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THE REALITIES, CHALLENGES AND STRENGTHS OF THE EXTERNAL FUNDING ENVIRONMENT AT LEP LEVEL

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BACKGROUND

Smart Specialisation Hub

The Smart Specialisation Hub is an independent organisation that provides free objective analysis and support to improve local and national understanding of innovation capabilities.

The Smart Specialisation Hub supports local actors as they identify their innovation activities and align them with national policies aiming to achieve higher levels of economic growth and productivity. We act as a two-way lens, surfacing local capabilities to national Government and projecting national ambitions to local areas. An objective, independent body, we deploy analysis, best practice insight, and policy understanding to inform, advise and connect.

The Hub team is dedicated to improving understanding of local innovation capabilities, putting them in national context and helping local areas to make better investments. Our work supports evidence-based investments in innovation activity, ensuring impact, best value for money and integrated strategies.

Smart Specialisation is a bottom-up process drawing on the input of business, higher education, government and civil society to develop collaborative strategies for exploiting the potential of innovation strengths based on real-world assessments of those capabilities. Utilising Smart Specialisation principles ensures local areas prioritise sectors in which they have, or can develop, competitive advantage.

City-REDI

Based at the University of Birmingham, City-REDI is a research institute focused on developing a robust understanding of major city regions across the globe. Our aim is to develop practical insights which better inform and influence regional and national economic growth policies.

City-REDI delivers policy, strategy and research which supports economic growth and prosperity. We undertake work that explores the complex and inter-related way in which people and systems work across places. By working with private, social, and public sector bodies as well as local and national governments, research councils, Local Enterprise Partnerships, Combined Authorities and foundations across the UK and beyond, our aim is to better understand the latent comparative and competitive advantages of economic regions; we look to identify opportunities which have the greatest potential for economic growth and how places can improve productivity.

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EXECUTIVE SUMMARY

This report set out to better understand the external funding environment at LEP level, answering the following questions:

- 1. How does the value of funding won at LEP-level (both funding directly secured by LEPs and funding allocated to organisations in LEP areas) differ? Which LEPs are most successful in winning external funding?
- 2. Can differences in which LEPs are most successful in obtaining funding be identified according to the type of funding?
- 3. How is the funding secured related to LEPs' economic strategies and emerging industrial strategies?
- 4. What are the key challenges that LEPs and their partners encounter in obtaining external funding?
- 5. Which strategies are used by LEPs and their partners that are most effective in securing external funding?
- 6. How do LEPs perceive their future ability to secure funding for projects within their region?

The work was carried out in two phases. First, the value of different grant funds awarded directly to LEPs and other organisations in LEP areas (for funds where LEPs play a less direct role in fund applications and fund management) was mapped. This forms the focus of Chapter 2. Secondly, qualitative interviews were carried out with key decisions makers in 13 LEPs across England. Chapter 3 analyses LEPs' experiences of the external funding environment based upon these interviews. The LEPs were chosen to represent a cross-section of LEPs. Characteristics taken into account include geographical location (North, Midlands, South), population size (large conurbation, mixed population, relatively sparsely populated), urban/rural, reputation for innovation, research-intensiveness of Higher Education establishments, governance structure (presence of a combined authority or not), legal structure (company limited by guarantee, private sector voluntary led partnership, unincorporated partnership). To protect the anonymity of participants, none of the case study LEPs are identified in this report.

The report found that:

- Comparing funding allocations at LEP level is complicated by the unequal nature of LEP geographies in terms of population size, whether they are polycentric or monocentric and their contrasting governance structures.
- The value of funding awarded at LEP level differs considerably by LEP and by funding programme.
 Differences in which LEP areas are most successful in obtaining funding can be identified according to
 whether the funding is from central government (which goes directly to LEPs), the European Structural
 and Investment Fund (ESIF) (where LEPs design and delivers strategies and monitor progress but central
 government manages the fund) or from Horizon 2020, research councils or Innovate UK (where projects
 are led either by universities or businesses).
- The LEPs which have performed strongly in terms of total allocations for central government funding
 including the Regional Growth Fund, the Growing Places Fund, and the Single Growth Deal are Greater
 Manchester, London and Leeds City Region. Small, rural LEPS struggle the most to obtain funding.
 Whilst Greater Manchester stands out outside of London, combined funding for the West Midlands LEPs
 (i.e. Greater Birmingham and Solihull, Coventry & Warwickshire, and the Black Country) is very similar
 with a similar population.
- ESIF funding is an important source of funding for LEPs with lower per head GDP rates such as Cornwall and the Isles of Scilly and Tees Valley.
- The presence of one or more research-intensive university is central to which LEP areas have been received the highest awards for both Horizon2020 and research Council/Innovate UK funding. This

underlines the crucial role that universities play in relation to local economic development. In terms of Gateway to Research funding, many Russell-group universities have been awarded high award amounts by all research councils but some universities receive high awards from only certain research councils.

- LEPs do not consider that obtaining external funding to deliver projects in their local areas to be their central role. Indeed, many feel that this represents a distraction from their principal aims. Rather LEPs consider they have an important role to play in leadership and partnership that has delivered and continues to deliver funding for their areas.
- Differences exist in terms of how LEPs are seeking to operate in relation to strategic direction in the external funding environment. The report suggests that four different types of LEPs can be identified in this regard: direct action LEPs; collaborative, partnership LEPs; convening, supporting LEPs and internal challenge LEPs.
- LEPs operate in an environment that is complex and rapidly changing. The role that LEPs now play in developing Local Industrial Strategies as well as the increase in the number of mayoral combined authorities, and the implications of the LEP review all create pressures and opportunities for LEPs.
- LEPs are currently experiencing challenges related to staffing, the amount of central government funding available, access to match funding, existing outcome/output requirements, alignment between different funding pots, governance arrangements, data evaluation and the ability to implement cross-LEP projects.
- The lack of clarity and security over future funding is starting to impact on LEP projects as well as strategic planning.
- Difficulties accessing match funding are affecting how LEPs, particularly those in rural areas can plan and deliver projects.
- All LEPs support the need for outcome measures but many find that current ESIF and Growth Deal regulations have prioritised short-term outputs over longer-term outcomes.
- LEPs have experienced challenges with regard to aligning funding from different pots to support key
 projects. In particular, interviewees emphasised the difficulty combining capital and revenue funding in
 ESIF projects.
- Governance issues exist relating to overlapping LEP boundaries, operating in two-tier county council
 areas and in combined authority areas, and converting to become Companies Limited by Guarantee.
 Further research once all LEPs are Companies Limited by Guarantee into how different LEPs are
 experiencing the structure would be useful. Differences are apparent in terms of how LEPs currently
 perceive the advantages of being a Company Limited by Guarantee.
- Whereas some LEPs view their data evaluation capacity as one of their strengths arguing it is crucial to how they design and gain support for their strategies other LEPs have found accessing reliable data and identifying metrics to measure progress against goals more challenging.
- All LEPs consider that cross-LEP projects are challenging to implement. Many suggested that current policy arrangements actively discourage cross-LEP working.

All of these issues are important for the design and implementation of future funding support for LEPs. In particular, LEPs argued for greater clarity and security regarding funding once ESIF and Growth Deal funding pots run out, greater incentives for cross-LEP projects and closer alignment between funding pots. Significantly, many LEPs interviewed advocated the creation of a single-pot based place programme. Considerable extra effort needs to be put into defining subsidiarity. It is very important that LEPs and Combined Authorities are given sufficient time to establish their structures and core responsibilities to maximise their impact and long-term outcomes. Whatever grant regime replaces ERDF and the Growth Deals, should also make it easier to implement cross-LEP projects, as innovation is highly dependent on networking.

1. INTRODUCTION

1.1 AIMS OF REPORT

This report forms part of a collaboration between the Smart Specialisation Hub and City-REDI at the University of Birmingham.

It aims to provide a better understanding of the environment for innovation and specialisation. Based on a combination of web search, quantitative and qualitative analysis and featuring case studies of major projects, it investigates the experiences of Local Enterprise Partnerships (LEPs) and their partners of securing funding; seeking to shed light on the challenges that they face as well as the strengths of their approaches. It also considers how the funding secured relates to LEPs' economic strategies and emerging local industrial strategies, examining whether the funding available matches the needs and requirements at local level.

The key research questions are:

- 1. How does the value of funding won at LEP-level (both funding directly secured by LEPs and funding allocated to organisations in LEP areas) differ? Which LEPs are most successful in winning external funding?
- 2. Can differences in which LEPs are most successful in obtaining funding be identified according to the type of funding?
- 3. How is the funding secured related to LEPs' economic strategies and emerging industrial strategies?
- 4. What are the key challenges that LEPs and their partners encounter in obtaining external funding?
- 5. Which strategies are used by LEPs and their partners that are most effective in securing external funding?
- 6. How do LEPs perceive their future ability to secure funding for projects within their region?

Following the introduction, chapter 2 maps the value of different grant funds awarded directly to LEPs and other organisations in LEP areas. Based on qualitative interviews conducted with 13 LEPs across England, chapter 3 analyses LEPs' experiences of external funding to date and outlines their concerns about future funding as well as how they would like future programmes to be designed.

1.2 ESTABLISHMENT OF LOCAL ENTERPRISE PARTNERSHIPS

Local Enterprise Partnerships (LEPs) were established in England 2010 as business-led partnerships linking the private sector, local authorities, higher and further education and the voluntary sector to drive growth strategically in local communities. 62 LEP proposals were received by the Government.

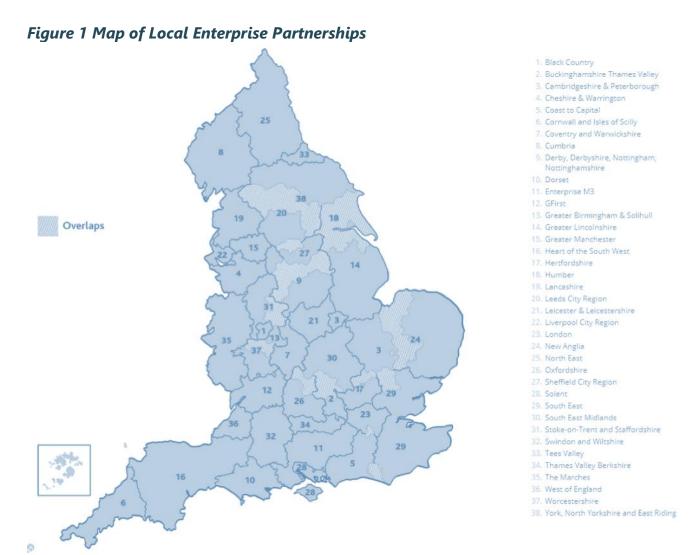
These proposals were assessed by the Government in relation to four criteria:

- Support from business;
- Natural economic geography;
- Local authority support;
- Added value and ambition.

24 proposals were approved in the <u>2010 Local Growth White Paper</u>. As explained in the <u>House of Commons Library Briefing Paper on LEPs</u>, an additional 15 LEPs were subsequently approved, covering the whole of England. Pike et al (2015) argue that: *"reflecting processes of dismantling, improvising, layering and recombining, the LEPs building-up from and adapting existing (sub-)regional partnerships were relatively*

quicker off the mark" (pp.192). This report considers the importance of a history of working at sub-regional level in relation to LEPs' success in securing external funding.

In April 2017, the Northamptonshire LEP merged with the South East Midlands LEP, reducing the number of LEPs from 39 to 38. In July 2018, the Government published its <u>Strengthened Local Enterprise Partnerships</u> Review. The review acknowledged that "One of the great strengths of Local Enterprise Partnerships is their ability to bring together business and civic leaders across local administrative boundaries and provide strategic direction for a functional economic area" (p.7). However, the review recommended that current LEP geographic boundaries are reviewed "to ensure that they are fit for purpose" to provide maximum levels of efficiency and effectiveness of decision-making and delivery going forward. As such, LEPs were asked by Government to submit proposals by the end of September 2018 regarding "geographies which best reflect real functional economic areas, remove overlaps and, where appropriate, propose wider changes such as mergers" (p.7). Figure 1 shows the location of LEPs in England prior to the implementation of the recommendations of the Strengthened LEPs review. LEPs have until March 2020 to resolve their geographies so change in the boundaries indicated in the map are expected to change.



Source: **LEP Network**

The creation of LEPs followed the announcement of the closure of the nine Regional Development Agencies (RDAs) in England in 2010. RDAs were non-departmental public bodies, charged with driving economic development, business efficiency, investment and competitiveness, employment, skills and sustainable development in their regions. As statutory bodies, RDAs had power and a core remit. Core RDA activities were financed by a single-pot that pooled funds from all the contributing Government Departments (Department for Business, Innovation & Skills; Department for Communities and Local Government; Department of Energy & Climate Change; Department for Environment, Food and Rural Affairs; Department for Digital, Culture, Media & Sport; and UK Trade & Investment).

RDA responsibilities did not pass over directly to LEPs with the Government replacing the regional provision under the RDA era with a mixture of national and local provision. The 2010 White Paper anticipated LEPs would fulfil the following roles:

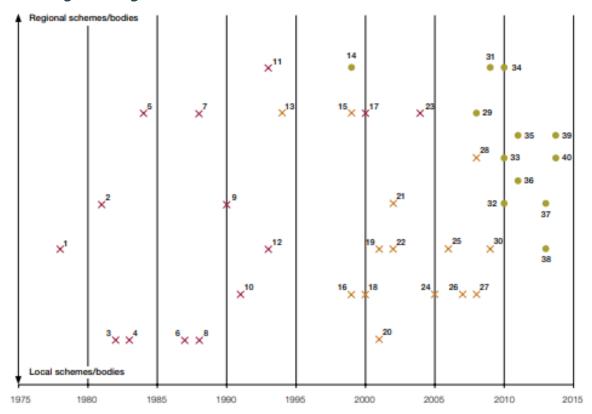
- working with Government to set out key investment priorities, including transport infrastructure and supporting or coordinating project delivery;
- coordinating proposals or bidding directly for the Regional Growth Fund;
- supporting high growth businesses, for example through involvement in bringing together and supporting consortia to run new growth hubs;
- making representation on the development of national planning policy and ensuring business is involved in the development and consideration of strategic planning applications;
- lead changes in how businesses are regulated locally;
- strategic housing delivery, including pooling and aligning funding streams to support this;
- working with local employers, Jobcentre Plus and learning providers to help local workless people into jobs;
- coordinating approaches to leveraging funding from the private sector;
- exploring opportunities for developing financial and non-financial incentives on renewable energy projects and Green Deal; and
- becoming involved in delivery of other national priorities such as digital infrastructure.

Central government took responsibility back from the RDAs for functions including investment, innovation and access to finance. In the intervening period, in return for increasing responsibility for considerable amounts of central government funding, LEPs have committed within their Strategic Economic Plans and, going forward, their Local Industrial strategies to deliver against their core objectives (e.g. driving economic growth, increasing productivity rates, raising skills levels).

1.3 THE ENGLISH LOCAL DEVELOPMENT LANDSCAPE

In addition to the high level of centralised governance, the English local development landscape is also characterised by continued and relatively wide social and economic spatial disparities and regular upheaval in economic development policy and institutions (OECD, 2015; Pike and Tomaney, 2009; and Pike et al, 2012; Pike et al, 2015). Figures 2 and 3 below illustrate the large number of different local growth structures, institutions and funding regimes operating in England between 1975 and 2015. In addition, to these initiatives, the Homes and Communities Agency has been replaced by Homes England and the Regulator of Social Housing in January 2018; new funding for University Enterprise Zones was announced in 2019 and the £1 billion Stronger Towns Fund was launched in March 2019. The Stronger Towns Fund is "targeted at places that have not shared in the proceeds of growth in the same way as more prosperous parts of the country". Devolution Deals, Growth Deals and the requirement for local areas to draw up industrial strategies have particularly important consequences for LEPs. Furthermore, a consequence of Brexit will be that LEPs and organisations in their areas will no longer eligible to apply for European Structural and Investment Funds or European Community Initiatives.

Figure 2 - Changes in Regional Growth Initiatives 1975-2015



- Urban Programme (expansion)
- Urban Development Corporations
- Urban Development Grant
- 4 Derelict Land Grant
- Regional Development Grant (revision)
- Urban Regeneration Grant
- 7 Regional Enterprise Grant
- 8 City Grant
- Training and Enterprise Councils
- 10 City Challenge
- 11 English Partnerships
- 12 Single Regeneration Budget
- 13 Government Offices for the Regions 14 National Coalfields Programme
- Currently operational
- X Closed prior to 2010
- X Closed since 2010

- 15 Regional Development Agencies
- 16 New Deal for Communities
- 17 Enterprise Grant Scheme
- 18 Urban Regeneration Companies
- 19 Local Strategic Partnerships
- 20 Neighbourhood Renewal Fund
- 21 Housing Market Renewal Pathfinders
- 22 Local Authority Business Growth incentive
- 23 Selective Finance for Investment
- 24 Working Neighbourhoods Fund
- 25 Local Area Agreements
- 26 Local Enterprise Growth Initiative
- 27 City/Economic Development Companies
- 28 Multi Area Agreements/City Region Pilots

- 29 Grants for Business Investment
- 30 Future Jobs Fund
- 31 Homes and Communities Agency
- 32 Enterprise Zones (new phase)
- 33 Local Enterprise Partnerships
- 34 Regional Growth Fund
- 35 City Deals
- 36 Growing Places Fund
- 37 Tax Increment Finance
- 38 Business Rates Retention
- 39 Devolution Deals
- 40 Growth Deals

Source: National Audit Office analysis of Departmental information

Source: National Audit Office, 2016, p.13

Figure 3 - Key regional development institutions, policies and programmes 1997-2018



Source: SQW

Source: <u>Cook et al</u> (2019, p.9)

1.4 HISTORIC FUNDING

In order to understand trends in funding allocated to LEPs and their partners, it is useful to consider the value of regional development funding in England over recent decades.

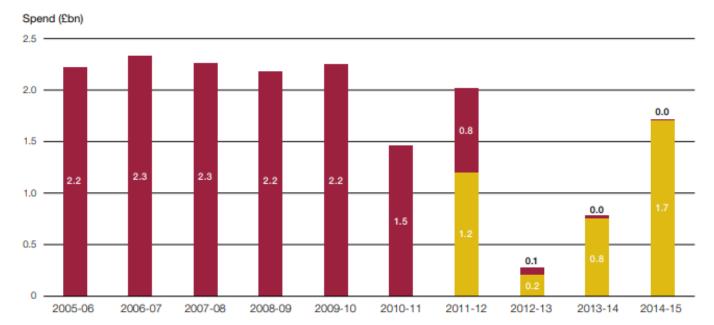
Figure 4 contrasts government funding for Regional Development Agencies with funding for new local growth funds and structures. Initially, RDAs were responsible for managing funding for already established, legacy programmes. They had limited discretion regarding funding priorities. From 2003, a real shift occurred with RDAs benefiting from a single pot mechanism (pooled from various government departments). The peak of RDA operational capacity was around 2006/2007. Under the 2005-2010 Labour Government's plans, RDAs' combined single pot budgets were £1,748 million in 2010-11, compared with £2,263 million in 2009-10. This total was further reduced by cuts of £270 million in "lower value RDA spending" by the current Government. The total combined RDA budgets for 2011-12 were £711 million, of which £106 million covered administration (House of Commons Library, 2017, p.19). Cuts to Regional Development Agency funding can be considered the result of a reaction among Whitehall to various reviews of Regional Development Agencies, which suggested RDAs were overstaffed. For example, the Chief Executive of the Cumbria Chamber of Commerce described RDAs as "overstaffed, underachieving...the epitome of the wasteful, spendthrift Labour regime" (Johnston, 2010, p. 1).

The cuts took place in the context of reductions in public expenditure following the financial crisis of 2009. As shown in Figure 4, following the reduction in RDA funding, a large dip occurred in government expenditure on regional growth initiatives in 2012/2013 as local authorities were invited to submit proposals to form LEPs. It took time for replacement institutions such as LEPs to imbed and establish themselves. It is important to note that the new funding schemes lag behind RDA funding in terms of total value.

