance from the UK's services sector and manufacturing base at the time of writing. However, while wider economic performance has undoubtedly affected the degree of success achieved by LEPs to date, there are underlying factors on which their long term future rests.

In the short term, the Government's ability and willingness to allocate sufficient support to LEPs is crucial. The relative success of recent funding announcements will be reviewed ahead of the General Election in 2015, with senior Cabinet Ministers wanting to see a far greater emphasis on delivery of LEP policy objectives.

The commitment of Her Majesty's Opposition to the LEPs project is also an important factor to consider. An assessment of the extent to which the Labour Party has supported LEPs to date will provide an insight into the likelihood of its continued commitment to the project should the Labour Party form a Government post-2015. In short, the performance of LEPs over the next two years is crucial to their continued existence.

THE GOVERNMENT'S STANCE ON LEPs

In 2013, the Government reaffirmed its commitment to the LEPs project with two major announcements: the allocation of core funding to LEPs for 2013/14 and 2014/15, as well as the creation of a single pot in the form of the Single Local Growth Fund (SLGF). Both of these funding streams represent, firstly, a principled adoption of key recommendations set out in Lord Heseltine's No Stone Unturned report and, secondly, a concrete commitment to LEPs in the short term ahead of the 2015 General Election.

“What I don't want to see is the creation of 39 crypto-RDAs, all with their own ambassadors in Peking or Nanjing and trying to set up their own skills centres, because that won't work.”

RT HON VINCE CABLE MP, SECRETARY OF STATE FOR BUSINESS, INNOVATION & SKILLS

JULY 2013

“Local Enterprise Partnerships are driving growth across the country with energy and imagination. This Government made sure that the Spending Round put more fuel in their tanks, and local leaders can now make use of £2 billion pounds a year to support new businesses, create new jobs, create thriving communities and make Britain a great place to do business.”

RT HON ERIC PICKLES MP, SECRETARY OF STATE FOR COMMUNITIES & LOCAL GOVERNMENT

JULY 2013

However, and despite this being the vehicle for the Government's major advance in its drive for localism, the LEPs project is not without its shortcomings and has been hindered by the Coalition's mixed messages. There exists a perception that, in filling the void left by the scrapped RDAs, LEPs have not received the level of support from Government that they require, financially, administratively and politically.

Recommendation One: Support to and assessment of Local Enterprise Partnerships should be undertaken by Government on a 'case-by-case' basis rather than the 'one-size-fits-all' approach it has previously demonstrated.

Government needs to develop its knowledge and understanding of local areas if it is to support LEPs in driving innovation and local economic development. It is essential that the Coalition combines its promising approach to funding with a move towards a case-by-case consideration of LEP performance ahead of the General Election in 2015. Only then can a fair and accurate appraisal take place of LEPs' record in delivering local economic growth.

The Government's adoption of Lord Heseltine's template for local growth is significant. His report, No Stone Unturned, represents perhaps the most compelling intervention in the debate on local growth to date. Before its publication, the Government's offer to LEPs was minimal. While it implemented a framework within which these partnerships could be established, LEPs were under-staffed and lacked a meaningful level of funding. Much of that has now changed, as Lord Heseltine himself acknowledges. However, there still exists a preoccupation with the 'one-size-fits-all' approach that has been inherent in the Government's support to LEPs. As the Business, Innovation & Skills Select Committee acknowledges, this is misguided because 'different LEPs face very different investment barriers.'



THE STATE OF PLAY IN 2013

THE VIEW FROM THE OPPOSITION

When Lord Heseltine delivered his report, No Stone Unturned, the Labour Party welcomed his approach to devolving economic power to local areas in principle but endeavoured to keep a 'watchful eye' over implementation. While the Party has issued its lukewarm support for the LEPs project, it is yet to unveil the specifics of any alternative approach to the Government's regional and local growth policies.

To date, public announcements relating to LEPs made by the Shadow Business, Innovation & Skills team, led by Chuka Umunna MP, have delivered mixed messages. In fact, the Party's criticism of the performance of LEPs has been damning in some instances. When created, Umunna's predecessor, John Denham MP, labelled them a 'shambles', leaving areas of the country with 'no effective development organisation.' While this scepticism has remained on the Shadow front bench, Labour has more recently positioned itself in support of the principle behind major funding announcements such as the Single Local Growth Fund, despite being careful not to unveil any of its own costed plans for LEPs. Labour has identified a number of problems with the current organisation of LEPs, most notably issues of accountability, transparency and capacity.

"We need to ensure that Local Enterprise Partnerships are able to continue that work: In our view they should be able to take over the RDAs assets to drive economic development, should have the right influence over local skill and planning decisions so they can be properly matched to business needs.

**RT HON ED MILIBAND MP, LEADER OF THE
LABOUR PARTY**

APRIL 2011

A key juncture in the development of Labour's policy position on LEPs was the Growth Review led by former cabinet Minister, Lord Adonis. The senior Labour Peer is seemingly supportive of LEPs, having previously chaired the North East Independent Review which reported back its findings in April 2013 after over six months of research. The Review recognised the North East LEP's work in promoting companies exporting abroad and boosting inward trade and tourism.

The aim of the Growth Review is to establish a 'One Nation industrial strategy', which will be 'a radical agenda for change to revitalise the British economy by supporting business innovation and growth across the country.' According to Policy Network, Adonis's starting point is to accept that Lord Heseltine's Report 'was too restricted in its scope.'

Adonis's view is that Heseltine took LEPS 'for granted' and that there remains a 'generally weak network' in place.' This seems to imply that Labour's view is that LEPs, in their current form, are not engines for growth and innovation, but falls short of stating at this stage whether they should be strengthened or scrapped.

