

Rural Services Network

21st May 2013

The Adonis Independent Economic Review:
Will this help or hinder rural deprivation
and inequality?

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Overview

- ▶ Changing policy context: the introduction of LEPs and dismantling of the regional architecture
- ▶ The Adonis Independent Economic Review: Background & rationale
- ▶ Main coverage of the Adonis Independent Economic Review-report published April 2013
- ▶ How have rural issues been addressed?
- ▶ Some conclusive comments
- ▶ Q & A

WHAT THE MINISTER SAID

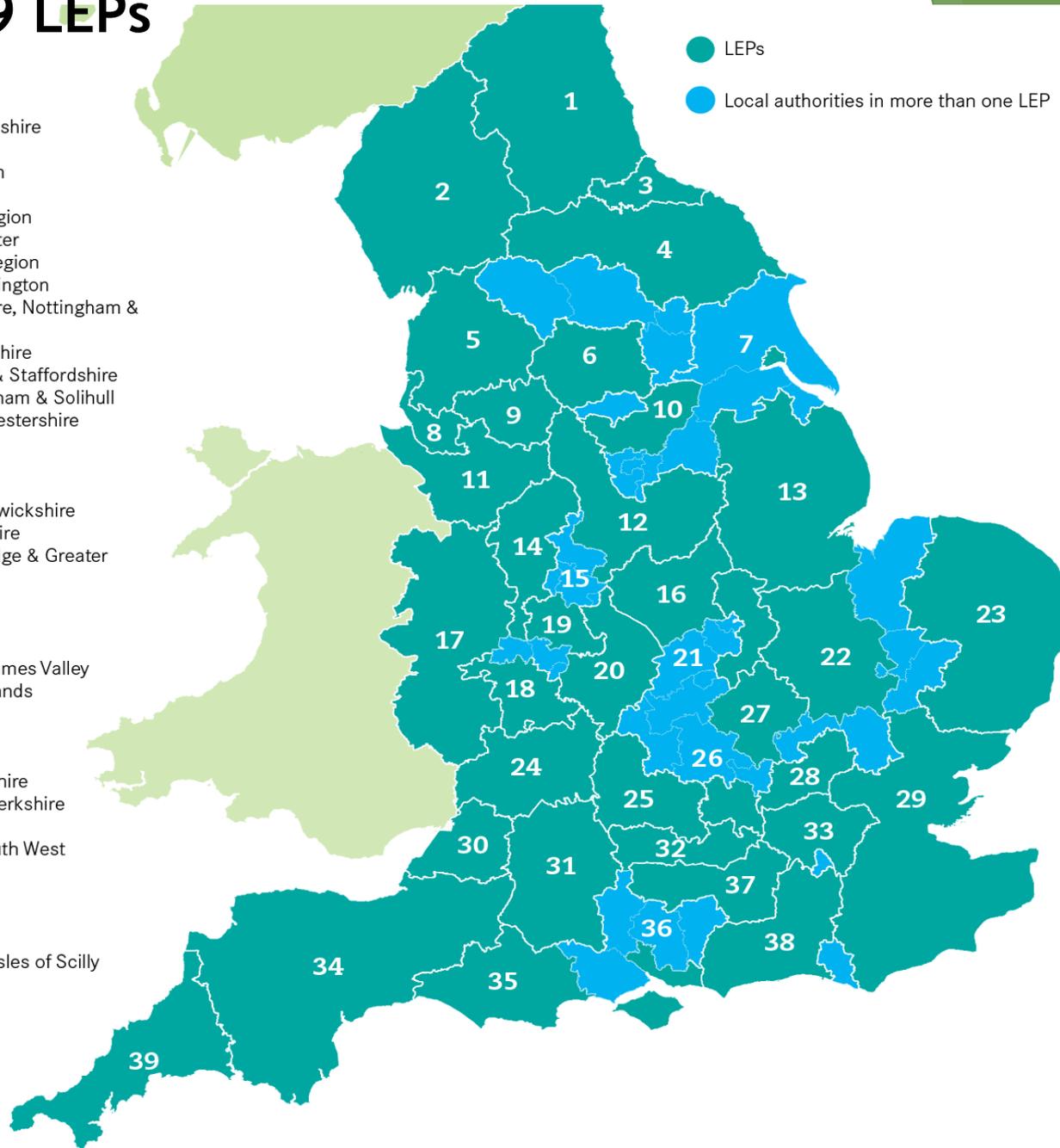


Go do it!