Figure 4 - Trends in Funding Allocations 2005-2015

Government spending on Regional Development Agencies and new local growth funds and structures, 2005-06 to 2014-15 – payments by departments

There has been a marked dip in government funding



- Regional Development Agency spend (including legacy)
- New schemes

Notes

- 1 Spending by Regional Development Agencies is from their annual reports and accounts and excludes closure costs.
- 2 Data for 2013-14 onwards is budget data. Earlier data is outturn.
- 3 Figures have been rounded.

Source: National Audit Office analysis of departmental data

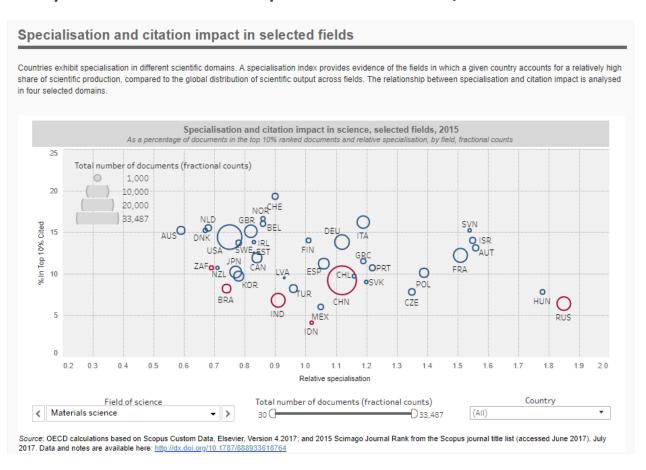
Source: National Audit Office, (2013, p.20).

1.5 VARIATIONS IN ENTREPRENEURIAL AND INNOVATIVE ACTIVITY

It is well established that entrepreneurial and innovative activity differs considerably internationally, nationally and regionally. The OECD Science, Technology and Industry Scoreboard (2015, 2017a) reveals how direct government funding of business R&D, tax incentives for R&D, as well as specialisation and citation impact in science, vary substantially between OECD countries. For example, direct government funding for business R&D and tax support for business as a percentage of GDP varies from 0.54% in Russia to 0.24% in France, 0.12% in the United Kingdom, 0.06% in China, and 0.01% in Latvia. As shown in Figure 5, the percentage of citations in science in the top 10% of articles cited varies considerably by country. For example, in materials science, 9.3% of documents published in Switzerland are in the top 10% cited worldwide compared to 4.1% in India. The UK performs well with 15.1% of documents in the top 10% of ranked documents. The Smart Specialisation Hub's report benchmarking skills and productivity across LEPs uses data from the Global Entrepreneurship Monitor to demonstrate how the level of entrepreneurship and attitudes to it differs across LEPs. Total entrepreneurial activity (measures the proportion of the population involved in entrepreneurial activities.

Data is derived from special tabulation from Global Entrepreneurship Monitor (GEM) for the years 2012-2017. GEM studies entrepreneurship through extensive surveys, gathering primary data on entrepreneurial attitudes, activity and aspirations of individuals and monitoring factors that are believed to have a significant impact on entrepreneurship) ranged from 4% in the Humber, to 9% in Leeds City Region and 11% in Hertfordshire. 24% of respondents believed there were good opportunities for entrepreneurial activity in Tees Valley, compared to 41% of respondents in London and 51% of respondents in Thames Valley Berkshire.

Figure 5 - Specialisation and citation impact in science, selected fields, OECD, 2015



Source: <u>OECD</u> (2017b)

The <u>Smart Specialisation Hub</u> (2018) has mapped England's Innovation Environment, benchmarking how the general environment varies between LEPs in terms of place attractiveness, digital connectivity, workforce, entrepreneurship and business activity. Rossiter (2016) has emphasised how industrial sectors within the UK vary across space "providing local economies with unique and specific strengths, weaknesses, challenges and opportunities to which economic development practitioners must respond" (pp.837-838). Understanding the drivers of sub-national disparities in entrepreneurship and innovation is therefore crucial to identifying and implementing policies to address these inequalities and boost such activities. The ability of LEPs and their partner organisations to secure external funding is likely to be important in this regard since external funding contributes to providing conditions for innovation and in turn regional growth.

1.6 EXISTING STUDIES

Understanding of the challenges that regional institutions, particularly LEPs, face in terms of securing external funding, as well as the strengths of their approaches is limited. Recent work on Local Enterprise Partnerships has focused on how they have evolved (e.g. Pugalis and Bentley, 2013); and their role within place-based industrial policy (e.g. Peck et al, 2013). The most relevant study for this report is Pike et al's (2015) article which compared the 39 LEPs in England, identifying "marked" "diversity and variety" in relation to varied indicators (including board size and membership, number of staff per LEP) across the 39 LEPs in England (p.201). As referenced in various parts of this report, the article calculates allocations of the Growing Places Fund by Gross Value Added per head by LEP area, and allocations of the Regional Growth Fund per head by LEP. It also estimates the number of staff directly employed in each LEP. The analysis reveals large disparities in funds awarded to different LEPs with "weaker" LEPs and the core city regions gaining the highest combined allocations for the Growing Places Fund, Regional Growth Fund and EU structural and investment funds. It also emphasises how LEP staffing resources vary considerably with a third of LEPs claiming to have 1-4 direct staff, a third 5-9 staff and some up to 60 staff (p.199).

This report seeks to build on Pike et al's (2015) analysis by mapping the value of a wider range of funds – including funding awarded to universities and businesses in LEP areas – and, by providing LEPs with a voice to convey their funding journeys. It outlines the challenges and opportunities LEPs have encountered in relation to external funding as they have established themselves as institutions. In the context of the rapidly changing regional development environment and as LEPs approach the tenth year of their existence, the report is hopefully timely, providing LEPs with up-to-date analysis of the state of play of funding at local level and identifying learning for developing more effective funding strategies.

Bailey and Berkeley (2014) analysed the response of the West Midlands Regional Taskforce as an example of regional responses to the 2008 recession. The paper did not aim to assess the extent to which the Task Force (which among other services offered loan and grant schemes for SMEs), contributed to the economic revival of the West Midlands following the recession. Nonetheless, Bailey and Berkeley argue that the Taskforce played a critical role in establishing localised industrial policy ensuring the continuity of supply chain capacity. They suggest it provides learning in terms of thinking differently and moving away from top-down traditional support for certain sectors. They emphasise how many powers, such as business support and inward investment were re-centralised following the abolition of the RDAs and how LEPs operate without "significant dedicated budgets" (p.1811). Nearly a decade after LEPs were first established; this report represents an attempt to analyse the scope of LEP funding to contribute to economic regeneration in their areas.

The OECD Local Economic and Employment Development (LEED) Programme (2009) identified that the capacity to put together and effectively implement sound regional/local economic strategies is not universal, stressing the role of local leadership in instigating and delivering effective local development programmes, particularly in times of economic crisis. Building on the work of researchers such as Collinge, Gibney, & Mabey, 2010; Gibney, 2014; Normann, 2017), Beer et al (2019) identify new features of place leadership such as the importance of "boundary spanning" and networks (p.180). This report analyses how variations in local leadership at LEP level play out in terms of funding strategies adopted.

2. EXTERNAL FUNDING DATA

2.1 INTRODUCTION

This section of the report presents and analyses various public and private sector funds awarded to LEPs. It responds to the following research questions:

- 1. How does the value of funding won at LEP-level differ by LEP? Which LEPs are most successful in winning external funding?
- 2. Can differences be identified in terms of which LEPs are most successful in obtaining funding according to the type of funding? For example, are differences evident between LEPs in terms of different central government funding pots for infrastructure, skills and housing directly awarded to LEPs? How does the level of award of innovation and research funding awarded directly to universities and businesses in LEPs differ?

The funds/awards analysed are:

- 1. Core-operational funding
- 2. Regional Growth Fund
- 3. Growing Places Fund
- 4. The Single Local Growth Fund and Growth Deal
- 5. European Structural and Investment (ESIF) Funds
- 6. Horizon 2020
- 7. Research Council and Innovate UK (UKRI)

Allocations to each LEP for each fund are analysed sequentially. In focusing on these funds, the report considers:

- Direct grants to LEPs themselves (Regional Growth Fund, Growing Places Fund, Growth Deal)
- Grants for which LEPs help to set the strategy and priorities but where decision-making largely is centralised (ESIF)
- Awards to organisations, namely businesses and research organisations within LEPs but where LEPs have less direct influence and no management role (Horizon 2020, UKRI Gateway to Research Funding).

Figure 6 summarises each fund analysed in terms of the type of fund, the aim of the fund, the administrating authority, when the fund was announced, when it operated and the value of the fund to LEPs/ LEP areas.

Figure 6 - Summary of Funds Analysed

Туре	Name of Scheme	Description	Administrating Authority	Date of Announcement	Years of Operation	Rounds Analysed in Report	Total Value of Grant Funding/Awards to LEPs/LEP areas
	Regional Growth Fund	Promoting the private sector in areas in England most at risk to public sector cuts by providing financial support for private enterprises to leverage additional funding and create sustainable jobs	Department for Business, Innovation and Skills	June 2010	2011-2012 to 2016-2017	1-4	£435,310,449
Direct Grants to LEPs	Growing Places Fund	Address immediate infrastructure issues and support wider economic growth	Department for Communities and Local Government	November 2011	2011-2012	1-2	£729,780,000
	Single Local Growth Fund and Growth Deal	Funds to local enterprise partnerships or LEPs (partnerships between local authorities and businesses) for projects that benefit the local area and economy.	Department for Communities and Local Government	2013	2014-2021	1-3	£8,980,300,000
Grants for which LEPs help to set the strategy and priorities and monitor progress but where decision- making largely is centralised	European Structural and Investment Funds (ESIF)	ERDF: supporting research and innovation, small to medium sized enterprises and the creation of a low carbon economy. ESF: improving the employment opportunities, promoting social inclusion and investing in skills by providing help people need to fulfil their potential.	European Commission	April 2014	2014-2021	N/A	6,540,600,000 €

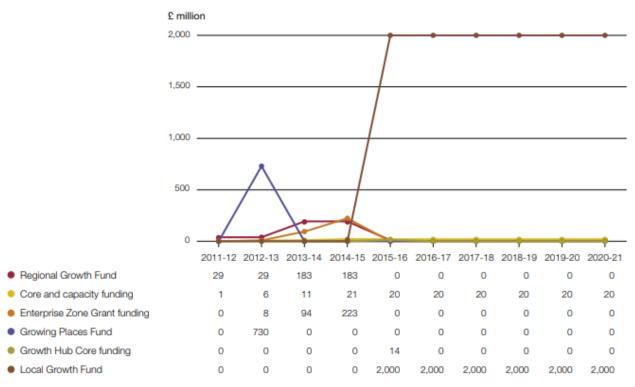
Туре	Name of Scheme	Description	Administrating Authority	Date of Announcement	Years of Operation	Rounds Analysed in Report	Total Value of Grant Funding/Awards to LEPs/LEP areas
Awards to organisations, namely businesses and research organisations within LEPs but where LEPs have less direct influence and no management role	Horizon 2020	Financial instrument behind the Innovation Union, a Europe 2020 flagship initiative aimed at securing Europe's global competitiveness (European Commission). The programme supports research as means of driving economic growth and creating jobs.	European Commission	December 2013	2014-2020	N/A	2,116,920,493 €
	Research council/ Innovate UK	UK publically funded research support to universities and businesses.	Arts and Humanities Research Council (AHRC); Biotechnology and Biological Sciences Research Council (BBSRC); Economic and Social Research Council (ESRC); Engineering and Physical Sciences Research (EPSRC); Medical Research Council (MRC); Natural Environment Research Council (NERC); Science and Technology Facilities Council (STFC); Innovate UK; National Centre for the Replacement, Refinement and Reduction of Animals in Research (NC3Rs)	N/A	2012-2021 (data down- loaded March 2019)	N/A	£15,310,079,358

The report does not consider allocations for the City Deals as they are not grants like the Local Growth Fund or the European Regional Development Fund but "bespoke packages of funding and decision-making powers negotiated between central government and local authorities and/or Local Enterprise Partnerships and other local bodies" (House of Commons Library, 2018). As such, the deals are not easily compared since reliable figures for the cost of each deal are not available. It has also not been possible to access reliable funding allocations for Enterprise Zones or Highways England's Growth and Housing Fund.

Figure 7 provides a useful timeline of some of the key funds analysed in this report:

Figure 7 - Important LEP Funding Mechanisms over time

Public funding allocated to LEPs increased substantially with the creation of the Local Growth Fund



Notes

- 1 Figures presented above do not include funding from the European Union that LEPs have 'strategic direction' over.
- 2 Core and capacity funding assumed to continue at 2016-17 levels.
- 3 Regional Growth Fund allocations straddle financial years. Allocations have been apportioned equally to relevant financial years.

Source: National Audit Office analysis of departmental data

Source: National Audit Office (2016, p.18).

Comparing funding at LEP level is complicated by the unequal LEP geographies. For example, whereas Greater Manchester city region has a population of 2.76 million and is represented by a single Greater Manchester LEP, the West Midlands conurbation which has only a slightly larger population - estimated at 2.83 million in 2015 (ONS, 2015) - is represented by three LEPs (Greater Birmingham and Solihull, Coventry and Warwickshire, and the Black Country LEP). To enable more detailed understanding of allocations for each fund in each LEP, data for each fund is standardised per head in each LEP where appropriate according to the funding mechanisms used to calculate allocations/investment. Appendix 1 provides data on various economic and social indicators for each LEP.

Differing governance arrangements, particularly the existence of Combined Authorities, also mean that comparing funding arrangements at LEP level is difficult. In some places such as Greater Manchester, Liverpool and Tees Valley, the area covered by the Combined Authority corresponds to that covered by the LEP. By contrast, in other areas such as the West Midlands, three LEPs cut across the Combined Authority area. The first area to establish a Combined Authority was Greater Manchester in 2011. The Liverpool City Region, North East Combined Authority, Sheffield City Region Combined Authority and West Yorkshire Combined Authority came into operation in 2014. Tees Valley and the West Midlands established Combined Authorities in 2016. The West of England and Cambridge and Peterborough became Combined Authority areas in 2017, followed by North of the Tyne in 2018. Combined Authorities form part of the devolution landscape in England. They are established by two or more local authorities and "may take on statutory functions transferred to them by an Order made by the Secretary of State, plus any functions that the constituent authorities agree to share" (Sandford, 2017). Like LEPs, Combined Authorities also differ in terms of the history of partnership in terms of their geographical level. For example, Tees Valley and Greater Manchester have a long history of partnership working (as well as generally similar characteristics of the constituent local authorities) whereas West Yorkshire and North of the Tyne Combined Authorities are geographies that are more novel. Although not the focus of this report, makes some comments are made on how having a Combined Authority appears to play out in LEPs' experiences of seeking to secure external funding.

Combined Authorities differ in terms of their socio-economic and governance structures. For example, unlike the other Combined Authorities, the North of the Tyne Combined Authority and the West Yorkshire Combined Authority do not elect a mayor.

It is though possible to identify several groups of LEPs in terms of their economic, social and governance characteristics (see Appendix 1 for key indicators):

- Large urban core city LEPs where LEP boundaries correspond to Combined Authority boundaries.
 These areas are generally characterised by relatively low GVA per head levels and relatively low skills levels: Greater Manchester, Greater Leeds City Region, Liverpool City Region.
- Large urban core city LEP where LEP boundaries do not correspond to combined Authority boundaries. Relatively low GVA per head levels, and relatively low skills levels: Greater Birmingham & Solihull (Combined Authority area is larger than the LEP area) and North East LEP (LEP area is greater than the Combined Authority area).
- LEPs that have both an urban centre(s) and rural areas; no Combined Authority; relatively low GVA levels and relatively low skills levels: Derby, Derbyshire, Nottingham, Nottinghamshire; Leicester and Leicestershire and Solent.
- LEPs with relatively low population levels, high GVA rates and high skills levels: Oxfordshire; Cheshire and Warrington; Buckinghamshire Thames Valley.
- Small, predominantly rural LEPs without a Combined Authority, middle range GVA and skills levels: The Marches; Worcestershire; Dorset.

- LEPs with a large population, high skills levels, no Combined Authority, and located close to London: Enterprise M3; Coast to Capital and Hertfordshire.
- LEPs with a Combined Authority, low skills levels and low GVA per head: Black Country; Tees Valley.

This report analyses allocations for each of the different funds identified in terms of these groups. Mapping external funding awarded to LEPs is also complex due to difficulties accessing allocation mechanisms of the different funders such as central government (Pike et al, 2015). This report provides some insight into how the different funds are currently benefitting each LEP area. The qualitative interviews with key LEP decision-makers analysed in section two enable greater understanding of the reasons behind the differences in allocation/award levels presented below. Nonetheless, further analysis (for example, fund type) is important to enable deeper understanding.

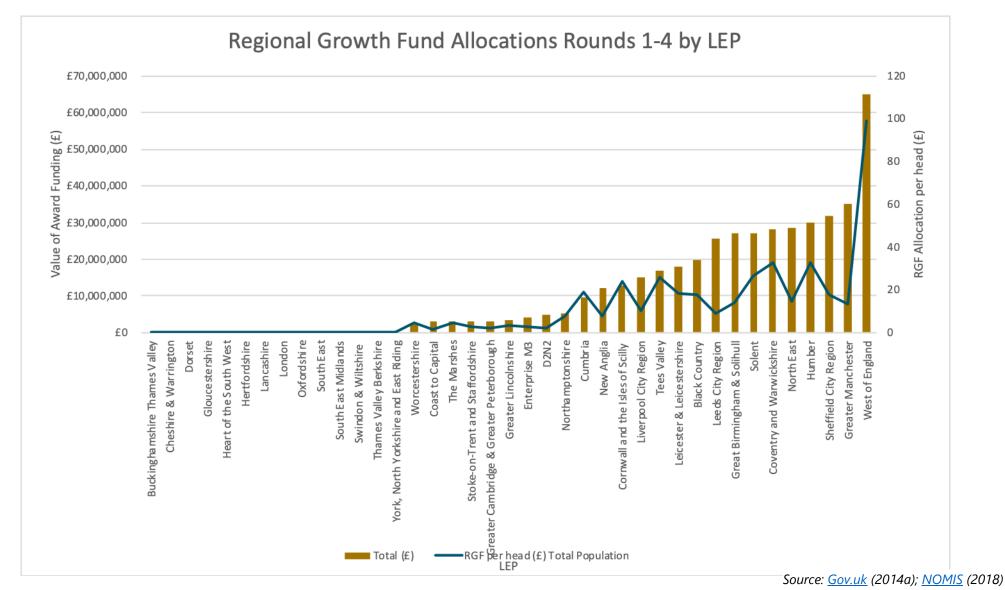
2.2 CORE-OPERATIONAL FUNDING

LEPs have received various types of core operational funding from central government. The Department for Business, Innovation & Skills administered the LEP Capacity Fund and the LEP Start-Up Fund. The Capacity Fund totalled £4 million and provided £125,000 to each LEP for the 2012/2013 financial year to better understand the issues facing businesses in their areas and develop action plans. The LEP Start-Up Fund delivered £5 million of funding to LEPs to be spent over the period 2011-2012 designed to help LEPs to establish their core operational capacity. It was allocated on the basis of competitive bids and match funding (House of Commons Library, 2017; Pike et al, 2015; Department for Business, Innovation & Skills, 2011). In 2013-2014 and 2014-2015, LEPs shared £5 million towards executive support and, subject to match funding, an additional £250,000 each. Pike et al note that all LEPs received the same amount despite their varied size and capability. Since 2016, LEPs have each received £500,000 core funding from central government and match funding from local authorities to support staffing, core administrative costs and strategy development and implementation.

2.3 REGIONAL GROWTH FUND

The Regional Growth Fund is an example of competitive-specific funding (Pike et al., 2015 p.198). The fund was established to help "areas and communities at risk of being particularly affected by public spending cuts". It was expected to be worth over £3.2 billion over the period 2011-12 to 2016-17 (House of Commons Library, 2016). LEPs were able to bid for the first four of the six rounds of the Regional Growth Fund, receiving 43 awards as demonstrated in Appendix 2. The fund was set up to promote the private sector in areas considered most at risk of public sector job cuts. It aimed to provide financial support for businesses to leverage additional funding and create sustainable jobs (House of Commons Library, 2016).