Adonis will report back with his findings in Spring 2014. The impression given by the Labour front bench indicates that the Party will look to adopt the LEPs agenda more fully, providing them with greater support for infrastructure projects and for administrative capabilities. Adonis's Growth Review might suggest an increase in core funding, aimed at boosting the resources at the disposal of LEPs, as well as extending the key funding streams already established by the Coalition - specifically the Regional Growth Fund, the Single Local Growth Fund and the Growing Places Network. Adonis will also draw on the work undertaken as part of Labour's ongoing Policy Review, noting the findings of the Armitte Review of Infrastructure in particular. His report will also bring together the findings of recent independent reviews including Lord Heseltine's report, No Stone Unturned and the London School of Economics' Growth Commission report.

"Local areas should have the powers and resources they need to get growth going and create jobs, but this devolution must not be used as a cover for even deeper cuts. And it is crucial that accountability, proper transparency and good governance are in place if government is to devolve this public money.

**RT HON ED BALLS MP, SHADOW CHANCELLOR
OF THE EXCHEQUER**

MARCH 2013

Umunna has also stated that he is 'incredibly ambitious' for the future role of the Department for Business, Innovation & Skills (DBIS), noting its current high staff turnover rate, London-centric focus, and poor links with the business community. It would be reasonable to assume that a Labour Government would hand over ownership of the LEPs project to the department - effectively making the Business Secretary the Minister accountable for the performance of LEPs. This would represent a key shift away from the current set up which sees responsibility shared between DBIS and DCLG.

FUNDING LOCAL ENTERPRISE PARTNERSHIPS

The Government's approach to funding LEPs has been fragmented and over-complex. Indeed, the funding structures that are currently in place suggest that the Coalition has adopted a haphazard approach to administering the project. Lord Heseltine has suggested that the current approach seems 'as though the Government is prepared to dip its toe, or even several toes, in the water but is not yet prepared to accept the logic of its position with the confidence it should.'

Since 2010, the Government has encouraged the development of LEPs with a number of key funding streams that have served to foster local economic development. These have presented themselves in the form of: the Regional Growth Fund; the Growing Places Fund; Rural Growth Networks; and, Local Major Transport Schemes, all of which resemble major initiatives offering the crucial financial support required for LEPs to survive.

Despite this, a number of overlapping local authority funding streams remain in place, serving to create a myriad of departmental initiatives. Existing over and above those initiatives, funding streams such as City Deals and the Community Infrastructure Levy may provide certain LEPs with some financial benefit but it is neither certain or clear how much will be allocated, given that they are divided up amongst a range of local bodies.

Funding for LEPs currently lacks the holistic approach that is required to provide them with certainty and clarity. It is notable that a number of additional funding streams are still available to LEPs which the Coalition should have simplified. Encouragingly, however, the Chancellor of the Exchequer outlined in the 2013 Spending Round how LEPs will now be required to bid for funding from a £2 billion single pot, the Single Local Growth Fund (SLGF). The Government has also outlined core funding for LEPs to the tune for £250,000 for the two years 2013/14 and 2014/15, which it claims will be 'matched and in some cases exceeded by local partnerships.' This is significant in terms of underlining the Government's commitment to financing LEPs in the short term at least.

CORE FUNDING

Core funding will be allocated to LEPs over the next two financial years, 2013/14 and 2014/15. £250,000 will be provided on the condition that LEP Boards submit a strategic economic plan ahead of the designated deadline and that the amount is at least matched by local partnership resources. This is positive from a LEP perspective, not least as it financially enhances their role. Core funding also provides a degree of certainty for Boards and the private companies involved with them.

Core funding and the recently announced Single Local Growth Fund (SLGF) are the only Government subsidies allocated exclusively to LEPs. As such, many have intervened in the LEPs debate to call on the Government to secure their future. The allocation of both funding streams is, however, fundamentally different.

It is notable that core funding is a central Government grant, allocated directly from Whitehall by HM Treasury. In this respect, the Coalition is currently taking a 'one-size fits all approach', in allocating a flat rate of £250,000 to each of the 39 LEPs in England. This differs entirely with the competitive nature of the SLGF, a single funding pot hived-off from Whitehall coffers from which LEPs are required to bid for funding based on the strategic economic plans that they put forward.

At face-value, core funding therefore appears to weaken the localist approach that underpins the LEP project given that, theoretically speaking, a direct grant from central Government undermines the concept of devolved funding. However, the core funding arrangements are caveated with a 'cash-matching' mechanism encouraging local partners (i.e. Local Authorities and other investors) to match the central funding with committed additional funding. Essentially this minimises the risk carried by Government at a time when public finances are being tightened, and serves as an early-indicator of the likely success of a LEP's plan for local growth.

'INVESTING IN BRITAIN'S FUTURE': THE CREATION OF THE SINGLE LOCAL GROWTH FUND

On 27th June the Government unveiled 'Investing in Britain's Future', a Treasury-led initiative announced by the Chief Secretary, Danny Alexander MP. Fleshing out the details of the Chancellor's 2013 Budget statement, he stated that the initial £2 billion from the SLGF pot would be followed by at least the same amount 'every year for the rest of the decade,' claiming that, in total, 'at least £20 billion will be under the control of LEPs to 2020'.

While the Chancellor did announce the creation of the SLGF, this commitment is specifically for the 2015-16 spending round (with scope to either match or increase funding in subsequent years). Given that Heseltine's proposition was for a single pot of up to £70 billion in business funding, the Government's proposition is underwhelming from a LEP perspective. This is owed in part to Cabinet politics. The Chancellor's Budget 2013 outlined that funding would be funnelled from the Department for Culture, Media & Sport (DCMS), Business, Innovation & Skills (DBIS) as well as the Department for Transport (DfT).

