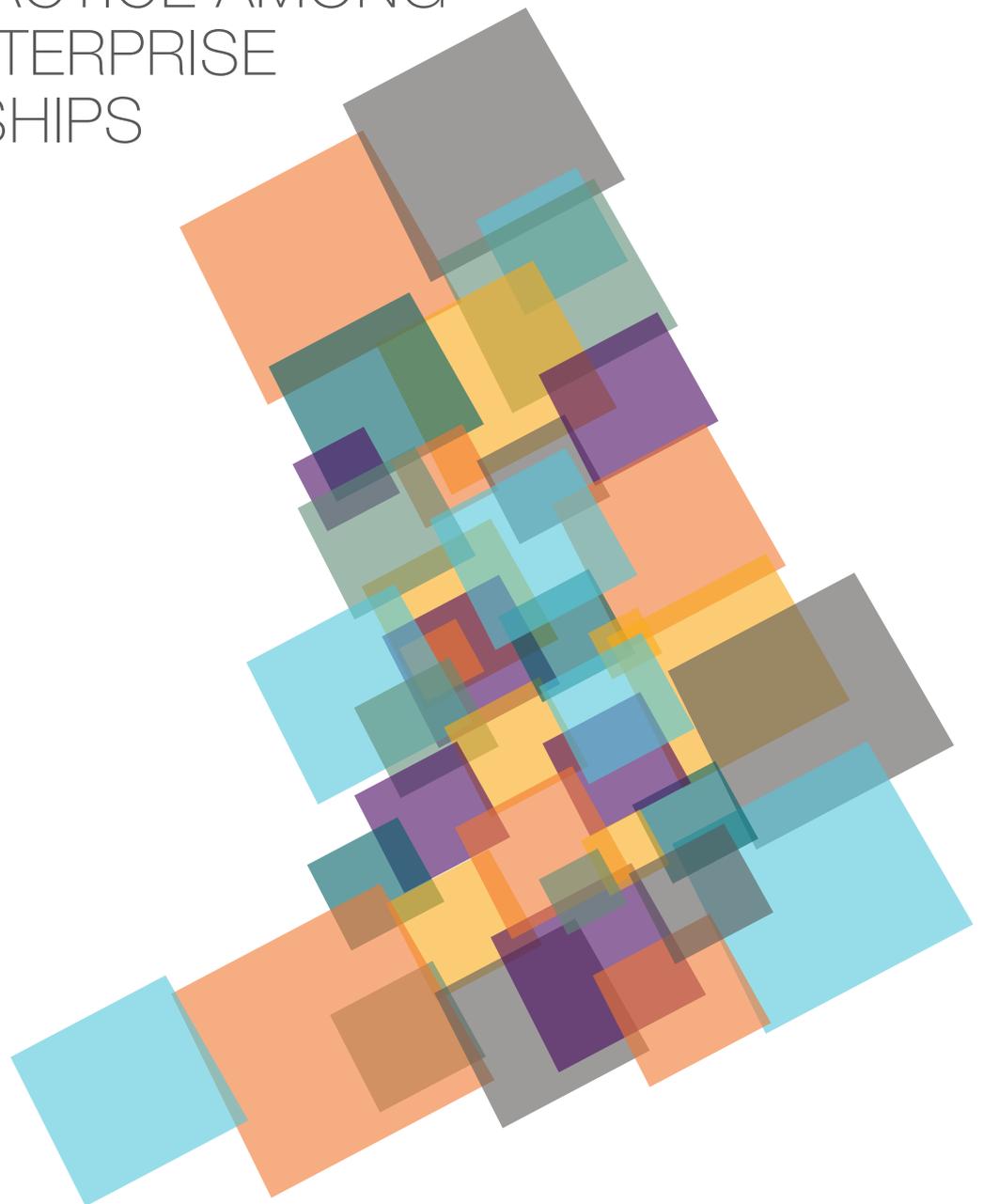


REPORT

# DEVELOPING RESILIENT LOCAL ECONOMIES

GOOD PRACTICE AMONG  
LOCAL ENTERPRISE  
PARTNERSHIPS



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and Luke Raikes

February 2015  
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IPPR North is IPPR's dedicated thinktank for the North of England. With its head office in Manchester and representatives in Newcastle, IPPR North's research, together with our stimulating and varied events programme, seeks to produce innovative policy ideas for fair, democratic and sustainable communities across the North of England.

IPPR North specialises in regional economics, localism and community policy. Our approach is collaborative and we benefit from extensive sub-national networks, regional associates, and a strong track record of engaging with policymakers at regional, sub-regional and local levels.

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## ACKNOWLEDGMENTS

The authors wish to thank Friends Provident Foundation for funding this work, particularly Andrew Thompson for providing helpful comments on earlier drafts of the report, as did our IPPR North colleague Ed Cox. We would also like to thank representatives from different local enterprise partnerships, local authorities, and the LEP Network for their support with our research.

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Broadbridge A and Raikes L (2015) *Developing resilient local economies: Good practice among local enterprise partnerships*, IPPR North. <http://www.ippr.org/publications/developing-resilient-local-economies-good-practice-among-local-enterprise-partnerships>

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# SUMMARY

This is the second report from IPPR North's research project on local enterprise partnerships (LEPs) and economic resilience. In our first report (Cox et al 2014a) we developed a 'resilience framework', and undertook an assessment of LEPs' 'strategic economic plans' – specifically the extent to which they were orientated towards building local economic resilience. In this report we have identified a number of examples of good practice from five different LEP areas.

Our project builds upon emerging thinking about the kind of post-recession economy we are building in Britain, and the kind of economic growth that we are seeking to achieve. Since 2008, despite the urgent need to encourage growth in terms of jobs and classic measures of productivity, interest in ideas of sustainability and economic 'resilience' – that is, the ability of an economy to adapt to both shocks and long-term changes – has been growing (Cox et al 2014a).

In our initial analysis we concluded that few if any LEPs appeared to be taking a systematic approach to building economic resilience. This was only to be expected given the role that government asked LEPs to perform, and in the context of the past few years which have been dominated by a drive for unbridled private-sector-led growth against a backdrop of public-sector austerity.

That being the case, it was important that our research took a forward-looking stance. The second phase of our work has been focussed on the few examples of good practice that have emerged among LEPs in terms of building economic resilience. In order to spread that good practice, we have identified and researched five case studies – one for each resilience theme – in which LEPs are demonstrably moving forward on different dimensions of our economic resilience framework. These case studies, and the framework itself, are summarised in table A.1.

Despite the existence of some examples of good practice, our research has drawn two broad conclusions.

First, that local economic planning – whether led by LEPs or other local bodies – rarely seems to incorporate a meaningful or systematic consideration of economic resilience. This is not to chastise or to attribute blame: as we are emerging from a deep global economic shock, it is not surprising that the focus has been on shorter-term measures aimed at 'resuscitating the patient'. However, a slow return to growth cannot mean a return to the pre-crash status quo. If the recent recession has taught us anything, it is the UK economy needs to become more resilient to the kinds of economic shock that do not respect any national or local boundary, and that many aspects of resilience are best built at the local level where economic relations are founded on direct interaction and the 'real economy'. The importance of local economic resilience has never been greater.

Secondly, we have learned that LEPs – and economic decision-making processes nationally – are not yet engaged in the kind of longer-term thinking that more resilient local economies depend upon, and neither are they sufficiently accountable or transparent to enable this to happen. Once again, this is not to make accusations of wrongdoing, or to suggest radical change. Rather, it indicates that what is needed is a mature debate about the limitations of the current set-up, and some incremental improvements to the governance and partnership arrangements that exist at the sub-national level. Where combined authorities exist, we think that it is right that they should take a more dominant role.

