

## Developing resilient local economies: good practice among local enterprise partnerships

Since the financial crisis of 2008 the policy focus has been on encouraging economic growth. But there is a growing recognition that this isn't feeding through to higher quality of life and living standards. At the same time, academics and policy-makers have become increasingly interested in the concept of 'resilience' – the capacity of economies to adapt to both shocks and long-term changes. Local enterprise partnerships (LEPs) have played a key role in determining local economic policy and practice in many areas, and this study by IPPR North reviews practice among LEPs in relation to some key principles of economic resilience.

### KEY FINDINGS

In general, local economic policy-making – whether led by LEPs or other local bodies – rarely seems to incorporate a meaningful or systematic consideration of local economic resilience.

Some excellent work is being done by some LEPs to implement a policy agenda that goes beyond narrow economic growth – although that work is being done despite national government policy, rather than because of it.

However, very few of those initiatives that are working to develop resilience are directly attributable to the LEPs' existence. Those LEPs that are achieving the most in this regard often owe their success to close working relationships with their constituent local authorities (in some cases combined authorities) and wider partners.

Although positive examples could be found in most dimensions of economic resilience, for some aspects – notably around tackling poverty and inequality – it was impossible to identify any LEP that was taking a proactive approach.

### KEY RECOMMENDATIONS

Central government should create a further window of opportunity for the formation of a new wave of combined authorities.

Combined authorities, counties or other upper-tier authorities should publish a sub-national partnership plan that includes a clear role for LEPs and is reviewed on a regular basis.

Within combined authority areas, constituent local authorities should work to promote greater cooperation between officers, from the chief executive down.

LEPs, combined authorities and their wider partners should adopt a series of locally determined economic resilience principles as part of their strategic planning processes.

## POLICY AND PRACTICE CONTEXT

In England, local enterprise partnerships (voluntary partnerships between local authorities, businesses and other bodies) help to determine local economic priorities and lead economic growth and job creation within the local area. To date there are 39 in operation. Although local enterprise partnerships (LEPs) are characterised as having bottom-up strategies ostensibly free from government guidance, the main objective of the Local Growth Plans, and subsequently Strategic Economic Plans, for which they were responsible was to strike a 'Growth Deal' with central government for a share of the Local Growth Fund.

However, the UK economy needs to become more resilient to economic shocks and changes, and many aspects of resilience are best built at the local level where economic relations are founded on direct interaction and the 'real economy'. LEPs are in a key position to play a leading part in this.

## ABOUT THE STUDY

This is the second part of IPPR North's research project on LEPs and economic resilience. In the first study the researchers developed a five-part 'resilience framework', which condenses the theory and concepts of economic resilience into five thematic areas of analysis. In this study they identified examples of good practice among LEPs for each of the five themes. Each case study was developed through desk-based research, interviews with key protagonists, and visits to some of the organisations concerned. The researchers also drew out lessons and recommendations for how LEPs could integrate resilience and sustainability into their work.

## RESPONSIBLE BUSINESS

A fundamental principle of economic resilience is that responsible business underpins a stable economy. One indicator of this was LEPs' consideration of the role of social enterprise, which can deliver valuable objectives such as enhancing skills and employment. The West of England LEP demonstrates particularly strong support for values-led business and has taken practical steps to ensure that support for social enterprise features in its long-term plans for economic growth. It has:

- developed an infrastructure that supports social enterprise to become embedded into long-term local economic planning;
- established a social enterprise hub that brings civil society and the LEP together so that values-led business is brought into the mainstream;
- mapped the scale of the social enterprise sector in its area, which helps to build a business case for social enterprise and provides a baseline against which to measure its success;
- funded a local network that aims to support social enterprises in terms of financing, development and representation.

