

## **Local Enterprise Partnerships and Economic Revival**

LEPs were created in haste and without adequate resources following the demise of the Regional Development Agencies. LEPs have been playing catch-up ever since.

### **Accountability**

Localism, one of the premises on which LEPs were based, sounds good - local decisions being made at local level - but this could lead to a diminution of local democracy in the case of LEPs. Local business people have been put in charge of regional economic development who have a varied range of experience of or interest in the local community which until then were seen as a potential market or customer. Without the support of the local authorities, with their administrative structure, planning acumen and financial resources, it is questionable whether many of the LEPs would have survived this long

The BIS Select Committee, in their report on the progress of LEPs published in 2013, said that it had been encouraged that LEPs agreed that they should be held accountable and heard many examples of how they are trying to promote transparency. However, it said, there appeared to be an absence of any actual mechanism by which LEPs could be held to account. And that continues to be the case.

The TUC would wish to see greater co-ordination between LEPs particularly given that the majority of LEPs cover more than one local authority or Unity Authority area. There is an indication that this is happening to some extent as witnessed in some of the strategic plans that were +submitted to BIS. This may be because of the prime role of the local authorities in those LEPs and that they understand the need for co-operation across the region.

The TUC is concerned at the nature of the make-up of the LEP boards with too narrow a focus on partnerships between business representatives, higher education establishments and local authority leaders which leads to the exclusion of other important social, economic and environmental partners (SEEPS) including trade

unions. There is also a need to ensure that business representatives on the boards of LEPs are genuinely representative and can speak on behalf of the diversity of business interests across a LEP area.

The functions and responsibilities covered by Local Enterprise Partnerships include planning and housing, local transport and infrastructure priorities, employment and enterprise and the transition to the low carbon economy. Other former RDA functions such as responsibility for attracting inward investment, innovation, business support, strategic finance and sector support are now supposed to be undertaken at national level.

LEPs are further compromised by having at least two government departments (BIS and DWP) overseeing the work of LEPs , with four government ministers including the Agriculture minister responsible for rural areas funding, and individual LEP strategy advisers with their links to government spread over the two ministries. DWP appear to take the lead in relation to European funding streams, crucial to future LEP funding. This sounds like a recipe for democratic disaster let alone clear lines of accountability.

This arrangement puts up further barriers to accountability with no government ministry or minister with clear responsibility for LEPs and regional economic development. After two and half years since the RDAs were abolished, the National Growth and Investment Board was established which may bring some focus, some point of reference, or an oversight of what is happening regionally from a national perspective though this is yet to emerge.

Clearly there needs to be a more rational approach to the governance of LEPs and regional economic growth, preferably through BIS.

### **LEP Viability**

The TUC welcomed the Government's agreement to provide some core funding to LEPs for two financial years. But this only came about after growing concern was expressed by leading chairs of LEPs at the lack of government support for their work.

Giving oral evidence at the BIS Select Committee in October 2012 they said that the demands on their individual time and resources was too great, interfering with their own businesses, and without adequate administrative support LEPs were going to fail.

The government responded by a £250,000 grant to each LEP. However, long-term certainty, long term funding, is essential for regional investment. A one-size fits-all, which until now seems the approach, is misguided because different LEPs face very different investment barriers. One has to ask what certainty there is for LEPs with the development of City Deals and Combined Authorities where municipal authorities, with greater finances and resources and better understanding of local needs have a greater advantage over LEPs where they are, for the most part, the stronger partner.

It may be that the awarding of funds to LEPs through the European Social Fund, yet to be agreed by the European Commission, will answer this concern. It is open to question, though, how thorough that review can be, and how well founded the Government's own strategic plan can be, when the LEPs have already been informed by Government that they will receive their funding for their strategic plans prior to the review being completed.

The BIS Select Committee recommended an assessment of both how well LEPs match current functional economic market areas and also the impact of having overlapping LEPs. This was needed as a matter of urgency. As yet there has not been any outcome from this request though this may be easier with the creation of the National Growth Board and the submission of the strategic plans.