**Table A.1**

IPPR North’s LEP resilience framework: the five themes, five case studies, and key features of the approach taken by each LEP in each case

Resilience theme	LEP case study	Key features of the approach
<b>1. Responsible business</b>	West of England LEP	<p>Support for social enterprise and values-led business:</p> <ul style="list-style-type: none"> <li>• mapping the scale and value of the social enterprise sector</li> <li>• leadership and support through a sub-regional social enterprise network</li> <li>• initiatives to support social enterprise procurement and supply chain development</li> <li>• links to employment opportunities in deprived neighbourhoods and civil society engagement.</li> </ul>
<b>2. Investment and local resource flows</b>	Cheshire and Warrington LEP	<p>Assessing climate risks across key sites, key sectors and supply chains, and developing adaptations accordingly:</p> <ul style="list-style-type: none"> <li>• assessment methodologies and toolkits for small and medium-sized enterprises and other businesses – a ‘business resilience health check’</li> <li>• local supply chain examples which highlight key risks to businesses</li> <li>• workshops to help businesses understand the risks and impacts of severe weather events.</li> </ul> <p>Supported by European Regional Development Fund technical assistance funding across four LEPs in the North West.</p>
<b>3. Integration and a responsive public sector</b>	Greater Manchester	<p>Good integration between local authorities within the city region:</p> <ul style="list-style-type: none"> <li>• the development of the combined authority</li> <li>• collaboration among chief executives through twice-monthly meetings and other forums</li> <li>• wider officer collaboration around key themes and projects that cut across boundaries</li> <li>• cross-boundary strategies and evidence-gathering</li> <li>• shared projects and assets</li> <li>• enhanced political governance and scrutiny, leading to the creation of a Greater Manchester mayor.</li> </ul>
<b>4. Engagement and accountability</b>	Greater Birmingham and Solihull LEP	<p>A proactive approach to business and community engagement:</p> <ul style="list-style-type: none"> <li>• clearly stating the LEP’s structure and accountability processes</li> <li>• a supervisory board of local authority leaders with overall accountability for funding arrangements</li> <li>• LEP responsibility for project pipeline and economic development programme</li> <li>• a joint scrutiny committee which reviews and scrutinises decisions made by the supervisory board.</li> </ul>
<b>5. Environmental sustainability</b>	Cornwall and Isles of Scilly LEP	<p>Putting environmental opportunities at the heart of the vision and strategy:</p> <ul style="list-style-type: none"> <li>• a focus on people and place, and on the environment as a key business asset</li> <li>• working in partnership with the Cornwall and Isles of Scilly Local Nature Partnership to bring forward joint projects to support growth and sustainability</li> <li>• Local Growth Fund investment in renewable energy projects – including marine energy</li> <li>• a focus on agri-food supply chain issues</li> <li>• the maximisation of tourism potential</li> <li>• consideration of the key risks around water and sewerage on the Isles of Scilly.</li> </ul>

To address these conclusions, our report sets out five broad recommendations.

In order to enhance institutional capacity for long-term planning for local economic resilience, we recommend the following.

1. Central government should create a further window of opportunity for the formation of a new wave of combined authorities during the first year of the new parliament. These should be based on clear functional economic geographies, with the full consent of all partners.
2. Combined authorities, counties or other upper-tier authorities have a responsibility to clearly set out partnership structures and their dynamics at the sub-national level, and should therefore publish a sub-national partnership plan that includes a clear role for LEPs and is reviewed on a regular basis.
3. Government needs to clarify the purpose and functions of LEPs in a simple, high-level statement that sets out their core remit but leaves the details and priorities for LEPs and their partners themselves to determine.
4. Within combined authority areas, constituent local authorities should work to promote greater cooperation between officers from the chief executive down. Following the example of Greater Manchester, chief executives from across the public sector should meet at least once a month, and constituent local authorities should be given a lead role within each policy area – housing, transport and so on. Joint projects should be taken forward and secondments should be encouraged. Combined authorities should consider setting up commissions to work across boundaries at the local level on key areas such as economic development, housing, transport and the environment.

However, enhancing institutional arrangements and capacity will not in itself be enough to ensure that long-term economic resilience receives greater consideration. For this reason, we make one further recommendation.

5. In order to embed approaches to long-term sustainability and economic resilience, combined authorities, LEPs and their wider partners should adopt a series of economic resilience principles as part of their strategic planning processes. These principles should be determined locally and could draw upon IPPR North's 'LEP resilience framework' (Cox et al 2014a), but they might include some or all of the following:
  - economic strategies for at least five- and 10-year timeframes, based on clear evidence of long-term economic, social and environmental trends
  - balancing social and economic aims to ensure that growth and prosperity is shared and the benefits of growth translate into lower costs to the state
  - balancing environmental sustainability with economic growth, with a view to accommodating environmental pressures and shocks, and reducing carbon emissions in the long-term
  - clear accountability and scrutiny of LEPs, combined authorities and other sub-national partnership arrangements.

# INTRODUCTION

This is the second report of IPPR North’s research project on local enterprise partnerships (LEPs) and economic resilience. In our first report (Cox et al 2014a) we developed a ‘resilience framework’, and assessed LEPs’ strategic economic plans and the extent to which they were orientated towards building local economic resilience. In this report we have identified a number of examples of good practice from five different LEP areas.

Our project builds upon emergent thinking about the kind of post-recession economy we are building in Britain, and the kind of economic growth that we are seeking to achieve. Since 2008, despite the urgent need to encourage growth in terms of jobs and classic measures of productivity, interest has been growing in ideas of sustainability and economic ‘resilience’ – that is, the ability of an economy to adapt to both shocks and long-term changes (Cox et al 2014a).

In our first report we developed a LEP ‘resilience framework’, which condenses the theory and concepts of economic resilience into five thematic areas of analysis, each of which asks a series of key questions of each LEP’s plans.

**Table B.1**

IPPR North’s LEP resilience framework: the five themes, and topics of the key questions

Theme 1	Theme 2	Theme 3	Theme 4	Theme 5
Responsible business	Investment and local resource flows	Integration and a responsive public sector	Engagement and accountability	Environmental sustainability
Role in the global economy	Long-term investment in infrastructure	Recognition of and collaboration with other plans and strategies	Business engagement	Environmental priorities and trade-offs
Impact of the recession	New technologies	Integration across transport, housing, skills, R&D, planning, energy	Engagement with schools, universities and colleges	Public transport and modal shift
Identification of strengths and weaknesses	Broad range of financial tools	Local powers	Engagement with citizens and civil society	Economic value of green spaces and the rural economy
Causes of long-term unemployment	Promote local procurement and social enterprise	Interactions with neighbouring LEPs	Transparency and accountability	Natural resource constraints and risks
Enterprise and innovation	Reliance on natural resources	Alignment with local authority plans	–	Impact of climate change
Promoting corporate social responsibility	–	–	–	Strategy for food, land and energy use
Social diversity in business	–	–	–	Food, poverty and health
Tackling poverty and inequality	–	–	–	–

Source: Cox et al 2014a

We used this framework both as the basis of an account of some of the key issues and concerns that should guide local economic development in the wake of the recession, and as a means of analysing LEPs' plans for economic growth. We gave these plans subjective scores against each of these topics to assess the extent to which each LEP appeared to be addressing issues of local economic resilience.