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

The 39 LEPs

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





Provisions of the Localism Act 2011

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

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

Resourcing the New LEPs

Limited direct 'core' funding

A Start Up and Capacity Fund. £237,000 per LEP over 4 years.

Enterprise Zone income streams - long term

Regional Growth Funds R2

Growing Places Fund £460m

The Homes and Communities Agency

Get Britain Building Fund £420m

Rural Growth £165m

Transport funding-Consultation

LEPs- 'Place based economic policy'

- ▶ Introduced by coalition Government (2010)
- ▶ •Operating at a sub-regional or “local” level (Bailey 2011, Bentley et al 2010; Pugalis, 2010, Pugalis and Carling 2012; Pugalis and Townsend 2012).
- ▶ •Intended to be locally led, voluntary partnerships between local authorities and businesses
- ▶ •Overseen by national government via the Dept for Business, Innovation and Skills (BIS) - (also linked to Communities and Local Government
- ▶ Coalition : local economic development shift to ‘Localism’, a rejection of Labour’s regionalist approach
- ▶ •UK: shift from central government to local communities and businesses
- ▶ •EU : Role and purpose of interventions within regions from “place-neutral” (or place-blind) to “place-based”

Funding directly available to LEPs

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

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

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

“A new culture and style of generating growth cannot be introduced overnight. What’s important is to get business at the heart of a strategic vision and a coordinated, targeted effort. Where Regional Agencies failed is that they thought waving a magic wand of money would cure all ills...LEPs know better. And they also know that growth takes time”

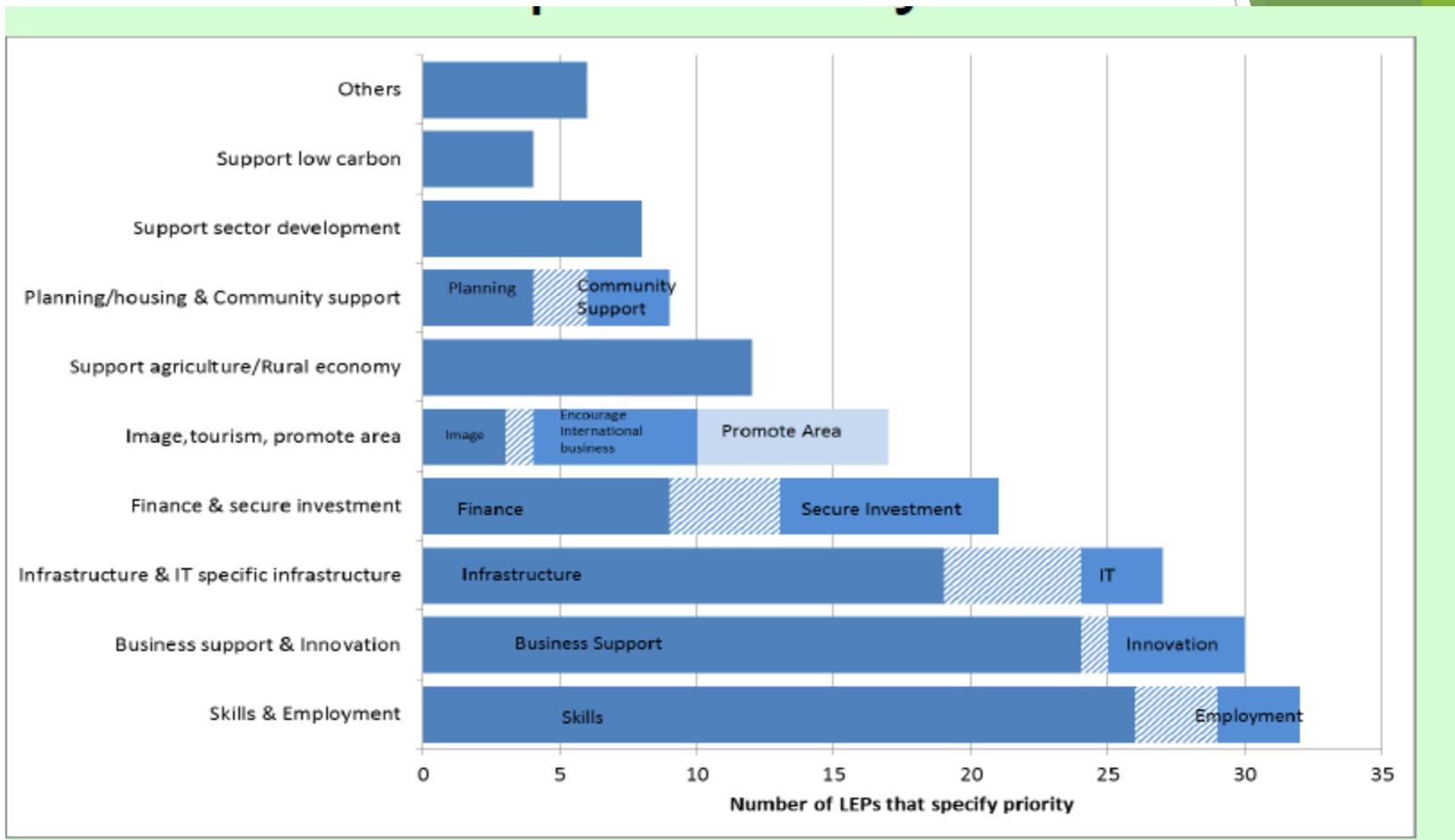
Denys Shortt, chair of the Coventry & Warwickshire LEP, since resigned

