Rural Services Network
-The New Economic Development Agenda
Suffolk County Council
10th November 2011

TITLE
The New Economic Development Landscape-LEPs, Localism and the Big Society
The implications for rural areas

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- Policy background to 38 x LEPs (Buckinghamshire- number 39??)
- Localism and Big Society
- Theoretical Framework: Urban Regime Theory and Stakeholder Theory
- 'Rural' interests and other auxiliary interests
- Concluding remarks

Structure

Urban Regime Theory

Stakeholder Theory
(Gomes & Liddle- 5 sided model)

38 LEPs

Activating citizens
Changing behaviour (Behavioural Insights Team-CO)
Altering relationship between citizen and state
Changing roles and relationships
Supporting learning

Creating local public support systems
- Citizen centred
- Cost effective
- Democratically accountable
- Outcome orientated
- Socially just
- Sustainable

Localism- Bill now through the Lords and will become Localism Act early 2012

- Localism-devolution of power to citizens
- Involving the private and third sectors in delivery of services=plurality of providers
- Eg Free Schools (parents/business in control, neighbourhood planning, strategic service commissioning)
- Redesigning service roles and relationships
- Behaviour change
- Reducing failure
- Questioning the role of Local Government

Localism Bill, Strategic Commissioning & Public Services Reform

- Setting local priorities
- Outcome based commissioning
- Co-produced design, delivery and measurement of services
- Dedicated resources for community activities
- Plural provision
- Powerful local politicians
- Shared learning
- Citizens'Capacity, Connected-ness,Control

Localism

Needs 21st century public servants with new 'mind sets'

SKILLS NEEDED

- Story tellers-envisioning a future and communicating
- Weavers-creative use of existing resources
- Architects-constructing new support systems with private, third sector and citizens
- Navigators-guiding citizens to range of possible providers

(University of Birmingham-Policy Commission. 2011)

Localism

Big Society-Devolve decision making- broaden out social, economic and environmental partners in decision making

Importance of Enterprise (Social , Community and Business Enterprise, Mutuals. Cooperatives)

Enterprise more generally (Dyson Report and various reports from Chambers of Commerce)

Appointment of McKinsey consultant into Cabinet Office (Office of Civil Society replaced OTS)

LEPs and Big Society both underpinned by concepts of enterprise, decentralised decision making, and partnership working

Policy Agenda influenced by

Five Decades of Public Spending as a percentage of GDP
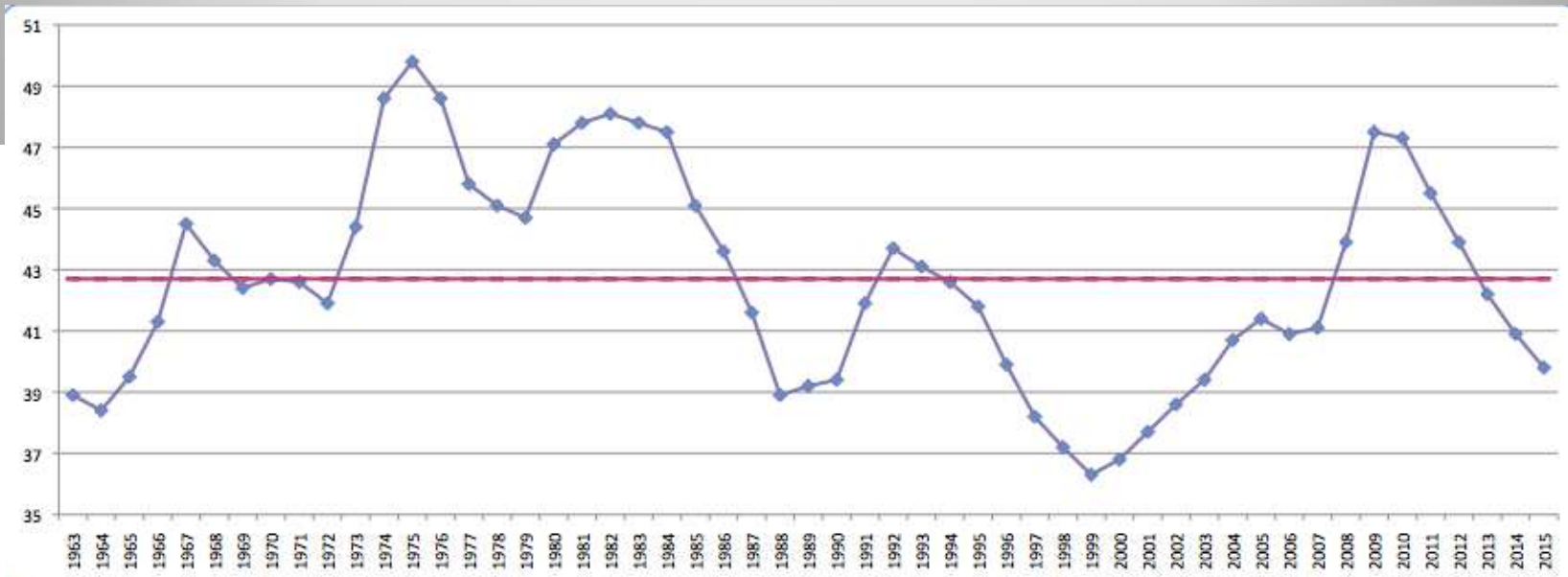
Is a service essential?