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### Local enterprise partnerships (LEPs)

LEPs were set up by government to drive the growth agenda at the local level. The rationale for these bodies is that they cover natural economic areas, which are often larger than local authority districts and counties, but smaller than the old government office regions. It was also intended that they be constructed 'from the bottom up', through voluntary agreements between local businesses and other partners. As such, they are composed of contiguous local authority areas, but vary in size and shape and even overlap in some cases.

It is fair to say that the government has never directed LEPs to address matters of wider economic resilience. However, given the permissive nature of governmental guidance, LEPs have had the freedom to develop growth plans that address both narrow concepts of productivity growth and wider issues of local economic resilience, should they choose to. LEPs were tasked with developing growth plans, and then strategic economic plans, in order to strike a 'growth deal' with central government for a share of the Local Growth Fund. These plans presented an opportunity to investigate the extent to which these bodies were balancing the pursuit of productivity growth with that of local economic resilience.

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Our initial analysis concluded that few if any LEPs appeared to be taking a systematic approach to building economic resilience. A handful had worked up plans around one or two resilience issues; some included a liberal scattering of key buzzwords on the topic in their plans. For most, however, issues of resilience were of second-order importance compared to the primary task of driving high-value productivity growth.

This was only to be expected given the role that the government asked LEPs to perform, and in the context of the past few years, dominated as they have been by a drive for unbridled private-sector-led growth against a backdrop of public-sector austerity. Although characterised as bottom-up strategies ostensibly free from government guidance, the main object of the local growth plans, and subsequently strategic economic plans, for which LEPs were responsible was to strike a 'growth deal' with central government for a share of the Local Growth Fund – a process in which no regard appears to have been paid to long-term sustainability. While in some cases LEPs have taken advantage of their freedom to adopt more innovative and resilient approaches, they have been the exceptions rather than the rule, as thinking and practice have tended to follow the more narrow incentives of government funding.

That being the case, it was important that our research took a forward-looking stance. The second phase of our work has focussed on the few examples of good practice that do exist. In recent months, we have identified and researched five case studies – one for each theme – in which LEPs are taking forward different dimensions of our economic resilience framework. Each case study has been developed through desk-based research, interviews with key protagonists, and visits to some of the projects concerned.

Each of the following sections of this report set out some of the thinking behind each theme of our framework, together with a case study of how a particular LEP is developing plans in that area.

# THEME 1: RESPONSIBLE BUSINESS

## WEST OF ENGLAND LEP

### 1.1 Context

A fundamental principle of economic resilience is that responsible business underpins a stable economy. If an area is to adapt to economic shocks and long-term changes (such as declining employment in manufacturing) then they need to avoid overreliance on a single industry, a single asset or even a single employer. In order to build resilient local economies, LEPs need a deep understanding of their economies, and must promote innovation in response to, and in anticipation of, changes in them. This means being connected to the global economy, learning from their experience of recessions, and understanding the strengths and weaknesses of the area, from entrenched long-term unemployment to vulnerability to capital flight.

Our first report on LEP resilience found that this theme was underdeveloped in LEPs' strategic economic plans, just as other themes were. However, this is perhaps surprising in the case of this theme, given that it is the closest in policy terms to traditional economic development. With some exceptions, we found little evidence among LEPs of a detailed understanding of the position their local economy had within the *global* economy; of a deeper understanding of threats to and weaknesses in their economic base; or of a full comprehension of the recent recession and its impacts on their area. However, LEPs tended to fare better in the areas of innovation, enterprise and skills.

One indicator we looked at as part of the responsible business theme was LEPs' consideration of the role of social enterprises.<sup>1</sup> The first report found that while most LEPs referenced social enterprise in their strategic economic plans, they generally viewed social enterprises as worth supporting for the economic benefits they bring rather than their social value (Cox et al 2014a). Only a small number of LEPs recognised that social enterprise can deliver other objectives such as enhancing skills and employment. We found that the West of England LEP demonstrates particularly strong support for value-led business. The Social Enterprise University Enterprise Network [SEUEN] (2013) credit the West of England LEP as having recognised that forward-thinking social enterprises cannot solely be drivers of innovation and economic growth, but must also act as exemplars for traditional businesses. The West of England LEP has taken practical steps to ensure that support for social enterprise features in its long-term plans for economic growth. Many of these steps could be transferred to other LEP areas, to the benefit of both local social enterprises and LEPs themselves.

### 1.2 Mainstreaming social enterprise

The Department for Food and Rural Affairs' Strategic Social Enterprise Partnership challenges LEPs to consider whether they see social enterprise as a separate priority or as part of the mainstream (Defra 2013). IPPR North's reading of 39 LEPs' strategic economic plans found that social enterprise tended to be name-checked for its economic value, rather than being incorporated into their main aims. In practical terms, the West of England LEP has tried to develop an

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<sup>1</sup> In our resilience framework, the importance of social enterprise is recognised in both themes one and two. For the purposes of these case studies, we have highlighted it here in relation to the West of England LEP's approach to business.

infrastructure that supports social enterprise to become embedded into long-term local economic planning.

The work of the LEP is supported by 11 sector-specific groups that provide advice and guidance on a range of strategic priorities, of which social enterprise is one. Many LEPs have structured their priorities around sector working groups, but few others have prioritised social enterprise in this way. The West of England LEP's social enterprise sector group is supported by both a local social enterprise network, which is building a strong community of social entrepreneurs, and a social enterprise hub at Weston-super-Mare which brings civil society and the LEP together so that value-led business is brought into the mainstream in the LEP area.

### 1.3 Mapping the sector

The West of England LEP mapped the scale of the social enterprise sector in its area, and found that it accounted for £400 million worth of turnover and the creation of 10,000 jobs in 2013 (Social Enterprise Works 2013). This mapping gives the LEP a baseline from which to measure growth in the social enterprise sector, and a means of identifying areas in which there is less depth of social enterprise activity in order to target growth initiatives geographically.

Mapping the impact of the local social enterprise sector in this way is important in terms of both building a business case for social enterprise and measuring its success. It is an exercise that other LEPs should consider carrying out, because as well as giving a true and valuable picture of the size and scale of social enterprise, it also makes a strong case for social enterprises in terms of their impacts on skills development and job creation.

### 1.4 Infrastructure support

The West of England LEP funded the establishment of the Bristol and Bath Social Enterprise Network (BBSSEN). This network aims to give social enterprises greater access to opportunities for new investment and funding; to support growth, development and collaboration; and to represent the social enterprise sector to the LEP and to other stakeholders they might not otherwise have had the resources or contacts to access.

Members of the network remarked that they greatly valued the support that BBSSEN offers, and more importantly the way in which it represents them to the LEP.

*'As social enterprises and charities we don't have the money or resource to do the research that BBSSEN does and without the input of the Network into the work of the LEP there is a danger that we might be overlooked... As it is the LEP has given us a place around the table with the opportunity to input into the plans and projects that get taken forward.'*

BBSSEN 2013

Members of the BBSSEN recognise that as well as the leadership provided by the social enterprise sector group, they have also benefitted from the LEP having had chief executives who understand value-led business. Furthermore, they understand that a strong social enterprise base contributes to the LEP area's USP as a great place to do business: Bristol became one of the first two Social Enterprise Cities,<sup>2</sup> and was one of nine cities named by NESTA as UK creative hotspots.<sup>3</sup>

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2 <http://www.socialenterprise.org.uk/social-enterprise-places>

3 <http://www.nesta.org.uk/publications/creative-clusters-and-innovation-report>

Social enterprises are strongly aligned to the communities they serve. BBSEN recognises that support for social enterprise needs to consist of more than just business development alone, although this is one of its functions. It sees potential for the LEP to play a part in shaping the market at a time when the market is failing to meet the needs of local citizens, and in doing so to help create opportunities for the social enterprise sector to move in. BBSEN therefore makes representations to this effect on behalf of social enterprises to the LEP board via the social enterprise sector group.