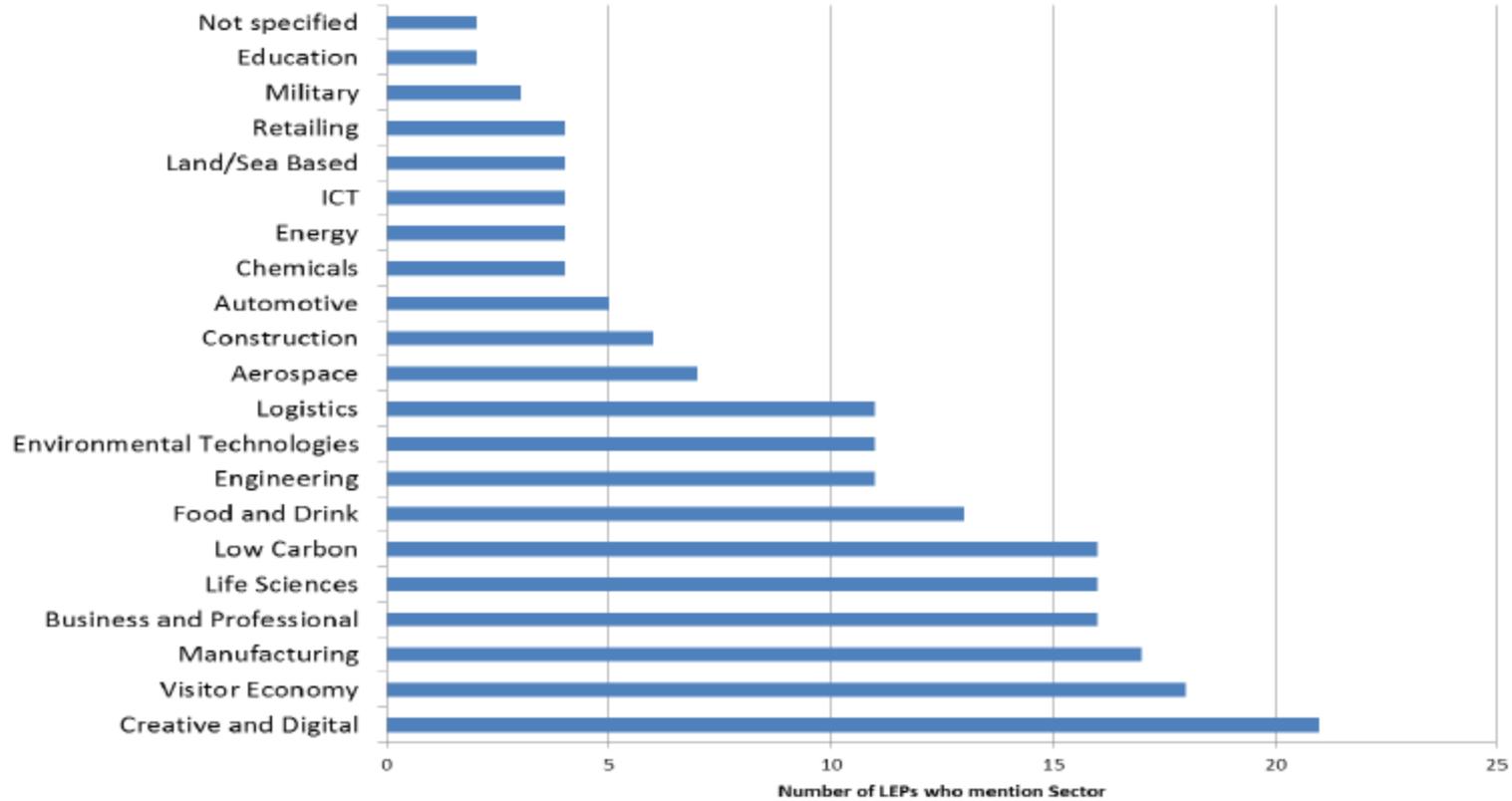
The role and function of LEPs

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

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

	N of LEPs note priority		N of LEPs mention theme
Skills	26		
Skills & Employment	3	Skills & Employment	32
Employment	3		
Business support	24	Business support & Innovation	30
Business support & Innovation	1		
Innovation	5		
Infrastructure	19	Infrastructure	27
Infrastructure & IT specific infrastructure	5		
IT Specific infrastructure	3		
Finance	9	Finance & secure investment	21
Finance & secure investment	4		
Secure investment	8		
Image /tourism	3	Image/tourism ; Encourage International business & Promote Area	17
Image/tourism & encourage International business	1		
Encourage International Business	6		
Promote area	7		
Support agriculture/rural economy	12	Support agriculture/Rural economy	12
Planning/housing	4	Planning/housing & Community support	9
Planning/housing & community support	2		
Community support	3		
Support sector development	8	Support sector development	8
Support low carbon	4	Support low carbon	4
Deregulation, governance, lobbying, generic statements, place-specific projects	6	Other	6





Background and rationale of the Adonis Economic Review

- ▶ Ed Twiddy (Gateshead NEREN meeting, Sept 2012) -NELEP