Does it have to be delivered by the State?

How does it 'add value'?

Is it targeted on most need?

Is it at lower cost?

Is it more effective?

Is there a non-state provider, citizen-led, social enterprise. business?

Can local providers be incentivised to deliver?

Spending Review Criteria (published shortly after Coalition took power)

Thinking about Public Services in a radical new way

Austerity: Deficit

Re-imagining the State/Reducing state

Red Toryism/
One Nation Conservatism

Updated Localism

Strategic Commissioning

Tesco-isation of PS & Civic Institutions

Philanthropy

Social Enterprise

Privatisation by the Backdoor?

Self-help
Self responsibility
Active citizenry
Citizens in Control

LG Models
EasyJet
John Lewis
Suffolk-Inc-LA as commissioner only
SUFFOLKATION !!!

UKTI- contracted out FDI to PA Consulting and BICC (some Las retaining FDI role)

EURO Monitoring Committees replaced by Management Boards-one rep from each LEP

LEP Knowledge Sharing Network managed by BICC

LSPs starved of funds = Commissioning, Productivity, Whole Systems Bodies

LABGI abandoned

LEPs not interested in being Planning Auths-but in influencing, nudging,lobbying

Some recent changes

2ND Round of RGF=940M—decisions based on rebalancing economies

Capacity funds 40k-100K

22 EZs

Most LEPs configured as Partnerships with either LA or CoC as Accountable Body. Some considering Ltd Co

Most LEPs have money from LAs, RGF, EZ, Growing Places, Broadband monies, Capacity Fund-few have drawn in private investment so far-future devolved Transport Funding?

Big Society Capital?

Community First? Community Budget?

EZ-Urban bias

DEFRA pressurising for Rural representation

1000 pages down to 58
Will replace all previous guidance

Last week TCPA referred to it as

PURE VOMIT
PROCEDURAL NIGHTMARE
DUTY TO COOPERATE USELESS

And to

DCLG New English Localities
   Boundaries as MAD

Community Asset BUY OUT=CCT
   Process

No real POWER or DEMOCRACY for
   communities

Eden Valley has the first
   Neighbourhood Plan (tensions
   between Parish and District)-50%
   referendum

MAJOR PROBLEM WITH NPs

Cannot include Minerals, Housing,
   Waste, or any strategic planning
   priorities that Las have already
   decided

SO-BIT OF A WASTE OF TIME

TCPA mounting a 2012 Campaign

NPPFramework

Big Society-recent changes

4 x Vanguards- Since Liverpool withdrew-no longer called Vanguards
4500 vol community organisers-500 paid ones-so far only 30
Referendum-veto tax increases
Community Right to Buy amenities-CCT
Big Society Bank now called BS Capital
National Citizen Service 16-18 year olds
Social Investment banks, charitable bonds,
enterprise loan schemes (all under consideration)

ALL POLICIES TO BE 'COMMUNITY PROOFED'
'COMMUNITY IMPACT ASSESSMENTS'
Equality Act 2010- legal duty for all public agencies
to assess the impact on communities

LEPs

- Dismantling of regional architecture RDAs, GOs, Regional Leaders Boards, SIRs
- 62 bids submitted Sept 2010
- 24 initially announced-now 38 (39?)
- Business led- working with LAs/Public service but many have auxiliary leaders
- All constituted differently
- £1.5bn Growth Fund and Capacity Fund (bidding)
- Enterprise Zones

- 'Auxiliary', as defined by Harding (1991) includes organisations such as universities, media, the voluntary and other sectors, broadened out to include other societal organisations, which have been afforded privileged access to decision making forums.