As well as supporting social enterprise, BBSEN demonstrates that LEPs can promote social enterprises as exemplars for traditional businesses by demonstrating the link between competitive advantage and corporate social responsibility (SEUEN 2013). Data published by Social Enterprise UK shows that an increasing number of large businesses are buying from social enterprises – 49 per cent of social enterprises now trade with private business (SEUK 2013).

BBSEN is trying to support and encourage this practice by hosting networking and development events for social enterprise and private sector peers, bringing existing supply chains together and identifying potential new ones to catalyse new market activity (BBSEN 2013). For example, in 2013 BBSEN organised an event about the Social Value Act 2012 for the West of England LEP area, and offered a significant discount on the entrance fee for BBSEN members. In some respects, given the small amount of funding from the LEP for the setup and running of BBSEN, this is a small project compared to others described in our case studies. However, it demonstrates the value of fostering new connections between civil society and LEPs in order to deliver new and innovative business practices.

### 1.5 Connecting with civil society

A strong social enterprise sector can support LEPs by offering connections into local communities from which LEPs stand to gain a great deal in terms of both economic and social value. Social enterprises are generally concentrated in areas of high deprivation: nearly 40 per cent of social enterprises are working in the most deprived communities (Department for Business, Innovation and Skills, cited in SEUEN 2013). Since they are engaged in tackling social issues in the areas they are based in, they are well placed to support LEPs in creating employment opportunities in deprived areas.

The West of England LEP recognises this. In 2013 Voscur, the council for voluntary services in Bristol, hosted an event supported by the West of England LEP exploring how civil society can best engage with LEPs. Proactive engagement from both the LEP and the social enterprise sector is making the West of England a vibrant place to do business.

# THEME 2: INVESTMENT AND LOCAL RESOURCE FLOWS

## CHESHIRE AND WARRINGTON LEP

### 2.1 Context

Infrastructure investment and a careful approach to the use of natural resources are essential to healthy local economies. Infrastructure can be transformative, but only if it is well-planned, and if it is to contribute to building resilience it must also be coordinated with social and environmental goals. The use of new technologies and research and development in business helps to ensure that resources are used more effectively and efficiently, while financial innovation and the strategic management of supply chains can help to maximise the economic and social impact that local businesses have on their local economies.

Equally, issues concerning natural resources, and natural disasters, can have severe consequences for local economies. The flooding experienced by large parts of England in early 2014, for instance, underscored the economic and fiscal consequences of policymakers failing to prepare for environmental disaster. Furthermore, wider long-term pressures, and the risk of short-term shocks, on natural resource flows pose a genuine threat to national and local economies alike.

Our first report on LEP resilience found a mixed picture with regards to approaches to local resource flows. We found that while there was a strong focus on long-term infrastructure plans and advancing new technologies, few LEPs were innovative in terms of financial instruments or procurement practices – and very few really took seriously the role of the natural environment and natural resources in their local economies, though it could be argued that this is less of a priority for some parts of the country. In their strategic economic plans, few LEPs presented strong appraisals of natural resource constraints and potential risks, including water shortages and flooding, and the impacts that these could have on their economies.

The Environmental Sustainability Technical Assistance project supported the four LEP areas in the north west of England to embed environmental sustainability into their economic development priorities and work-streams. The project was funded by the Environment Agency and the European Regional Development Fund, and ran from April 2012 to December 2014.<sup>4</sup>

Cheshire and Warrington LEP is one of those four LEP areas that received technical assistance from the ESTA project. Through ESTA, experienced environmental practitioners worked with the local areas to provide expertise and knowledge, commission additional technical research as required, support collaborative activities between LEP areas, and bring in further specialist skills.

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4 <http://www.enworks.com/ESTA-intro>

## 2.2 Assessing risks and opportunities at strategic growth sites and sectors

Cheshire and Warrington LEP undertook a three-phase project. First, they defined key sites and sectors, and developed an assessment methodology to identify the climate risks and opportunities associated with each of them.

They then engaged with key sites and sectors to encourage them to undertake adaptation actions. Finally, they focussed on improving climate resilience among small and medium enterprises (SMEs), key environmental sectors and large company supply chains. Based on this work, resources have been created to enable other LEPs to develop their own assessment methodologies and assess the climate risks and opportunities across their own key sites and sectors.<sup>5</sup>

A central aim of this work was to assess the effects on supply chains of potential flood risks – an issue that only a handful of LEPs engaged with in any depth in their strategic economic plans. Cheshire and Warrington also recognised the opportunities that these events presented for local companies to develop products and systems to combat the effects of climate change. They explored measures to reduce carbon dioxide emissions and energy bills, and identified opportunities for on-site energy generation, heat networks, green infrastructure and renewable energy.

## 2.3 Continuity and supply chains: achieving buy-in

Phase three of Cheshire and Warrington LEP's project saw the publication of *Weathering the Storm* (CLASP et al 2013), a guide to climate resilience for SMEs. The impetus for this work was evidence that two-thirds of the region's 230,000 small businesses were not taking action on climate change, although 95 per cent of larger businesses were.<sup>6</sup> Again, this is data that other LEPs could gather in order to develop a strong appraisal of the risks and opportunities related to climate change in their area.

*'SMEs... are less likely to have the capacity to take the steps needed to adapt to the risks and opportunities presented by climate change. Businesses are often less aware of the potential risks and opportunities of climate change, the actions that they can take, and the support available; they have other, competing priorities for their limited time and resources; and do not generally have the comprehensive risk management structures in place, and are possibly under-insured against current, if not future, risks of climate change.'*

CLASP 2012: 3–4

*'The insurance industry has found that 80 per cent of businesses affected by a major incident either never re-open or close within 18 months.'*

CWEP 2014

Cheshire and Warrington LEP found that SMEs' appetite for undertaking this work was initially low, because of lack of resources and time. However, take-up improved once the LEP made the guide relevant to SMEs. They found that using local supply-chain examples identifying potential vulnerabilities in key sectors, highlighting key areas of transport infrastructure at risk in Warrington, and securing the backing of larger businesses in the area including AstraZeneca and Vauxhall Motors, piqued SMEs' interest.

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5 These resources can be found online at <http://www.claspinfo.org/cheshire-and-warrington>

6 <http://www.climatechangenorthwest.co.uk/sites/default/files/Dan%20Griffiths.pdf>

## 2.4 Support measures

Cheshire and Warrington commissioned a series of support measures to offer practical support to businesses, including a series of workshops to showcase their background research and explain the evidence of risks and opportunities in order to help businesses to understand the impacts of severe weather events, put plans in place to become more resilient, and develop business continuity procedures through a 'business resilience health check'.

# THEME 3: INTEGRATION AND A RESPONSIVE PUBLIC SECTOR

## GREATER MANCHESTER LEP

### 3.1 Context

Our previous report from this research project suggested that in order to build a strong economy, economic resilience approaches require good governance and public–private integration (Cox et al 2014a). It is vital that the public sector fulfils an appropriate role – that it is responsive to business, accountable to local citizens, and an effective steward of the many strands of economy-related policy, especially skills, housing and transport (CLES 2009, McInroy and Longlands 2010).