## INVESTMENT AND LOCAL RESOURCE FLOWS

Infrastructure investment and a careful approach to the use of natural resources are essential to healthy local economies. The Environmental Sustainability Technical Assistance (ESTA) project supported the four LEPs in the North West of England to embed environmental sustainability into their economic development priorities and work-streams. Cheshire and Warrington LEP is one of those four. It has:

- undertaken a project to assess flood risks and opportunities (such as local companies developing products and systems to combat the effects of climate change) at strategic growth sites and within key sectors;
- published a guide to climate resilience for SMEs and a 'health check' toolkit;
- commissioned a series of measures to offer practical support to businesses to become more resilient.

## INTEGRATION AND A RESPONSIVE PUBLIC SECTOR

Economic resilience approaches require good governance and public-private integration in order

to build a strong economy. In Greater Manchester the combined authority and the LEP cover a coterminous area in which authorities have existed in some form since the early twentieth century. In some ways this situation is unique; however, its current arrangements, which are a product of evolution, offer some clear lessons for other areas, including private sector involvement in economic policy-making, close collaboration between officers, a strategic vision and shared assets.

Political governance is formally carried out in meetings of the combined authority, which is composed of the 10 leaders of the constituent authorities. Social and environmental considerations have been factored in to the economic growth and funding that has resulted from the successful 'Manchester model', and some small-scale but significant results have been achieved in these areas.

## ENGAGEMENT AND ACCOUNTABILITY

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. Greater Birmingham and Solihull LEP has:

- set out a governance structure in its Strategic Economic Plan that fully reflects the scale of the responsibility incumbent on LEPs;
- taken 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;
- implemented detailed scrutiny and accountability arrangements, including a supervisory board that has ultimate authority over decisions on expenditure, and overall responsibility and accountability for making decisions.

## ENVIRONMENTAL SUSTAINABILITY

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. Where tensions and issues do arise these should be considered within a framework that takes a far broader view than short-term economic strategy

alone. 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. It has:

- formed an alliance of stakeholders (the Local Nature Partnership) that enables cross-working between complementary organisations in a way that is suited to particular local characteristics;
- focused its Local Growth Fund investments strategically at exceeding national renewable energy targets by 2020, promoting high-growth, high-value specialist business sectors such as marine energy, improving infrastructure and raising productivity and employment in the economy as a whole;
- built on its traditional strengths in bedrock industries (tourism, agriculture and marine businesses).

## CONCLUSIONS

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 – in fact the importance of local economic resilience has never been greater.

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, it is right that they should take a more dominant role.

## RECOMMENDATIONS

To improve LEPs' capacity for long-term planning for local economic resilience, the researchers recommend that their institutional arrangements and capacity should be enhanced as follows:

- 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.
- Combined authorities, counties or other upper-tier authorities have a responsibility to set out clear partnership structures and their dynamics at the sub-national level, and should therefore publish a sub-national partnership plan that includes a well-defined role for LEPs and is reviewed on a regular basis.
- Government should 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.
- Within combined authority areas constituent local authorities should work to promote greater cooperation between officers, from the chief executive down. 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, these changes will not be enough to ensure that long-term economic resilience receives greater consideration. Therefore:

- 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 the resilience framework, but they might include some or all of the following:
  - economic strategies for at least five- and 10-year time frames, based on clear evidence of long-term economic, social and environmental trends;
  - balancing social and economic aims to ensure that growth and prosperity are 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.

### Further information

Published by Friends Provident Foundation, an independent grant-making charity. The views expressed in this summary are those of the author, and not necessarily those of the Foundation. The full report, *Developing Resilient Economies: Good Practice Among Local Enterprise Partnerships* by A. Broadbridge and L. Raikes, and the report from the first part of the research, *Building Economic Resilience? An Analysis of Local Economic Partnerships' Plans* by E. Cox, A. Broadbridge and L. Raikes (2014) are available from [www.ippr.org](http://www.ippr.org).

ISBN 978-1-908769-35-0 (summary print) 978-1-908769-36-7 (summary pdf)

© Friends Provident Foundation 2015

[www.friendsprovidentfoundation.org](http://www.friendsprovidentfoundation.org)