Clearly different LEPs are at different stages of development. Some have 'hit the ground running' and have been operating well while others have only just got their act together. The TUC's overall impression, based on the experience of regional TUC's, is that LEPs have struggled to make their mark and at best have carried forward a minor part of the work being taken forward by Regional Development Agencies.

## **Union and community involvement in LEPS**

The TUC and union involvement with the LEPS has been varied.

In the TUC's Yorkshire and Humber region the regional TUC has seats on the LEP skills for growth partnerships in Leeds and Sheffield City regions and TUC unionlearn attends the meetings of the partnerships.

The regional secretary has contact with the LEP's in Sheffield and Leeds on a number of issues and has a relationship with the chairs but only a small contact with Humberside, and nothing with North Yorkshire

Leeds and Sheffield have also talked about TUC and union involvement in employee sub boards of the LEP's but this is still at the talk stage and nothing more.

In the North East LEP an External Advisory Board has been set up to provide external input into the development of the Strategic Economic Plan, ensuring that linkages are made with other strategic documents and activity. This is segmented by sectors – rural; environmental/sustainability/low carbon economy; education and skills; business; finance and investment; place shaping; academic advisers; trade unions; and HM Government

There is also a NELEP Skills Group. The primary purpose of the North East Strategic Skills Group will be to set the strategic direction for skills policy in the North East LEP area. The group will bring together key stakeholders in skills policy and delivery in the North East to provide leadership in relation to the development of strategic priorities and investment plans. The TUC is represented on this group and has started meeting

Tees Valley LEP have an employment, learning and skills group delivering their skills action plan. TUC is represented there and is involved in the thematic task and finish group feeding into the EU structural investment fund strategy.

The North West regional TUC is involved in the Employment and Skills Board in Liverpool City region, and it also has an involvement on the Child Poverty and Life Chances commission, financial inclusion group and apprenticeship hub, as well as

euro strategy. In greater Manchester as well as the ESB there is a future workforce group on which the TUC sits, as well as euro strategy. Cheshire and Warrington have latterly involved the regional TUC in their European strategy group. Meanwhile though there is no involvement or contact with Lancashire, nor do they reply to any letters seeking a meeting.

By contrast in the South West the involvement of unions is ad hoc and patchy with inconsistent contacts with LEPs. The TUC Regional Secretary reports that it is clear that the LEPs in the region do not understand the role that unions play as agents for change because they oppose the very process. This can be evidenced when the Cornwall LEP drafted a page in their strategic plan about raising wages without mentioning unions.

In the London Enterprise Panel there is no union representation and contact has been spasmodic though there has been a response to recent correspondence from the regional TUC, while in the one of the largest of the LEPs, the South East LEP there has been no effective contact what so ever despite approaches from the Southern and Eastern Regional TUC.

The survey of LEPs undertaken by the Centre for Urban and Regional Development Studies (CURDS) at Newcastle University looked at LEP organisation and governance differences-

The survey confirmed that there is limited involvement with LEPs – especially at board level - of trade union and community/voluntary sector, environment and other civil society interests. The Government, whilst reluctant to admit that it has been prescriptive on matters relating to membership has asked LEPs to ensure that boards have 50% private sector membership and a private sector chair.

While acknowledging that some LEPs have been able to win government funds and set out a coherent economic vision for their area - for example in the West of England, in the North West and Northern regions where stakeholders have been involved in the development of those plans– too often they have been found to be lacking.

## **Unions as skills providers**

It should be noted that more than 800,000 people have been given training and learning opportunities via their union.

Last year TUC unionlearn helped 230,000 learners at all levels, from 30,000 completing Skills for Life courses to 4,000 taking degree level qualifications.