Many, including business secretary Vince Cable, have argued that LEPs are not currently accountable or integrated enough to take on the powers necessary to promote economic resilience and growth on their own.<sup>7</sup> While many have local representatives on their boards, they are not democratic bodies. IPPR North has previously recommended strengthening combined authorities and rolling them out in different parts of the country. Combined authorities, which are both more democratic and have stronger governance structures, are more suitable to taking on the significant powers and funding required to perform these functions. We have also argued for clear partnership relationships between combined authorities and LEPs (Cox et al 2014b).

Our first report from this current project found a highly variable picture across the country in terms of LEPs’ ‘connectivity’ with the local public sector – the work of which many LEPs paid little regard to, even when it directly affected them. Furthermore, few LEPs appeared to be ‘plugged-in’ to other strands of social policy that are closely related to economic policy.

### 3.2 Greater Manchester: the context

Greater Manchester is widely regarded as being at the forefront of devolved policymaking in the UK. While many factors – not least its size and historical significance – underpin this position, particular elements of governance and integration have secured it. The LEP is coterminous with a combined authority, which in turn is aligned with the boundaries of the former Greater Manchester council (disbanded in 1986) and the Association of Greater Manchester Authorities (AGMA), a voluntary agreement between the 10 borough councils that constitute the combined authority. Therefore, unlike in other parts of the country, the combined authority and the LEP are just the latest iterations of a body that has existed as a natural economic geography in some form since the early 20th century. Consequently, the 10 local authorities of Greater Manchester have been working together for some time, and cross-boundary commissions and authorities are in place to deal with policies such as transport, waste and economic development.

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7 [http://www.thenorthernecho.co.uk/news/10387535.Vince\\_Cable\\_savages\\_Lord\\_Heseltine\\_s\\_plan\\_to\\_hand\\_region\\_spending\\_pots/](http://www.thenorthernecho.co.uk/news/10387535.Vince_Cable_savages_Lord_Heseltine_s_plan_to_hand_region_spending_pots/)

### 3.3 Policy integration across the geography

This institutional landscape in Greater Manchester is clearly very different to those of other LEPs, and this has been advantageous to its strategy on building resilience. Prior to the creation of the LEP, not only was much of the public sector within Greater Manchester already working together, but private-sector-led guidance on economic development was being provided by both the Business Leadership Council and New Economy. The government's policy on LEPs in many ways involved taking what was already in place in Greater Manchester and applying it across the country.

In some ways Greater Manchester's situation is unique, and therefore many aspects of it will not be replicable by other LEPs. However, its current arrangements are a product of evolution, and offer some clear lessons for other areas. Based upon a number of in-depth interviews with those who work across boundaries within Greater Manchester, we identify the key elements to facilitating a high level of collaborative working as the following.

1. **Chief executive collaboration.** While collaboration among political leaders is essential, in Greater Manchester it is almost as vital that there is collaboration between the chief executives of the 10 local authorities, Transport for Greater Manchester, the Greater Manchester Fire and Rescue Service, New Economy, the NHS and Greater Manchester's chief constable. These chief executives meet formally twice per month as a group, but there are also many sub-groups and committees on which many of the same people sit in different configurations.
2. **Wider officer collaboration.** The middle and lower tiers of officers within each authority respond to the leadership of their chief executives, and generally work across boundaries as the situation demands. The history of AGMA has proven indispensable in this regard – secondments have been widespread for a long time, and cross-boundary projects are common. This ties policymaking together, particularly at the middle tier.
3. **Strategy, evidence and vision.** The Greater Manchester Strategic Economic Plan, 'Stronger Together', is the latest iteration of a strategy that has been evolving for some time. To take only the most recent of these strategies and evidence bases, the Manchester Independent Economic Review (2009) is regarded as being the first economic review of a city-region; it was followed by the Greater Manchester strategy (2009), local economic assessments (2010), the growth plan (2012), and the integrated Greater Manchester assessments (2013 and 2014). There is also a programme of ad hoc research, shared among partners, which is focussed on the geography of Greater Manchester.
4. **Austerity pressures.** A driving force behind many of these changes has been the substantial cuts to local government funding in recent years. This fiscal consolidation amounted to £1.3 billion and 22,000 jobs in Greater Manchester between 2008/09 and 2012/13,<sup>8</sup> and has made collaboration with neighbouring authorities to achieve savings by joining-up certain functions and identifying cross-border efficiencies all the more essential.
5. **Shared assets and projects.** There are many key assets in which all the local authorities in Greater Manchester have a stake. The prime example of this is Manchester Airport, in which the 10 authorities together hold a majority share. However, other organisations such as the waste authority, and projects such as the expansion of the Metrolink transport system, have tied the authorities' fates together in both financial and economic terms.

Looking beyond the boundaries of Greater Manchester, a certain pragmatism is evident in its wider area which is perhaps missing elsewhere in the country. Greater Manchester is a leading partner in the many pan-northern initiatives which are gaining momentum,

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8 <http://www.manchestereveningnews.co.uk/news/greater-manchester-news/scale-cuts-revealed-over-1bn-6719147>

with Rail North moving towards assuming responsibilities on rail franchising, and One North bringing forward a strategic plan to invest £15 billion in transport infrastructure between and within the major northern cities. Initiatives are also being developed which are rooted in the economic geography of specific sectors – for example, a partnership in life sciences with Cheshire and Warrington LEP.

### 3.4 Political governance and scrutiny

The political governance of Greater Manchester is formally carried out in meetings of the combined authority, which is composed of the 10 leaders of the constituent authorities. These leaders represent all three of the main political parties, and it appears that this apparent obstacle has become an asset, in that it has helped the Greater Manchester Combined Authority (GMCA) to negotiate with central government whatever party is in power there. This has embedded long-term stability, despite different parties assuming office both locally and centrally.<sup>9</sup>

Perhaps the most notable aspect of how Greater Manchester operates politically is the absence of discord, at least in public. Disagreements are of course inevitable in any such committee, yet the GMCA has been able to operate without difficulty or significant public disagreement – which elsewhere in the country has damaged the development of these new structures. In our interviews we found that informal and private meetings between leaders from the early stages of policy development lay the groundwork that enables relatively swift and decisive action later in the process. It could be argued that operating in this way is not sufficiently transparent – and, coupled with a wider lack of public awareness of the GMCA, this is a genuine concern. However, the fact that Greater Manchester will have a directly elected mayor, as was announced recently, is likely both to ensure that this structure is accountable and to raise public awareness of the GMCA and its work.

Intense integration between politicians is less common than it is between non-political officers, but there are several political committees that work across the 10 districts. Both the Transport for Greater Manchester committee and the Waste Disposal Authority, for example, take nominations from each of the 10 constituent authorities. Furthermore, decisions made by AGMA, GMCA and Transport for Greater Manchester are scrutinised by a pool of 30 councillors, who are recruited from the 10 constituent authorities.

Building on these strengths, in November 2014 the leaders of the GMCA signed an agreement with the Chancellor of the Exchequer for a significant devolution of new powers. In return, GMCA agreed to the adoption of a directly-elected mayor of Greater Manchester. The mayor will chair the GMCA, but the agreement sets out the powers and accountabilities of the mayor and the leaders of the local authorities. At first there will be an interim chair of the combined authority appointed by the leaders, until 2017 when the mayor will be elected by the general public. There has been a fair amount of public consternation about how these arrangements were agreed, and a campaign has emerged calling for a referendum about them. However, it remains to be seen how these new powers and structures will enhance or disrupt the so-called Greater Manchester model.

