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MOBILISING REGIONS: LEPS AS ENTREPRENEURIAL GOVERNANCE AND INNOVATIVE PRACTICE?

Gill Bentley, The University of Birmingham

Dr Lee Pugalis, Northumbria University

Professor John Shutt, Harris Partnership and Leeds Business School

Ania Ankowska , Northumbria University

Research Project: 2011-2014

From Regionalism to Localism: Cross Country LEPs

2 The Project Team:

- **Dr Lee Pugalis** - School of the Built and Natural Environment at Northumbria University – covering *LEPs in the North East*
Email: lee.pugalis@northumbria.ac.uk
- **Professor John Shutt** – Harris Research Partnership Ltd and Visiting Professor at CURDS, Newcastle University – covering *LEPs in Yorkshire and the Humber*
Email: john.shutt@harrisresearch.co.uk
- **Gill Bentley** – Birmingham Business School, the University Birmingham – covering *LEPs in the West Midlands*
Email: g.a.bentley@bham.ac.uk
- **Lorna Gibbons** – Senior Economic Development Officer at the Borough of Poole – covering *LEPs in the South West*
Email: lorna_gibbons@hotmail.com

• Newcastle

• Leeds

• Birmingham

• Plymouth

• Bristol

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SCOPE & FOCUS

1. Examine the business of entrepreneurial governance through an examination of English economic development practice
 - Local Enterprise Partnerships (LEPs) provide the empirical lens to understand the contemporary role of private interests in the pursuit of public goals
2. Analyse key opportunities, dilemmas and future directions
 - Can Local Enterprise Partnerships (LEPs) dynamise private sector growth?

Local Enterprise Partnerships

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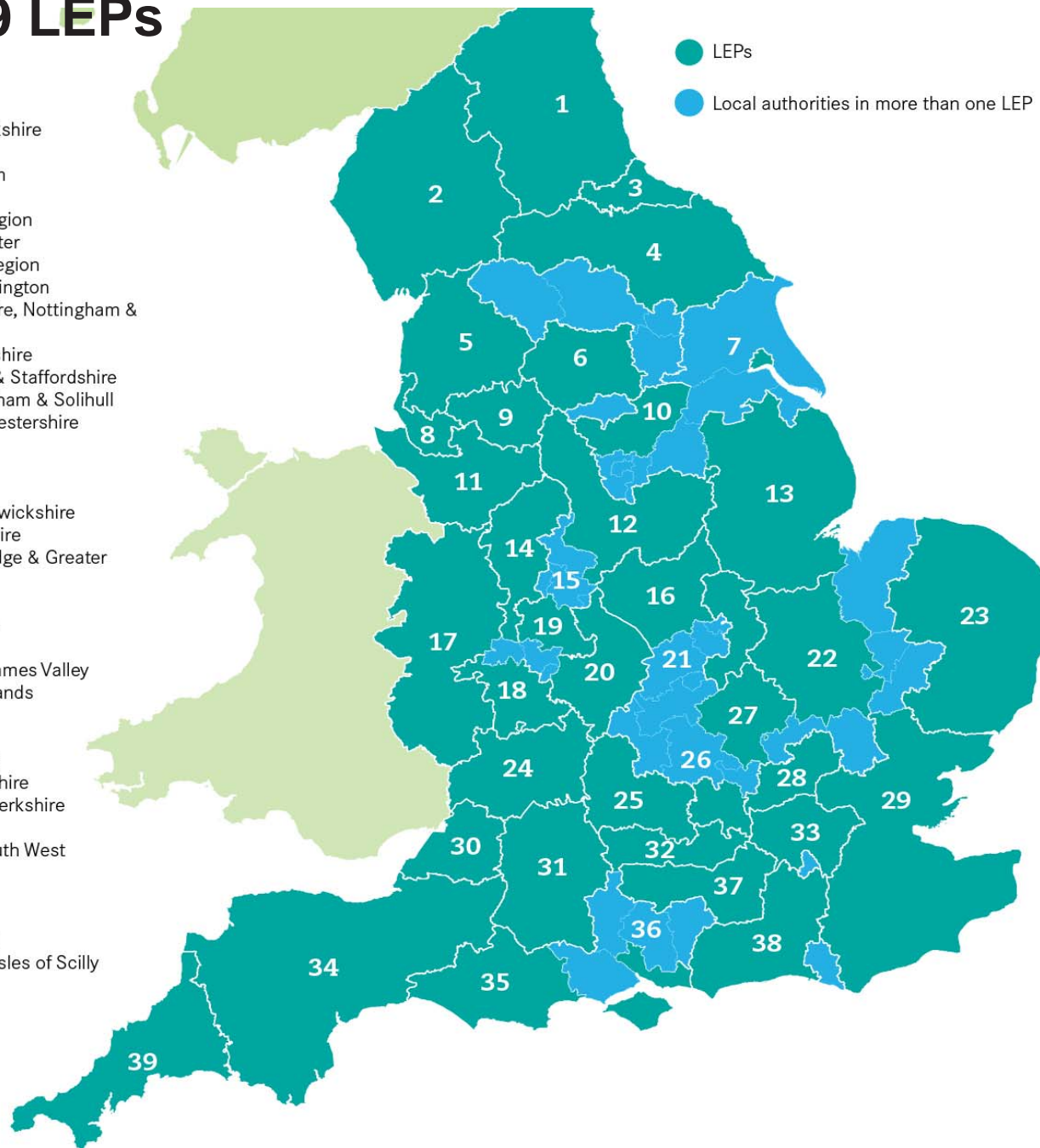
- “joint local authority-business bodies brought forward by local authorities ... to
 - ▣ promote local economic development”
 - ▣ better reflect the natural economic geography of the areas they serve” and
 - ▣ cover real functional economic and travel to work areas”
 - ▣ DCLG, (2010); HMG (2010: p10)
- Prominent role for the private sector
 - hegemonic grip of the neoliberal project
 - ▣ (Brenner et al., 2010).