In a 2013 survey of 415 employers, with more than 1 million employees, nine out of ten (87%) said that they wanted to continue to support union learning, with two-thirds saying that it benefited the organisation and 81% saying it benefited the individual. Every major political party has voiced strong support for unionlearn. But this seems a resource that some LEPs wish to ignore.

## **LEP Effectiveness**

Hard evidence about the effectiveness of LEPs to date is difficult to come by - a problem exacerbated for the TUC and unions by the fact that many LEP's have failed to engage effectively with unions and other key stakeholders.

In our submission to the BIS Select Committee the TUC warned that too narrow a focus on partnerships between business representatives and local authority leaders may lead to the exclusion of other important social, economic and environmental partners (SEEPS) including trade unions. Unfortunately, this has been borne out by our experience of most of the LEPs to date. In parts of the country where unions have traditionally been engaged in local and regional economic and development agencies and activity – for example, the North East - it has been possible to construct a practical working relationship with the LEPs. However, this positive approach has been lacking elsewhere - most notably in the South East as indicated above.

The TUC believes that there is need for greater clarity about the process for appointment to the board of LEPs. There is also a need to ensure that business representatives on the boards of LEPs are genuinely representative and can speak on behalf of the diversity of business interests across an LEP area. In providing background information to inform this submission the TUC's regional secretary in the South West noted, *'The business clubs represent a narrow view of economic life but*

*have been largely able to self-select. We have found the process in some LEPs completely obscure. The result is of LEP board of mostly white men. One LEP Board has only one woman member.'*

The TUC continues to have concerns about the ability of LEPs to work together; to pool resources and programmes where appropriate; and to effectively support regional and nationally important sectors and clusters. There are few signs of this 'cross border co-operation' in the draft strategic plans.

The LEPs are currently supported by the LEP Network which provides a forum for the exchange of information and experience as well as bringing LEP participants together. The Network has recently reformed itself with a new Chair and Chief Executive, which looks positive, but is there time for the new body to develop a structure in which LEPs can work together or clearly define a role for the 'representative' bodies of business before the weight of expectation on LEPs finally overcomes them?

## **In Conclusion**

The major concerns at this stage for the TUC are two-fold.

First, will the breadth of ambition for and expectation of LEPs, stimulated by Government's response to Heseltine, crowd-out and distort their growth as 'private sector-led, locally-owned and sustainable institutions'?

Second, will the variability of and competitiveness between LEPs be their 'Achilles heel'?

With Heseltine, Government and most commentators reinforcing the idea of 'variable capacity and effectiveness' the implications are that either critics will discredit the whole LEP initiative – such as the LEP collective will move at the pace of the slowest or least resources; or that variable development will be determined by ideas about LEP capacity rather than by either objective economic need or opportunity. Neither of these outcomes will be ideal for local or national growth. Surely economic

objectives and needs must take precedence over LEP capability but there is no other route should a LEP be incapable of delivering the economic programme.

LEP relations with Government need to address issues of expectations, decentralisation and multi-tier governance (national, LEP, local), and of how differing national priorities and approaches can be pulled together for regional economic growth.

With Government's plans for enhanced decentralisation dependent on strong publicly-accountable multi-Local Authority governance (e.g. combined authorities), LEP powers and resources are far from assured.

LEPs will need to build new relationships and strengthen their capacity in the run up to 2015. However, this will take time and resources that many LEPs will be reluctant to expend against a background of continued economic stagnation and in the face of mounting responsibilities. If LEPs are to endure and prosper in the post-2015 context, then longer-term investment is vital.

LEPs have been lauded as 'the only show in town'. Government post-2015, of whatever colour, may seek to replace or develop 'deficit reduction', 'localism', 'rebalancing', 'big society' and other coalition themes with a fresh language for the remainder of the decade.

If LEPs want to have a place in any form of economic development governance in England and earn a 'run' to the end of the decade and beyond, they will need to be part of new post-2015 narratives. At the moment LEPs look small and seriously under-powered for the task in an international context.