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After RDAs: Look before you LEP

By [David Bailey](#) on Jul 12, 10 11:10 PM in [Economics](#)

As days go by we begin to learn more about what the coalition government, now two months old, has in mind in terms of economic development across England.

Leave aside the fact that London can carry on as usual, along with Wales, Scotland and Northern Ireland, where there is no change to their development agencies. We're talking of course of the English regions, or rather what replaces them.

What do we know so far?

The Local Enterprise Partnerships (LEPs) that will replace the RDAs will, it seems, have to fund their own running costs, with LEPs bidding into a central pot of some £500 million a year (a quarter of what the RDAs had to work with).

And after Communities Secretary Eric Pickles won out in a Yes-Minister style Whitehall Turf War with Business Secretary Vince Cable, popular RDAs in The North East and West Midlands won't after all be able to continue. They're being scrapped, lock, stock and barrel.

As I've said in earlier blogs, that's a mistake as there is much expertise in RDAs like Advantage West Midlands (AWM) which could be used to join up the work of sub-regional LEPs.

And even if a LEP's territory actually maps that of an old RDA, sadly much of the RDAs' former work will head back to Whitehall anyway.

On this the government has admitted that of the RDAs' old functions will in future be "led nationally", and won't actually go to the LEPs. This is really about cutting costs even if it means the imposition of a top-down and inferior system of industrial policy delivery. So much for 'Control Shift'.

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This re-centralisation of activities includes inward investment, industrial policy, innovation and business support. LEPs it seems will be left to look after planning, housing, employment, local transport, infrastructure and, in some cases, tourism.

But all of this is pretty confusing. Business support is meant to be led nationally whilst at the same time LEPs will tackle issues such as enterprise and small business start-ups. Confused? I am.

While local authorities and businesses are invited to send "outline proposals" for LEPs to the Government by 6th September, rather weirdly the government has yet to provide any real detail on what LEPs will actually be able to do and what powers they have.

As a result we're likely to have a period of debate about structures rather than powers and the 'real business' of what we actually want to do.

The little we do know was spelt out sometime ago by Caroline Spellman and Ken Clarke before the election in a jointly written letter which said that:

- The boundaries of the new LEPs will "reflect natural economic areas";
- At least 50% of the boards of the new partnerships will be representatives from local commerce and industry;
- A leading local business person will chair each LEP.
- The funding transition would be "smooth", and would allow for "the appropriate fulfillment of ongoing projects, grants and contracts, including projects which also draw on EU structural funds".

Of course, this may or may not now be government policy as Spellman and Clarke are now in different roles than their shadow posts.

So, in fact we know very little about LEPs (other than that they will have far less power than the old RDAs).

In particular, we need to know:

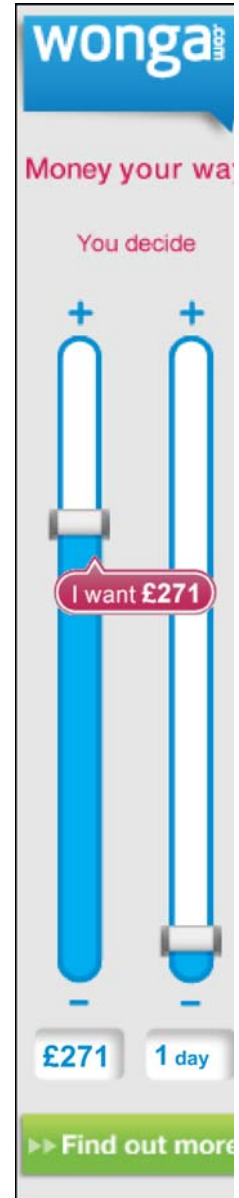
1. What powers will the new LEPs actually have? The coalition government has said it will strip RDAs of any power over spatial planning, but as noted business support still remains a messy arrangement with both LEPs and central government apparently responsible in this area. Can some of the recentralisation noted above be reversed so that powers actually go *down* and not *up*?

2. Where's the cash; what funding will the LEPs have? Will LEPs just depend on what they can win via bidding to the Regional Growth Fund? Given the huge cut in support for regions outside of London (down from £2bn to £500 million a year), shouldn't LEPs be able to raise funds locally? Think back to our Brummie Bonds idea in earlier blogs, for example.

3. How will LEPs access European funding? RDAs currently have the expertise to access and administer the funding, and also to match-fund EU structural funding. I doubt very much whether Brussels will be happy over any attempt to shift this back to Whitehall and the local level simply may not have the ability to bid for, win, and implement EU funding, let alone to match fund it. A regional scale may make sense here if funds aren't to be lost, or even left unspent.

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4. Who actually decides on the new configuration of LEPs, and how will RDAs be replaced by LEPs?
5. What's the timescale? How quickly can LEPs be set up (after being approved by whatever system approves them)? How long will the transition from RDAs to LEPs take?
6. Following on from this, what will happen in regions like the West Midlands where local authorities may well create several LEPs in place of the RDA Advantage West Midlands? How easy will AWM be to dismantle when it has numerous contracts with public and private sector organizations which could have years to run?
7. Is the government willing to at least consider some regional join up of LEPs strategies, drawing on the expertise in RDAs, in order to use increasingly scarce public resources in as efficient a way as possible?
8. What will happen to Business Link (rumoured to become a centrally run web based service), along with the Manufacturing Advisory Service?

The devil as always is in the detail but two key points come out of this for me. One is that LEPs need to be made to work. That will need a real decentralisation of power and the ability to raise local funds, and the current ill-defined offer does little to deliver on this.

Secondly, some role for (maybe a light-touch) regional tier still makes sense to join up the work of LEPs and to support LEPs outside the big cities which may struggle on numerous fronts. Some of the RDAs - like AWM - have a good story to tell. That story needs to be heard.

Professor David Bailey works at [Coventry University Business School](#).

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[Rob Weaver](#) said:

A very good summary of where we are at. The author is correct to point out the 'de-coupling' of 'business support' from 'support to business start-ups'. One does not have any confidence that Govt or would be LEPs have any 'vision' in

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terms of creating an 'enterprising Britain' (or enterprising Birmingham for that matter)

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Meanwhile the city under the Market [Blog Birmingham](#) brand is advertising for 4 posts paying collectively c.£300k salary to promote Inward Inv into the city...which surely is a 'national' activity from now on and creates transient jobs in any case. Confused? We all are.

20876 Creatives
brand.bootb.com/b

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July 13, 2010 7:59 AM

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Government Solution

Kevin Maton said:

could Clear up to 75% of

It is a good summary but significantly ^{debt} in the two weeks since the intial announcement, there has been next to no additional detail. the suggestion is that the Government will analyse the submissions from LAs to then write a structure for LEps that reflects the interest of LEP bidders.

Clearly this has not been thought through as the blog makes clear. In particular how it impacts on other programmes such as ERDF so making the likely cut in funds for economic development even higher.

As pointed out above how is it that Wales with a pouplation about 3/5ths of the West Midlands gets far greater autonomy and levels of cash?

I am sure the construction industry that have benefited from AWM support for site redevpment and capital projects are wondering about the future - especially with Building Schools for the Future funding reduced.

July 13, 2010 2:37 PM

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