In principle, the Government's Investing in Britain's Future initiative accepts the template provided by Lord Heseltine's No Stone Left Unturned report; that is, to strengthen Local Enterprise Partnerships by giving them responsibility for setting the 'strategic direction of an area'. The key difference is that it sets out concrete financial plans for the 2015-16 Spending Round, as opposed to the four year period recommended by Heseltine. The document itself sets out the following details:



FUNDING LOCAL ENTERPRISE PARTNERSHIPS

- a commitment to bringing the total resources under the control of LEPs to at least £20 billion in the years to 2021;
- the creation of the SLGF with over £2 billion of budget from existing education, housing and transport funding streams for 2015-16; and,
- a further commitment to transferring £5 billion in transport funding to the SLGF from 2016-17 to 2020-21 to enable longer-term planning of infrastructure projects while also committing to maintain the SLGF's core funding at a total of at least £2 billion each year in the next Parliament.

The official Treasury document states that the initial £2 billion 'pot' would be funded from the following budgets: Local Authority Transport Majors (£819m); Local Sustainable Transport Fund (£100m); Integrated Transport Block (£200m); Further Education Capital (£330m); ESF Skills Match Funding (£170m); and, New Homes Bonus (400m). The European Structural Investment Fund will also be aligned with the SLGF, with a further £300 million in funding each year for a refocused Regional Growth Fund between 2015-17 announced, in order to support the Government's broader regional policy agenda. The allocation of funding from the SLGF to individual LEPs will be based on the strength of the strategic economic plans that they put forward.

The breakdown of the funding streams allocated to the SLGF therefore represents a significant hiving off of a portion of the Department for Transport (DFT) and the Department for Communities & Local Government's (DCLG) budgets. In particular, the transfer of funds from the Local Authority Transport Majors, Local Sustainable Transport Fund and Integrated Transport Block, results in almost half of the SLGF being subsidised by DFT initiatives. The £400m moved across from the New Homes Bonus is also a significant amount wrested away from Eric Pickles' budget at DCLG. In the weeks following the announcement, Vince Cable was reported to have stated "LEPs have never had it so good" in his keynote address to the Local Government Association annual conference in July. LEP chairs may well be questioning this and asking who it is that is driving the regional policy agenda at the heart of Government when the, smaller-than-expected, contributions from particular departments are seemingly contributed by Ministers only grudgingly to the SLGF.

While Lord Heseltine conceded that the SLGF fell short of the £49 billion that he originally proposed, he welcomed the fact the Government had accepted the principle of his proposals. He stated: 'I'm the first to say I took every penny there was and said "let's do the whole thing". But what this (represents) is the biggest shift of resources from London to other areas of England that there has ever has been.' Yet with a concrete announcement of £2 billion, to be allocated to LEPs from the SLGF for 2015-16, it is reasonable to ask whether Investing in Britain's Future provides any degree of certainty to LEPs about their long-term future. This was answered, in part, by the Government's commitment to maintain core funding to 2021, with additional funding to follow from EU Structural and Investment Funds and future infrastructure-specific grants. The Treasury line that 'at least £20 billion' will be under the control of LEPs in the years to 2021 is therefore significant and underwritten by credible spending plans. Despite this,

and with the next General Election set for 2015, only the 2015-16 plans for £2 billion in funding is secure. It's understandable that the present Government wants to avoid committing to funding for the next spending review period. That's why it would be beneficial for LEPs if all political parties were to commit to secured long-term funding for the SLGF, and with respect to core funding, for the rest of the decade.

ADDITIONAL FUNDING STREAMS

Finance is also available to LEPs by means of other additional streams that exist over and above core allocations and the SLGF. LEPs may be eligible for money allocated through: the Regional Growth Fund; the Growing Places Fund; City Deals; Rural Growth Networks; Enterprise Zones (through business rate discounts and enhanced capital allowances); funds generated through the Community Infrastructure Levy; and, Local Major Transport Schemes.

While the number of additional funding streams available to LEPs indicates a significant level of financial support offered by Government, it might also be suggested that local and regional growth initiatives are muddled and haphazard. Moreover, it shows that the Government's approach to overseeing and assessing the performance of LEPs suffers from a fragmented approach to funding.

Recommendation Two: Local Enterprise Partnerships require assurance in the form of long-term financial commitments. There should be a five-year commitment, from all parties, to secured core funding and Single Local Growth Fund (SLGF) allocations for after the 2015 General Election.

The creation of the SLGF is a positive sign that Government has listened to the proposals initially put forward by Lord Heseltine in his No Stone Unturned report. Core funding (matched by private sector investment) has been allocated for 2013/14 and 2014/15 and this also is welcome. Yet there is a lack of clarity concerning the basic level of financial support that the Government will provide to LEPs after 2015. In order to maintain the confidence of the business community, these funding streams should be secured with a five-year commitment from all parties.

Recommendation Three: The scope of the Strategic Economic Plans submitted by Local Enterprise Partnerships should be widened, setting out a vision for funding for a five year period.

The Strategic Economic Plans submitted by each of the 39 LEPs should be more forward-looking. The Plans should provide a blueprint for prospective investment over a five year period (as opposed to a single year, as is presently the case), outlining costed proposals for the spending of core funding and SLGF allocations.

THE RELATIONSHIP BETWEEN LOCAL ENTERPRISE PARTNERSHIPS AND GOVERNMENT

Strong and transparent leadership is an important condition of the success of LEPs in delivering local economic development. As business-led partnerships, LEPs are not public bodies (unlike their forerunners, the RDAs). Nor do they, collectively, present themselves as 39 separate bureaucracies operating at arms-length from central Government. Rather, they are strategic bodies in which local economic development is planned and executed. Leadership has, to date, been demonstrated from the bottom-up, with LEP Boards comprised of local business representatives and Local Authority members.