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Auxiliary

LEPs

Some of the 38 successful LEPs have placed **key priorities** on

Planning focus (transport ,sites, infrastructure)-Leicestershire-SE Mids

International-Financial focus (FDI)-Liverpool-Stoke on Trent and Staffs-Leeds

University Education/Rural focus (Greater Lincolnshire, Graduates Yorkshire)

Aerospace and Defence (West of England)

Commissioning focus (Leicester and Leicestershire, Notts and Derby)

Health , education, housing, environment focus (Greater Manchester-early years intervention or Greater Lincolnshire- low carbon-Cambridge)

Entrepreneurship, Innovation, business and social enterprise focus (business start up/growth/support/skills) (Liverpool, Cambridge)

Tourism/arts/sports/farming/rural focus (Lincolnshire, Cumbria, Cornwall and Isles of Scilly,)

Coastal focus/Ports (Kent and Essex, Solent, Tees Valley)

VCS Focus- (Stoke and Staffordshire)

Local Enterprise Partnerships

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

Local Authorities in overlapping LEPs
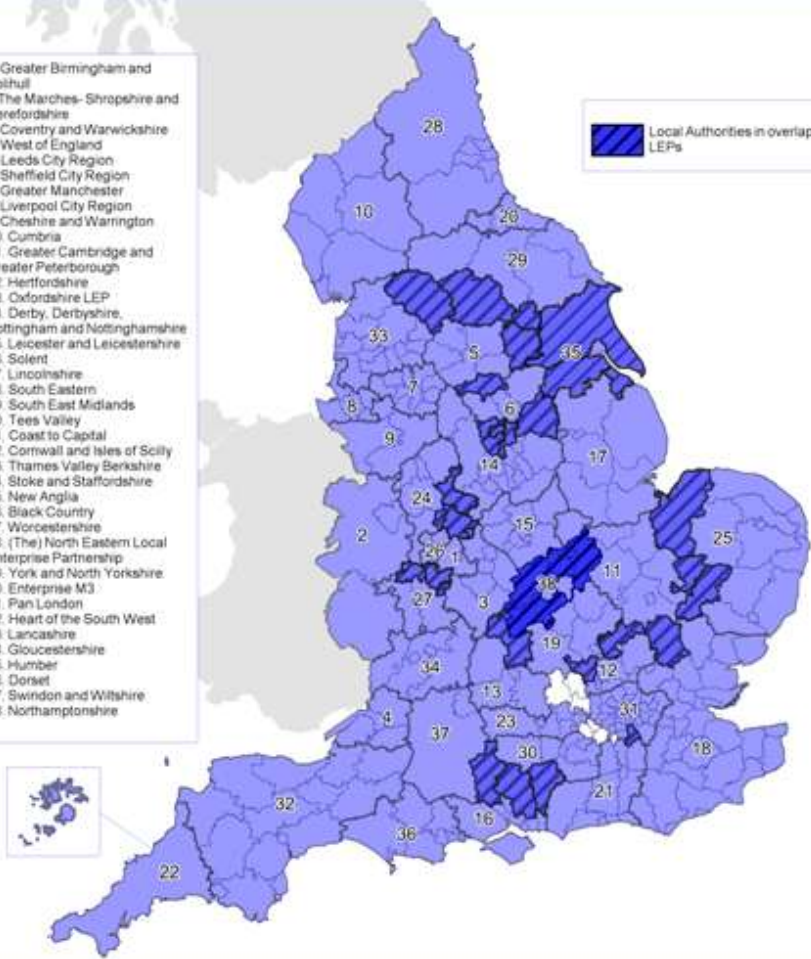
Coherence of LEP
Local dependency
Purpose & Objectives
Spatial level
Composition
Leadership
Governance & Legal Basis
Strategic decision making & symbolic/project realisation
Activities
Resources/Assets
Performance Management & Accountability
Power/influence between stakeholder