The 39 LEPs

1. North Eastern
2. Cumbria
3. Tees Valley
4. York & North Yorkshire
5. Lancashire
6. Leeds City Region
7. Humber
8. Liverpool City Region
9. Greater Manchester
10. Sheffield City Region
11. Cheshire & Warrington
12. Derby, Derbyshire, Nottingham & Nottinghamshire
13. Greater Lincolnshire
14. Stoke-on-Trent & Staffordshire
15. Greater Birmingham & Solihull
16. Leicester & Leicestershire
17. The Marches
18. Worcestershire
19. Black Country
20. Coventry & Warwickshire
21. Northamptonshire
22. Greater Cambridge & Greater Peterborough
23. New Anglia
24. Gloucestershire
25. Oxfordshire
26. Buckingham Thames Valley
27. South East Midlands
28. Hertfordshire
29. South East
30. West of England
31. Swindon & Wiltshire
32. Thames Valley Berkshire
33. Pan London
34. Heart of the South West
35. Dorset
36. Solent
37. Enterprise M3
38. Coast to Capital
39. Cornwall & the Isles of Scilly

LEPs

Local authorities in more than one LEP



Conceptualising LEPs

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- A particular variant of entrepreneurial governance
- Multi-scalar governance arrangements in which an amalgam of sectoral, governmental and non-governmental societal actors with different spheres of influence or jurisdictions come together to achieve or support some shared objectives
- Developing as non-statutory entities, and in many cases without a legal personality, LEPs are a prime example of softer spaces of entrepreneurial governance; utilising informal processes and exchanges to conduct business
- **Represent new scalar forms of organisation or territorial permanences in which economic problems can be reframed and (alternative) solutions proposed**

Approach

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- Theoretically – engage with the work of David Harvey
- Empirically – comparative analysis of the strategic priorities, ways of working and interventions of LEPs operating across Greater Birmingham and the North East of England
- These present the ‘point of collision’ (Harvey, 2008, p. 39) between different interests

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FRAMEWORKS FOR UNDERSTANDING

Entrepreneurial Governance

Entrepreneurial Governance?

1. **Public-Private Partnership** – boosterism integrated with state powers
2. **Speculative** – in execution and design rather than needs focussed
3. **Spatial repositioning** – the political economy of place rather than of territory in order to induce external investment

(Harvey, 1989)

- Not necessarily a ‘hands-off’ role for governmental actors but intervention with a different ethos and political ideology
- A ‘front-seat’ role for business interests but also a ‘back-seat’, yet omnipresent and powerful role for the state

Entrepreneurial Governance?