There is, however, a requirement for Government to monitor the performance of LEPs, accept responsibility, and provide ongoing support to local Boards. A coherent structure for Government to exercise these functions is currently lacking within Whitehall.

MINISTERIAL OWNERSHIP AND ACCOUNTABILITY

Lord Heseltine identified what was perceived as a lack of central Government interest in 'place and localities'. Government, he argued, had a 'functional preoccupation', focussing on issues of funding and the framework for delivery rather than the issues and challenges that confront individual LEPs. It is clear that LEPs have no champion in Whitehall. The lack of a single Minister or department with overall responsibility for the performance of LEPs is, at the very least, detrimental to their ambitions of being heard by central Government.

The Cabinet discussions surrounding the SLGF for example, were notable in light of the Business, Innovation & Skills Select Committee airing its concerns about a lack of Ministerial accountability that could potentially undermine the LEP project. As was pointed out in its report on LEPs, 'Ministerial ownership' along with the 'lines of communication between LEPs and Government' remains unclear. The problem is due, at least in part, to the joint DCLG / DBIS responsibility for the project, and remains pertinent in light of the announcement of the SLGF which saw minimal contributions from both departments.

The Government has, encouragingly, set up the Local Growth Committee which is attended by senior Ministers in key delivery departments. However this is a Cabinet Committee operating at the centre of Government with little time for assessing LEP performance or considering issues specific to certain localities across England. Nor does it sit to consider the minutiae of planning decisions, or even the willingness of Local Authorities to engage with the business representatives that they partner on LEP Boards.

As the Business, Innovation & Skills Select Committee recommended, Government must ensure there is greater Ministerial ownership of the LEPs project. Currently (as shown by the creation of the Single Local Growth Fund) Ministers have been reluctant to permit the reallocation of their own departmental budgets in order to support LEPs.

A Minister for Local Growth must fill this void, answerable within Government to the two leading delivery departments involved with the LEPs project (Department for Business, Innovation & Skills, and the Department for Communities & Local Government) as well as the Local Growth Committee. The Minister should also be answerable to Parliament and should give evidence on the performance of LEPs to the Business, Innovation & Skills Select Committee and the Communities & Local Government Select Committee on a quarterly basis. This would be more appropriate than the current arrangement which sees Michael Fallon MP, Minister of State for Business & Enterprise and Mark Prisk MP, Minister of State for Housing & Local Government, representing LEPs within DBIS and DCLG respectively. It is also particularly notable that Michael Fallon MP serves in a cross-departmental role with additional responsibilities as Minister of State for Energy. This sets a precedent for a future Minister for Local Growth to work effectively between DBIS and DCLG, managing conflicting demands and expectations emanating from both Departments.

Politically, the performance of LEPs during 2013-14 and 2014-15 is crucial. Strong local economic development in the period in the run-up to the General Election is likely to influence the stance of the major parties towards the LEP project post-2015, with manifesto pledges providing the key indicator of political support. As a result there is an incentive for Government to put in place improved accountability structures that will provide a conduit for the effective assessment of LEP performance, appraising the value added by major funding streams and the extent of local economic development. This cannot happen unless lines of responsibility are improved within Whitehall.

THE LOCAL GROWTH COMMITTEE

In its interim response to the Business, Innovation & Skills Committee's report into Local Enterprise Partnerships, the Government stated that it did not support the proposals for a 'single lead Minister' taking full accountability for the performance of LEPs. Rather, the response signposts the creation of the Local Growth Committee as was announced in June 2013 by the Deputy Prime Minister, Nick Clegg MP. The Cabinet Committee was set-up to 'strengthen the commitment to local growth across Government', bringing together as it does, all of the Ministers from key central departments involved with the regional growth agenda, as well as the existing Ministerial working groups relating to City Deals and the Regional Growth Fund.

As the Government stated in its response, the broad objective of the Committee will be to 'provide oversight across the local growth agenda to drive jobs and growth across England. It will be chaired by the Deputy Prime Minister, with the Chancellor, George Osborne MP, acting as deputy. It will also be composed of Eric Pickles MP, Secretary of State for Communities & Local Government; Ed Davey MP, Secretary of State for Energy & Climate Change; Vince Cable MP, Secretary of State for Business, Innovation & Skills; Patrick McLoughlin MP, Secretary of State for Transport; Danny Alexander MP, Chief Secretary to the Treasury; and, Michael Gove MP, Secretary of State for Education.



THE RELATIONSHIP BETWEEN LOCAL ENTERPRISE PARTNERSHIPS AND GOVERNMENT

Establishing a Cabinet Committee with a specific remit to pursue the Government's local and regional growth agenda is significant. In its report, the Business, Innovation & Skills Committee cited a lack of 'ministerial ownership' as an issue that the Government needed to address if it wanted the LEPs project to progress. Specifically, the Committee collectively argued in favour of a single lead Whitehall department headed by an individual minister to take overall responsibility for the performance. A more consensual approach has instead been adopted by the Government, perhaps reflecting the two-party dynamics that underpin the Coalition, bringing a number of key Ministers together.

As the Financial Times reported following the Committee's creation, 'a new ministerial committee at the centre is unlikely to impress business and council leaders in the regions unless they see a genuine devolution of cash and decision-making.' However, the devil lies in the detail. The Government, since the establishment of the Committee, confirmed that the Committee will have responsibility for: the design and implementation of the SLGF; authorising the 'second wave' of City Deals; and, the allocation of Regional Growth Fund money.