- ▶ Former Treasury person (born in Stockton, educated at Durham University) who commissioned Lord Adonis and lots of external researchers with the aim of
- ▶ ‘Identifying how to revive the fortunes of the NE -2030’
- ▶ Criticised
 - ▶ 1. Does mention that it is focused on NELEP but says it has a broader remit (Chair of TVU LEP doesn't think so)
 - ▶ 2. Used a range of internal evidence, by mostly experts/researchers outwith NE

Adonis: Evidence Base

(those in **RED** below we would have expected a specific rural focus)-???

Social Enterprise

Innovation

Manufacturing

Global positioning

Land Markets

Skills

Transport

Beamish, Shopping Centres,

CBI, Forestry, Energy,

Enterprise and Growth

- ▶ Science City, NGI, **NG Cultural**
- ▶ **Sustainable Resources**
- ▶ TUS, Universities, property
- ▶ **NE Womens' Network**
- ▶ **Third Sector**
- ▶ **Housing**
- ▶ Councils, Political Groups
- ▶ **NE Rural Economy**

What does Adonis say?

Social Enterprise-nothing specific on rural-more on getting young people involved

Innovation-nothing on rural-'narrow definition of innovation'

Manufacturing-limited on rural-largely manufacturing-but off shore wind and low carbon could be important for the rural

Skills-nothing specific on rural but a need to move to high skills, sustainable jobs & cultural SMEs and Cultural Apprenticeship scheme