LEPs   Uncertainties and ambiguities on accountability
in new territorial arrangements

Conflicts in values and contestation on rules of
engagement between partners

Problems of co-ordination and strategic coherence

Confusion on responsibilities/governance between
the different tiers of government/governance surrounding the LEPs

Problems on scope, scale and resources for activities

Adding value and transforming innovative practices between sectors?

Engagement of relevant partners and legitimacy without mandates

Contradictions and dilemmas for local authorities and their
communities/citizen-involvement of third sector/charities?

Measurement of LEPs
Ministers nervous of imposing performance management (such as RAGs or League tables) as all LEPS different

'Light touch measurement' on objectives set by each LEP

Select Committee recommended that LEPs be measured by NAO in the same way that NDPBs are

LGID has developed Local Economic Assessment Diagnostics for LAs (and is developing one for communities)

Citizen led PM systems being developed since demise of AC and NPF and NI Set)

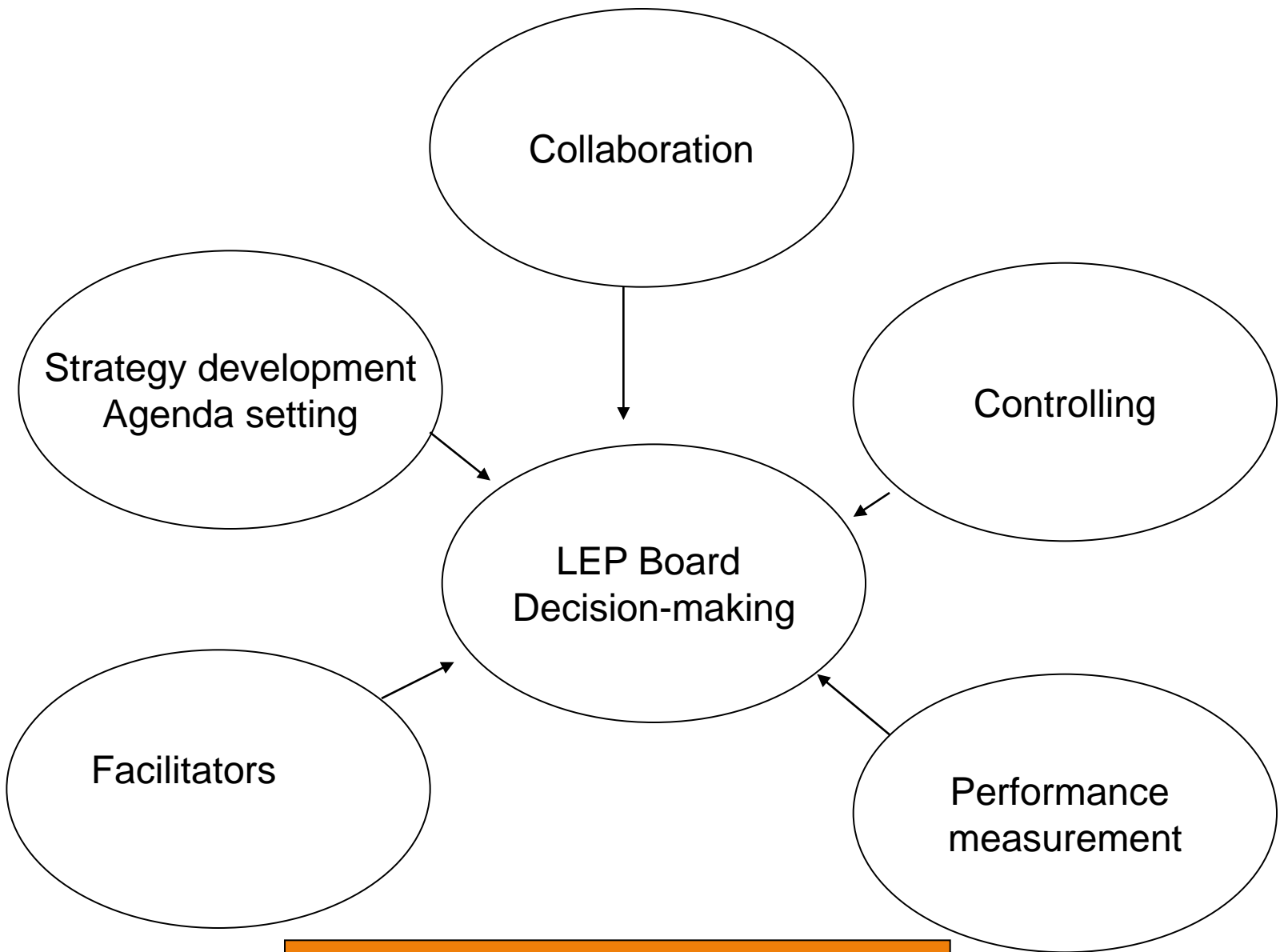LGID- outcomes triangles, logic Frameworks, EFQM, Benchmarking, Citistat, Communities that Care