In particular, the Committee's oversight of the 'design and implementation' of the SLGF implies that major funding decisions will be made at its meetings (at the time of writing, the Committee has met once and will continue to do so on an ad-hoc basis when Parliament returns from recess in September 2013). It also suggests that the Fund will be administered by conflicted Ministers who will be reluctant to part with their own departmental budgets. It was reported at the time of the Government's announcement of the creation of the SLGF for example that the Business Secretary, Vince Cable MP, was adamant that he should not have to present to the Star Chamber to defend his department's funding and fought particularly hard against HM Treasury to protect the DBIS budget.

Recommendation Four: A Minister for Local Growth should be accountable for the performance of LEPs, reporting to the Local Growth Committee within Government, and the relevant Select Committees in Parliament.

LEPs do not currently have a champion at the heart of Government and this needs to be rectified with urgency. Currently the Department for Business, Innovation & Skills and the Department for Communities & Local Government share responsibility for the performance of LEPs. A single lead Minister needs to be held accountable for the overall performance of LEPs in order to assess the value for money offered to the taxpayer by the SLGF and current levels of core funding.

Recommendation Five: The Local Growth Committee should meet on a quarterly basis and establish a forum to enable its direct engagement with all 39 Local Enterprise Partnerships.

The creation of a Cabinet Committee with responsibility for the local growth agenda is encouraging. However, and given that the Committee will have responsibility for the design and implementation of the SLGF, there are issues of transparency that need to be addressed. It is, therefore, important that a forum be established that allows the Committee to directly engage with all 39 Local Enterprise Partnerships.

DEVELOPING COMMUNICATION AND UNDERSTANDING

While 'Ministerial ownership' represents an issue of accountability and transparency, there remains the need to ensure that Government supports the local issues confronting LEPs on a practical level. Levels of communication and understanding between LEPs and central Government must also be improved. To underpin a more 'joined-up' approach to supporting LEPs, Government must ensure that more direct contact between Board leaders and Whitehall is facilitated. The Government has demonstrated willingness in its creation of the SLGF to move away from a 'one-size-fits-all' approach of providing support to LEPs. This is commendable but must be extended to consider other aspects of delivery.

A greater level of central Government understanding of local issues is required and could be facilitated by ensuring that more dialogue takes place with LEP Boards and their secretariats. Lord Heseltine recommended the creation of Local Growth Teams, a move that would see disparate bands of civil servants currently administering regional initiatives headed by a range of departments forming a single support service for LEPs. There is weight in this argument though there may be a danger of creating an additional bureaucracy where civil servants are already over-burdened by departmental obligations, preventing them from specialising in providing support to LEPs.

Moreover, Local Growth Teams would not necessarily serve to increase levels of communication and understanding between LEPs and Whitehall.

THE RELATIONSHIP BETWEEN LOCAL ENTERPRISE PARTNERSHIPS AND GOVERNMENT

I would therefore recommend re-establishing Regional Ministers who, on top of having departmental responsibilities, would lead in engaging with LEPs and ensuring local growth in the English region allocated to them. Unlike Local Growth Teams, these Regional Ministers would be champions for their area, have clear decision-making powers and, subsequently, be more of a direct link between LEPs and Whitehall. They would also play an important role in assessing the resources available to individual LEPs, conducting an audit that would be submitted with each LEPs' strategic economic plan. Civil servants would still be required to develop an understanding of LEPs and their activities, in so far as they would be supporting the Regional Ministers with their new responsibilities.

The Government's setting of objectives for LEPs is currently lacking in consistency. It appears to allocate spending on a one-size-fits-all basis (with the exception of the SLGF). Moreover, the Business, Innovation & Skills Select Committee noted in its report, 'there appeared to be an absence of any actual mechanism by which LEPs could be held to account'. The creation of Regional Ministers that provide local audit dossiers to the relevant Whitehall Departments and the Local Growth Committee, as outlined above, as well as the strategic economic plan submitted by each LEP, should therefore be appraised against an appropriate baseline for performance. This would ensure that local challenges are acknowledged alongside the indicators of economic performance (such as foreign direct investment, local rates of unemployment and companies headquartered in the localities). Such a framework for appraisal would ensure that Whitehall sees the 'bigger picture' when spending decisions are made.

Recommendation Six: Government should create a standard framework for assessing local economic development and use this as a baseline to assess Strategic Economic Plans.

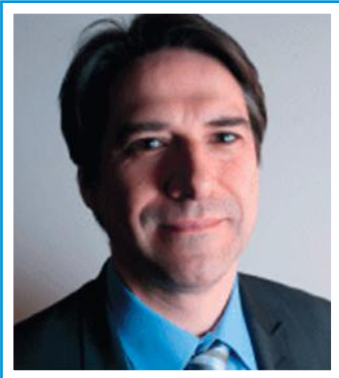
Having already taken major decisions with respect to funding, the Government must put in place a system by which it can monitor the performance of LEPs in delivering local economic growth. This is currently non-existent. Standard framework would establish a baseline for assessing the Strategic Economic Plans put forward by each LEP.

Recommendation Seven: Regional Ministers should be re-established and be given the responsibility for leading engagement with all LEPs that fall within their designated area, with the remit of driving local growth.

Government needs to provide a more effective line of communication with LEPs. It should build a greater knowledge base of local issues before assessing funding bids. By re-establishing regional ministers that will audit LEPs and help them prepare their Strategic Economic Plans, Government will provide a more effective dialogue with LEPs, as well as an insight into the local and regional issues that define their funding bids.



PERSPECTIVES



JAMES MORRIS MP

Co-Chair of the All-Party Parliamentary Group for Local Growth

This is an interesting time for Local Enterprise Partnerships and therefore also for the All-Party Parliamentary Group (APPG) on Local Growth, which I co-chair with Caroline Dinéage MP and which aims to raise the Parliamentary profile of local growth issues. With LEPs preparing to take on a range of new responsibilities, the APPG's latest inquiry, *Rising to the Challenge*, is exploring how LEPs, local authorities and Government can ensure that they have the institutional strength to make a success of the new policy landscape.