Transport-nothing on rural except connectivity and broadband development

Beamish-and other tourism-employment opportunities in tourism and hospitality

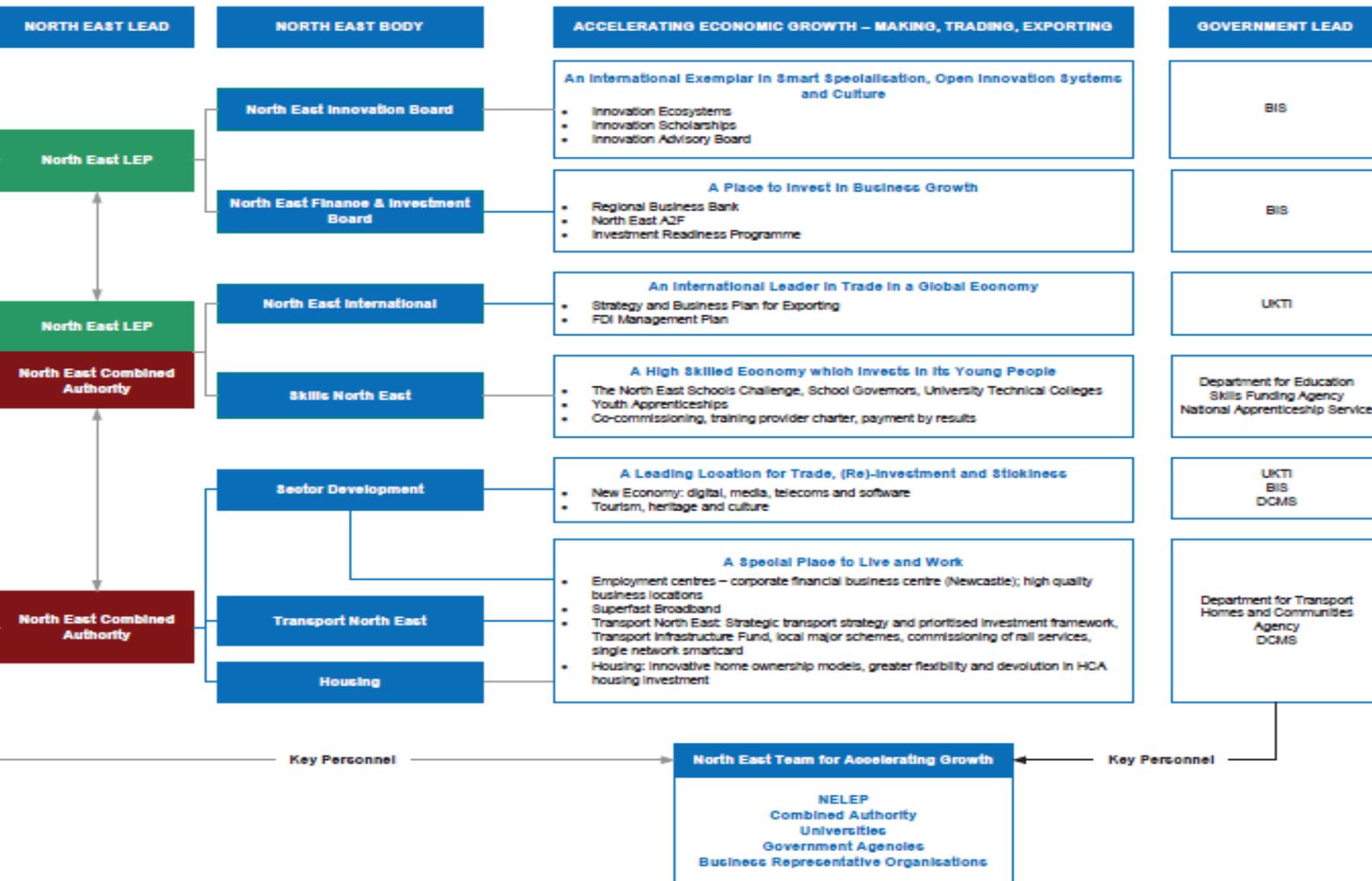
Forestry & Energy-some reference to rural but from an ED perspective

Enterprise-nothing specific about rural-some mention

NG Cultural-largely based on the urban-but tourism and visitor attractions- key areas for growth and employment

- ▶ **Sustainable Resources**-mainly about biotech and other businesses
- ▶ **NE Womens' Network**-nothing specifically rural but about equality, disadvantage, domestic violence, womens groups (theatres, community arts)
- ▶ **Third Sector**- nothing specifically rural, but emphasis on the need for LEP to work with 3rd sector
- ▶ **Housing**-nothing specifically rural
- ▶ **NE Rural Economy**-
- ▶ Rural areas have 18% of working population but 44% of enterprises, 26% employment share, 25% GVA in the NE
- ▶ Calls for Investment in broadband
- ▶ More prominence for the rural in future plans
- ▶ Increased enterprise development schemes
- ▶ No evidence to show that rural businesses migrate to the urban (45% of all rural businesses are newcomers to the area)