1. 'Public-private partnership ...

- ▣ cooperation, consolidation and unification of public-private motives and objectives
- ▣ local boosterism integrated with the use of local governmental powers to try and attract external sources of funding
- ▣ strategies such as place promotion, inward investment and state grants.
- ▣ pro-growth and business-focussed policies ...

(Harvey, 1990; Jessop, 2002; MacLeod, 2002; Raco, 2005).

Entrepreneurial Governance?

2. Speculative... Developments

- the formalisation of public and private objectives through partnership arrangements 'is entrepreneurial precisely because it is speculative ..
- To provide a 'return' on 'investments' ... as opposed to 'rationally planned and coordinated development' (Harvey, 1989, p. 7,...)
- Opportunities over .. social need

(Boyle & Hughes, 1994;
Harvey, 1989; MacLeod, 2002).

Entrepreneurial Governance?

3. Spatial repositioning of strategies

- 'the entrepreneurialism focuses much more closely on the political economy of place

(Harvey, 1989: 7).

- Project interventions and policies to support and 'improve living or working conditions are supplemented or superseded by policies that are designed to induce external investment from tourists, investors or higher income classes (Harvey, 1989: 7; MacLeod, 2002).

Soft State Spaces....

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- For Allmendinger and Haughton (2009: p619) 'the emergence of new multi-area subregions... for strategy making and policy delivery - 'soft spaces' and 'fuzzy boundaries' - is related to a policy impetus to break away from the shackles of pre-existing working patterns which might be variously held to be slow, bureaucratic, or not reflecting the real geographies of problems and opportunities'

LEPS – as Entrepreneurial Governance

- ❑ The focus on the ‘business’ of entrepreneurial governance – including motives, strategies and objectives – the research helps to fill a conceptual and empirical gap

LEPs as Entrepreneurial Governance?

Evidence



1. Governance arenas, networks and boards composed of non-governmental as well as governmental actors - yes
2. Territorial focus more respectful of 'functional' economic areas rather than administrative boundaries - yes
3. Retrenchment of public financial support and the transfer of responsibilities to other actors, specifically private business - yes

The Governance and Geography of LEPs

Role	Governance	Geography
<ul style="list-style-type: none">- Provide strategic leadership; setting out local economic priorities- Help rebalance the economy towards the private sector; creating the right environment for business- Tackle issues such as planning and housing, local transport and infrastructure priorities, employment and enterprise, the transition to the low carbon economy and in some areas tourism	<ul style="list-style-type: none">- Collaboration between business and civic leaders, normally including equal representation on the boards of these partnerships- Work closely with universities and further education colleges- A prominent business leader should chair the board- Sufficiently robust governance structures- Proper accountability for delivery by partnerships	<ul style="list-style-type: none">- Better reflect the 'natural' economic geography; covering the 'real' functional economic and travel to work areas- Expect partnerships would include groups of upper tier local authorities, which would not preclude that which matches existing regional boundaries

Source: Pugalís, L. (2011): 'Sub-national economic development: where do we go from here?', *Journal of Urban Regeneration and Renewal*, 4(3), 255-268.

Governance: Role for Business

- LEPs are private sector led public-private partnerships. Each LEP is chaired by a ‘prominent’ private sector person – the defining feature that all LEPs have in common.
 -consistent with Harvey’s (1989b) notion of entrepreneurial governance.
- “A new culture and style of generating growth cannot be introduced overnight. **What’s important is to get business at the heart** of a strategic vision and a coordinated, targeted effort....
 - Denys Shortt, Chair of Coventry & Warwickshire LEP,
 - since resigned

Funding...

...directly available to LEPs is limited

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Start up Fund	A one-off £5m national fund available via a competitive bidding exercise.
Capacity Fund	A £4m national fund available over four years via a competitive bidding exercise. LEPs precluded from using funds on staffing.
Core Funding	A £24m funding package: an interim £5m in 2012/13 and up to £250,000 per LEP per year for 2013/14 and 2014/15 with the expectation that local match funding will be provided

Bentley, G. & Pugalis, L. (2013) 'New directions in economic development: localist policy discourses and the Localism Act', *Local Economy*, 28 (5).