The APPG seeks to build consensus across the political spectrum on the need to continue and accelerate the devolution of economic growth powers and funding to the local level. Stability and certainty about the role of LEPs beyond 2015 will be crucial to maintaining momentum. This is not to say that LEPs are perfect – as relatively young and bottom-up institutions, they vary significantly in their scope and effectiveness, and it is evident in particular that many LEPs need a step change in how they engage with businesses. Now is the time for LEPs to ensure that they are fit for purpose, taking up the opportunity to revise their boundaries if needed and ensuring, with the support of the new What Works Centre for Local Growth, that they have a powerful economic story to tell in 2015 and beyond, particularly through effective ways of demonstrating return on investment.

Government will also have to step up to the mark. Establishing a single, cross-departmental process of negotiation and signoff for Local Growth Deals and ensuring clarity across Government on the extent of LEPs' functions will be tough for Whitehall, and the clout of the new Local Growth Committee will be pivotal in making this work and giving LEPs greater visibility within and outside Parliament.

Ensuring accountability and transparency for LEPs will only grow in importance, complicated by the multiple audiences which LEPs face – different Government departments, local authorities, different businesses and sectors and the broader public and civil society – and the need to keep LEPs streamlined.

Most of all, local authorities and LEPs need to ensure that they use the new incentives and opportunities on the table as a catalyst to improve local place leadership. Governance models will vary and options such as combined authorities may not be feasible or desirable everywhere. But accelerating moves towards pooled economic development functions, and the effective use of economic analysis to ensure political buy-in for projects sited in one local authority area but benefiting others, will be vital.

Whilst we aren't there yet, it's increasingly clear that the solution to low growth in some areas has to be greater innovation at a local level. The APPG will continue to work with all interested parties to push for the resources, freedoms and flexibilities that localities need to drive growth for the benefit of their communities and the country.

PERSPECTIVES



ANDY SAWFORD MP

Member of the Communities & Local
Government Select Committee

For Local Enterprise Partnerships (LEPs) to succeed, we need to see a real decentralisation of powers and resources. The Coalition Government's commitment to the local growth agenda appears to be waning. Having created LEPs as the key vehicles for delivering local economic development, the Coalition now seems unwilling to back its own idea and LEPs are in danger of failing.

My constituency of Corby desperately needs government backing to unlock the potential there is for growth. Two LEPs cover the area, with different visions and a seeming inability to bring those together. These local tensions are having a real impact on delivery. Some funds have recently trickled through to help bridge a gap in infrastructure spending to get housebuilding going. However, the more substantive bids are still on the starting blocks. One LEP tells me we don't need government support, the other views it as essential to unlock potential. For me as a local MP, it is a story of frustration and missed opportunities.

Across the country, major disparities exist between LEPs, in terms of their ability to attract investment and resource their own bids for funding. Many LEPs have made only a limited impact and have been hampered by the Government's reluctance to provide substantial levels of funding and support. LEPs' capacity to deliver housing and infrastructure projects is a particular cause for concern. I have witnessed these problems locally, where complications surrounding Section 106 Agreements and long delays in the allocation of the Regional Growth Fund have derailed bids for funding.

This Government's 'localism-lite' strategy will simply not be enough to sustain LEPs and provide them with the certainty that they require to attract significant levels of investment and continued engagement from the private sector. While the Single Local Growth Fund could prove to be a step in the right direction, it falls a long way short of the levels of funding proposed by Lord Heseltine. A more consistent and focused approach is now required, building on the LEP framework that is already in place. The Government should start by increasing the scope of funding streams and clarifying the terms by which finance can be applied for and allocated.

In short, LEPs are currently operating in a state of confusion. Set against the backdrop of flat-lining growth, the success that they have had in delivering local economic development has been mixed. Many, including my Labour colleagues, are questioning whether the localism agenda will be able to deliver real and tangible results ahead of the election in 2015.

PERSPECTIVES



LORD SHIPLEY

Government Adviser on Cities

Local Enterprise Partnerships have established themselves at the heart of Government policy to drive local growth. The recent Spending Round confirmed the Government's commitment to LEPs by giving them greater power and influence to lead growth.

Over the next year, LEP Boards across the country will be putting together strategic economic plans that will form the basis of their bids into the Local Growth Fund. I am excited by the ideas this process will unleash and the jobs and growth that can be created.

The big challenge LEPs now face is convincing those who say otherwise that they are able to take on this responsibility. In my role as Government Adviser on Cities, I have met a large number of LEPs, covering a wide range of geographies. Whilst some LEPs are storming ahead, not all of them have this capacity yet. It is still early days but LEPs need to take the present opportunity to demonstrate their capacity and potential. In so doing, they must show they can work together with local political leaders to set the strategic direction for an area.

LEPs should identify the challenges they face in developing the capacity they need, and tell Government what help they need. As part of the development of their strategic economic plans, LEPs should reconfirm that the areas they cover and their governance arrangements are fit for purpose.

Crucially they need to identify those SMEs that are not realising their growth potential and help them to do so, particularly those with a capacity to export more. Equally, they must ensure that investment in skills is effective by scrutinising providers to ensure that their provision meets employer demand.

This isn't about 39 LEPs competing with each other. Rather, it is about local leadership driving faster growth than can be achieved by centralised planning and delivery out of Whitehall. That will be the test of a LEP's success.

PERSPECTIVES



ALEX THOMSON

Chief Executive of Localis

Local Enterprise Partnerships (LEPs) have had a rollercoaster ride. Created in double quick time in 2010 and then left to their own devices for some time, many commentators were wondering what the core role of LEPs would be – other than not being RDAs, of course.