Fig 2.0 Network/partnership model adapted to a LEP
Source: **Adapted from Lowndes et al (1997: 333-343)**

	Network	Partnership	LEPs
Focus	Individual	Organisation	Individual, Organisational Socio-Cultural-Civic role
Motivation	Voluntaristic	Imposed	Mix of voluntaristic and imposed 'safe pairs of hands' Limited mandatory/legal basis
Boundary	Indistinct	Clear	Flexible and adaptable to local circumstances
Composition	Fluid	Stable	Stable over time space. Ad hoc and dynamic, as necessary
Membership	Defined by self and others	Defined by formal agreement	Formal agreement and clearly defined membership Some LEPs include 'service' and 'auxiliary' actors
Formalisation	Low	High	Low without forthcoming legislati. Primacy given to relational and informal links
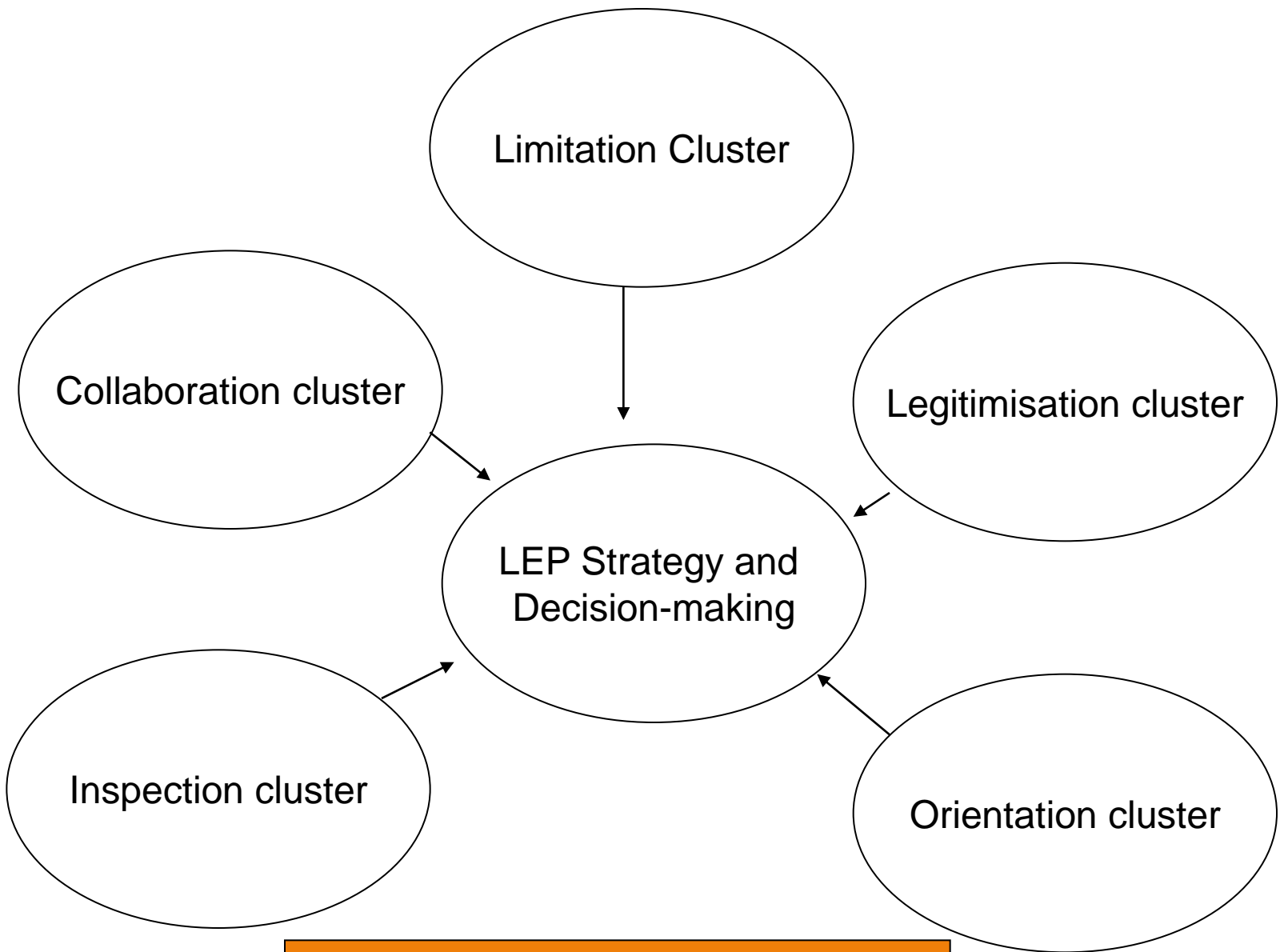
Five-sided stakeholder influence model