- Average of about £237,000 per LEP over a four-year period
- Core Funding (£250,000, matched) to provide LEPs with 'financial stability'
- So LEPs are doing economic development on a shoestring
- Competitive bidding for other funds...

Other Funding

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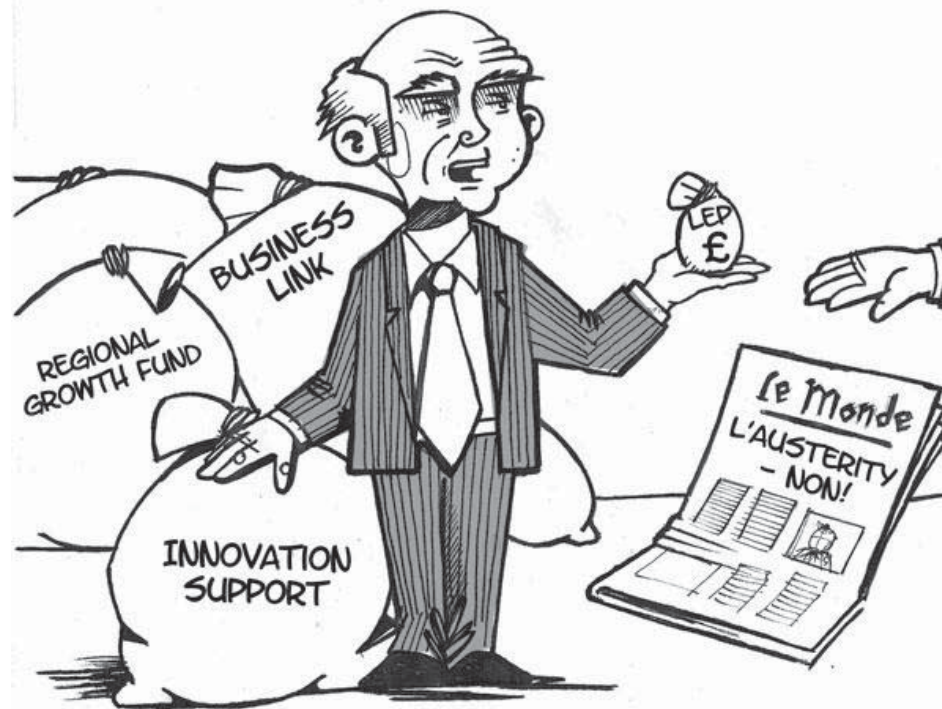
- GPF – allocated not bid for, but goes to councils
- RGF – decided by Government; goes to firms
- Enterprise Zones – bidding regime; Govt decides.. Catalyst to development
- City Deals – cities only = *fragmentation*
- Single Pot? – Heseltine's idea: was £48bn; budget allocated £2bn

...Retrenchment of public support

...Incentive to private sector to carry out development

Scope for Action

What the Minister said....



WE'RE RELYING ON YOU LEP'S TO REBUILD
OUR ECONOMY... NOW OFF YOU GO

Scope for Action:

Provisions of the Localism Act 2011

Regional Strategies	Act abolishes Regional Strategies and in effect makes the regional tier of administration redundant.
Statutory position of Local Enterprise Partnerships	There is no statutory role laid down for these voluntaristic partnerships.
General Power of Competence	Local authorities are enabled to do anything that individuals generally may do, including things unlike anything that other public bodies do, provided they do not break other laws.
Transfer of Powers	Enables Ministers to transfer local public functions from central government and quangos to local authorities, Combined Authorities and Economic Prosperity Boards (the latter are enabled by making provisions under the <i>Local Democracy, Economic Development and Construction Act 2009</i>)
Elected Mayors	Mayoral Development Corporations can be set up, to secure the development of the locality covered by the Mayoralty.
Control over budgets and in particular, local business rates	Provides scope for using rates for economic development purposes; enabling local authorities to offer business rate discounts.

Bentley, G. & Pugalis, L. (2013) 'New directions in economic development: localist policy discourses and the Localism Act', *Local Economy*, 28 (5).