Figure 8 - Regional Growth Fund Total and Per Head Allocations Rounds 1-4 by LEP



The two LEPs which received the largest awards from the Regional Growth Fund were the West of England LEP (£65 million) and the Greater Manchester LEP (£35 million). Areas with Combined Authorities on the whole received larger allocations than those without. However, given that the first combined authority was not established until 2011 and given this fund was in operation from 2011, having a Combined Authority would not appear to be the primary factor driving allocations. Instead, as argued by Pike et al (2015), the geographical distribution of the fund was slanted towards areas that were less prosperous and had relatively high levels of public sector employment. A clear relationship between total funding awarded and the size of the public sector employment and public sector job cuts experienced by UK regions can be identified, reflecting the aims of the scheme. For example, analysis by the Institute of Fiscal Studies shows in 2012-2013 the English regions with the largest rates of public sector employment were the North East, Yorkshire and the Humber, the North West and South West. Furthermore, whereas the South West of England suffered over a 2% fall in public sector employment between Q1 2010 and Q2 2013, public sector employment in the South East and the East of England experienced only declined by between 1% and 1.5% decline. This helps to understand the high allocations to the West of England, Greater Manchester and the Humber LEPs and the low allocations to Coast to Capital, (GCGP) Cambridgeshire and Peterborough Combined Authority and Enterprise.

As shown in Figure 8, it is significant that 14 LEPs did not receive any funding from the scheme. It is possible that some of the LEPs did not apply for the scheme due to capacity issues, or because due to their prosperity and low public sector employment levels, they may have considered that the effort of applying was not worth the level of funds they were likely to receive. Furthermore, the slant of the Regional Growth Fund towards supporting businesses meant that large areas of the country were effectively ineligible due to State Aid rules (at least for non-SMEs). It is worth noting that London, Buckinghamshire Thames Valley, Hertfordshire, Cheshire and Warrington, Gloucestershire and the South East are in the 10 LEPs with the highest rates of Gross Disposable Household Income per Head. By contrast, the Black Country, Tees Valley, Sheffield City Region, the North East, Humber and Greater Manchester that all received large allocations are in the ten LEPS with the lowest Gross Disposable Household Income per Head rates (ONS, 2018). Furthermore, the link between prosperity and grant from the scheme is apparent in the low allocations for areas such as Worcestershire, and (GCGP) Cambridgeshire and Peterborough CA, which have higher Gross Disposable Household Income per head levels above the LEP mean.

2.4 GROWING PLACES FUND

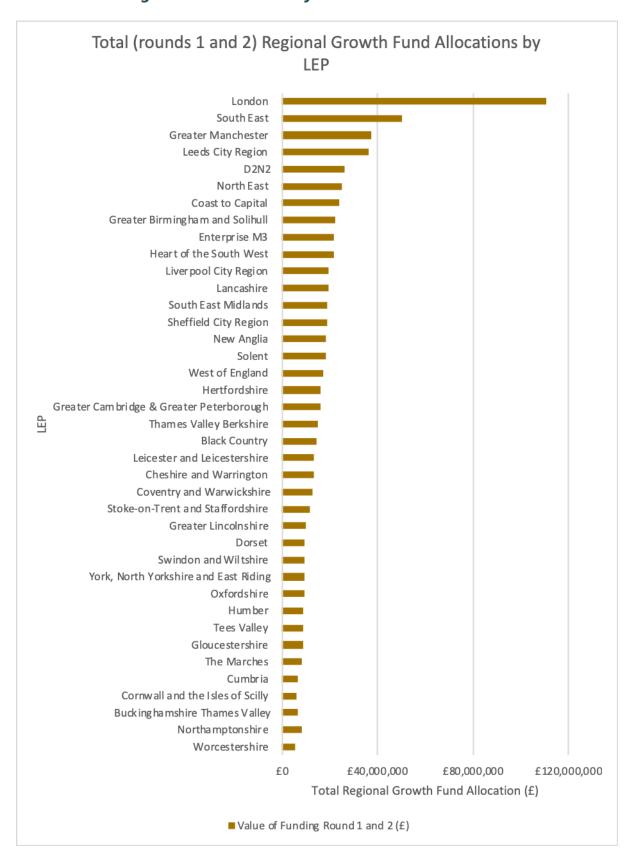
The £500 million Growing Places Fund was announced in November 2011. In 2012, the fund was extended by £270 million (House of Commons Library, 2017). Administered by the Department for Communities and Local Government, the fund aimed to address immediate infrastructure issues as well as supporting wider economic growth, creating jobs and building houses across England. As the fund was un-ringfenced, it provided LEPs with wide flexibility regarding how to use the grant. Allocations by LEP for both rounds of funding are provided in Appendix 4. The fund is an example of "core varied allocation funding" where funding was calculated using specified formula resulting in each LEP receiving a different amount of funding (Pike et al., 2015, p.197).

Rather than aiming to redistribute public funding from richer to poorer areas, the fund focused on targeting investment in areas considered to have the greatest potential for economic growth, or as the Economist (2011) termed it "helping the strongest first". Designed to take account of the size of each LEP, the formula for allocating awards was based on population and employment earnings. DCLG (2013) stressed how the formula provided a proxy for economic activity in each LEP. Pike et al (2015) emphasise the innovative nature of this allocation method. It is noticeable that the largest allocations from the fund were concentrated in large urban areas of England. Leeds was awarded £36,200,000 and Greater Manchester £37,400,000. London (£110,000,000) and the nearby South East LEP (£50,000,000) received the largest allocations. Economically strong LEPs close to London such as Enterprise M3 (£21,700,000) and Coast to Capital (£23,700,000) benefited from high allocations. By contrast, predominantly rural areas such as Worcestershire, Cornwall & the Isles of Scilly and Northamptonshire received lower amounts of total funding (£5,500,000, £6,000,000 and £8,000,000 respectively). LEPs with low population levels, high GVA per head rates and high skills levels such as Buckinghamshire Thames Valley and Oxfordshire) received low total allocations.

In terms of per head allocations, the allocations appear well correlated with the size of the population of each LEP (see figures 8 and 9). The LEPs which benefitted most from the programme though were not the LEPs with the most disadvantaged economies. The areas with the highest per head allocations are Solent, Thames Valley Berkshire, West of England and Coventry and Warwickshire which have gross disposable household income levels that are either slightly above or below the LEP mean. This fits with the focus on addressing infrastructure rather than inequality issues specifically. For example, the Solent LEP prioritised £11 million to invest in infrastructure at the Solent Enterprise Zone. Together with investment from other public sector partners this was part of an overall investment package valued at over £25 million and designed to create over 1,200 jobs (Solent LEP). Thames Valley Berkshire LEP used £8.3 million of their Growing Places Fund allocation to invest in the first Growing Places Fund bespoke Funding Escalator to provide business loans and equity-support for local start-ups as well as expanding, next generation businesses (Thames Valley LEP). Nonetheless, given the focus on infrastructure, we may have expected allocations to favour LEPs with large rural areas such as Greater Cumbria, Greater Lincolnshire and York, North Yorkshire and East Riding.

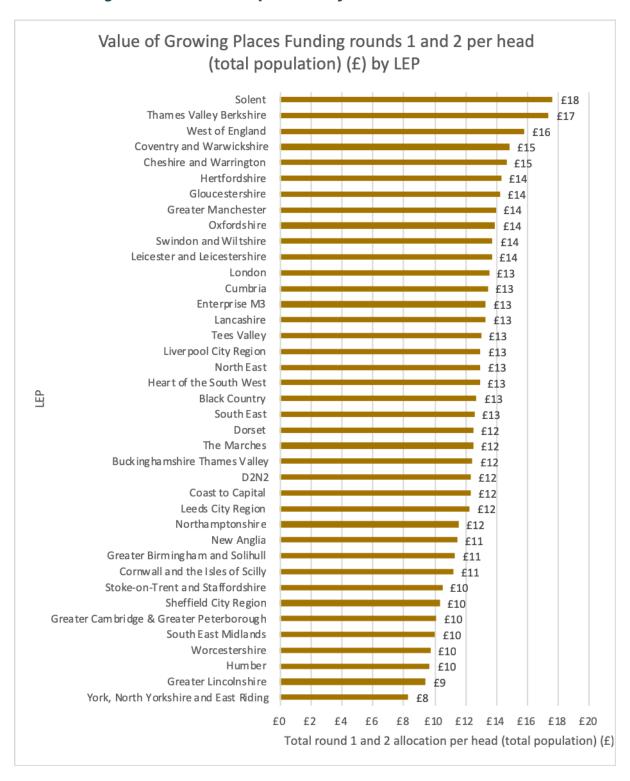
The formula used to calculate awards appears to have been applied consistently in both rounds of funding. Appendix 4 makes it clear that the comparative size of awards that LEPs received barely changed in round 2 to round 1. However, as fewer total funds were allocated in round 2 compared to round 1, the majority of LEPs received on average less money in round 2 than round 1. Two LEPs are an exception to this though. Northamptonshire received very marginally more in round 2 (£4,004,679) compared to round 1. More importantly, London received considerably more funding in round 2 (£69,265,511) than round 1 (£41,434,489). This corresponds to a 58.42% increase per head whereas the 38 LEPs which received less funding in round 2 than round 1 experienced on average a 53.71% decline in funding per head between the two rounds of funding. Given that the funding per head in London in round 1 (£5.05) was below the mean funding per head for LEPs in round 1 (£8.42), the increase in round 2 appears to have been designed to compensate for the low per head allowance in round 1. Figures 9 and 10 below indicate how the total Growing Places Allocation to London far exceeded allocations to other LEPs but that funding per head was not overly high.

Figure 9 - Total Growing Places Allocations by LEP



Source: Gov.uk (2014b); National Archives (no date given); NOMIS (2018).

Figure 10 - Growing Places Allocations per head by LEP



Source: Gov.uk (2014b); National Archives (no date given); NOMIS (2018).

2.5 THE SINGLE LOCAL GROWTH FUND AND GROWTH DEAL

The Growth Deals provide funds to Local Enterprise Partnerships for projects designed to benefit the local area and economy. Three rounds of the Growth Deal have been awarded. Round 1 deals were announced in July 2014, round 2 deals in January 2015 and round 3 deals in Spring 2017. Growth Deals were significant as they involved a single pot of money bringing together housing, infrastructure and other funding. On announcing the first round of Growth Deals, the government described the scheme as providing support to "train young people, create thousands of new jobs, build thousands of new homes and start hundreds of infrastructure projects; including transport improvements and superfast broadband networks".

The creation of the Single Local Growth Fund followed the publication of Lord Heseltine's report <u>No Stone Unturned: In Pursuit of Growth</u>, in October 2012, which made 89 recommendations on how to stimulate economic growth and wealth creation. Among these recommendations, Lord Heseltine stressed the need to combine separate funding streams supporting economic growth into a "single funding pot" for local areas.

As the <u>House of Commons Library report on Local Growth Deals</u> points out, it is significant that the Government accepted Lord Heseltine's recommendation, creating a single-pot of funding devolving economic power to LEPs. In doing so, it implicitly agreed with Lord Heseltine that local leaders were better placed than central government to set the strategic direction of local areas. In terms of Pike et al's 2015 classification of LEP funding, Growth Deal funding is an example of "competitive-general" funding. The government asked LEPs to draw up "multi-year strategic plans" outlining their funding proposals for the Single Local Growth Fund as well as their plans for EU Structural and Investment Funds from 2015/16 to 2020/21.Central government then used these plans when negotiating individual "Growth Deals" with each LEP (House of Commons Library, 2019; HM Treasury, 2013, p.63).

Appendix 5 indicates how Growth Deal Allocations varied considerably by round and by LEP. The bulk of funds were awarded in round 1 (a combined total of £6.232 billion compared to £9.669 billion in round 2 and £1.782 billion in round 3). As shown in Figure 11, 7 large urban core city LEPs and 3 London-centred LEPs received almost half of the programme funding. Lancashire was the only non core-city or London-based LEP to feature in the 10 LEPs with highest total allocations for rounds 1-4 of the programme. Rural LEPs such as Worcestershire and the Marches again received low total allocations from the fund. However, London had the lowest per head allocation of any LEP.

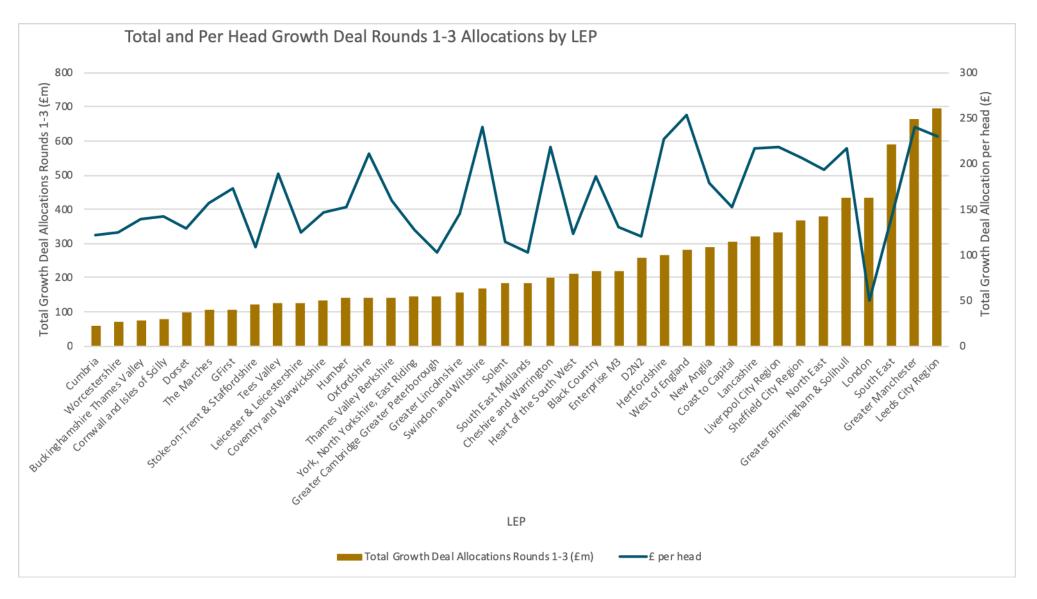
LEPs in the Northern Powerhouse once again performed strongly in terms of funding allocated, receiving the largest total amount of funding (£3432.1 million for rounds 1-3). This is partly thanks to the two largest allocations being awarded to Leeds City Region and Greater Manchester. The LEPs in the East of England received the lowest allocations (£702.95 million for rounds 1-3). The total amount of money allocated to each LEP is shown clearly in Figure 5. The impact of varying LEP sizes is apparent in allocations for Growth Deal Funding. The sum of the funds awarded to Greater Birmingham & Solihull, Coventry & Warwickshire and the Black Country (£782.59 million) is larger than the allocation to Greater Manchester (£663.4 million).

Figure 12 reveals how in terms of allocations per head, the high investment made by the Government in Northern Powerhouse LEPs in terms of value, carries through into allocations per head. LEPs in the Northern Powerhouse receiving a total of £220.20 per head compared to £187.10 per head for LEPs in the East of England, £173.20 for LEPs in South West England, £150.90 for LEPs in the Midlands Engine and £109.90 for the London and South East LEPs.

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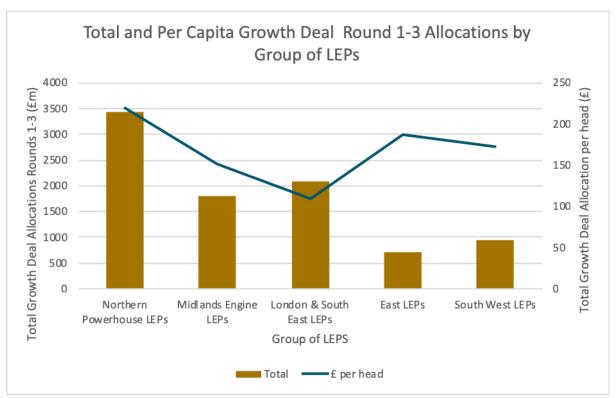
¹ https://www.gov.uk/government/news/growth-deals-firing-up-local-economies

Figure 11 - Total and Per Head Round 1, 2 and 3 and Total Growth Deal Allocations by LEP



Source: Gov.uk (2014b); NOMIS (2018).

Figure 12 - Total and Per Head Growth Deal Round 1-3 Allocations by Group of LEPs



Source: Gov.uk (2014b); NOMIS (2018)

2.6 EUROPEAN STRUCTURAL AND INVESTMENT FUNDS

In 2013, the Government announced that LEPs would be responsible for designing and delivering strategies concerning how to best use European Structural and Investment Funding (ESIF) for the period 2014-2020. LEPs are expected to ensure projects deliver on time against their targets and monitor progress against project strategies and priorities. However, they are not responsible for managing the funds themselves with central government taking responsibility for this (<u>House of Commons Library</u>, 2017; <u>HM Government</u>, 2013).

Figure 13 below shows the total allocations for the European Regional Development Fund (ERDF) and the European Social Fund (ESF), which together form two of the European Structural and Investment Funds (ESIF). This report does not consider the other ESIF funds as the majority of structural funding that the UK receives comes from the ERDF and ESF.

The principle aim of the <u>ERDF</u> is to strengthen economic and social cohesion in the European Union through correcting imbalances between its regions. The four priority areas of ERDF investment are:

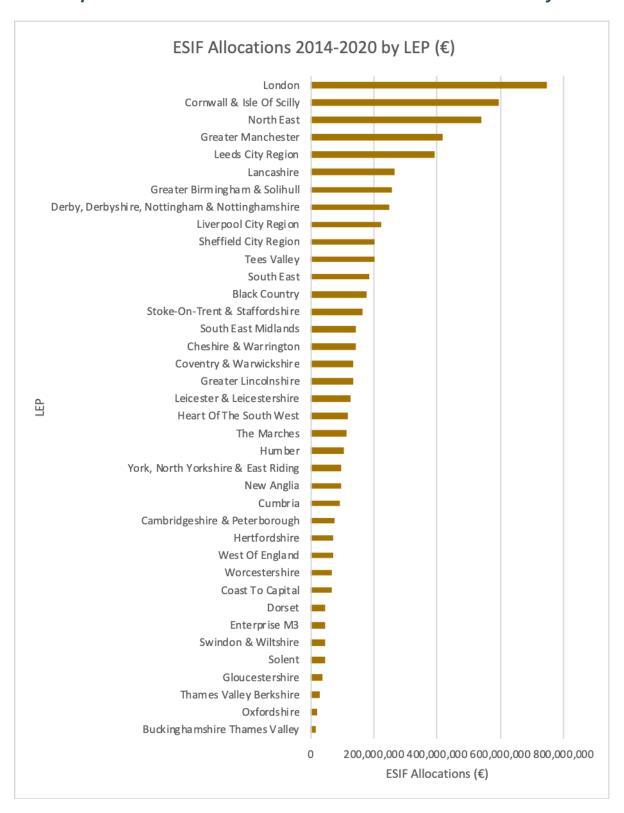
- Innovation and research;
- The digital agenda;
- Support for small and medium-sized enterprises (SMEs);
- The low-carbon economy.

The <u>ESF</u> is the main instrument through which the European Commission seeks to support jobs, help people into better jobs and ensure fairer job opportunities for all EU citizens. As analysed in detail in the <u>Smart Specialisation Hub's report</u> on ESIF Funding, ESIF funding is a very important source of capital and revenue funding to support economic growth in LEP areas.

As explained on the <u>website</u> for the Department for Business, Innovation and Skills (now the Department for Business, Energy and Industrial Strategy), the primary criteria driving ESIF funding allocations are regional categories defined in the EU budget. ESIF allocations are based first on notional funding allocations for each region within the 28 European Union member states. The European Commission categorises regions according to their per capita Gross Domestic Product (GDP) as either 'less developed, 'transition' or 'more developed'. This categorisation helps to explain why Cornwall & the Isle Scilly received the largest allocation in terms of total grant and grant per capita. It is the only English region, which is categorised as 'less developed' due to having a per capita GDP of less than 75 per cent of the EU average. In line with EU regulations, the Government is only permitted to move 3% of the budget between the three categories of region. In order to meet its' aim of protecting EU funding for 'less developed' regions, the Government transferred 3% of the budget awarded by the EU to the budget for More Developed regions and Transition regions at UK level to the Less Developed regions budget (<u>Department for Business, Innovation and Skills</u>, 2013).