Collaboration

Strategy development
Agenda setting

Controlling

LEP Board
Decision-making

Facilitators

Performance
measurement

LEP Board decision making

Limitation cluster-who has the power to limit actions of LEPs?

Collaboration cluster- which interactions with partners influence strategy?

Inspection cluster-who are LEPs accountable to?

Orientation cluster-who sets the main agenda of LEPs?

Legitimacy cluster- how democratic are LEPs ?

Key strategy developers and agenda setters

Facilitators-Individuals who possess skills and technical know how

Performance measurers (internal and external to LEP)

Controllers of resources and technical expertise

Collaborators on delivery

5 sided Stakeholder Model (Gomes & Liddle, 2010)

Quotes(old and new)

'Success does not depend on formal, constitutional mechanisms, it depends on the space occupied between the formal and the informal. The risks you take in that space is what makes a place succeed' **(Catalonian Minister for Industry, BBC Money Programme, 13 September 1998)**

'without an understanding of power there can be no understanding of politics' **(Dowding, 1994: 79-85)**

'If you want to build a fragile economy you don't strangle business with red tape and allow bloated regional quangos to make all the decisions **(29th June 2010, www.communities.gov.uk) ERIC PICKLES**
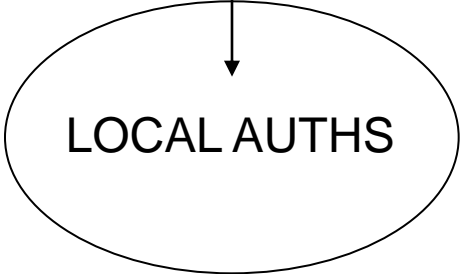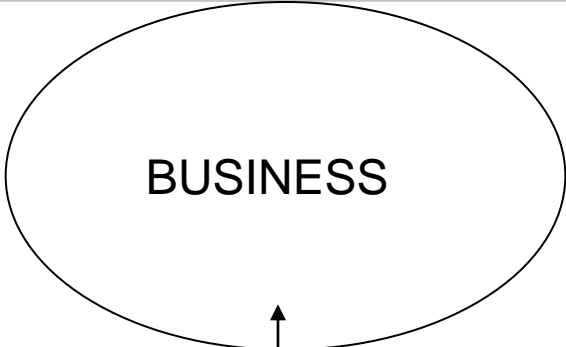
'in a networked regions such as the NE there is no need for formality' **(Business Contact magazine, 1998).**