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Case Example: Greater Birmingham & Solihull LEP

“the LEP is just a proxy for all of the organisations that form part of the partnership”

(Interviewee)

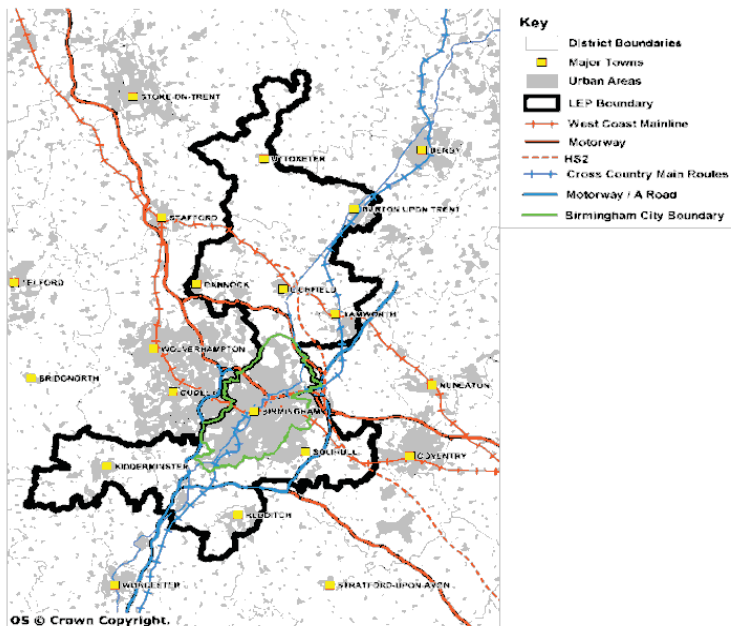
Locally distinctive and responsive

Demonstrates elements of Entrepreneurial Governance

Greater Birmingham & Solihull LEP

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Functional economic geography



Ignores broader supply chains and links with the Black Country, Coventry and Warwickshire

The development of LEP proposition

- 9 local authorities
- Chair: Andy Street, Managing Director of John Lewis Partnership
- Was a call for a region-wide LEP – Business Voice West Midlands
- ‘Guess who’s coming to dinner’ situation during the bidding process
- BCC provide the secretariat and are the dominant local authority

Greater Birmingham & Solihull LEP

Prominent role for business

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- Pro-active in drawing up and developing strategy
- Has worked to understand the structural issues that had obviated the successful implementation of previous regional economic plans
- Took lead in presenting at Annual Review meeting
- Conduit to Ministers

“We have a partnership that that has brought together business and political leaders with a shared vision for making this the easiest place in Europe to set up and run a business”.

Civic Boosterism: Birmingham Creative City Partnership = *Spatial repositioning*

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“The creative and cultural sectors are incredibly important to the LEP area, attracting visitors and creating jobs.....

- Brings together 11 partners Memorandum of Understanding signed.
- Shows collective intention to improve future growth to develop creative skills, grow cultural businesses and **improve the offer to visitors** and residents.
- Explores ways to unlock private sector and philanthropic support for culture, linking cultural development to wider economic growth.



Speculative Development : The EZ:

TIF unlocks development potential

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“TIF is a potential funding model whereby the Local Authority borrows to fund the Capital infrastructure works to enable the redevelopment, and uses the potential additional business rates to fund the expenditure”



- 7 clusters of 26 sites
- Focus on Financial and Professional services, ICT sector, Creative Industries and Digital Media
- Will provide:
 - ▣ Investment via retained business rates to unlock development sites i.e. TIF model
 - ▣ Simplified planning process via two Local Development Orders
 - ▣ Support for super fast broadband
 - ▣ Business Rates relief to support SMEs

Integrated Strategic Planning: Combining Sectoral and Spatial Development Priorities

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Our ambitions for growth and development – both housing and employment – are achievable and can be delivered via existing and emerging development plans



- We need to develop and explore new and innovative ways of leveraging the assets within the region to unlock long-term growth:
- Providing the housing and employment land needed, and aligned to economic growth
- Leveraging private sector capital to speed up development and maximise impact
- Creating a planning environment that supports sustainable growth
- Supporting a real sense of place in the region

... more recently

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- Greater Birmingham Growth Review
- “The big shift I’ve been trying to advocate is Britain’s provinces should play a much bigger role in determining their own destiny. It will not change things overnight but in the longer term it puts the dynamic into the hands of local people” (Heseltine, 2013).