ORGANISING FOR ECONOMIC GROWTH: HARNESSING THE PRIVATE AND PUBLIC SECTOR



NELEP AREA: TOP PAID VISITOR ATTRACTIONS		
Beamish Museum	Museums & Art Galleries	416,500
The Alnwick Garden	Gardens	280,000
Centre for Life	Museums & Art Galleries	227,765
Wallington House, Gardens & Estate	Historic Properties	199,024
Cragside House, Gardens & Estate	Historic Properties	191,700

Source: Visit England

NELEP AREA: TOP FREE VISITOR ATTRACTIONS		
Durham Cathedral	Cathedrals and Churches	600,000
Great North Museum: Hancock	Museums & Art Galleries	475,441
BALTIC Centre for Contemporary Art	Museums & Art Galleries	465,674
Hardwick Park	Country Parks	447,171
Discovery Museum	Museums & Art Galleries	417,229
Derwent Walk	Other	350,000
Sunderland Museum and Winter Gardens	Museums & Art Galleries	329,737

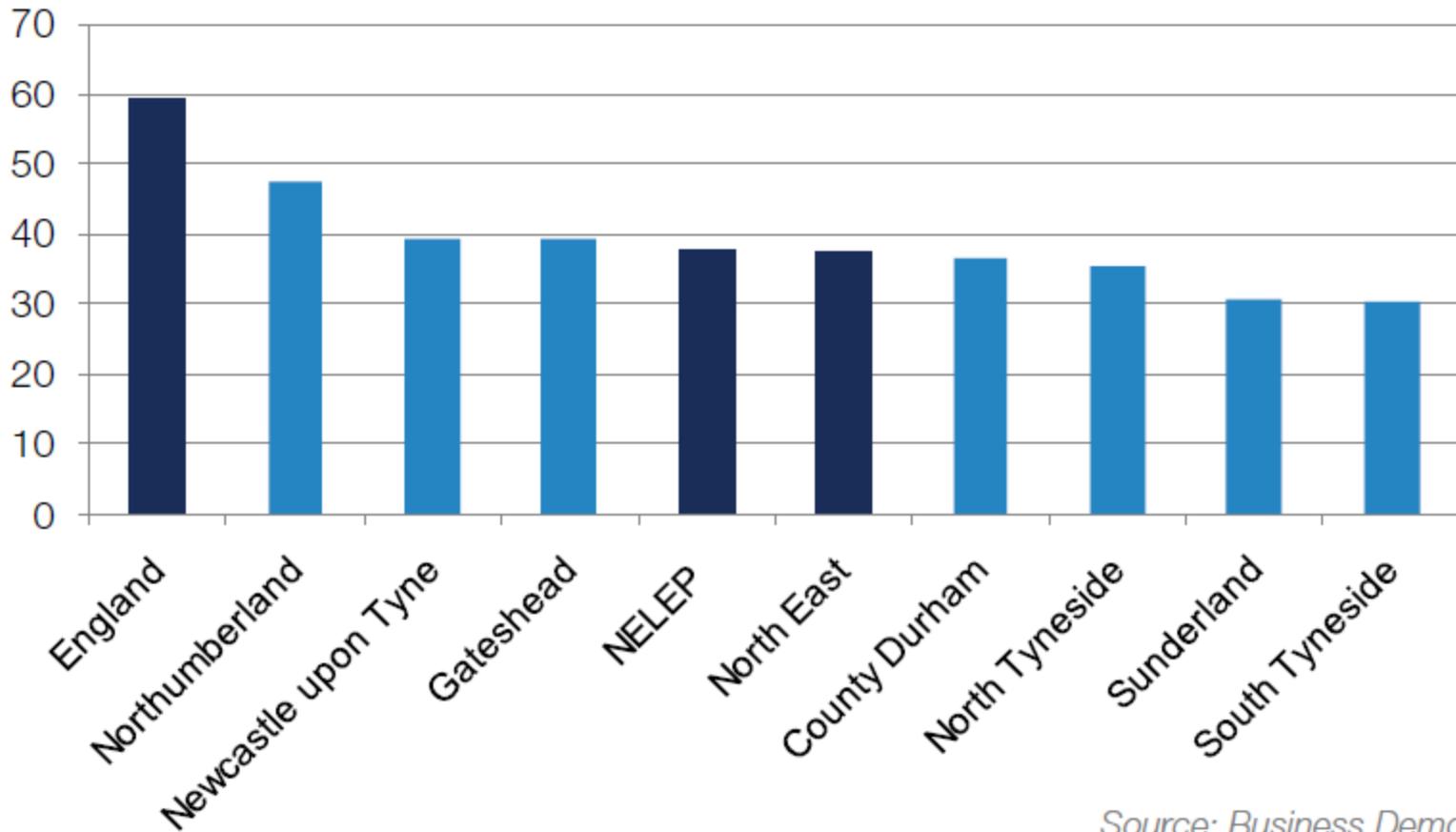
Source: Visit England

TOP TEN APPRENTICESHIP SECTORS IN THE NELEP AREA 2010/11

	Sector Lead Body	Number of starts
1	Business, Administration & Governance	4,450
2	Adult Social Care/Healthcare	3,120
3	Customer Service & Contact Centre	2,490
4	Retail	2,000
5	Freight Logistics & Wholesale	1,540
6	Science, Engineering & Manufacturing Technologies	1,490
7	Hospitality, Leisure, Travel & Tourism	1,320
8	Management & Leadership (including HR & Recruitment)	1,290
9	Construction	1,140
10	Adult Social Care	1,000