### 3.5 The benefits to resilience

The current arrangements described above fulfil many functions, and within economic policymaking have certainly enabled Greater Manchester to secure a great deal of investment. The growth deals that resulted from the strategic

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<sup>9</sup> See [http://www.agma.gov.uk/cms\\_media/files/agma\\_city\\_region\\_governance\\_review\\_and\\_consultation1.pdf?static=1](http://www.agma.gov.uk/cms_media/files/agma_city_region_governance_review_and_consultation1.pdf?static=1) and [http://www.legislation.gov.uk/ukdsi/2011/9780111506318/pdfs/ukdsiem\\_9780111506318\\_en.pdf](http://www.legislation.gov.uk/ukdsi/2011/9780111506318/pdfs/ukdsiem_9780111506318_en.pdf)

economic plans were extremely successful for Greater Manchester, and will have helped it to support economic growth.

It is clear that driving economic growth is the primary rationale for the combined authority, and as such there is a heavy emphasis on transport and skills policy. However, broader social and environmental considerations have been factored in, and some small-scale but significant results have been achieved in these areas. The GMCA has not only leveraged-in foreign investment in infrastructure and skills, but has formed the legal basis for the delivery of employment support for those farthest away from the labour market (through the Working Well programme for post-Work Programme ESA claimants), and developed strands of community budgets focussed on the early years, troubled families, transforming justice, health and social care, and skills and employment. The latest devolution deal includes further powers that cut across both economic and social policymaking. For example, the new mayor will take on the role of police and crime commissioner, and the combined authority will work with clinical commissioning groups on the integration of health and social care.

It is clear that the many elements that make Greater Manchester work so well have a far broader impact than simply stimulating narrow economic growth. The combined authority being so established across the economic footprint of the city has allowed it to act as a catalyst for a broad range of policymaking, from inward investment and skills to social work for the most needy.<sup>10</sup> LEP areas that are ambitious about their economies and public services will need to adopt many aspects of the combined authority model pioneered by Greater Manchester (not least its higher level of public accountability) for themselves, albeit in slightly different, context-specific institutional forms.

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<sup>10</sup> To be clear, social services are not integrated across boundaries in Greater Manchester. Rather, the combined authority has enabled new initiatives and ways of working to be pushed forward within each of the authorities.

# THEME 4: ENGAGEMENT AND ACCOUNTABILITY

## GREATER BIRMINGHAM AND SOLIHULL LEP

### 4.1 Context

Engagement and accountability serve both democratic and economic functions. Given the growing amount of public funding that LEPs are responsible for, they must clearly demonstrate that they are attuned to the needs of local citizens. Equally, engagement with local businesses is a vital means of capitalising on their strengths, mitigating their weaknesses, and anticipating economic threats.

In our previous work on LEP resilience (Cox et al 2014a) we found that LEPs often did little to engage with stakeholders, civil society and citizens. Just 16 per cent of LEPs' strategic economic plans gave a strong appraisal of local governance arrangements (ibid: table 2.1), and while we were particularly looking for plans that aligned with local authority strategies, few did so.

It has been left to individual LEPs to determine their own specific governance frameworks. Government expects LEPs to strengthen their governance arrangements and demonstrate how they are delivering collective decisions, but many have not set out structures that are robust and clear enough to ensure accountability.

### 4.2 Recognising the scale of responsibility

Greater Birmingham and Solihull LEP was one of only a handful of LEPs to set out a clear governance structure in its strategic economic plan which fully reflected the scale of the responsibility incumbent on LEPs in terms of managing large sums of money and new decision-making powers.

Greater Birmingham and Solihull LEP takes a proactive approach to engagement at the community level, with a strong social media presence and a history of open engagement with both civil society and its business base. Its strategic economic plan included a statement on transparency and accountability which set out its intention to openly publish delivery plans, and the activity underpinning each of them, via an online portal. It generally exhibits a strong sense of openness and transparency about how it operates, which is not reflected in other LEP areas.

### 4.3 Governance structure

At the board level, Greater Birmingham and Solihull LEP recognised the need to create a single structure that effectively aligns and deploys all of the resources available to them in pursuit of their growth ambitions. Like those of some other LEPs, its board has also established a number of sub-groups to focus on specific aspects of the its agenda, and has delegated functions to them – the Employment and Skills Board, for example, which has commissioned a 'city skills plan'. Other sub-groups include Access to Finance, Transport, Housing and Economic Growth. These groups will be reviewed to ensure that they continue to contribute to the growing role of the LEP.

### 4.4 Scrutiny arrangements

Greater Birmingham and Solihull goes further than other LEPs in terms of submitting financial arrangements to scrutiny and providing democratic accountability. In order to provide the transparency and democratic accountability necessary to oversee large public funds, it has established a supervisory board – a joint committee of the leaders

of the nine local authorities that the LEP covers, with the chair of the LEP itself in attendance as a non-voting member.

The supervisory board has ultimate authority over decisions on expenditure, and overall responsibility and accountability for making decisions in relation to the Local Growth Fund and other significant funding streams that cover the full Greater Birmingham and Solihull geography.

*'As the Supervisory Board performs executive functions, a Joint Scrutiny Committee has been established to review and scrutinise decisions taken by the Supervisory Board. The LEP Board has the authority to bring forward new pipelines of projects, remove projects from the programmes where projects are not being delivered according to plan, and can bring forward other projects to take their place.'*

GBSLEP 2014

This new governance structure was an innovation agreed while the Greater Birmingham and Solihull LEP was working with Lord Heseltine on the Greater Birmingham Project. This project was launched following the publication of the Heseltine review, *No Stone Unturned*,<sup>11</sup> in 2013 as a way of demonstrating the LEP's commitment to improved governance in its area. It saw this project as the opportunity to address a key question asked by Lord Heseltine: Who is in charge?

Greater Birmingham and Solihull LEP understood both the opportunities and challenges presented by a substantial single pot of funding, and wanted to establish clear political accountability for its management. Rather than challenging or superseding the existing private-sector-led LEP board, the establishment of the supervisory board served to strengthen governance arrangements.

Because of the size and scale of the Birmingham area, it was appropriate that more of the responsibility for LEP management and administration fell to Birmingham. This in turn created a further need to ensure accountability and transparency towards other areas. The composition of the LEP's supervisory board helps to ensure that it is representative of the Greater Birmingham and Solihull area, reflecting the diversity of the population and key business interests.

The supervisory board operates a cabinet-style system of accountability, which the Greater Birmingham and Solihull LEP sees as a formal governance structure that operates like a halfway house between a joint committee and a combined authority. The LEP has also established protocols with Staffordshire and Worcestershire and Stoke LEPs for the effective and efficient development and delivery of schemes where district authorities lie in two LEP areas.

The supervisory board ensures that the key decisions of the Greater Birmingham and Solihull LEP, particularly financial ones, have a clear democratic mandate. It is also looking ahead to assuming further responsibilities in future, and recognises that government will have the confidence to further devolve funding and powers only if robust governance arrangements are in place.