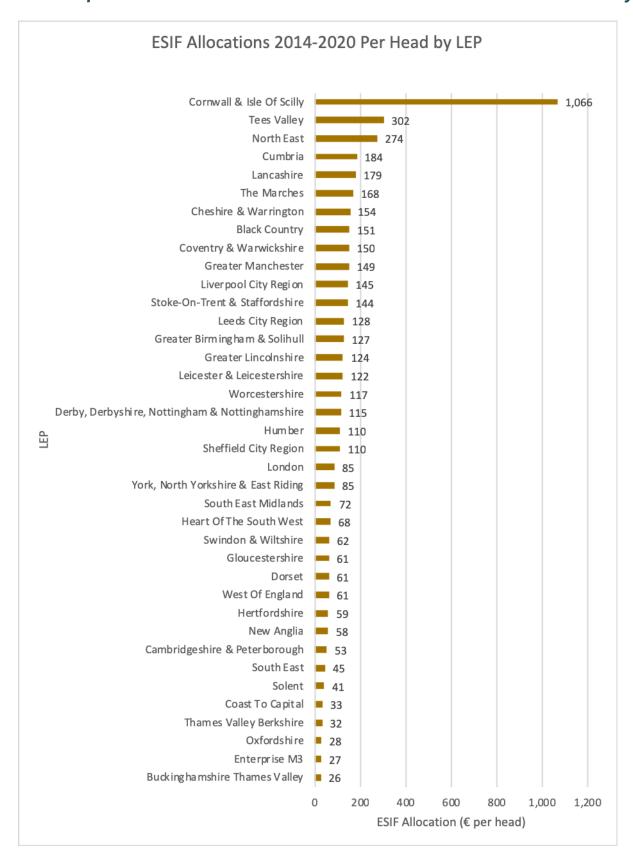
Nine areas of England (Tees Valley and Durham, Cumbria, Lancashire, Shropshire & Staffordshire, Merseyside, Devon, East Yorkshire and Northern Lincolnshire, South Yorkshire) are categorised as 'transition regions' in view of their per capita GDP rates being between 75 and 90% of the EU average. All other UK regions are categorised as having a per capita GDP above 90% of the EU average. This explains why LEPs such as Tees Valley and Cumbria which did not receive particularly high allocations of the Local Growth Deal, were awarded high per capita ESIF allocations. In relation to this fund, factors such as having a Combined Authority, being a core city, proximity to London and size of the public sector do not seem as important as per capita GDP. ESIF funding stands out in Figure 12 in how it provides high per head allocations to areas with low per capita GDP rates such as The Marches, Lancashire, Cumbria and the Black Country, which have not been prioritised in the other schemes analysed above. Figure 14 compares ESIF allocations to Regional gross disposable household income by local enterprise partnership. It shows how areas with low Gross Disposable Income Rates generally received the highest allocations (e.g. Cornwall and the Isles of Scilly, Tees Valley) whereas areas with high Gross Disposable Household Income Rates were allocated much lower rates (e.g. Coast to Capital). The South East is a slight anomaly in this sense. London is interesting. It has far higher rate of Gross Disposable Household Income - reflecting the overall wealth of the LEP - as well as the highest total allocation of any city. However, whilst it is useful to standardise per head, this does not necessarily take account of differing levels of disadvantage within the city.

Figure 13 - European Structural and Investment Fund Allocations 2014-2020 by LEP



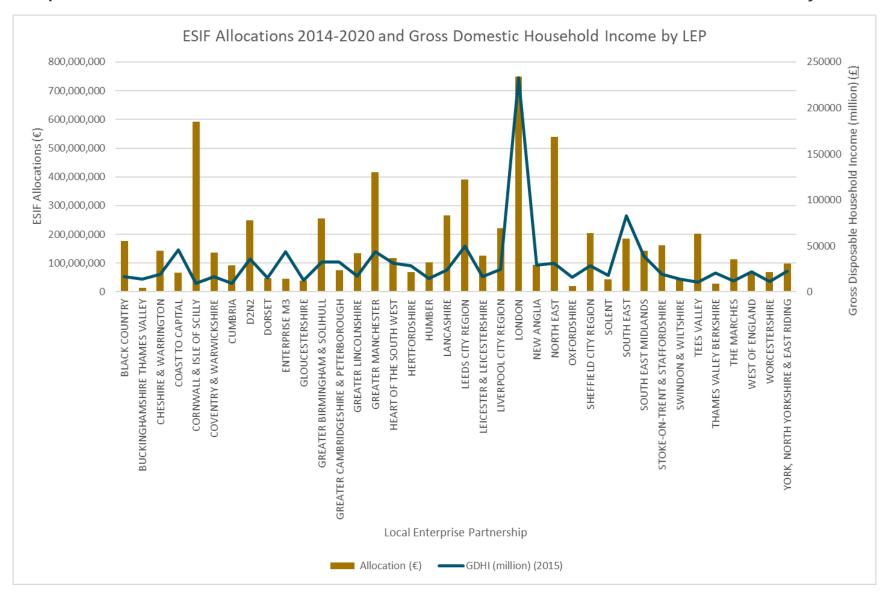
Source: House of Commons Library (2017).

Figure 14 - European Structural and Investment Fund Allocations 2014-2020 Per Head by LEP



Source: House of Commons Library (2017); ONS (2016)

Figure 15 - European Structural and Investment Fund Allocations 2014-2020 and Gross Domestic Household Income by LEP



Source: House of Commons Library (2017); ONS (2018).

2.7 HORIZON 2020 FUNDING

Horizon 2020 is an €80 billion Research and Innovation programme funded by the EU. It constitutes the financial instrument behind the <u>Innovation Union</u>, a <u>Europe 2020</u> flagship initiative aimed at securing Europe's global competitiveness (<u>European Commission</u>). The programme supports research as a means of driving economic growth and creating jobs.

Horizon 2020 differs from the above funds, as LEPs are not involved in either submitting, coordinating or managing applications to the fund. However, together with Innovate UK, they are responsible for supporting businesses with applications to the scheme.

Figures 16 and 17 and Appendix 8 demonstrate the number of Horizon 2020 project awards in each LEP area between 2014 and 2018 as part of the 2014-2020 programme. The majority of applications are awarded to Higher Education Establishments (57%); followed by private for profit companies (28%); research organisations (9%); other organisations (4%); and public bodies (3%)². The House of Lords Science and Technology Select Committee expressed concern about low participation of private sector businesses in the programme, in particular suggesting that in the light of the abolition of RDAs, "UK Government support for businesses in engaging with EU funding schemes may be weaker than in some other Member States" (p.135). Participation of UK businesses in FP7, the predecessor to Horizon2020, was below the EU average and significantly below the percentage of businesses participating in the scheme in France and Germany. As Horizon2020 award data is based on self-categorisation, some inaccuracies may be expected. However, this is unlikely to be serious. As such, these figures suggest that although there has been some improvement in the participation of private sector businesses in the programme, they continue not to take up all opportunities available.

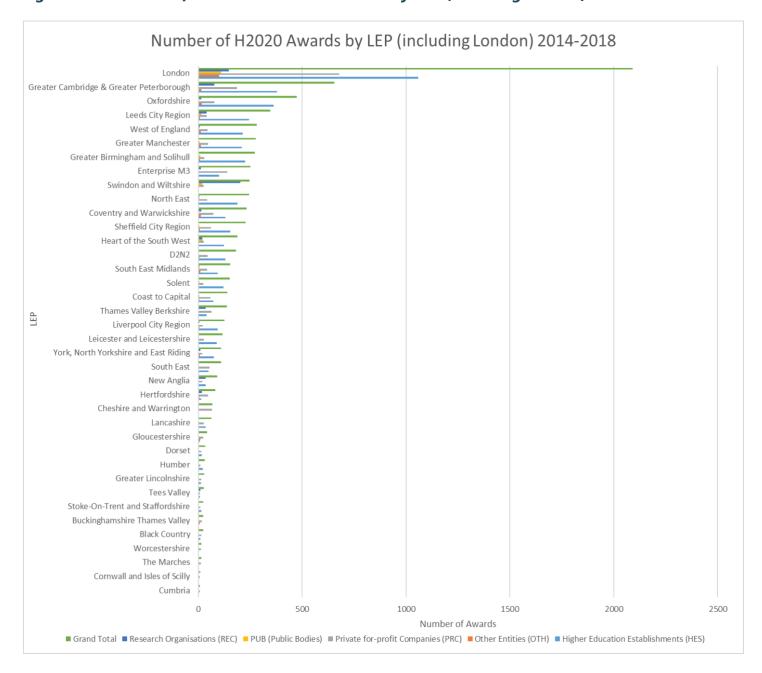
Analysis of which LEPs the organisations awarded Horizon 2020 project funding are located in reveals the importance of having a research-intensive university. Of the 10 LEPs awarded the highest number of Horizon 2020 grants, 8 have at least one Russell group university (the 24 leading research universities in the UK). Indeed, these 10 LEPs include 14 of the 20 Russell group universities in England. Appendix 10 lists all universities including Russell group universities in England by LEP. The strength of research institutions in London is demonstrated by how institutions in the London LEP were awarded the largest number of applications (27% of the total projects funded in England).

The influence of Russell group universities also plays out strongly in terms of total value of Horizon 2020 awards (see Figure 16 and Appendix 9). London, (GCGP) Cambridgeshire and Peterborough CA and Oxfordshire are the LEPs with the highest overall awards. Research organisations have been awarded the largest proportion of total projects values in all three LEPs (67%; 56% and 76% respectively). Other LEPs performing strongly include the West of England, Greater Manchester, Leeds City Region, Swindon and Wiltshire, Sheffield City Region, North East, Coventry and Warwickshire, Greater Birmingham and Solihull and Enterprise M3. The high total award for Swindon and Wiltshire is interesting as it is the only LEP without a university. Despite not having a University and not receiving any Higher Education H2020 funding, it received the 7th highest total H2020 grant awards thanks to the largest total award (63,096,122€) of any LEP. This is likely to be because Swindon is the registered address of all Research Councils, Innovate UK, and various other agencies are located. Rural LEPs such as Worcestershire, Cumbria, Cornwall and Isles of Scilly and the Marches have the lowest allocations. Their lack of research-intensive Higher Education institutions is reflected in how they have not secured any funding from the Higher Education Establishment strand of Horizon 2020.

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² Figures do not add up to 100% due to rounding.

Figure 16 - Number of H2020 Awards 2014-2018 by LEP (including London)



Source: <u>EU Open Data Portal.</u> As downloaded on 17th May 2018

Figure 17 - Number of H2020 Projects 2014-2018 by LEP (excluding London)

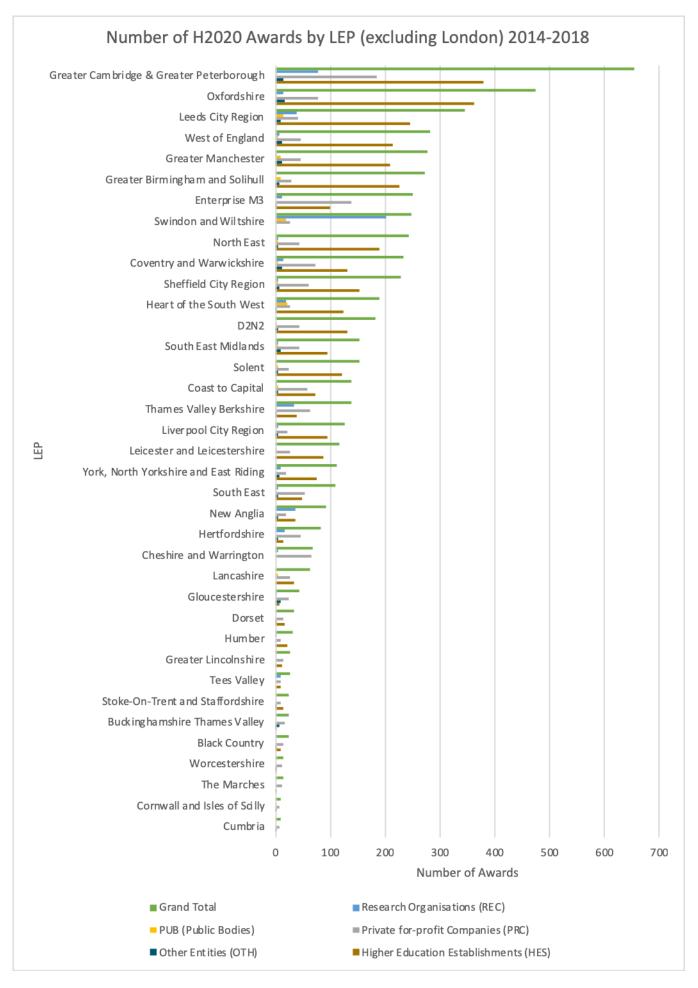
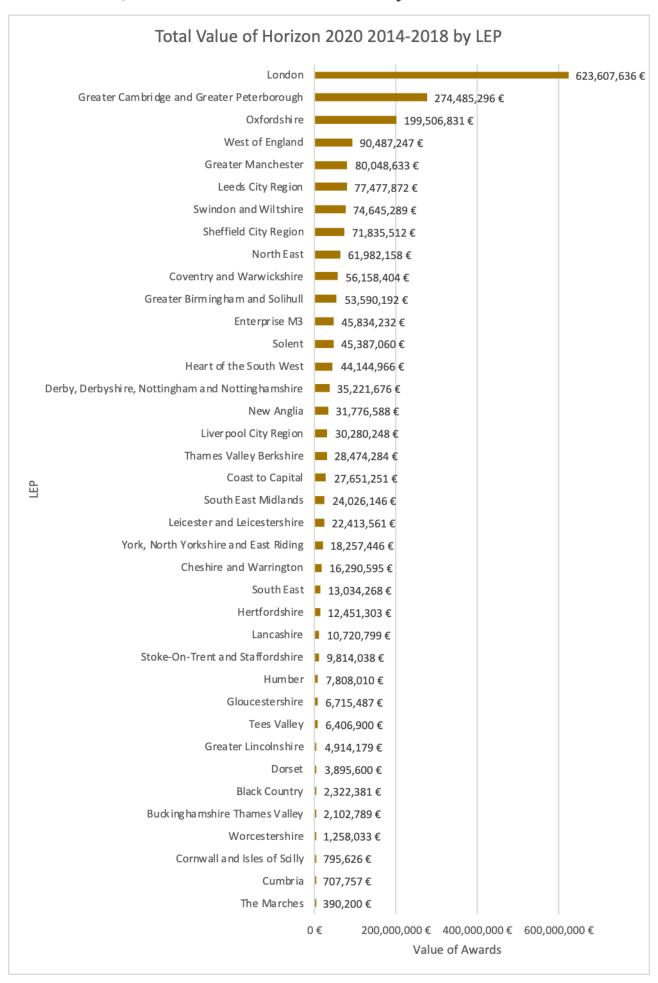


Figure 18 - Value of H2020 Awards 2014-2018 (Euros) by LEP



2.8 UKRI (GATEWAY TO RESEARCH) FUNDING

The Gateway to Research <u>website</u> provides data on publically funded projects. Developed by UK Research and Innovation, the website publishes information from a variety of source systems including:

- Arts and Humanities Research Council (AHRC)
- Biotechnology and Biological Sciences Research Council (BBSRC)
- Economic and Social Research Council (ESRC)
- Engineering and Physical Sciences Research (EPSRC)
- Innovate UK
- Medical Research Council (MRC)
- National Centre for the Replacement, Refinement and Reduction of Animals in Research (NC3Rs)
- Natural Environment Research Council (NERC)
- Science and Technology Facilities Council (STFC)

The Gateway to Research portal splits up funding into two categories: "award" and "expenditure". "Awards" is the amount of funding awarded as a grant, while "Expenditure" is the amount of funding used on intramural expenditure (i.e. when a research council does the research itself). As with Horizon 2020 funding, LEPs are not responsible for submitting, coordinating or monitoring Gateway to Research Awards. Creating the conditions in which business and research institutions collaborate and seek funding to pursue innovative research is crucial to the role of LEPs in drawing up and delivering local industrial strategies to supercharge economic growth and drive forward investment in local businesses in their areas.

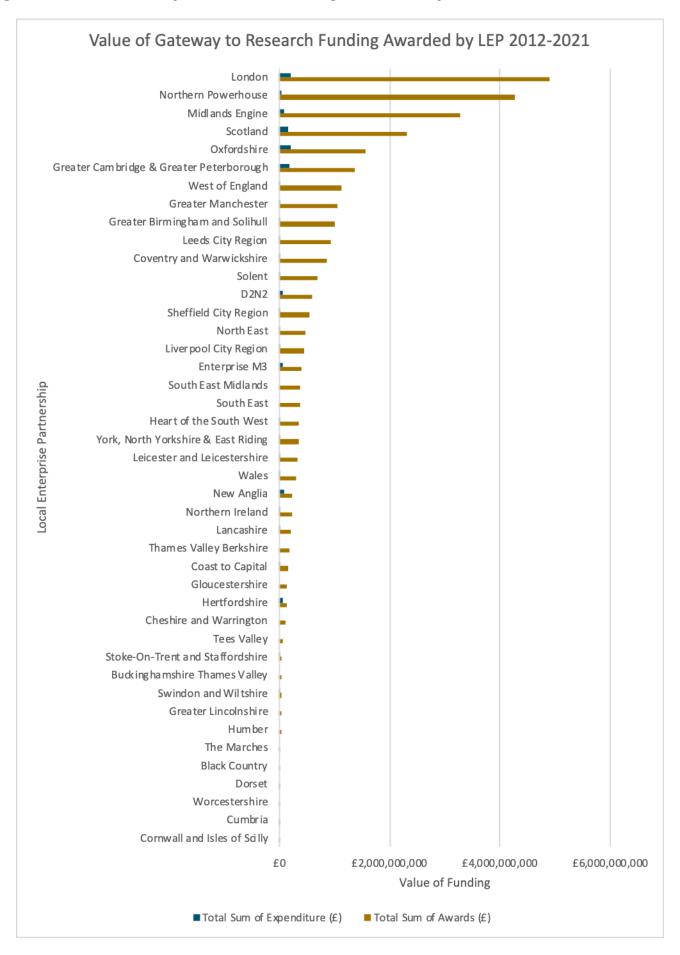
As Figure 19 and Appendices 11-20 illustrate, the value of Gateway to Research awards granted for projects between 2012 and 2012 varies considerably by LEP. A similar pattern to that observed with Horizon 2020 awards can be identified - LEPs with one or more research-intensive University are most successful in securing the funding. As with Horizon 2020, the three LEPs with the highest value of awards are: London, Oxfordshire, and (GCGP) Cambridgeshire and Peterborough CA. London's total award value is so high that it exceeds the amount awarded to the Northern Powerhouse, the Midlands Engine and Scotland. The thirteen LEPs with the highest award values include 19 of the 20 Russell group universities in England. The next group of LEPs in terms of total award value are urban areas with strong universities such as the South East LEP that includes the University of Kent and the University of Essex and Leicestershire LEP where the University of Leicester and De Montfort University are located. Following this group of LEPs, are LEPs located near to London such as Coast to Coast. The LEPs with the lowest award values are rural LEPs such as Worcester and areas with lower GDP rates per head such as Cornwall & the Isles of Scilly, the Black Country and Tees Valley. Having strong research universities is likely to be crucial to the value awarded since high skills levels, associated networks and private sector collaboration will be needed for the strongest bids. The Smart Specialisation Hub's (2019) report on University-Business Interaction identified that London, Oxfordshire and (GCGP) Cambridgeshire and Peterborough CA were the three strongest LEPs in terms of university-business collaboration³ and the innovation ecosystem⁴.

³ based on an average of benchmarked statistics from the six measures of university-business collaboration excluding graduate employment)

⁴ Based on an average of specific statistics from the Smart Specialisation Hub's Mapping England's Innovation Ecosystem report: Innovation activity (number of catapults, incubators, universities, research technology organisations, science parks) and Horizon 2020 funding.