Source: SFA Dataservice

▼ Business density 2011, businesses per 1,000 working age residents

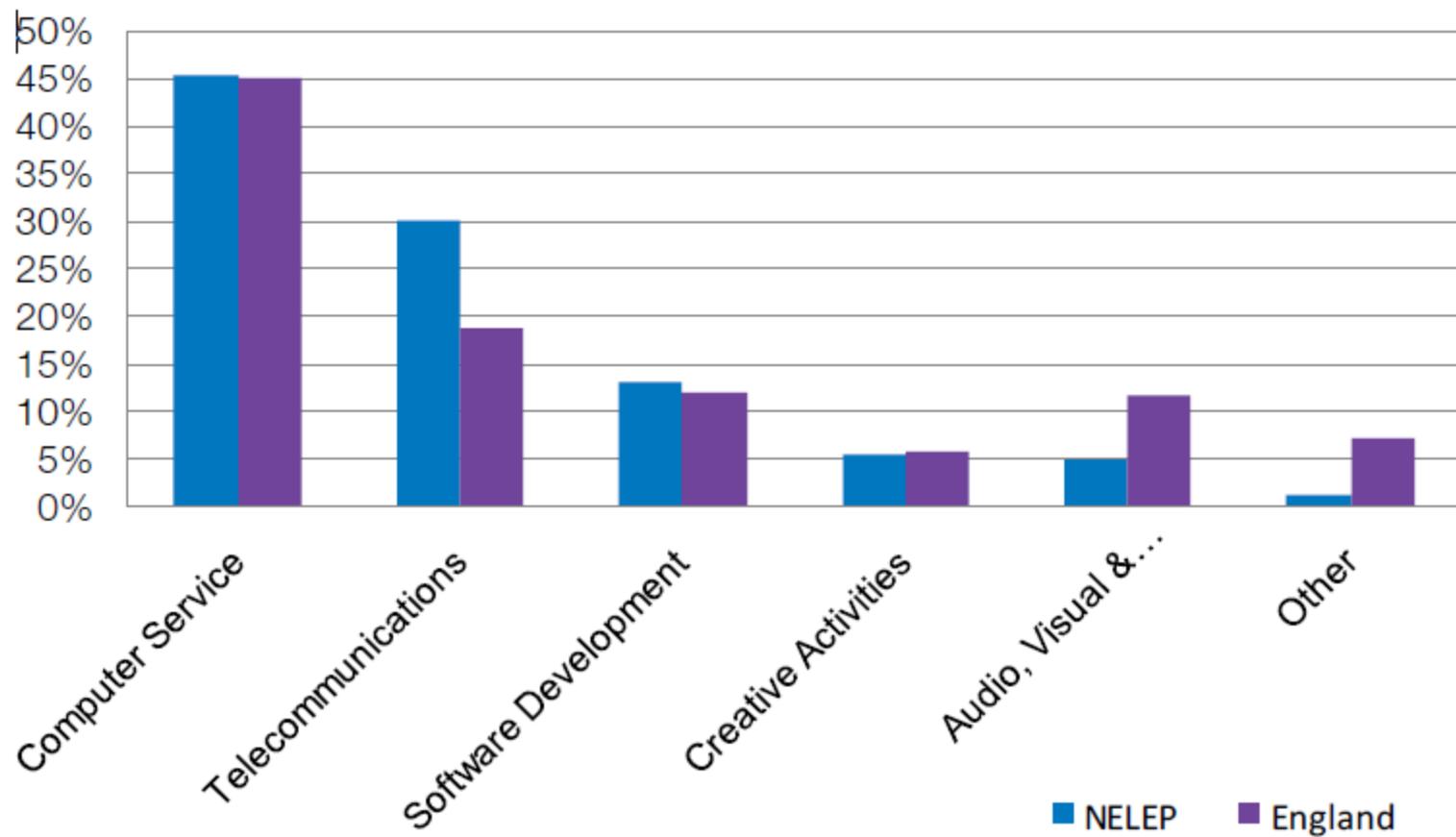


Source: Business Demography

NORTH EAST EXPORT VALUE BY SECTOR, 2012*

Sector	£m	%
Machinery/Transport	7,781	57%
Chemicals	3,871	28%
Manufactured Goods	1,301	10%
Miscellan. Manufactures	432	3%
Mineral Fuels	137	1%
Other commodities	58	0%
Crude Materials	58	0%
Other	53	0%
Total Exports	13,691	100%

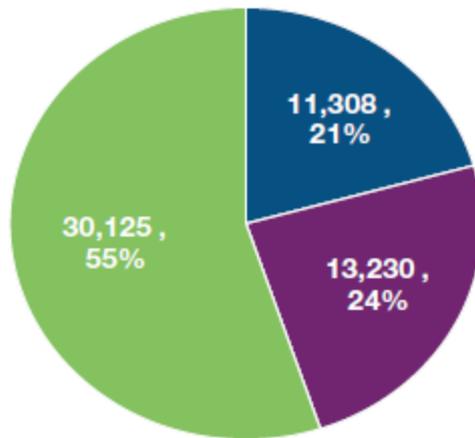
▼ New economy employment by sub-sector 2011



A LARGE EMPLOYMENT SECTOR

In 2011 almost 43,800 full time equivalent jobs were in tourism in the NELEP area, with a further 10,900 employed indirectly in the supply chain⁵ - an increase of 3% on levels in 2010 in both cases. When employment is broken down to full and part time jobs the number of jobs increases by about 30%. While some part time employment is by choice, increased sales and a longer visitor season is needed to turn some part time jobs into full time employment.

▼ Direct and indirect tourism employment (FTEs) 2011



■ County Durham ■ Northumberland ■ Tyne and Wear

Source: STEAM, 2012 Northumbria University Services Industries Report

In conclusion

- ▶ Adonis is a major piece of research-strong evidence base-lots of 'voices' articulated
- ▶ Rebalancing the economy from dominance of PS-need 60, 000 new private sector jobs