*'From the outset we gave the GBSLEP [Birmingham and Solihull LEP] a legal personality and we established it as a company. We have run it as any other company would be run and with all the discipline that requires.'*

*'This has given us a solid structure for decision making and managing our business. However, we recognise that the next stage on our journey involves transferring powers from Whitehall and therefore requires serious and rigorous consideration.'*

GBSLEP 2013

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11 <https://www.gov.uk/government/publications/no-stone-untuned-in-pursuit-of-growth>

# THEME 5: ENVIRONMENTAL SUSTAINABILITY

## CORNWALL AND ISLES OF SCILLY LEP

### 5.1 Context

At both global and local levels, economic growth is often considered to have an antagonistic relationship with environmental considerations. However, this is not necessarily the case. Our first report from this project proposed that there are win-win situations for local economic development *and* environmental sustainability that need to be clearly identified, but where tensions and issues arise they need to be considered within a framework that takes a far broader view than short-term economic strategy alone. As such, we proposed that transport developments should account for modal shift, green space should be prioritised (among other priorities, of course) and local areas should take some responsibility and make preparations for the threat of global and local environmental shocks (Cox et al 2014a).

As might be expected, only a few LEPs took a systematic approach to environmental concerns. Less than half referred and sought to respond to the economic and environmental consequences of climate change. We also found evidence of an urban-rural split in this regard: many rural areas comfortably incorporated the health of their natural environment within an economic strategy, whereas most urban areas failed to do so (ibid).

### 5.2 Environmental sustainability in Cornwall and the Isles of Scilly

Cornwall and Isles of Scilly LEP's approach to environmental sustainability indicates a well-rounded consideration of long-term environmental resilience issues, including global food-security issues, and issues of connectivity and environmental change – areas which other LEPs have generally considered to be outside of their remit.

Many LEPs mentioned the value of green spaces in their strategic economic plans, but few presented a well-developed appraisal of their area's natural environment. Other LEPs could learn from Cornwall and Isles of Scilly LEP's work in this regard. The LEP's approach to environmental sustainability may be more sophisticated by necessity, simply because of its 'green and marine' history. However, it is clear from its overall ethos that it is thinking about communities, culture, people and place as well as business.

Generally, where LEPs take this wider-ranging approach to a strong local asset base which encompasses people, place and business, their thinking around local resilience tends to be stronger. This is why Cornwall and Isles of Scilly LEP tended to score highly across many areas of our resilience framework: its thinking is broader than environmental sustainability alone.

### 5.3 Delivering an environmental and green vision

Cornwall and Isles of Scilly LEP's strategic economic plan has a strapline which reflects its approach to building long-term environmental sustainability. The area is 'a unique blend of "people and place" where the environment is valued both as

a business asset and an inspiration for life'.<sup>12</sup> One of several driving forces behind its unique approach is the Cornwall and Isles of Scilly Local Nature Partnership, an emerging alliance of stakeholders who are working to maintain the special and unique environment of Cornwall and the Isles of Scilly.

The Local Nature Partnership is itself part of a triumvirate partnership, together with the LEP and the health and wellbeing board. The government's 2011 natural environment white paper, *The Natural Choice: securing the value of nature*, tasked local nature partnerships with enabling joined-up action for the environment at a local, yet strategic, level (Defra 2011). The Local Nature Partnership's key aim is to achieve the most beneficial outcomes for the environment by enabling cross-working between complementary organisations in a way that is suited to particular local characteristics and circumstances. The LEP is currently reviewing its sub-groups and advisory groups to this end.

At the inception of the Local Nature Partnership, its initiation board included the director of the LEP, which allowed the partnership to forge strong links with it. The partnership is tasked with considering the environment in its broadest sense, and drawing expertise from a wide range of sectors – including the environment, health and wellbeing, education and the economy – to help champion the benefits of a healthy, high-quality natural environment and coordinate work to enhance places. In doing so it aims to create attractive settings for investment and help to deliver regeneration.

#### 5.4 A balanced approach to environmental resilience

One of the Cornwall and Isles of Scilly LEP's four priorities is 'using the natural environment responsibly as a key economic asset', underpinned by the guiding principle of retaining and building on its unique assets.

Cornwall and the Isles of Scilly is the best endowed area in Europe in terms of renewable energy potential (geothermal and wave as well as solar and wind). It also has thriving food, farming and fisheries businesses, as well as a thriving marine industry. As pressures on food and fuel production, and demand for development land, increase, the need to improve the productivity and environmental performance of the area's agri-food supply chain grows ever more vital.

Cornwall and the Isles of Scilly has had a pioneering renewable energy and energy efficiency industry since at least the early 1990s. However, as most of the renewable energy installed there to date is owned by investors from outside of the area, the majority of the revenue it generates leaves the local economy. To this end, its Local Growth Fund investments are targeted strategically around exceeding national renewable energy targets by 2020. They promote high-growth, high-value specialist business sectors such as marine energy, as well as improving infrastructure and raising productivity and employment in the economy as a whole.

#### 5.5 Long-term risks and constraints

The Cornwall and the Isles of Scilly LEP understands that its strength lies in a strong visitor economy and its potential for green industries and harnessing renewable energy. Like Cheshire and Warrington LEP, it wants to build on its traditional strengths in bedrock industries such as tourism, agriculture, food and marine businesses, while also pioneering new industries that make the most of its unique environment, such as renewable energy, agricultural technology and the digital economy.

The LEP recognises that in order to deliver growth its investments in infrastructure must consider long-term risks and constraints. Its growth deal included two distinctive

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12 <http://www.cornwallandislesofscillylep.com/sep.html>

additions to previous economic strategies: making the case for ‘open for business’ flooding resilience and development programmes making a case for Local Growth Funds to be deployed to resolve water and sewerage issues and growth constraints on the Isles of Scilly related to its ageing sewerage system (which is over 80 years old). In regard to the latter, it is worth quoting from its Local Growth Fund bid.

*‘The Council of the Isles of Scilly is the only place in England where the Local Authority is still responsible for water and sewerage. Various key legislative instruments have not been implemented in the Isles of Scilly or have only been applied in part. These include several EU Directives for the protection of water quality and water resources, which should have been transposed to the islands.*

*‘Various key pieces of water law within England that protect public and environmental health have not been fully applied to the Isles of Scilly. Such legislative gaps mean that the Drinking Water Inspectorate (DWI) and Environment Agency (EA) have had no enforcement powers in relation to water on the islands, with the result that residents on and visitors do not enjoy the same level of public health and environmental protection as elsewhere in England. Defra intends to introduce legislation in 2014 applying provisions of the relevant Acts to the Isles of Scilly.’*

Three Dragons 2014

In each of these respects, then, the Cornwall and Isles of Scilly LEP has placed environmental considerations at the heart of its local growth plans, recognising synergies between long-term planning for sustainability and business growth and success.

# CONCLUSIONS AND RECOMMENDATIONS

## Fundamental flaws

Our first report on LEPs and resilience concluded that few LEPs were going above and beyond the task that they were charged with by national government – that of driving jobs and productivity growth in the short term and that most of their activity has had a very clear focus on drawing down government funds. Having reviewed all 39 of these plans we found that this government-mandated agenda almost always remained quite detached from other supporting policy areas and priorities. With a few notable exceptions, there was a real absence of broader economic strategy tied in to other social and environmental strategies, and very little thinking about the long-term or global economic context.

This report has picked out some of those areas in which LEPs are going the extra mile, and has explored this good practice in greater detail. We found that in these areas some excellent work is being done to drive a broader policy agenda which goes beyond narrow economic growth – and that this work is being done *despite* national government policy, rather than because of it. We also found that few of these initiatives were directly attributable to the LEPs' existence, and that those LEPs that are achieving the most in this regard often owe it to close working relationships with their constituent local authorities and wider partners.