Appendices 12-20 breakdown project funding by Research Council and UKRI. In addition, to the strength of Russell group universities in securing the funding, organisations in certain LEPs are particularly strong at attracting specific types of funding. Leeds City Region is strong in attracting Arts and Humanities Research Council funding attracting higher amounts than Oxfordshire LEP and particularly (GCGP) Cambridgeshire and Peterborough CA. New Anglia LEP stands out for its high levels of funding from the Biotechnology & Biological Science Research Council. The South East and Coventry and Warwickshire LEPs are notable for the high award values they have secured from the Economic and Social Research Council. Unlike for many of the Research Council awards, organisations in all LEPs were awarding funding from Innovate UK. This undoubtedly reflects how Innovate UK funding is primarily business orientated whereas Research Council funding is geared towards universities. The LEPs with the highest awards were Greater Birmingham and Solihull, Coventry and Warwickshire and West of England. The high awards to Birmingham and Solihull and Coventry and Warwickshire are likely to reflect their strong history of manufacturing as well as manufacturing centre such as Warwick Manufacturing Group. Organisations in the North East and D2N2 were awarded the highest amounts of funding (after (GCGP) Cambridgeshire and Peterborough CA and Oxfordshire) from the National Centre for the Replacement, Refinement and Reduction of Animals in Research. LEPs in coastal areas which had received low amounts from other funds were comparatively more successful in obtaining funding from the National Environment Research Council. For example, Solent received the second highest award value after Oxfordshire LEP. These trends underline how some Russell group universities are strong in all fields but that some other universities are renowned in certain fields of research.

Figure 19 - UKRI Gateway to Research Funding 2017-2018 by LEP



Source: <u>UK Research and Innovation</u> (As downloaded on 13/02/2019).

2.9 CONCLUSION

This section of the report has mapped the value of different UK and EU funding and investment programmes available to both LEPs and organisations within their areas. It has compared actual funding allocations against fund aims and identified trends in the LEPs, which are the most successful in obtaining external funding and investment.

It has shown how central government direct funding for LEPs has involved a combination of core allocations and combination-based funding. The LEPs which have performed strongly in terms of total allocations such as the Regional Growth Fund, the Growing Places Fund, and the Single Growth Deal are Greater Manchester, London and Leeds City Region. Small, rural LEPs struggle the most to obtain funding. Whilst Greater Manchester stands out outside of London, combined funding for the West Midlands LEPs (i.e. Greater Birmingham and Solihull, Coventry & Warwickshire, and the Black Country) is very similar in terms of population and overall funding. ESIF Funding was then shown to be an important source of funding for LEPs with lower per head GDP rates. The report also considered awards for research funding to LEP areas. LEPs do not have a direct role in this type of funding. The analysis has demonstrated how the value of Horizon 2020 and research council/ Innovate UK project grants is highest in LEP areas with research-intensive universities. It has emphasised the importance of universities in LEP economic areas.

Comparing funding allocations across LEPs is complicated by the unequal LEP geographies and their contrasting governance structures. This report has sought to take account of the impact of the differing geographies by analysing fund allocations per head. Nonetheless, many questions remain regarding why some areas are performing so strongly in terms of attracting external funding whilst other LEPs lag behind in terms of the values of funds obtained. Section 2 of this report analyses responses from 13 semi-structured interviews conducted with senior decision-makers in a variety of case study LEPs in order to provide insight into the experiences behind the funding allocations. In particular, it seeks to enable better understanding of the challenges that different types of LEPs (in terms of their governance structure, size, and socio-economic characteristics) face in securing external funding and the strengths of approaches currently in operation. It also looks to the future, discussing how LEPs consider the likely future availability of funding will play out in practice as well as how they would like the funding environment to change.

The total money going directly to LEPs and to LEP areas is very significant. In the context of Brexit, it remains to be seen whether potential funds to replace ESIF such as the UK Shared Prosperity Fund and the Stronger Towns Fund will be at the same level.

3. VIEWS OF LEPS

3.1 METHODOLOGY

After mapping the value of the funds analysed above, qualitative semi-structured interviews were conducted with senior decision makers in 13 Local Enterprise Partnerships across England.

A range of factors were used to select a cross-section of LEPs including geographical location (North, Midlands, South), population size (large conurbation, mixed population, relatively sparsely populated), urban/rural, reputation for innovation, research-intensity of Higher Education establishments, governance structure (presence of a combined authority or not), legal structure (company limited by guarantee, private sector voluntary led partnership, unincorporated partnership).

The interviews examined LEPs' experiences of the external funding environment. In particular, the interviews explored:

- LEP funding strategy stories;
- how interviewees view the role of LEPs in relation to external funding;
- interviewees' thoughts on funding programme outcomes;
- interviewees' attitudes to and experiences of cross-LEP projects;
- challenges interviewees consider LEPs face in the external funding environment;
- projects LEPs were particularly proud of that had been delivered through external funding;
- factors LEPs consider important for successfully obtaining external funding;
- the availability of funding moving forward.

Permission to conduct the research was obtained from the University of Birmingham Ethics Committee. Interviews lasted between 30 and 90 minutes and were conducted either in person or by phone. All interviews were transcribed verbatim and then analysed thematically using the NVIVO software package to explore the meanings in the interview data. The LEPs participating in the research are not identified in this report to ensure anonymity.

This section of the report begins by outlining how the different LEPs interviewed view their role in the external funding environment. It then considers different barriers they have faced in the external funding environment. Where lessons can be learnt from other LEPs these are analysed in parallel. The final part of the report summarises the views of the LEPs interviewed on future funding availability and outlines key elements of policy that LEPs would like to see in future central government policy.

3.2 THE ROLE OF LEPS IN THE EXTERNAL FUNDING ENVIRONMENT

Analysis of the interviews revealed that LEPs share a core understanding of what they consider their role to be in the external funding environment. None of the LEPs thought that obtaining external funding to deliver projects in their local areas was their central role. Indeed, many felt that this was a distraction from their principal aims:

"We don't really see ourselves as going out to compete for pots of funding at the moment, we're kind of enablers really, so we're working with our local authority partners' business boards" - Rural LEP

"Maybe it's a misunderstanding of LEPs out there generally in the policy community, but I don't think that's actually our role to win and secure funding" - **Urban LEP**

Whilst the LEPs interviewed agreed that seeking funding was not their core remit, LEPs consider they play an important role in leadership and partnership that has delivered and continues to deliver funding to their areas. Subtle differences are evident in how the LEPs interviewed conceive of their strategic role.

Four groups emerge from the research:

- Direct action LEPs
- Collaborative, partnership LEPs
- Convening, supporting LEPs
- Internal challenge LEPs

These groups differ in terms of the extent to which LEPs are responsible for strategy design, implantation and support. It is not surprising that such differences have been identified. The <u>National Audit Office</u> argued in 2016 that "LEPs are often uncertain of their role within a more devolved landscape, particularly in areas where their economic geography does not align with that of the combined authority" (p.6). The differing views are likely to stem from the ad-hoc way in which LEPs were established with 'light touch' governmental oversight (<u>LEP network</u>, 2017).

As illustrated in Figure 18, <u>Gibney et al</u> (2009) contrast features of 'traditional' leadership with 'new leadership' strategies which they argue are central to the growth of the knowledge based economy. How the different groups of LEPs identified incorporate these aspects of leadership is discussed below.

Figure 20 - Features of 'traditional' and 'new' leadership in the knowledge based economy

'Traditional' leadership	'New' leadership
One function/one organization Hierarchical Linear A specific problem/task Leader leverages personal networks Time limited Commitment to one cause/idea Focus on the 'materiality' of place Patriarchal/closed Centralist/centralizing	Collaborative/relational Composite/interdisciplinary Integrated vision for place Brings together diverse networks Time extensive Holistic Focus on people and on knowledge Open/inclusive

Note: Adapted from Henton et al. (2002), Williams (2002), and Stough (2003).

Source: Gibney et al (2009, p.9).

DIRECT ACTION LEPS

Two of the thirteen LEPs interviewed took a direct action approach, emphasising their role in promoting their local areas and allocating central government funds:

"Our role is to act as a local development agency, and as part of doing that we have two main roles. One is to have a really strong understanding of our local economy and what makes a difference to our local economy, and number two which is the corollary to the first one, is we are much better placed to make sensible decisions about the allocation of central government funds than frankly central government agencies are, not because of capability, just because we're physically here" - **Urban LEP**

This quote indicates how the LEP consider they have a unique, individual role. The LEPs in this group had strong urban centres and relatively high staff numbers, which helps to explain why they were perhaps in a position to advocate a more direct approach.

COLLABORATIVE, PARTNERSHIP LEPS

A second group of LEPs – also predominantly urban but with smaller centres – argued they want to play a more collaborative, partnership-based role in promoting economic development in their areas. They conceive of their role in terms of being a facilitator, drawing people and knowledge together to achieve strategic goals:

"The first Strategic Economic Plan [...] talked about what the LEP was doing. I'm trying to move it on to not talking about what the LEP...I'm trying to be the conductor of the orchestra [...] (setting the strategy) and then the frameworks to deliver. [...]. The other partners deliver. It's just we do it collectively." - Large urban and rural LEP

"It's about knitting the system together. So it's not a control issue, it's a coordination issue" - Large urban and rural LEP

LEPs in this category were often smaller in terms of LEP staffing capacity. The way in which they drive other organisations to be responsible for funding delivery, taking a strategic approach can be considered partly a pragmatic response to constraints in the funding environment. One LEP suggested it was only by combining resources that they would be able to achieve core LEP objectives regarding increasing productivity, promoting economic growth and raising skills levels:

"We have quite a small team in the LEP, we have an organisation below the LEP [...], which is a super network of networks, if that makes sense? [...]. And they'll do quite a lot of delivery activity. I set the strategy, the framework, they coordinate the activity, the partners deliver that" - **Urban LEP**

"The old style [...] was [name of previous RDA] will provide this and drive this and I learned [...] that actually you don't have the resources to do that and, you know, there's no point. I'm not going to make the region transform and get an increase of 900%, that's crazy, but if I get the universities, the catapult centres, Government on-board, we might stand a chance" - **Urban LEP**

One LEP in this group advised that the requirement in the <u>Industrial Strategy White Paper</u>, published in November 2017, for LEPs to draw up local industrial strategies "to boost productivity, earning power and competitiveness" would require LEPs to focus more on collaboration rather than direct delivery:

"What we're starting to see again is perhaps a move away from the initial policy interventions whereby [...] in the early part of this decade, policy was such that LEPs were at the centre of everything [...]. Now I think that's becoming less so but I think localities are working within that sort of broader context of strategic development. In our case, industrial strategy, [...] and our job has become [...] more to continue the curation, the alignment, the collaboration and probably less so to lead" - **LEP with a strong reputation for innovation**

This view is supported by how both of the main programmes which LEPs currently deliver (European Regional Development Fund and the Growth Deal) will be ending by 2021 and central government is yet to announce any other large funds which will include a direct delivery role for LEPs. As yet (in March 2019), central government has not announced additional funding to support LEPs and Combined Authorities to lead the design of local industrial strategies. Instead of direct delivery, the LEPs in this category perceive that role is in promoting the coordination of local economic policy and national funding streams and establishing new ways of working between national and local government, and the public and private sectors. As one LEP put it, through interacting with Local Authorities and Universities, LEPs have an important role to play in "ensuring that policies, strategies and major projects and programmes reflect and respond to the challenges and opportunities facing industry". They considered that the way in which – like many LEPs – their Board is led by representatives from the private sector to be a particularly important contribution. As indicated in Figure 19, partnership and collaborative leadership with an integrated vision for growth are two of the eight elements of "new" strategic leadership that Gibney et al (2009) argue are essential for stimulating the knowledge-based economy. Therefore, this style of leadership could be particularly important for the successful implementation of industrial strategies and the long-term future of LEPs.

CONVENING, SUPPORTING LEPS

The third group of LEPs that emerge from the analysis are LEPs that take a convening role, supporting strategy development and coordinating actors but are not as proactive in developing new strategies as LEPs in the second group:

"We see our role as a coordinator, influencer, aligner. So what we've done in the past is [...] make sure that you got the local politicians, the MPs, the business community, the statutory bodies, [...] aligned behind a supporting approach. [...]. I wouldn't go as far as lobbying because that's not quite...but in a way we're then championing that project. So our role is far more of a championing role than a 'right let's sit down and write the bids' - Rural LEP

"We don't have money of our own for match or for investment but if, for example, [...] partners have identified and been awarded some money for kind of feasibility studies to support some of the projects that we would like to take off the ground, so where we've got kind of alignment like that, we will support in principle" - Rural LEP

LEPs in this group often mentioned writing letters of support for bids submitted by partner organisations. Strategy seemed designed to respond to partner projects rather than really drive partner projects.

"We're just economic enablers really. So we do provide letters of support, we'll help with business plans, we'll help utilise any background information using the strategic information that we've got or our strategic plans to help that business case. But really our main drivers are the kind of Growth Deal and European funds that we look after" - Rural LEP

This quote also makes clear how LEPs in this group prioritised their role managing Growth Deal and ESIF funds. Some contradiction is evident between how they see their role in terms of coordinating partners but then seek to manage ESIF and growth deal projects. The LEPs in this group were frequently in rural areas and relied on support from their County Council, with the County Council acting as the operating accountable body, providing support with funding bids from a financial perspective and in terms of monitoring:

"The way that our LEP operates is to operate seamlessly with (our) County Council".

Though the benefits of utilising existing resources are identified by the LEPs, this raises questions about the independence of the LEPs as well as the costs/benefits of maintaining both organisations.

INTERNAL CHALLENGE LEPS

The role of the final type of LEP identified centres on providing internal challenge to decisions made within the associated Combined Authority:

"They pose an internal challenge so, you know, they put pressure on and influence (strategy development)" (large urban LEP with a Combined Authority).

Such LEPs tend to exist in areas with a long history of working at LEP/ Combined Authority level. The LEP and Combined Authority have a "mature relationship" where their interests are aligned and the two organisations are "interchangeable in some ways" but the Combined Authority leads on strategy development. Due to the lower number of Combined Authorities and their differing histories of partnerships previously working together at a devolved level, this is the smallest group of LEPs identified.

3.3 CHALLENGES

This section explores the challenges that interviewees reported in relation to their LEPs' experiences. It is structured thematically. The principal themes explored are:

- Staffing
- Limited central government funding
- Lack of match funding
- Outcomes
- Lack of alignment of funding pots
- Governance issues
- Use of metrics
- Cross-LEP projects

The section also includes examples of where LEPs suggested in the interviews that they have developed successful strategies and systems to address the challenges.

3.3.1 STAFFING

During the interviews, LEPs discussed their experiences of applying for a variety of different central government funding pots. Across the interviews, a number of key challenges emerged. Some appear common to all LEPs whilst others were specific to different groups of LEPs. Staffing was raised as a challenge by half of the LEPs interviewed. At their peak in 2008/2009 RDAs employed 3,470 staff (BIS, 2012, p.12). By contrast LEPs were established as "lean strategic partnerships that are able to lever in staff and expertise where needed" (National Audit Office, 2016, p.12). Accurate figures on LEP staffing levels are difficult to obtain but according to the 2016 LEP census (jointly designed and administered with the Government Internal Audit Agency to inform the conclusions of the National Audit Office Value-for-money report on Local Enterprise Partnerships) staff levels varied considerably. LEPs had on average eight full-time equivalent staff but this varied from 0 to 80. 69% of LEPs stated that they did not have sufficient staff whilst 28% considered that they did not have sufficiently skilled staff (National Audit Office, 2016, p.4, 8). LEPs with Combined Authorities often have larger numbers of staff than LEPs without a Combined Authority (Pike et al, 2015).

The LEPs interviewed for this report raised several issues regarding staffing. Some LEPs argued that the way in which LEPs receive a "modest" core grant of £500,000 from central government regardless of the size of the LEP to support staffing, core administrative costs and strategy development and implementation creates issues in larger urban areas where the cost of living is higher. They argued that if they were to attempt to seek to employ new full time staff, "We'd probably struggle to pay competitively". One rural LEP revealed they try to save part of their core funding to use on other projects, as it is one of their only sources of un-ringfenced funding.

"Most LEPs are spending all of that (core allowance) on their staffing costs and their offices and things like that. This one is pretty prudent as how it uses its funding but even so, [...] to try and get two or three appraisals for one project, say, if we are lucky we might have about £30,000 a year that we can put against that type of work".

The ability of one LEP to save from the core allowance whilst another feels that is not sufficient to cover staff costs underlines how the value of funding varies by LEP. The number of staff employed by each LEP as well as the cost of living and associated expected wages in each LEP will influence the extent to which the core allowance is sufficient to cover the basic administrative and core costs in each LEP. Interviewees emphasised how a limited staff budget constrains LEP activities, in particular, it contributes to why they feel unable to bid for many funds and informs their decisions to partner on projects:

"LEPs [...] have limited funding, [...], if we had more resources we would be a lot more slicker on implementation of funding strategy [...] and I'm sure there's untapped opportunities, particularly in the past European programmes that we could have got involved in and we haven't" - Rural LEP

"Our role (in funding bids) depends on the funding and does it match the strategy [...]. And then we've only got...actually if you boil down there's probably only two of us in a team of nine that could do that stuff. So there is a limited capacity in terms of the ability to get involved in too many bids" - Rural LEP

"We can't do what we need to do, but that's why I would say let's not, us we shouldn't be in the delivery space, there's that coordination space, setting the direction, being much more directive about delivery, we direct the delivery, but holding the partners to account on the delivery" - **Urban LEP**

By focusing resources on strategic coordination of partners, the collaborative partnership LEPs have identified a way in which to respond to staff availability challenges and develop an important role in the local economic development landscape.

Another area in which LEPs appear unequal is their ability to influence Whitehall. Several of the larger, urban and research-intensive LEPs described lobbying Whitehall in order to influence policy discussions. Lobbying the government over the content of the future UK Shared Prosperity Fund (e.g. encouraging government to include enough flexibility for local areas to respond to local challenges and "giving local stakeholders real power in decision making" as advocated by one urban LEP) is likely to be of benefit of all LEPs. However, differences in the number of staff employed by their LEP as well as their experience is likely to have at least some impact on the quality and consequent success of bids submitted. One large combined authority LEP area argued that a factor crucial to their success in obtaining funding from central government up to now is their strong links into Whitehall:

"We've got quite a sophisticated network into Whitehall, so we're close to the main spending departments and we've got former Treasury people working in the next office for us. We've got people from Department for Transport, from Department for Education, from the Ministry of Housing, Communities and Local Government, we've recruited civil servants in and we've got ongoing relationships, so we work closely with the people running the competition. So we know what they are expecting to see and we play the game".

Such networks are important not just in terms of understanding the expected content of bids, but also in relation to finding out additional information regarding expectations and exploring other options for funding if bids are not successful:

"We will talk to them (Whitehall) [...]. We do our homework around, well how much is available nationally, how does what we're doing fit with the criteria. So how can we get as much information as possible about the timescales for approval, what they're looking for, what they don't want to see, what they do want to see. We don't just...you know, go on a website, read the bit of guidance and submit something cold, we'll warm it up and talk to the commissioners" - Large Combined Authority LEP

"If we've had conversation with Government and effectively got the ear of Government, there will be other opportunities that often arise outside of formal funding rounds and we've actually been quite good at securing those sort of things actually" – Research Intensive LEP

LEPs without such networks are likely to find securing external funding more challenging. Indeed, several of the smaller LEPs, awarded low levels of funding by central government over recent years, implied they have less direct contact with Whitehall. One medium-sized LEP argued that LEPs with greater resources have a continual track recording of securing innovation funding:

"(central government) just continue having national competitions and therefore the places that are further ahead will always win those competitions, it's natural isn't it. So that can't be the most effective way of organising innovation capacity in the country".

A further way in which staffing may influence the ability of LEPs to secure external funding is the history of partnerships working together at LEP level. One LEP where there had not been a previous history of partners working together at LEP level suggested that the need to set up partnerships from scratch meant that they were behind other LEPs in terms of strategy development.

"Because we were a new construct, we didn't have any pre-existing organisations [...] like they've had in other areas, you know, we developed ourselves as a LEP in order to satisfy delivery responsibilities around funding and now I think we need to be playing a much more strategic role".

By contrast, areas with a longer history of working together emphasised the importance of having time to develop long-term policies and procedures as well as a culture of partners working together:

"That continuity, that alignment between organisations and departments within local authorities has been really important in trying to understand how over a scale of the [Place 1] you can achieve that change. Because the scale of the change required, is significant. It's not small. It is seen as a transformational agenda, needed over multiple decades, not just a short term fix" - **Urban LEP**

This effect is likely to be magnified in LEPs, which can draw on the wider staffing resources of an associated Combined Authority.