- ▶ Enhanced employment , skills base needed & and more innovation, R & D
- ▶ Identified new growth areas, eg renewables, digital, tidal, manufacturing, FDI etc
- ▶ Creative/cultural/tourism industries important
- ▶ Connectivity, transport, regional banking
- ▶ Employment Centres (Newcastle)
- ▶ Leading Universities & 4 University Technical Colleges
- ▶ Civic Engagement Plan
- ▶ More exporting, trade, growth in SMEs and entrepreneurship
- ▶ Champions 'NE International'
- ▶ Strong emphasis on ED and growth-calls for high value jobs & sustainable economy

Will Adonis help or hinder rural deprivation and inequality?

- ▶ There is a tangential relationship between the 'rural' and the Adonis Review
- ▶ Some areas such as tourism, cultural, creative, enterprise could benefit
- ▶ Manufacturing, innovation-narrowly defined-FDI, exports, little on rural to rural trading etc
- ▶ What about rural housing?
- ▶ Where will the 4 University Technical Colleges be situated? Probably in the 'urban'
- ▶ Skills and transport- not much rural, apart from cultural apprenticeship schemes and broadband
- ▶ Forestry, low carbon, bio-tech, fracking etc might bring job growth
- ▶ Rural in NE has 44% of enterprises- I would have expected more 'specific' emphasis on the 'rural' in Adonis
- ▶ More emphasis on skills development, enterprise support to aid the 'rural'