Then, suddenly, in recent months, LEPs have become the apple of the government's eye again, taking a starring role in Lord Heseltine's No Stone Unturned report as the central piece of his jigsaw for reviving local economic development. Lord Heseltine envisaged LEPs as the essential catalysts bridging the divide between local government, central government and crucially local businesses.

So what does the future hold for these putative engines of the economy? Well the single pot is, to be frank, somewhat of a disappointment, but it is still clear that the Government regards LEPs as a fundamental building block of their strategy to turn the current tentative recovery into sustainable economic growth.

Crucially, the noises coming from the Opposition suggest that they too envisage a central role for LEPs. There had been doubts whether an incoming Labour Government would want to keep faith with them, but I would argue that that the Party's emphasis would be much more on evolution rather than revolution. That said, don't be surprised if LEPs don't become much more strongly linked to combined authorities, and not just in the city-regions but across the country. Which in turn begs the question, are some of the LEPs across the country the right size? Whatever the answer, it seems that LEPs will have a place on the merry go round for some years yet.

PERSPECTIVES



STEWART TOWE CBE
Chairman of Black Country Local
Enterprise Partnership

The Black Country Local Enterprise Partnership is driving the growth of a major sub-region at the heart of England, representing 1.1 million people and 33,000 businesses. Our board members represent the active partnership between business and the boroughs of Dudley, Sandwell, Walsall and the City of Wolverhampton. We are working on specific Black Country approaches to creating a globally competitive local economy.

In common with other LEPs, we are rising to the challenges of delivery, funding, accountability and relationships. In the 2013 Comprehensive Spending Review, the Chancellor announced an initial £2bn for the Single Local Growth Fund. This initial pot is smaller than Lord Heseltine envisaged in No Stone Unturned, when he called for a major rebalancing of responsibilities for economic development.

The Single Local Growth Fund represents significant progress as it provides major funding, reinforcing LEPs as integral to creating local growth. The Fund gives us the opportunity to drive development, by aligning the strategic needs of our businesses, brokering alliances and leveraging in additional European and capital investment project funding, resulting in faster, more sustainable growth.

We need to connect with small and medium sized businesses to emulate Germany's Mittelstand success in productivity, skills and export led growth. The Black County's engineering expertise based on industry and innovation is a great asset and we have twice the national average of advanced manufacturing companies. We have launched The Black Country Skills Factory, as a new employer-led education and training collaboration, to address shortfalls in skills and increase suitably trained staff to respond to the growth of High Value Manufacturing.

LEPs need to be working in partnership and we are working with other LEPs on transport infrastructure developments. We believe we have the structure and plans to add value and ensure our City Deal proposition 'Built in the Black Country sold around the world' grows in resonance.



THE VIEW FROM THE LOCAL ENTERPRISE PARTNERSHIPS – BOARD MEMBER PERSPECTIVES

During August 2013 Insight Public Affairs conducted a qualitative survey of LEP Chief Executives and Chairs. Participants were asked to answer questions concerning the local challenges facing the LEP Boards that they represent, providing an insight into their perceptions on the Government's record in supporting LEPs.

When asked 'Do you believe the Government has given Local Enterprise Partnerships the necessary powers to effectuate change in their local communities?' responses to this question indicated that LEPs had demonstrated reasonable ability to deliver growth in their local areas. This might imply a general level of content with the ability of LEPs in order to deliver economic growth.

When asked 'Do you believe that Local Enterprise Partnerships have the funding at their disposal to effectuate significant change in their local economies?' respondents seemed to imply that there was a general level of contentedness with the principle of the Government's creation of the SLGF. However, many stated that a bolder response would have been welcome, specifically in the form of a larger 'single pot'. One respondent in particular noted that the initial lack of support from central Government when LEPs were created meant that '12 months were lost'. Another stated that certain LEP structures were more complex than others meaning that the value of core-funding has been lessened.

When asked 'Should Local Enterprise Partnerships be granted statutory status?' the general view taken by the majority of respondents to this question was that granting LEPs statutory status would have a detrimental effect on private sector involvement. Others noted the importance of LEPs remaining independent for fear of becoming an extension of Local Government.

When asked 'Do you feel that Local Enterprise Partnerships are business-driven?' the majority of respondents believed that this was the case, although some noted the importance of Local Authority involvement, particularly in the context of commissioning additional funding allocations. One particular respondent noted that a more appropriate description of LEPs would be that they are 'business-led and partnership-driven'.

When asked 'Is your own Local Enterprise Partnership business-driven?' many respondents pointed to the number of business representatives that sit on their own Boards. Some also noted that private sector participation would increase if the Government allocated a greater degree of core-funding.

When asked 'Are the private sector companies involved with your Local enterprise partnership representative of the local business environment?' all of the responses to this question stated that this was the case, with many pointing to the composition of their respective Boards. However, it was noted by certain respondent that there remains a challenge for small and medium sized enterprise to engage with LEPs.

When asked 'Do you believe that the Government has provided enough support to Local Enterprise Partnerships to drive local growth?' respondents noted that more financial support is required by central Government. Others noted that there needed to be a clearer definition of the leadership role appointed by Government to LEPs in delivering local economic growth.

A general theme that emerged from the survey responses was that Board Members were content with their ability to drive local growth in principle yet, in practice, issues of finance, powers and delivery have hampered LEPs in delivering growth.

The results also present the overwhelming view that LEPs are business-driven, with additional commentary implying that any other situation would not create a suitable environment for delivering local economic development. Furthermore, respondents were very clear that LEPs should not be granted statutory status, for fear of losing the confidence of the business community.