3.3.2 LIMITED CENTRAL GOVERNMENT FUNDING

Another common challenge raised by LEPs was concern over the level of funding available to support LEPs, particularly with regard to implementing local industrial strategies. When asked about constraints preventing them and their partners from obtaining further funding for key project, one LEP replied:

"the scarcity of national funding opportunities is a fundamental challenge and barrier"

- LEP with strong reputation for innovation

Compared to the value of funds mapped in section 1 – for example, the value of the Local Growth Fund exceeded £9bn – it is important that local industrial strategies are not associated with specific funding pots and that details of the Shared Prosperity Fund included in the 2017 Conservative manifesto and proposed by government in 2018 are yet to be released. Designed to replace ESIF funding and reduce inequalities between communities across the four UK nations, details of the scheme were due to be released before the end of 2018.

"You're developing ambition and narrative, but there isn't as yet any identified funding stream and it could be that Shared Prosperity Fund" - LEP with strong reputation for innovation

In addition to the lack of announcement of new central government funding for economic development projects, LEPs were concerned that the ESIF are likely to cease following Brexit:

"We're starting to see really good Structural Fund projects, starting to think well actually we can't do this anymore because the money's starting to run out, so that would be particularly, some of our business support programmes and quite a few of the innovation projects that are through universities" - Large urban LEP

Several LEPs explained that they have responded to the shortage of funding by exploring or planning to explore alternative sources of innovation funding, notably funding from Innovate UK and research councils. Appendices 11-20 demonstrated how the value of Innovate UK and research council funding varies significantly across England, being strongest in LEPs with research-intensive universities. There is a risk that if LEPs and their partners focus more resources on accessing these sources of funding, inequalities in the allocation of these funding pots will further increase.

The lack of clarity over future LEP funding would also seem to be pushing some LEPs to consider financial pots that are not closely aligned to their strategic goals:

"Funding is really important to us, so we almost don't say no to funding but there's a real danger the LEPs, that role, they get all focused around funding rather than focused around strategy"

- Polycentric LEP

Unless clarity regarding future funding pots is provided soon to LEPs, it is likely that an increasing number of LEPs will be pushed into pursuing funding pots that are less aligned to their strategic goals, in turn damaging the reputation of LEPs.

3.3.3 LACK OF MATCH FUNDING

Several LEPs, particularly LEPs in rural areas, described how a lack of match funding available at local authority and county council level was affecting the commissioning and delivery of key projects in their areas. Funds are needed not just to deliver projects but also to collect evidence to bring projects to a point where they can be assessed for funding. For example, one LEP revealed how the cost of developing a business case for a national competition for building a relief road was nearly £500,000 when the costs for engineering investigations, feasibility and impact studies as well as consultations had been included. Other funding schemes, such as the Heritage Lottery Fund address this issue by offering support for early scoping work.

A lack of match funding has also affected existing programmes that LEPs are responsible for, such as ESIF funds. Finding match funding for European Social Fund projects was described in the interviews as particularly challenging because unlike European Regional Development Fund programmes, business match was not an option. Despite seeking alternative forms of match funding, some LEPs explained that they had nonetheless still encountered difficulties allocating all of their project budgets:

"We've gone down the co-financing route, so we co-financed with the Education and Skills Funding Agency. And we bought into the Big Lottery. Not all LEPs have done that, but we're still left, at the moment, with a sizeable unallocated amount because local match is very difficult to find" – Small rural LEP

Local Authorities may offer match funding through in-kind support but this does not fulfil the requirements of schemes such as ESIF, which must involve an element of cash match funding. These difficulties mean that even when LEPs pass responsibility for delivering key programmes to their partners, meeting LEP strategy goals can be challenging if the delivery of such funds is crucial to outcomes included in the wider economic development strategies established by the LEP.

Match funding requirements were also suggested to be one of a series of factors contributing to hesitation among some SMEs to apply for Innovate UK funding:

"Innovate UK set a number of rules and regulations, so is it innovative enough, is one question, two is how is it really contributing then to [...] business growth; and three would be actually the SME has then got to find a degree of self-match, self-money to kind of partner that up. Normally sort of 50%, maybe even 60% depending on size of organisation, those can all be barriers to then bidding for the funding" – **Small rural LEP**

3.3.4 OUTCOMES/OUTPUTS

During the interviews, interviewes were also asked about their attitudes to and experiences of programme and project outcome requirements. The Local Enterprise Partnerships interviewed understood the need to define outcome targets in order to measure progress when delivering economic development programmes and projects:

"Public money is public money. You have to expect a certain amount of rigour in terms of how you bid for those funds and how you're expecting to account for those funds. [...] That's what you've got to do and I don't think there's anything wrong in that, as long as you're ready and able to have the right assurance framework process to account for them" - **Urban LEP**

The LEPs provided detail on the mechanisms they have introduced within funding programmes in order to be able to measure the outcomes of their programmes. For example, one LEP explained that:

"In terms of the Growth Deal for example, so we have to submit quarterly returns to MHCLG. And similarly for our Enterprise Advisory Network in the Growth Hub, which is through BEIS. We have a quarterly...we have a programme management [...] so we use that and in terms of our programme board, which is a subcommittee of the main LEP board, which then agrees the submissions on a quarterly basis" - Mixed population LEP

Nonetheless, several challenges with meeting outcome targets were emphasised in the interviews. An interviewee from a large combined authority revealed that they agree with central government in terms of overall programme outcomes (e.g. more people of working age in work). However, they stated that tension with central government occurs in relation to stipulation over how the programme should be delivered to achieve the outcomes:

"Where we get frustrated is the prescription of the activity that should be used to, you know, those funds should be used, so how those funds are deployed".

Devolving further power to LEPs and mayoral combined authorities regarding how funds can be used would be one way of addressing this tension. However, it may conversely create additional tensions between LEPs and combined authorities as they attempt to establish their own unique roles.

Large urban LEPs without combined authorities criticised how fund requirements can prioritise outputs over outcomes:

"Both Local Growth Funds and European Structure Funds are very output driven and they pay almost no attention to outcomes. [...]. A key measure, for example of business support is how many businesses are supported in terms of how much time they have spent being supported. There is not any deliverable at all in terms of what difference that made to the organisation".

This quote emphasises how some LEPs consider that targets in existing policy have created a situation where rather than thinking long-term, programmes are only evaluated in terms of immediate results and not the benefit derived from the results. In order to unlock investment in R&D and drive economic growth, it is essential that policy frameworks are designed to measure short-term progress and incentivise long-term strategy development.

By contrast, some rural areas that had received smaller grant allocations were concerned about the impact of external influences such as Brexit on their ability to meet outputs:

"The outputs associated with Growth Deal are outcomes and in some regards you can't tangibly have a direct impact on that, so for example with Growth Deal we've enabled the houses and the businesses to come in by providing the infrastructure, but we also need to understand that external influences impact on that. [...] We can provide the infrastructure but we can't actually hold people to account to bring them in there".

Another concern in rural, non-research intensive LEPs with county councils was the impact of using different outcome reporting measures on workloads:

"Even DfT's focus [...] of outputs is completely different to ours and that's not because either are wrong, both of them are important. [...]. so the way in which we even pull our contracts together are done on an individual rather than a collective basis, so where we have a major transport scheme that we're working on with DfT we will have two very different monitoring processes in place, [...]. It's very time consuming".

The use of such differing reporting systems is likely to be time consuming and result in duplication. Furthermore, as stressed by one of the LEPs interviewed, it may affect the willingness of private companies to apply for funding. Perceptions of the time involved in meeting such requirements might contribute to why the value of Innovate UK awards is low in many rural areas as emphasised in Appendix 16.

"It must be very strange to applicants, particularly ones in the private sector to then have to think about lots and lots of different variations to satisfy it [...] I think it probably puts the private sector off actually, to be fair".

Several LEPs in rural areas also identified challenges they have faced due to a lack of clarity over government reporting and monitoring requirements. Referring specifically to the growth deal, one interviewee stressed how greater direction from central government from the start of the programme would have been beneficial in terms of enabling the programme to operate more effectively:

"The Government maybe could be a bit more clearer in terms of what they want LEPs to report on as well. So it feels like there was a dash for cash in terms of spending it, but the important bit afterwards has only started to take shape recently, which is quite difficult really because we want to embed those principles at the start, whether that be in the appraisal process or in the contracting process".

Another interviewee linked the discussion of outcomes to how LEP performance is measured:

"Perhaps Government hasn't been as directive as it could have been – [...] don't get me wrong, nothing wrong with flexibility at all – but let's decide which path we're going down. If there's local autonomy and local flexibility, fantastic, but then it's hard to look across the LEP network and compare two areas because you're not necessarily comparing like with like".

This emphasises how LEPs appear to be at a pivotal point in their existence. The light touch oversight introduced as a response to the perceived over management of the RDAs has contributed to a situation where, when the government is now seeking to compare LEPs more directly, comparison is problematic. The <u>National Audit Office</u> previously emphasised the need to improve monitoring and evaluation of the Local Growth Fund to support the government and LEPs in understanding how best to promote local economic growth. Using clear and simple measures is important in comparing places and programmes (<u>National Audit Office</u>, 2015).

One LEP suggested that central government is responding to the earlier lack of precision over outcome requirements by taking a more proactive approach to LEP strategy and oversight. Through the LEP review and local industrial strategy discussions, it appears that programme requirements for LEPs are becoming more rigid:

"Government are [...] becoming far more prescriptive in terms of the outputs as well and the outcomes [...] I'm certainly starting to see more of I guess a centralisation" - **LEP with strong reputation for innovation**

3.3.5 LACK OF ALIGNMENT OF FUNDING POTS

Another common frustration across LEPs expressed in the interviews was a perceived lack of alignment across existing funding pots. Interviewees suggested that misalignments exists in terms of funding remit, funding priority areas and the realities of devolution.

Several LEPs suggested that it would be helpful to be able to combine capital and revenue funding from the same pot for single projects. They revealed that they had been informed at the start of the latest round of ESIF funding that it would be possible to almost pool European Social Fund and European Regional Development funding to "run projects that had an element of both in". However, this did not happen. LEPs implied that difficulties in aligning capital and revenue funding sources hindered innovative projects:

"We could do something really helpful, absolutely, particularly around smart specialisation where you could have had a fantastic project that involved an element of capital and revenue linked directly towards businesses, but at the same time pull forward some skill support programmes that would have aligned with that perfectly" - Large coastal LEP

Another LEP emphasised how they felt central government LEP funding had been quite piecemeal, with various aspects of policy prioritised at different times:

"The government has given bits of funding for different things at different times, which is fine but we're trying to knit together government's very fragmented approach. [...]. We've had bits of money for [...] running Growth Hub, bits of money for core matched locally, we get money from Careers and Enterprise Company for different things" - **Polycentric LEP**

This complex environment in which LEPs are required to navigate various, different funding sources is likely to play out in how, as emphasised in section 2.2, LEPs have diverging views on their role in relation to external funding. Some LEPs – in urban areas – also suggested that misalignment exists between government rhetoric around devolution and the extent of power that LEPs feel they and their local partners hold in reality:

"Government spends quite a lot of time paying lip service to devolution and we don't really have any devolution whatsoever, or not anything substantive. And actually I think the last local growth fund round demonstrates that quite well".

One LEP went further arguing that its' lower than expected allocations for a core LEP funding programme, were the result of central government seeking to retain control over delivery mechanisms:

"There's lots of reasons for that (why the LEP received a relatively low allocation in the programme) but if you ask me what the number one reason was, it was because we put forward a programme, a funding programme, whereas the LEP areas that did better than us, put forward individual projects" - Large urban LEP

This relates to how several LEPs felt that their local knowledge meant they were better placed than central government to decide on the type of projects funded:

"There's [...] too much national control of [...] all key economic development funding schemes [...]. EU funding, the fact it's a national programme and it's all controlled nationally is a massive missed opportunity in my view. Future funds for me need more local control, they need to be more tailored to local needs" - Medium-sized urban LEP

It is important that a national framework exists for future initiatives to provide transparency and objectivity. However, as this quote demonstrates central government should consider how it can best retain oversight whilst also drawing on local knowledge among LEPs to best assess projects at the local level.

3.3.6 GOVERNANCE CHALLENGES

Several interviewees mentioned different governance-related challenges that their LEP has faced. The establishment of combined authorities appears to have posed difficulties for some areas - both areas with and areas without a combined authority. One LEP in a combined authority area suggested that structures were "disjointed" and that it was taking time to identify assurance processes and the key responsibilities of the Combined Authority and LEPs. They cited the level of powers retained by central government as a contributing factor:

"I think there's learning to be done about how their assurance processes are sort of transparent and consistent and the need to get the balance right between what you do at one geography and what you do at another geography. So there should be a route to greater flexibility and greater resources. Because of the constraints by government on Combined Authorities, I think it's still finding its feet, and that's partly back to that devolution agenda and where devolution is at the moment in terms of the national policy" - **Urban LEP**

"There's still work to be done on roles and responsibilities. And it's all around what makes sense in terms of subsidiarity" - **Urban LEP**

Another LEP similarly commented:

"I think they're (combined authorities) still developing the structures and it's defining what gets done at the regional level and what gets done at the local level, you know, things are progressing, but there's a lot still to do" - Large urban and rural LEP

Other LEPs with boundary overlaps suggested this caused tensions over which projects to fund. For example, one LEP operating in a two-tier county council area stated:

"We've probably got an advantage because we're a single county LEP. When you're multiple counties you probably have got a challenge although, if we're honest, the politics of a two tier county council is no different from the politics of three or four unitaries working together! So I think there's a political element to it because have you funded the projects that I want to see in my patch as an elected representative?"

A key difference between the governance issues faced by LEPs in two-tier county council and established combined authority areas is the newness and pace of change faced by combined authorities. This is the latest example of the frequent institutional change faced by those working within the English regional development system as illustrated in the Introduction. It would seem important that LEPs and combined authorities are given sufficient time to establish their structures and core responsibilities.

One LEP implied that areas without a mayoral combined authority suffer in terms of funding allocations such as the Growth Deal:

"We looked at a per capita breakdown [...] (of Growth Deal Allocations) and [...]—well, I don't think we were awarded what we felt we should have been awarded in terms of their offer. Certainly we put together quite a comprehensive submission [0:10:11] and certainly for the previous Growth Deals. And obviously what we had to do then was to look across the project pipeline that we had and see what we could deliver for the amount of money that was awarded in the end. But I think that was a little concern but obviously it is a time when some of the devolved authorities were coming into fruition and obviously some of the funding that might have been more fairly distributed, they took a priority share of some of that" - **LEP with multiple industrial townships**

One Combined Authority LEP suggested that part of their success in achieving funding was due to "scale". They argued that the areas in the Combined Authority were "stronger" if they made combined bids at the Combined Authority level than if they were to bid against each other. Another LEP with an elected Mayor explained that having a Mayor was "very helpful" as "it brings a coalesce in power, a soft power, for partners to line up behind with a clear voice".

It will be interesting whether the level and distribution of funds designed to replace ESIF funding such as the <u>Stronger Towns Fund</u> (launched in March 2019) and the <u>UK Shared Prosperity Fund</u> will address the perceived disparity in allocations between areas with and without Combined Authorities.

Another governance issue that LEPs drew attention to in the interviews was corporate structure. The 2016 LEP census revealed that, in line with how the government did not originally stipulate the structure that LEPs should take, organisational models differed considerably. 51% of LEPs were companies limited by guarantee, 41% were unincorporated voluntary partnerships between private sector representatives and local authority leaders and 8% involved a variety of unincorporated arrangements and committees (National Audit Office, 2016, p.12). All LEPs then have a nominated location authority or combined authority, which takes on the role of its accountable body. Some interviewees who worked in LEPs that were not companies limited by guarantee suggested that this constrained their activities in relation to funding. One interviewee who had previously worked in a LEP that was a company limited by guarantee revealed that this had enabled the LEP to take on a wider role there, acting as a project applicant in conjunction with small companies:

"My previous LEP, because I'd been a company for some time, I used to make applications and then I would do as the LEP all of the heavy lifting so that you could get much, much smaller grant applications from others and that you would manage the compliance for them. [...]. Our lack of company status has prevented us from doing that".

LEPs, which have been established as companies limited by guarantee for longer, argued that this structure had many advantages in terms of accountability, speed of response and independence:

"It gives you transparency and a very clear line of accountability as to what the business objectives are, and it also enables us to be quite agile in terms of how we respond to whatever our partners ask us to do. Clearly we've got our own policies and procurement processes but sometimes that will enable a speedier response. [...] And also, you've got a degree of independence as to how you're operating, so you're not necessarily in any one local authority pocket or other stakeholder's pocket"

- LEP with multiple industrial townships

Central government is requiring all LEPs to become companies limited by guarantee as a result of the 2017 Department for Communities and Local Government <u>LEP review</u>. Differences were evident regarding how LEPs currently converting their status to become a Company Limited by Guarantee were approaching the transition process. Some LEPs viewed the change as a positive strategic step. For example, one LEP described it as "a necessary distraction", suggesting that it will provide increased flexibility and accountability:

"The move to a single accountable body means that we will have an agreed 'we'll be your accountable body', which won't require specific approval on a project by project basis. Being a company limited by guarantee gives us more freedoms and flexibilities to do things, so we can actually for the first time be an employing body, so trying to take forward - basically the building of the team has been a slow process because we can't employ people unless one of our local authorities agrees to be the employing organisation" - Large rural LEP

Another LEP considered that the process "gives a degree of protection to the directors". By contrast, for another LEP, the process appeared to be a response to government that would have little direct impact in practice:

"We're not too certain, if the truth be told, because we'll still have to adhere to rules and regs relating to the funding through our local authority, our accountable body, so that won't change too much. We'll have a service level agreement with the accountable body around key functions like HR, finance services, procurement services, we won't be having staff ourselves, I don't think. So at the moment, it doesn't seem like there's going to be a huge amount of change for us" - Rural LEP

Once all LEPs are companies by guarantee, further research will be needed to investigate the extent to which different LEPs take advantage of the benefits of being a company by guarantee (e.g. the ability to employ staff directly) and how this plays out in terms of their capacity to act within the external funding environment.

3.3.7 DATA EVALUATION

Several LEPs suggested that issues around accessing and using metrics were complicating their efforts to adopt an evidence-based approach to strategy. One LEP suggested that access regarding ESIF projects was particularly problematic as since Department for Work and Pensions and the Ministry of Housing, Communities and Local Government are the accountable body for these funds, they own the evaluation data:

"There is no built-in learning mechanism. Starting with RDAs we have very little impact evaluations that, you know, could help us prioritise projects or ideas. In many cases, especially the European funding, we don't own the data so we don't have the data to evaluate and that's been a big problem because we can't learn from the projects that are completed. [...]. We've asked for basic monitoring data which we cannot get. The data we get for ESF [...] is not even on project level so we cannot assess even how they perform, much less their impact" - Polycentric LEP

Other LEPs revealed that deciding on measures for key performance indicators was problematic as some aspects of their vision are difficult to quantify and measure in order to track progress:

"the thing that's quite hard to measure – and we have KPIs that kind of point towards how well we are doing, towards meeting that (aim) – is some of that is, it's quite hard to define in a specific way. [...]. There are ways to measure it but they're probably imperfect".

Where LEPs are able to access and analyse reliable data, they suggested that this was central to their ability to plan strategically and gain political consensus for their proposals:

"(The components of our vision) were translated into objectives by utilising the evidence base that we've got and what good would look like. So we developed a performance management framework which we update every year [...], that enables us to understand the direction of travel in the previous twelve months but also over that period since we set the vision. And that then enables us to know do we need to do more investment in an area? Do we need to do different types of investment in an area?" - LEP with multiple industrial townships).

"Although we've had a lot of political changes in the [...](area) – we've always had a bit of a mixture of different political parties [...], they've never questioned that overall set of ambitions and therefore having got the evidence base and the meta data and an understanding of the robustness of that, [...] gives them confidence in terms of what is it we're doing. What is it we need to do more of".