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### A LEP Resilience Network

Another aspect of IPPR North's work with LEPs has been our efforts to establish a network of LEP representatives who wish to explore matters of economic resilience and share good practice with one another. Two 'LEP Resilience Network' meetings have been called in order to do this: the first to consider the local growth planning process and the findings of our first report, and the second to explore the theme of social enterprise and responsible business. In both cases LEP representatives expressed a clear interest in being involved, but a frustration that their lack of capacity and their focus on meeting government reporting milestones meant that they could not spend time attending such meetings. As a consequence we are now exploring different approaches to networking and good-practice sharing, but this anecdote again suggests that LEPs as organisations are not predisposed towards addressing longer-term priorities or a 'learning approach', although they are not directly to blame for this.

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We also found that although we could identify some positive case studies within each theme of our resilience framework (see table A.1), in some rather crucial areas of economic resilience it was impossible to identify *any* LEP that was taking a proactive approach. For example, we found very little evidence of any LEP having an explicit approach or project aimed at tackling poverty or inequality in its area. One might argue that simply creating jobs or developing skills is sufficient in this regard, but there is a wealth of literature that shows that taking a more proactive approach to connecting deprived neighbourhoods to areas of opportunity is a critical factor in an area's success (Cox and Schmuecker 2010). There were similar lacunae around issues such as public transport, food, health, and even university engagement.

Although a major flaw, the failure of LEPs to address issues of economic resilience is no real surprise. LEPs were designed to serve a narrower purpose, and have not been encouraged or given the resources to do much more than bid for government

funds, so it is understandable that they have not done so. It is right, therefore, to question whether they are really the appropriate bodies to be taking forward such an important task.

LEPs could and should perform a very important function in local policymaking, but their role needs to fundamentally change. They cannot be tasked as the primary body responsible for economic growth within an area, as they have neither the democratic license nor the institutional expertise to take on the powers needed to do so properly. Instead, their role needs to be revisited with some urgency.

## Future developments

It is clear that LEPs alone cannot bear primary responsibility for driving long-term economic planning and addressing issues of economic resilience. As business-led bodies they have an important role to play, but, along with other local business associations such as chambers of commerce, their role must be more narrowly circumscribed and their access to public funds limited.

In their place we have argued that there is a need for an extension of the combined authority model beyond the five core cities that have already gained that status. This is not to say that the so-called 'Manchester model' described in chapter 3 is the only form that combined authorities might take. There is a particular opportunity for counties and districts to enhance their relationships, so that rural areas and other towns and cities can work more effectively across functional economic areas to drive economic planning and resilience outside cities. Just as contiguous local authorities have come together to drive horizontal integration without threatening their distinctive autonomy, so it could be possible for counties and districts to explore new forms of vertical integration through some form of 'county combined authority' (see Cox et al 2014b).

Furthermore, in line with our resilience framework, even existing combined authorities need to enhance their democratic accountability and recognise their place in relation to other bodies operating in their areas. At present, combined authorities are governed by a committee or board comprising the leaders of the constituent local authorities. Their democratic legitimacy is therefore indirect, and their operations tend to be largely invisible to the general public. Greater Manchester is soon to change this, but unlike in London and many other European city-regions, no other English cities are so far planning the direct election either of a mayor or an assembly.

Beyond issues of democratic accountability, if strategy is to become more integrated there needs to be more effective collaboration and partnership working between strategic bodies. At present, relationships between the raft of different bodies operating at the sub-national level are fluid and multifarious. While this may be uncomfortable for some, this is generally a good thing. Relationships between LEPs and local and combined authorities (where they exist) naturally vary from place to place depending upon their histories and the individuals concerned, but in all cases they should be pragmatic and inclusive. Although central government may have instituted many of the bodies that operate at the local level, it cannot and in our view should not attempt to determine or control their interrelationships. Having said that, in the interests of efficiency and effectiveness, partners and external stakeholders (including central government) need to understand the dynamics of the partnership 'structure' that exists within a city-region or functional economic area.

So, in order to enhance the institutional capacity for long-term planning for local economic resilience, and in line with previous recommendations made by IPPR North, we make the following recommendations.

- Central government should create a **further window of opportunity for the formation of a new wave of combined authorities** during the first year of the new parliament. These must be based on clear functional economic geographies, with the full consent of all partners.
- Combined authorities, counties or other upper-tier authorities have a responsibility to clearly set out their partnership structures and dynamics at the sub-national level, in a **sub-national partnership plan** which includes a clear role for LEPs and which is reviewed on a regular basis.
- Government needs to **clarify the purpose and functions of LEPs** in a simple high-level statement that sets out their core remit but leaves the details and priorities for LEPs and their partners themselves to determine.

Furthermore, in relation to integration and responsiveness in the public sector, we make the following proposal.

- Within functional economic areas, constituent **local authorities should work to integrate officers** from the chief executive down. Following the example of Greater Manchester, chief executives across the whole public sector should meet at least once per month, and constituent local authorities should be given a lead role in each policy area. **Joint projects should be taken forward, and secondments should be encouraged**, especially at the middle tier of policymaking. Combined authorities should consider setting up commissions to work across boundaries at the local level, on key areas such as economic development, housing, transport and the environment.

However, enhancing institutional arrangements and capacity will not in itself be enough to ensure that long-term economic resilience receives greater consideration. Even in cities such as London, where the machinery and powers of sub-national government are well-established, there is little evidence that matters of sustainability or resilience are given any more attention than in many LEPs.

For this reason, we make one further recommendation.

- In order to embed approaches to long-term sustainability and economic resilience, combined authorities, LEPs and their wider partners should adopt a series of economic resilience principles as part of their strategic planning processes. These principles should be determined locally, but might include some or all of the following.
  - **Robust evidence and long-term strategy.** A robust evidence base should be built by each of the combined authorities together with LEPs in their areas, and both five- and 10-year economic strategies should be developed. Good economic growth clearly isn't stimulated by two- or three-year spurts of investment, and strategies need to be far longer-term in order to have the impact that should be achieved by spending public funds in this way. The foundations of these strategies are already in place in the form of LEPs' strategic economic plans, but this needs to be far more robust and longer-term.
  - **Social considerations alongside economic growth.** Local economic growth is rarely of benefit to local social goals unless it is configured appropriately. Economic growth must be rich in jobs and in wages in order for it to justify the investment of significant quantities of public money. The five- and 10-year plans constructed by the local partnerships should be evaluated in terms of the number and type of jobs they are likely to create, and programmes should be put in place to ensure that all communities within the area are in a position to benefit from economic growth. This strategy should feed directly into the commissioning of employment support, in which local government needs to have a far stronger role.<sup>13</sup>

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<sup>13</sup> For more on this see Davies and Raikes 2014

- **Environmental sustainability alongside economic growth.** Economic growth must be sustainable and able to withstand both economic and environmental pressures and shocks. The impact of environmental change on local economic growth is acute and unpredictable in some cases (on the local economies affected by flooding, for example), but over the longer term it is clearly necessary for businesses to work to reduce their carbon emissions. Future iterations of economic plans must not only be longer-term (covering five and 10 years, as we suggest above), but must also incorporate an environmental strategy which accounts for the inevitable tensions between development and economic growth. Furthermore, projects to promote environmental sustainability should be treated as priorities for investment in infrastructure, and included within the project pipelines that sit at the heart of many LEP plans.
- **Scrutiny and accountability of LEPs and combined authorities.** The boards of both LEPs and the combined authority in an area will naturally (and rightly) contain many of the same members, and risk becoming somewhat detached from the electorate. Therefore, to enhance its accountability to local citizens, both should be scrutinised by a pool of local councillors or under joint scrutiny arrangements, as is currently the case in Greater Manchester and in Birmingham and Solihull.

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