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Case Example: North East LEP

The administrative region of the 'North East', which is comprised of 12 local authorities, five of which are in the Tees Valley sub-region, has often been referred to as a 'problem region' in need of state support.

Demonstrates elements of Entrepreneurial Governance

North East LEP

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Functional economic geography



Southern boundary failed to account for Durham-Tees Valley travel to work flows

The development of LEP propositions

- 7 local authorities
- Chair: Paul Woolston, Senior partner at accountants PwC in Newcastle
- 4 separate bids originally submitted – tokenistic business involvement
- Institutional antecedents were discarded
- Following government rejection the NELEP was formed
- Local authority rivalry persists

North East LEP

The role of business interests?

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- A 'leadership' role particularly in symbolic terms
- Lobbying and advocacy role that is useful in respect of criticising government policies and initiatives
- Talking-up the area and being positive
- Little evidence of locally-distinct entrepreneurial projects, although businesses are providing a critically-constructive challenge to local government practices.

Entrepreneurial Governance

Features

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- “The North East LEP is particularly eager to be speculative in nature; spatially repositioning in a manner that helps to attract ‘external’ investment”
- - ...consistent with the second and third features of Harvey’s (1989) triadic entrepreneurial governance framework

North East as an exemplar *International Enterprising Place*

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- Through the principles of smart specialisation and open innovation (Adonis, 2013).
- Is entrepreneurial:
 - ▣ Firstly, it seeks to move beyond data and information to strengthen public-private relationships and realise entrepreneurial synergies. It is also grounded in public sector powers, assets and capabilities.
 - ▣ Secondly, it is **speculative** especially in terms of future trends, growth sectors and opportunities.
 - ▣ Thirdly, it attempts to spatially reposition the North East away from administrative areas and jurisdictions towards a focus on economic geographies.
- Characteristic of Harvey's model

Concluding remarks

“Vince Cable told me ‘it is remarkable in Liverpool. You are ahead of the game’”

(Rod Holmes, The Mersey Partnership chair and board member of the Liverpool City Region LEP)

“The Liverpool City Region LEP may well be busy, but it’s all but invisible. Just wish the LEP would start to communicate”

(Respondent)

CONCLUSION

on LEPs as entrepreneurial governance...

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- More innovative policy approaches are emerging.
- This could indicate that a more permissive, entrepreneurial mode of governance with the liberation of private enterprise could lead to novel and imaginative ways of securing sustainable growth.
- Yet policy outcomes are prosaic, albeit across contextually distinct entrepreneurial governance places

Beyond boosterism

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1. **Public-Private Partnership** – boosterism needs to be backed up with powers and resources
2. **Speculative** – short-term ‘wins’ and ‘jobs at any cost’ interventions need to be limited
3. **Spatial repositioning** – the distinctive political economy of place needs to inform inward as well as outward facing strategies

Some dilemmas

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- The 'official' conduit for government
- Incentivised regime of localism likely to favour some LEPs
- Big plans, visions and statements backed up by little action
 - ▣ What have LEPs achieved in the last 24 months? What have businesses contributed? Have their ideas been acted upon?
- Many are not legal entities – so unable to own assets, trade, borrow money ...

Opportunities

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- The 'official' conduit for government
- Locally distinctive and responsive
- Incentivised regime of localism likely to favour some LEPs
 - ▣ Bespoke arrangements and 'deals' – contractual localism?
 - ▣ Enterprise Zones may generate a revenue stream
 - ▣ Increased funds from Government?
 - ▣ Less control over funds; place-based approaches
- Combined authorities....

Future directions

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- LEPs and similar contemporary entrepreneurial governance entities are expected to adapt, respond and mobilise whatever resources they have by operating outside the formal spaces of government, but crucially filling-in the softer spaces of governance 'where things get done'
- New industrial and employment strategies are required for places embarking on the next 'wave' of economic development



Cartoon credits

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Further material

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