Given the increasingly important role that LEPs play in shaping and delivering locally-led economic growth, particularly through developing Local Industrial Strategies, it is essential that LEPs have access to key performance data relating to projects in LEP areas. The What Works Centre for Local Economic Growth have published a <u>list</u> of 10 points to consider when developing effective local industrial strategies. A number of the suggestions are pragmatic, taking account of the likely time and financial resources that will be available to LEPs. For example, when assessing how the economy of LEP areas is evolving, the Centre advises using "scenario planning, as opposed to complicated, and often expensive, local economic models to structure thinking about the future and potential changes". Using independent expert panels to assess evidence and debate policy prioritises is another useful suggestion. Whilst LEPs are clearly operating in a constrained environment, there is the potential to use novel and less cost-intensive methods to generate data with a view to providing a more granular understanding of local economic trends. Cross-partner and cross-LEP collaboration is likely to be important in generating new ideas and ways of working.

3.3.8 CROSS-LEP PROJECTS

All LEPs interviewed explained that they valued cross-LEP projects in terms of partnering with neighbouring areas on cross-boundary challenges such as transport, and with other LEPs located in different parts of the country but which share "natural alignment" in terms of history. Partnership projects were suggested to be beneficial in terms of sharing costs and administration risks as well as promoting learning:

"We would encourage and we would want to help (a district council working on a county wide project) and work with them to try and take away some of the burden but it would be a challenge with the current level of bureaucracy" - Large rural LEP

However, whilst participants did outline some cross-LEP projects they have been involved in, overall, they described several barriers to participating in such projects. In particular, interviewees stressed that current funding rules do not promote cross-LEP working as central government competition funding as well as ESIF funding is allocated to specific LEPs:

"A fragmented funding environment where there's a lot of competitive funding, you know, it's an active impediment to collaborative working" - **Polycentric LEP**

"Because of this competitive nature of innovation funding, we are not incentivised to work with other LEPs. So we're incentivised to develop projects, which is not optimal and I think innovation doesn't work just in small boundaries. So there's no real benefit for me to do that [...]. And similarly, there's no structures in place to help us facilitate to do it" - Large urban and rural LEP

"Current funding arrangements (for ERDF) don't work great for cross LEP projects because, again, it comes back to national control. The LEPs have no say, there's no requirement to put LEPs on governance structures, there is no performance data sent to LEPs" - Large urban and rural LEP

If funding is not readily available, it is unlikely that LEPs will have the motivation or means to pursue cross-LEP projects. Some LEPs stated that overlapping LEP geographies do though create a greater incentive for cross-LEP collaboration:

"Overlapping geography [...] arrangements actually help quite a lot because what happens is, let's say there's a project in [...] (name of an area) which overlaps our geography and the (neighbouring LEP) geography. We actually have quite sensible conversations with [...] (the neighbouring LEP) that says you know this is important to us, important to you. How do we co-fund it?" - **Polycentric LEP**

A large self-contained LEP also indicated that the nature of their geographical boundaries also limited their aptitude for participating in cross-LEP projects:

"One of our challenges is our geography in terms of not the willingness to collaborate [...]. (We have one of) the most self-contained geography in the country [...]. So we've not got hugely porous boundaries. The other issue is that we've got a very, as we talked about before, a very big geography with a very widely dispersed population".

A lack of capacity additionally hindered participation in cross-LEP projects. Referring to a recent call to participate in one of the few cross-LEP funding streams available, one interviewee explained that colleagues in neighbouring LEPs did not reply:

"It wasn't that they're not interested, it's just the fact that timing or priorities, [...] we've got so much to do writing economic plans [...] and thinking about Local Industrial Strategies [...]. There's so many layers that make it more complicated than you'd expect [...] to want to work together" - **Polycentric LEP**

The barriers to participating in cross-LEP projects would appear to be a missed opportunity to promote economic growth. Numerous studies have demonstrated the importance of partnership and networking for innovation. For example, <u>Bryson and Daniels</u> (1998) used network analysis to show that focus among SMEs on ties with their local business community, contributes to their "weak" ties with organisations and individuals outside of their local area which in turns hinders their ability to search for business-service expertise located outside of their local area. In turn, this was found to hinder innovation in the SMEs.

3.4 FUTURE FUNDING ENVIRONMENT

Following on from the discussion of the external funding environment at present, LEPs interviewed for the research were also asked about the challenges they see in terms of the future external environment and changes they would like to be implemented. Four key issues emerged, each is closely aligned to the key challenges explored in section 3.3. Each policy proposals suggested by the LEPs interviewed is discussed in detail below.

3.4.1 GREATER CLARITY AND SECURITY

One of the most pressing issues that all LEPs regardless of size returned to in the interviews was how they would like greater clarity and security regarding future funding. With ESIF and growth deal funding only available until 2021 and the lack of announcements up to now (March 2019) regarding the shape of the UK Shared Prosperity Fund, LEPs felt that the uncertainty was starting to have an impact on strategic planning:

"There's a lack of certainty so in a sense [...] you can't plan because you really don't know what the shape of it (the UK Shared Prosperity Fund) is going to be and that makes it very difficult to sort of, well, to plan and to put meaningful programmes together" - LEP with multiple industrial townships

"it's really hard to plan. So [...] whilst we have a strategy I have no clue whether I will be able to deliver half of it" - Large urban and rural LEP

Questions were raised in particular regarding the value, the duration and the criteria according to which the UK Shared Prosperity Fund will be awarded. In view of to the challenges raised in section 3.3.2 regarding the limited nature of current LEP funding, LEPs suggested that confirmation of funding availability from central government for an extended period would make strategic development "a lot easier to do". One LEP which relied heavily on its' City Council for support with funding bids expressed concern about the complexity of planning likely to be required for the scheme in the context of local government spending cuts:

"It would be all hands to the pump to put something forward for the Shared Prosperity Fund, especially when the government are moving more now towards Green Book appraisals and the development of projects using those tools because they're quite resource intensive and a lot of [...] (areas) just don't have that resource to be able to work a project into that level of detail".

This relates closely to the differing numbers of staff employed by LEPs – as analysed in section 3.3.1. If the requirements of the submission process are especially complex, there is a danger that the impact of differing LEP staff numbers and experience levels will be exacerbated.

Many LEPs also explained that they would value detailed upfront guidance relating to outcomes (as opposed to bureaucratic outputs) in future schemes. Suggestions made related to both general types of outcome measures as well as to ensuring that outcomes relate closely to the focus of programmes:

"If you've got a business support programme, I'd like to see more emphasis on for example quantitative measures like, alright how much is the business's turnover gone up by, how much has the headcount gone up by, some measure of productivity. I appreciate GVA is difficult, it is challenging to measure with accuracy, you know, there are assumptions and estimates" - Urban and rural LEP

"It's to make sure that we're really clear that the outcome framework, the PMF, actually supports what government's looking to achieve. So to some extent, if we are very much focusing on productivity, which government is asking us to do, that may mitigate against jobs because you don't necessarily create jobs when you're looking to improve productivity" - Large rural LEP

These quotes demonstrate how – in line with the argument developed in section 3.3.4 – LEPs understood the need for clear accountability regarding how the public purse is being spent but they hoped that more thought would be given when planning future programmes to the amount of evidence that central government considers necessary to demonstrate the progress achieved in schemes. It was suggested that funding schemes could take a more pragmatic approach to evidence than current ESIF regulations.

Relating to the concern described in section 3.3.4 about outcome measures being too short-term to take account of the full longer-term impact of programmes, one LEP argued that using qualitative measures might help to gain insight into the level of progress made:

"you cannot measure the impact of an innovation programme or the benefits over a 3 year period, you know, it isn't practical, the benefits take longer to accrue. So I'd to see as well more factoring in of qualitative measures. [...] If you're supporting businesses what have they introduced that's new, it could be a new product, it could be a new process, have they been able to access new markets as a result of the support. Also, [...] as well as the question does it help to create new jobs, did it actually safeguard existing jobs" - **Urban and rural LEP**

Given the current challenging economic climate, it is essential that policy is designed to maximise outcomes. Reducing some of the bureaucratic burdens on providers regarding the volume of evidence collected during programmes as well as designing longer-term outcome measures relating to the quality and not just the quantity of provision appears important in this respect.

3.4.2 INCENTIVISING CROSS-LEP PROJECTS

Finally, building on the discussion in section 3.8 of the challenges LEPs have encountered in relation to building and participating in cross-LEP projects, interviewees suggested that they would value increased support for cross-LEP projects in future funding pots:

"The main thing that has to be done first is almost I think decisions have to be made which things are appropriate to deal with at a cross LEP level, so examples within the [...] (name of city) for me HS2 should be at cross LEP level, you know, HS2 supply chain, you know, it's a clear regional thing. I'd also say a lot of sector specific innovation activity should be delivered at a pan LEP regional level and I think if there's opportunities for funds to be channelled in that way it would make it easier where the LEPs have more of a say" - LEP with multiple townships

3.4.3 GREATER ALIGNMENT OF FUNDING POTS AND CREATION OF A SINGLE POT

Building on the challenges analysed in section 3.3.5 in relation to fund alignment, several LEPs suggested ways in which they felt funding pots could be better aligned in future. A common request related to the creation of a pot that would enable capital and revenue funding to be combined for the same project. One rural LEP proposed that there could also be greater alignment between large and smaller pots of funding:

"For me it isn't just more alignment with the big funding streams, it's more alignment with some of the smaller pots. So I think, you know, encouragement of organisations like Innovate UK to work more closely with the LEPs to help us maximise opportunities and align it with our Growth Deal etc".

Section 2.8 of this report analysed the value of Gateway to Research funding currently awarded to organisations within LEP areas. Appendix 16 lists Innovate UK award values by LEP. It demonstrates how LEPs in areas with a strong history of manufacturing and innovation have been awarded higher Innovate UK funding than other areas. Greater support from Innovate UK in explaining the funds available, to LEPs particularly those in rural areas (so LEPs can in turn pass on details of the funds to organisations within their area) is likely to be important if the value of awards in such areas is to increase.

The most common request regarding future funding was for a single-pot based place programme:

"(The) numerous different funding streams and the numerous different outputs and requirements make it complicated [...]. There's not one simplified aligned definition and programme. And I guess I'd feel quite sorry for projects that have multiple levels of funding kind of going in [...]. If you had a single based kind of place programme, it would be easier for all sorts of people to manage, reduce admin and the complexities of it" - Rural LEP

"taking a single pot approach to the UK Shared Prosperity Fund development as far as possible to the LEPs is a vital part of delivering the growth that they want" - Large urban LEP

"What we'd really like is something akin to the RDA single pot'. We had a pot of funding that you have discretion over and you agree the aims of what you're going to achieve with that funding. The government give you the rules by which you're allowed to do it but don't just make us jump through fragmented bits of money that you can't match up together" - Rural LEP

It is interesting that a single funding pot was suggested by both urban and rural LEPs. A single allocation based on an assessment of socio-economic characteristics of LEPs, would reduce the administrative burden on all LEPs to apply for funding. As section 3.2 emphasised, none of the LEPs interviewed saw applying for funding as core part of their *raison d'être*. Such a pot is likely to be considered advantageous by rural LEPs in terms of its potential to reduce the administration requirements involved on the part of the LEP as well as their partners, potentially helping them to overcome some of the disadvantage they face in relation to funding awards because of the greater staffing resources in larger LEPs as discussed in section 3.3.1. For the larger LEPs who advocated a single-pot approach, support for this approach appears to stem from two factors: a sense that an algorithm-based approach would lead to fairer allocations and the view that greater decision making powers at local level is central to achieving greater economic growth:

"How can anyone make a competitive judgment about what the sensible thing to do is (regarding how to award competition-based funding)? But, if based on some kind of population deprivation algorithm you know, we got, I don't know, [...] (a calculated allocation amount) well we'd spend it on our priorities" - Large urban LEP

"If you're sat in a major city economy you have the capability and you have the capacity to drive forwards economic growth. If devolution happens in a fairly piecemeal way, [...] then we will not get the change. You know, we will start to see regional economies, not necessarily contracting but not really realising their full potential" - Large urban LEP

3.5 CONCLUSION

This section of the report has analysed qualitative interviews conducted with key decision-makers in 13 LEPs across England.

It began with a detailed discussion of the role that different LEPs perceive they play and want to play in the external funding environment, emphasising how LEPs do not consider that obtaining external funding to deliver projects in their local areas is their central role. Indeed, many feel that this represents a distraction from their principal aims. Instead, LEPs described playing an important role in leadership and partnership that has delivered and continues to deliver funding to their areas. Four different groups of LEPs were identified in terms of how they seek to operate in relation to strategic direction in the external funding environment: direct action LEPs; collaborative, partnership LEPs; convening, supporting LEPs and internal challenge LEPs.

The chapter then provided insight into the wider challenges that LEPs have faced and continue to face in the external funding environment. It demonstrated how LEPs are operating in a complex and rapidly changing environment, showing both barriers that continue to exist as well as ways in which other LEPs have sought to address these challenges. The principal challenges identified by the LEPs relate to staffing, the amount of central government funding available, access to match funding, existing outcome/output requirements, alignment between different funding pots, governance arrangements, data evaluation and the ability to implement cross-LEP projects.

Staffing levels, networking capacity and history of partnerships working together at LEP level were suggested by LEPs to be factors in why some LEPs have received higher grant awards than others. Rural areas appear to be disadvantaged in terms of their staffing and networking capacity. They also rarely have the large businesses required to attract significant Innovate UK funding.

LEPs revealed they that the lack of clarity and security over future funding is starting to impact on projects as well as strategic planning.

A lack of match funding was also raised as a key barrier in planning and delivering projects by several LEPs, particularly those in rural areas.

All LEPs supported the need for outcome measures. However, it was suggested that current ESIF and Growth Deal regulations, have prioritised short-term outputs over longer-term outcomes.

Difficulties aligning funding from different pots to support key projects emerged as a common barrier. In particular, interviewees emphasised the difficulty combining capital and revenue funding in ESIF projects.

Issues relating to governance arrangements were also stressed. The impact of overlapping LEP boundaries, operating in two-tier county council areas and in combined authority areas, and converting to become Companies Limited by Guarantee were described as each creating challenges. Further research once all LEPs are Companies Limited by Guarantee would be useful to investigate how different LEPs are experiencing the structure. Differences are apparent in terms of how LEPs currently perceive the advantages of being a Company Limited by Guarantee.

Some LEPs view their data evaluation capacity as one of their strengths, arguing it is crucial to how they design and gain support for their strategies. However, for other LEPs accessing reliable data and identifying metrics to measure progress against goals has been more challenging.

Cross-LEP projects were identified as challenging by all LEPs, who suggested that current policy arrangements actively discourage cross-LEP working.

Section 3.4 discussed a number of suggestions put forward by LEPs for future funding schemes. The proposals relate to the need for greater clarity and security regarding funding once ESIF and Growth Deal funding pots run out, greater incentives for cross-LEP projects and closer alignment between funding pots. Significantly, many LEPs interviewed advocated the creation of a single-pot based place programme.

Unless clarity regarding future funding pots is provided soon to LEPs, an increasing number of LEPs are likely to be pushed into pursuing funding pots that are less aligned to their strategic goals. This has the potential to damage the reputation of LEPs. Providing greater support for cross-LEP projects could reduce duplication and contribute to economic growth as innovation is highly dependent on networking. Significant extra effort needs to be put into defining subsidiarity. It is also very important that LEPs and Combined Authorities are given sufficient time to establish their structures and core responsibilities. Furthermore, it will be interesting to see whether the level and distribution of future funds will address the perceived disparity in allocations between areas with and without Combined Authorities.

APPENDICES

Appendix 1: LEP Economic and Socio Characteristics

	Financial Indicators		Business Activities			Population				
LEP	GVA (£)	GVA per head (£)	Business Count	% of Births	% of Deaths	Total Population	Working Age (16-64)	% of WAP in Employment	% of WAP inactive	
Black Country	20,225,000,000	17,203	33,330	14.7%	10.5%	1,186,100	729,900	68.8%	8.2%	
Buckinghamshire Thames Valley	15,231,000,000	28,484	30,720	11.5%	10.3%	535,900	326,600	80.2%	7.1%	
Cheshire and Warrington	27,601,000,000	29,963	44,060	11.9%	9.5%	926,500	564,100	76.2%	5.7%	
Coast to Capital	49,794,000,000	24,714	90,570	12.6%	10.6%	2,027,900	1,259,000	76.5%	5.6%	
Cornwall and Isles of Scilly	9,912,000,000	17,827	24,000	8.0%	7.1%	563,600	330,300	74.8%	7.3%	
Coventry and Warwickshire	22,775,000,000	25,037	37,045	12.8%	10.0%	924,700	586,200	77.8%	7.3%	
Cumbria	11,199,000,000	22,492	23,585	7.0%	7.0%	498,400	297,700	78.7%	3.8%	
(D2N2) Derby, Derbyshire, Nottingham & Nottinghamshire	44,090,000,000	20,243	72,160	11.2%	9.1%	2,196,100	1,381,600	74.1%	7.4%	
Dorset	16,763,000,000	21,717	32,085	10.3%	9.2%	770,700	453,000	77.3%	6.4%	
Enterprise M3	53,306,000,000	31,640	79,460	11.3%	10.7%	1,698,500	1,038,300	81.3%	5.0%	
Gloucestershire	15,966,000,000	25,622	29,235	9.4%	9.2%	628,100	383,200	82.1%	4.7%	
Greater Birmingham & Solihull	44,442,000,000	22,075	74,320	18.3%	10.7%	2,031,300	1,273,900	71.0%	8.7%	
Cambridge & Peterborough CA	38,089,000,000	26,533	71,395	10.8%	9.0%	1,673,800	1,024,000	78.2%	5.5%	
Greater Lincolnshire	20,551,000,000	19,147	37,650	10.9%	10.1%	1,082,300	649,700	74.8%	6.0%	
Greater Manchester	59,605,000,000	21,424	105,255	17.3%	11.9%	2,798,800	1,786,200	73.0%	7.2%	
Heart of the South West	34,271,000,000	19,840	71,510	8.4%	7.7%	1,740,700	1,030,700	78.7%	5.7%	
Hertfordshire	33,864,000,000	28,778	61,765	16.7%	10.9%	1,180,900	740,300	78.2%	5.5%	
Humber	17,801,000,000	19,185	29,970	12.4%	10.2%	929,900	568,700	73.5%	5.5%	
Lancashire	29,014,000,000	19,537	52,395	10.8%	9.7%	1,490,500	914,400	74.4%	6.1%	
Leeds City Region	64,720,000,000	21,230	105,775	12.4%	10.0%	3,063,100	1,927,500	73.1%	7.7%	
Leicester and Leicestershire	22,854,000,000	22,160	42,065	13.9%	9.5%	1,043,800	664,200	73.4%	7.9%	

	Financial Indicators		Business Activities			Population				
LEP	GVA (£)	GVA per head (£)	Business Count	% of Births	% of Deaths	Total Population	Working Age (16-64)	% of WAP in Employment	% of WAP inactive	
Liverpool City Region	29,452,000,000	19,208	42,470	13.7%	10.9%	1,544,400	976,500	71.7%	7.8%	
New Anglia	35,445,000,000	21,637	62,750	9.6%	8.2%	1,655,400	977,800	76.7%	5.3%	
North East	37,040,000,000	18,832	52,160	11.1%	9.2%	1,972,200	1,243,000	71.5%	7.3%	
Oxfordshire	21,887,000,000	32,037	31,215	9.9%	8.8%	682,400	431,000	81.6%	5.1%	
Sheffield City Region	33,214,000,000	17,914	55,385	13.0%	10.3%	1,866,100	1,172,300	73.3%	6.6%	
Solent	23,820,000,000	22,409	42,080	14.4%	11.2%	1,065,400	675,500	76.4%	6.9%	
South East	85,792,000,000	20,572	169,930	12.4%	10.4%	4,204,900	2,552,400	76.6%	5.6%	
South East Midlands	50,404,000,000	25,183	90,615	18.2%	9.5%	2,017,000	1,260,900	78.6%	5.7%	
Stoke-On-Trent and Staffordshire	19,988,000,000	17,841	38,795	10.8%	8.5%	1,126,200	695,400	76.7%	4.9%	
Swindon and Wiltshire	17,310,000,000	24,508	29,915	23.6%	9.0%	716,400	439,300	80.4%	4.0%	
Tees Valley	12,638,000,000	18,864	17,230	12.7%	10.9%	672,500	415,600	68.6%	7.0%	
Thames Valley Berkshire	35,846,000,000	39,970	44,630	13.2%	11.0%	905,800	574,600	80.1%	5.5%	
The Marches	13,525,000,000	20,018	30,780	7.7%	7.0%	684,300	412,600	79.2%	5.3%	
West of England	31,785,000,000	28,097	45,010	11.9%	10.2%	1,139,800	734,400	78.4%	6.8%	
Worcestershire	11,796,000,000	20,231	29,770	16.4%	8.8%	588,400	353,500	78.2%	6.2%	
York, North Yorkshire and East Riding	24,620,000,000	21,391	53,425	9.3%	7.8%	1,157,900	696,500	78.1%	5.2%	