'Former president of the Birmingham Chamber of Commerce's appointment as the Chair of the LEP has caused fury across other business communities and branded a 'stitch up'. The Chamber will turn into its own little fiefdom because of its cosy relationship with Birmingham City Council' **(Findlay, 5.11.2010)**
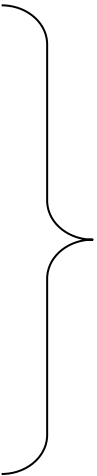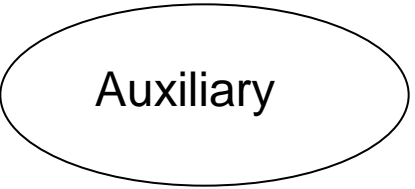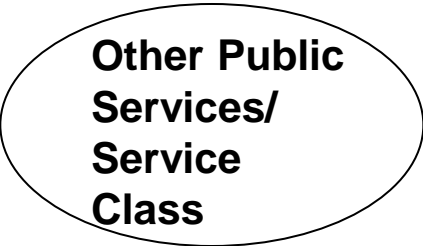
'Trust had to be built up by all partners. You cannot measure trust in output terms but it has to be there to succeed' **(interview)**

On the issue of LEP funding, the Director of the IOD (Institute of Directors) said:-
' LEPs will need small amounts of money to identify local and regional development needs through research because the lack of cash will make them reliant on Local Authorities to provide advice on local infrastructure needs. Without cash, priorities will be diverted away from economic development towards a Local Authority agenda' **(IOD, 28.10.2010)**

Fig. 3.0   Categories of Business class on LEPs

Group one:	Traditional industrial capital, from the brewing, property, financial, media, sporting and culture agencies.
Group two:	'Bransonian' entrepreneurial capitalists, wealth created over the past 25 years.
Group three:	Executives representing inward investment companies
Group four:	Business groupings (CBI, IOD, Chambers, FSB, Specific Business Groupings)
Group five:	Auxiliary (as defined by Hardy) eg Churches, Media, Trade Unions, agricultural/ports
Group six:	Individuals who would formally have been regarded as public servants, but who now act in a more 'business-like' fashion and are incorporated into business groupings (e.g. CEOs of the Utilities, Universities, Health Trusts, Quangos)- referred to by Morgan in 1998 as the service class.
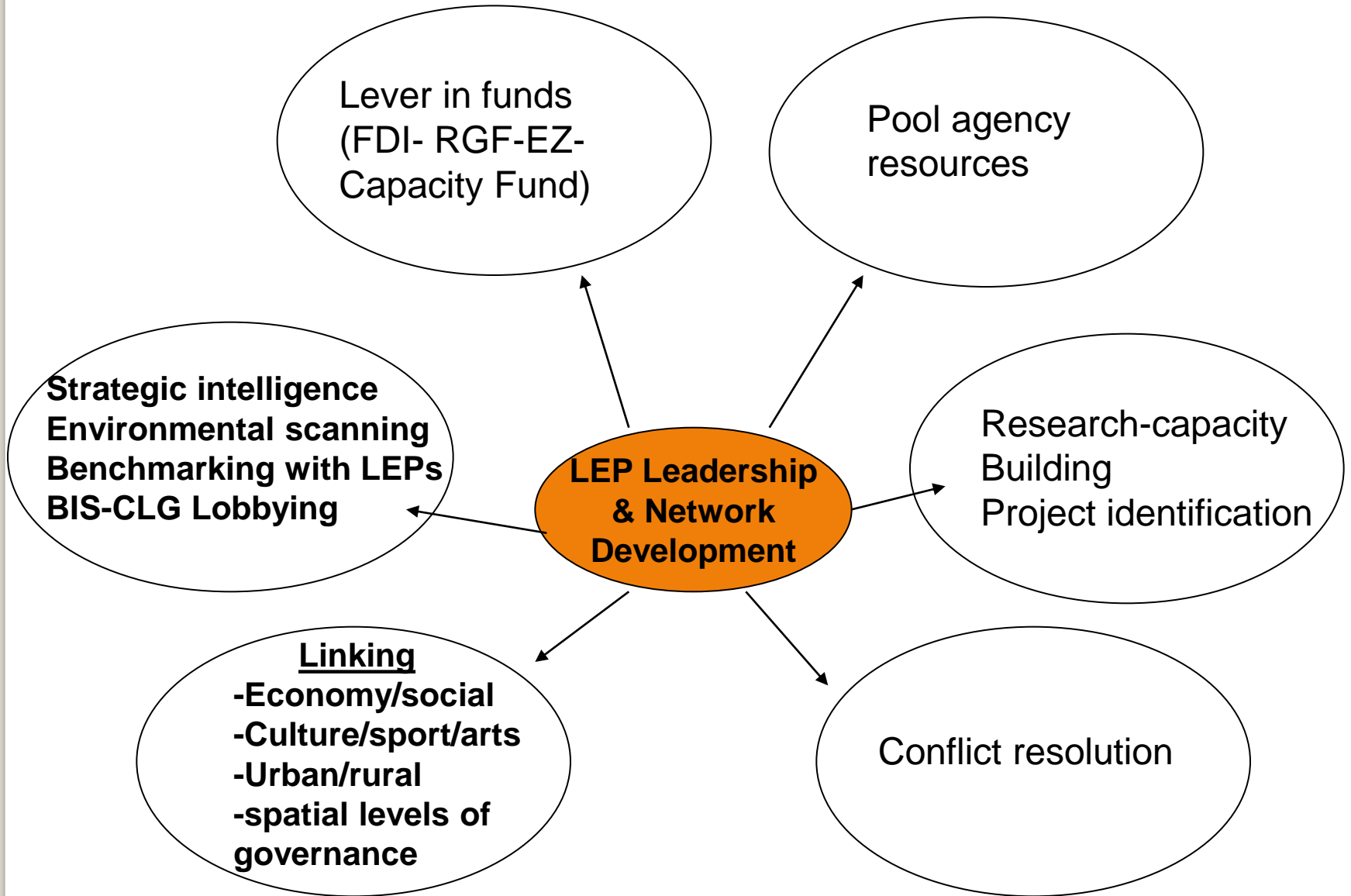
LEP- Main activities