The responses are also notable for the insights they provided into the issue of board composition. While the importance of business involvement is fundamental to the success of LEPs, representation should mirror the enterprise environment that defines each locality. Moreover, the involvement of specialists is required to broaden the outlook of each Board. Issues of composition, based on the qualitative responses to our survey, therefore define our final key findings.

THE VIEW FROM THE LOCAL ENTERPRISE PARTNERSHIPS – BOARD MEMBER PERSPECTIVES

Recommendation Eight: At least 60% of Board Members should represent the business community. This should be a precursor for any LEP ahead of receiving Core Funding or bidding for the Single Local Growth Fund.

Our survey of LEP Board Members showed that the importance of business confidence is crucial to the success of LEPs. It therefore seems appropriate that the number of business representatives that sit on individual Boards should outweigh those representing the public sector or local authority. This should be a prerequisite before central Government funding is allocated to LEPs.

Recommendation Nine: All LEP Boards should require at least one specialist education representative.

Board Members representing the education sector are a vital mouthpiece for promoting universities, apprenticeships and skills training within LEP jurisdictions. Representatives from further and higher education backgrounds should also sit on individual boards as a prerequisite ahead of LEPs receiving funding from central Government.

Recommendation Ten: A minimum threshold for Small & Medium-sized Enterprise (SME) representatives should be applied to LEP Boards.

The Government should look to widen opportunities for smaller companies to drive local innovation and growth. Germany's 'Mittlestand', the niche supply-chain enterprises that underpin the country's export performance provide a model of success. SME representation on LEPs Boards should ensure that local companies are well represented and well supported, and should therefore be proportionate. This will ensure that the Strategic Economic Plans prepared by LEP Boards echo the wider business interests of the locality.

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- Taxpayers' Alliance, The Case for Abolishing Regional Development Agencies (August, 2008)

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W: www.nelep.co.uk
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32. THAMES VALLEY BERKSHIRE

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33. LONDON

W: www.london.gov.uk/priorities/business-economy/london-enterprise-panel
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36. SOLENT

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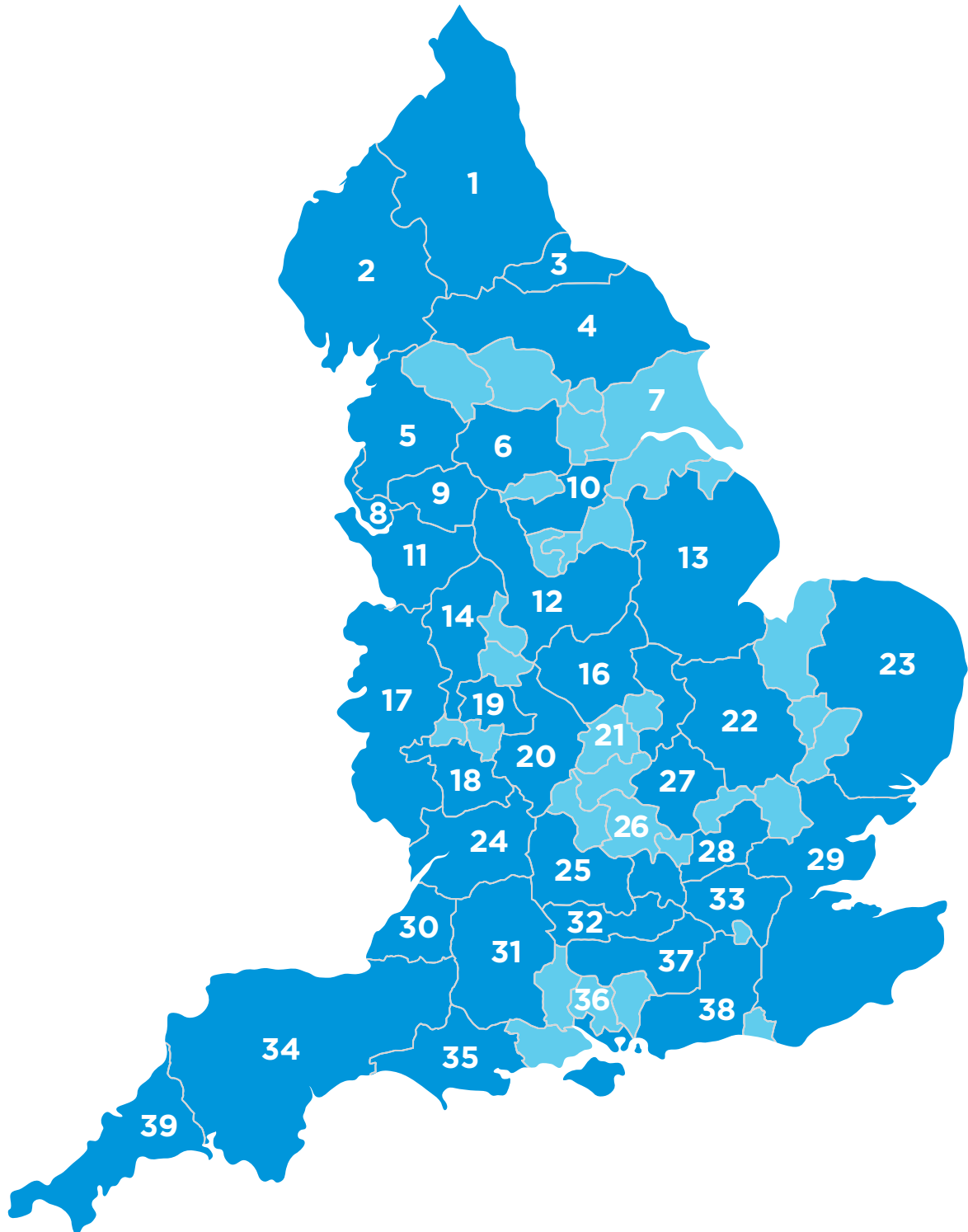
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