Leadership and unanimity of purpose: integration of transport/planning/infrastructure
Stimulate growth hubs and industrial clusters
Lever in private sector investment, bids for RGF, EZ, Capacity Fund
Use of strategic techniques-Drawing on Strategic Intelligence and environmental scanning.
Focal point for FDI and skills (or will this rest with CG?)-seems likely.
Research and capacity building.
Links with external world (lobbying)
Links to other LEPs
Linking SMEs/ inward investors to support agencies (Local BIS)
Links cultural, artistic, sporting to economic development objectives.
Linking different spatial levels.
Aligning urban and rural needs
Minimise sub-national and inter/intra-regional conflict.
Facilitate information flow from BIS/CLG/HM Treasury/Cabinet Office
Pooling resources/assets
Facilitate networks and rotation of cross-agency/sector personnel .
Foster prominence of elites
Create Task Forces, when necessary
PR role and image change
Ideas exchange forum
Identification of Projects/ Programmes for Growth

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Limitation cluster

Coalition government, Ministers-BIS-CLG – decision on LEPs-Regional Growth Fund, Enterprise Zone Capacity Fund assets from RDAs.

Collaboration cluster

Well established partnerships-usual turf wars

Inspection cluster

Vague on performance/ Accountability

Orientation cluster

Agenda setting-varied but business focus

Legitimisation cluster

LEP members self appointed-limited 3rd sector

LEPs-loosely coupled regimes of 'autonomous , self-organising governance networks', part of the mix of market, hierarchy and network of contemporary governance

Deeply problematic and flawed

Pragmatic and locally contingent

Deficient in democratic terms

Lacking real power and capacity to exercise influence on state apparatus (Geddes, 2006, referring to LSPs)

Espousal of business growth-Lack of explicit funding and private capital

BIS Locality Teams –role?

Need to harness tangible (private and public funds, staff, premises) and intangible (knowledge, information, stakeholder management, capacity to lobbying) resources to achieve strategies.

Need legitimacy

Need to lead 'places' across policy/spatial boundaries/ complex supply chains/spheres of influence across/build capacity

Building trust is perhaps the greatest challenge faced by leaders, with so many groups still excluded from political processes (Liddle, 2010: 657-664)

Conclusion