	Em	ployment Split				Qualifications	;	
LEP	In Employment (16-64)	Employees (16-64)	Self Employed (16-64)	NVQ Level 4 and above % of WAP	NVQ Level 3 and above % of WAP	NVQ Level 2 and above % of WAP	NVQ Level 1 and above % of WAP	No qualifications % of WAP
Black Country	489,900	435,700	54,200	24.4%	40.7%	60.1%	72.7%	15.5%
Buckinghamshire Thames Valley	262,000	210,700	51,300	47.6%	67.2%	82.3%	92.1%	3.1%
Cheshire and Warrington	420,500	360,900	59,600	43.9%	60.2%	80.0%	89.5%	5.8%
Coast to Capital	966,600	808,800	157,800	44.3%	62.9%	80.9%	90.1%	4.5%
Cornwall and Isles of Scilly	246,900	189,800	57,100	33.9%	57.8%	79.4%	91.1%	5.1%
Coventry and Warwickshire	429,100	369,200	59,900	38.0%	55.8%	73.1%	83.2%	8.4%
Cumbria	227,500	198,000	29,500	31.4%	55.7%	75.0%	87.1%	7.7%
Derby, Derbyshire,	987,100	865,700	121,400					
Nottingham and Nottinghamshire				31.5%	51.7%	70.7%	83.4%	8.6%
Dorset	348,700	298,300	50,400	34.9%	57.0%	75.5%	87.7%	6.2%
Enterprise M3	741,300	641,800	99,500	47.0%	64.9%	81.0%	89.9%	4.3%
Gloucestershire	302,100	259,700	42,400	38.5%	59.2%	77.9%	88.6%	5.0%
Greater Birmingham and Solihull	882,300	765,900	116,400	31.7%	51.9%	69.2%	80.3%	10.3%
(GCGP) Cambridge &	797,000	688,900	108,100					
Peterborough CA				37.3%	55.9%	73.1%	85.8%	6.5%
Greater Lincolnshire	473,800	413,400	60,400	27.1%	45.0%	66.4%	81.4%	8.1%
Greater Manchester	1,269,700	1,108,800	160,900	35.0%	54.9%	72.6%	83.9%	9.6%
Heart of the South West	778,800	648,000	130,800	36.1%	58.8%	79.0%	90.8%	4.9%
Hertfordshire	586,900	496,900	90,000	42.7%	59.2%	79.4%	90.0%	5.5%

	Em	ployment Split				Qualifications	;	
LEP	In Employment (16-64)	Employees (16-64)	Self Employed (16-64)	NVQ Level 4 and above % of WAP	NVQ Level 3 and above % of WAP	NVQ Level 2 and above % of WAP	NVQ Level 1 and above % of WAP	No qualifications % of WAP
Humber	413,900	367,800	46,100	29.7%	49.8%	68.9%	82.4%	8.0%
Lancashire	673,700	594,200	79,500	31.8%	52.8%	74.2%	86.1%	7.5%
Leeds City Region	1,408,500	1,224,300	184,200	33.8%	53.4%	71.5%	82.8%	10.4%
Leicester and Leicestershire	474,200	421,700	52,500	33.1%	53.8%	70.6%	83.5%	8.2%
Liverpool City Region	669,500	588,200	81,300	31.3%	50.0%	71.8%	83.1%	11.3%
New Anglia	725,400	621,500	103,900	30.9%	52.9%	71.8%	85.5%	8.1%
North East	878,100	778,100	100,000	32.2%	52.8%	73.6%	85.1%	8.8%
Oxfordshire	348,000	299,700	48,300	50.5%	68.3%	82.6%	91.4%	3.8%
Sheffield City Region	827,700	731,500	96,200	32.4%	50.4%	69.9%	83.7%	8.5%
Solent	596,600	523,700	72,900	34.3%	58.1%	76.6%	88.6%	5.6%
South East	1,943,000	1,627,600	315,400	32.4%	52.3%	72.6%	86.8%	7.0%
South East Midlands	980,800	851,400	129,400	36.6%	56.0%	73.5%	85.2%	7.6%
Stoke-On-Trent and Staffordshire	528,600	466,100	62,500	30.5%	51.4%	71.8%	84.4%	7.0%
Swindon and Wiltshire	348,400	300,700	47,700	39.4%	58.6%	77.1%	88.6%	5.2%
Tees Valley	281,000	253,300	27,700	30.0%	49.7%	69.0%	80.4%	12.1%
Thames Valley Berkshire	452,800	388,600	64,200	46.7%	63.7%	79.1%	88.2%	4.5%
The Marches	305,600	251,500	54,100	32.5%	53.9%	73.7%	85.7%	7.4%
West of England	566,700	489,300	77,400	47.7%	66.7%	82.0%	91.5%	4.1%
Worcestershire	266,800	226,900	39,900	36.5%	56.4%	75.9%	83.4%	9.6%
York, North Yorkshire and East Riding	525,500	446,700	78,800	38.5%	59.2%	77.7%	88.1%	6.0%

Sources:

Indicators	Sources
GVA	Regional GVA 2015: ONS/NOMIS
Average Earnings	LEP data 2017 (annual survey of hours and earnings - resident analysis): ONS/NOMIS
Income Tax	Survey of Personal Incomes 2015-16: ONS
Business Counts	ONS/NOMIS LEP Profiles
Company Births	Data on district, counties and unitary authorities with region and country: ONS
Company Deaths	Data on district, counties and unitary authorities with region and country: ONS
Total Population	ONS/NOMIS LEP Profiles
Working Age (16-64)	ONS/NOMIS LEP Profiles
In Employment (16-64)	LEP data on annual population survey: ONS/NOMIS
Economic Inactive	LEP data on annual population survey: ONS/NOMIS
Employees (16-64)	LEP data on annual population survey: ONS/NOMIS
Self Employed (16-64)	LEP data on annual population survey: ONS/NOMIS
NVQ Levels 1-4, other qualifications, no qualifications	ONS/NOMIS LEP Profiles

Appendix 2: Regional Growth Fund Allocations by Round and LEP

Round	LEP	Contracted RGF
2	The Marches	£1,500,000
2	West of England	£39,831,000
2	Cornwall and the Isles of Scilly	£13,000,000
2	Solent	£2,100,000
3	Solent	£2,000,000
3	Solent	£13,000,000
3	Humber	£30,000,000
3	Leeds City Region	£14,834,000
3	Cumbria	£4,550,000
3	Sheffield City Region	£25,000,000
3	New Anglia	£3,061,200
3	North East	£28,519,513
3	Leicester	£8,000,000
3	Derby, Derbyshire, Nottingham and Nottinghamshire	£5,000,000
3	Liverpool City Region	£10,000,000
3	Black Country	£10,941,736
3	West of England	£25,000,000
3	Northamptonshire	£1,200,000
3	Greater Manchester	£35,000,000
3	Leeds City Region	£5,166,000
3	Greater Birmingham and Solihull	£20,000,000
3	Coventry and Warwickshire	£24,345,000
3	Tees Valley	£10,000,000
4	Enterprise M3	£4,000,000
4	Leicester & Leicestershire	£10,000,000
4	Solent	£10,000,000
4	Cumbria	£5,000,000
4	Worcestershire	£2,500,000
4	The Marches	£1,500,000
4	Leeds City Region	£5,700,000
4	Sheffield City Region	£7,000,000
4	(GCGP)	£3,200,000
4	Coast to Capital	£3,000,000
4	New Anglia	£9,000,000
4	Stoke-on-Trent and Staffordshire	£3,062,000
4	Tees Valley	£7,000,000
4	Liverpool City Region	£5,000,000
4	Black Country	£7,000,000
4	Black Country	£2,000,000
4	Great Birmingham & Solihull	£7,000,000
4	Greater Lincolnshire	£3,300,000
4	Northamptonshire	£4,000,000
4	Coventry and Warwickshire	£4,000,000

Source: <u>Gov.uk</u> (2014a); <u>NOMIS</u> (2018).

Appendix 3: Total (Rounds 1-4) and Per Capita Regional Growth Fund Allocations by LEP

LEP	Total Funding Rounds 1-4 (£)	RGF per head (£) Total Population	All People Population (2011)
Buckinghamshire Thames Valley	£0	£0	0
Cheshire & Warrington	£0	£0	0
Dorset	£0	£0	0
Gloucestershire	£0	£0	0
Heart of the South West	£0	£0	0
Hertfordshire	£0	£0	0
Lancashire	£0	£0	0
London	£0	£0	0
Oxfordshire	£0	£0	0
South East	£0	£0	0
South East Midlands	£0	£0	0
Swindon & Wiltshire	£0	£0	0
Thames Valley Berkshire	£0	£0	0
York, North Yorkshire and East Riding	£0	£0	0
Worcestershire	£2,500,000	£4.41	566,600
The Marches	£3,000,000	£4.56	657,600
Coast to Capital	£3,000,000	£1.56	1,926,700
Stoke-on-Trent and Staffordshire	£3,062,000	£2.79	1,098,300
(GCGP) Cambridge and Peterborough CA	£3,200,000	£2.01	1,593,800
Greater Lincolnshire	£3,300,000	£3.17	1,042,000
Enterprise M3	£4,000,000	£2.45	1,633,900
Derby, Derbyshire, Nottingham & Nottinghamshire	£5,000,000	£2.37	2,110,300
Northamptonshire	£5,200,000	£7.49	694,000
Cumbria	£9,550,000	£19.11	499,800
New Anglia	£12,061,200	£7.59	1,589,600
Cornwall and the Isles of Scilly	£13,000,000	£24.25	536,000
Liverpool City Region	£15,000,000	£9.96	1,506,500
Tees Valley	£17,000,000	£25.64	663,000
Leicester & Leicestershire	£18,000,000	£18.35	980,800
Black Country	£19,941,736	£17.47	1,141,700
Leeds City Region	£25,700,000	£8.70	2,954,700
Great Birmingham & Solihull	£27,000,000	£13.87	1,946,500
Solent	£27,100,000	£26.55	1,020,900
Coventry and Warwickshire	£28,345,000	£32.83	863,500
North East	£28,519,513	£14.75	1,933,400
Humber	£30,000,000	£32.68	918,000
Sheffield City Region	£32,000,000	£17.71	1,806,800
Greater Manchester	£35,000,000	£13.15	2,661,800
West of England	£64,831,000	£98.59	657,600

Source: <u>Gov.uk</u> (2014a); <u>NOMIS</u> (2018).

Appendix 4: Total and Per Capita Growing Places Fund Allocations by LEP

Local Enterprise Partnership	Value of Funding Round 1	Value of Funding round 1 per head (total population)	Value of Funding Round 1 & 2	Value of Funding rounds 1 & 2 per head (total population)	Total Population (2011)
Worcestershire	£3,727,486	£6.58	£5,500,000	£10	566,600
Northamptonshire	£3,995,321	£5.76	£8,000,000	£12	694,000
Buckinghamshire Thames Valley	£4,247,270	£8.38	£6,300,000	£12	506,600
Cornwall & the Isles of Scilly	£4,293,329	£8.01	£6,000,000	£11	536,000
Cumbria	£4,505,274	£9.01	£6,700,000	£13	499,800
The Marches	£5,531,035	£8.41	£8,200,000	£12	657,600
Gloucestershire	£5,746,488	£9.60	£8,500,000	£14	598,300
Tees Valley	£5,798,759	£8.75	£8,600,000	£13	663,000
Humber	£5,917,641	£6.45	£8,880,000	£10	918,000
Oxfordshire	£6,128,979	£9.36	£9,100,000	£14	654,800
York, North Yorkshire & East Riding	£6,330,582	£5.58	£9,400,000	£8	1,133,700
Swindon and Wiltshire	£6,346,639	£9.28	£9,400,000	£14	684,000
Dorset	£6,512,960	£8.74	£9,300,000	£12	745,300
Greater Lincolnshire	£6,615,807	£6.35	£9,800,000	£9	1,042,000
Stoke-on-Trent & Staffordshire	£7,741,247	£7.05	£11,500,000	£10	1,098,300
Coventry and Warwickshire	£8,671,398	£10.04	£12,800,000	£15	863,500
Cheshire and Warrington	£8,901,948	£9.86	£13,200,000	£15	903,000
Leicester and Leicestershire	£9,062,330	£9.24	£13,400,000	£14	980,800
Black Country	£9,786,886	£8.57	£14,500,000	£13	1,141,700
Thames Valley Berkshire	£10,876,292	£12.59	£15,000,000	£17	863,900
(GCGP) Cambridge & Peterborough CA	£10,903,749	£6.84	£16,100,000	£10	1,593,800
Hertfordshire	£10,989,510	£9.81	£16,000,000	£14	1,119,800
West of England	£11,579,541	£10.82	£16,900,000	£16	1,070,100
Solent	£12,244,593	£11.99	£18,000,000	£18	1,020,900
New Anglia	£12,288,856	£7.73	£18,200,000	£11	1,589,600
Sheffield City Region	£12,547,082	£6.94	£18,600,000	£10	1,806,800
South East Midlands	£12,689,036	£6.76	£18,800,000	£10	1,878,100
Lancashire	£13,092,450	£8.96	£19,400,000	£13	1,461,300
Liverpool City Region	£13,192,859	£8.76	£19,500,000	£13	1,506,500
Heart of the South West	£14,510,481	£8.70	£21,500,000	£13	1,667,100
Enterprise M3	£14,723,101	£9.01	£21,700,000	£13	1,633,900
Greater Birmingham & Solihull	£15,211,198	£7.81	£22,000,000	£11	1,946,500
Coast to Capital	£16,024,526	£8.32	£23,700,000	£12	1,926,700
North East	£17,054,666	£8.82	£25,000,000	£13	1,933,400
D2N2	£17,806,001	£8.44	£26,000,000	£12	2,110,300
Leeds City Region	£24,485,284	£8.29	£36,200,000	£12	2,954,700
Greater Manchester	£25,258,817	£9.41	£37,400,000	£14	2,685,400
South East	£33,226,094	£8.33	£50,000,000	£13	3,987,700
London	£41,434,489	£5.05	£110,700,000	£13	8,204,400

Source: Gov.uk (2014b); National Archives (no date given); NOMIS (2018).

Appendix 5: Allocations for Rounds 1-3 of the Growth Deal by LEP

Northern Powerhouse LEPs	GD1 £m	GD2 £m	GD3 £m	Total £m	Population (million)	£ per head
Liverpool City Region	229.3	31.6	72	332.9	1.5	218.4
Lancashire	233.9	17.2	69.8	320.9	1.5	217.1
Cheshire and Warrington	142.3	15.1	43.3	200.7	0.9	218.9
Greater Manchester	476.7	56.6	130.1	663.4	2.8	240.7
Tees Valley	90.3	13.9	21.8	126	0.7	188.8
Humber	103.7	9.9	27.9	141.5	0.9	153.0
Cumbria	26.8	20.9	12.7	60.4	0.5	121.3
North East	289.3	40.6	49.7	379.6	2.0	193.9
Leeds City Region	572.9	54.6	67.5	695	3.0	229.6
Sheffield City Region	297	31	37.8	365.8	1.8	206.6
York, North Yorkshire, East Riding	110.1	12.1	23.7	145.9	1.1	127.3
Total	2572.3	303.5	556.3	3432.1	15.6	220.2

Midlands Engine LEPs	GD1 £m	GD2 £m	GD3 £m	Total £m	Population (million)	£ per head
Black Country	138.7	24	55.05	217.75	1.2	186.7
Coventry and Warwickshire	74.1	15.3	42.44	131.84	0.9	146.6
South East Midlands	79.3	46.7	59.04	185.04	1.8	102.4
The Marches	75.3	7.7	21.91	104.91	0.7	156.4
Worcestershire	47	7.2	17.51	71.71	0.6	124.0
D2N2	174.3	22.2	62.99	259.49	2.2	120.1
Greater Lincolnshire	111.2	14.8	29.45	155.45	1.1	145.8
Greater Birmingham & Solihull	357.4	21.4	54.2	433	2.0	216.9
Leicester & Leicestershire	80	20.3	25.87	126.17	1.0	124.0
Stoke-on-Trent & Staffordshire	82.3	15.4	23.3	121	1.1	108.6
Total	1219.6	195	392	1806.36	12.0	150.9

London & South East LEPs	GD1 £m	GD2 £m	GD3 £m	Total £m	Population (million)	£ per head
Enterprise M3	118.1	29.9	71.1	219.1	1.7	130.8
Thames Valley Berkshire	96.9	10.2	35.56	142.66	0.9	160.2
Buckinghamshire Thames Valley	44.2	8.8	20.48	73.48	0.5	139.1
Oxfordshire	108.5	9.9	24.16	142.56	0.7	210.3
Coast to Capital	202.4	35.8	66.06	304.26	2.0	152.4
South East	442.2	46.1	102.65	590.95	4.1	143.0
Solent	124.8	27.1	31.02	182.92	1.6	115.0
London	236	58	141.28	435.28	8.7	50.2
Total	1373.1	225.8	492.31	2091.21	19.1	109.2

East	GD1 £m	GD2 £m	GD3 £m	Total £m	Population (million)	£ per head
New Anglia	173.3	48.5	69	290.8	1.6	178.7
Hertfordshire	199.2	22.3	43.95	265.45	1.2	227.6
(GCGP) Cambridgeshire & Peterborough CA	71.1	38	37.6	146.7	1.4	103.1
Total	443.6	108.8	150.55	702.95	3.8	187.1

South West	GD1 £m	GD2 £m	GD3 £m	Total £m	Population (million)	£ per head
GFirst	62.5	15	29.13	106.63	0.6	172.8
West of England	212.6	18.1	52.8	283.5	1.1	253.4
Swindon and Wiltshire	129.3	11.5	28.09	168.89	0.7	240.1
Cornwall and Isles of Scilly	48.9	11.3	18.03	78.23	0.6	141.8
Dorset	66.4	12.6	19.46	98.46	0.8	128.6
Heart of the South West	103.2	65.2	43.57	211.97	1.7	123.6
Total	622.9	133.7	191.08	947.68	5.5	173.2

Source: <u>Gov.uk</u> (2014b); <u>NOMIS</u> (2018).

Appendix 6: European Structural and Investment Fund Total and Per Capita Allocation 2014-2020 by LEP

LEP	Allocation (€)	Allocation (£)	Population (2016)	ESIF (£ per Capita)	GDHI (million) (2015) (£)
Buckinghamshire Thames Valley	13,900,000	11,882,258	534,720	22	14050
Enterprise M3	45,700,000	39,066,129	1,684,790	23	43579
Oxfordshire	19,400,000	16,583,871	683,169	24	15682
Thames Valley Berkshire	28,700,000	24,533,871	896,823	27	20641
Coast To Capital	67,300,000	57,530,645	2,014,803	29	45443
Solent	43,100,000	36,843,548	1,062,966	35	
South East	185,900,000	158,914,516	4,170,396	38	82836
(GCGP) Cambridgeshire & Peterborough CA	75,500,000	64,540,323	1,435,550	45	32330
New Anglia	94,500,000	80,782,258	1,638,144	49	29222
Hertfordshire	69,500,000	59,411,290	1,176,720	50	28253
West Of England	68,600,000	58,641,935	1,131,268	52	21779
Dorset	47,300,000	40,433,871	771,884	52	15205
Gloucestershire	38,300,000	32,740,323	623,129	53	12790
Swindon & Wiltshire	43,600,000	37,270,968	706,314	53	13913
Heart Of The South West	118,300,000	101,127,419	1,727,363	59	31264
South East Midlands	143,300,000	122,498,387	2,001,537	61	39028
York, North Yorkshire & East Riding	97,500,000	83,346,774	1,150,929	72	22184
London	748,600,000	639,932,258	8,787,892	73	232829
Sheffield City Region	203,400,000	173,874,194	1,854,049	94	28442
Humber	102,400,000	87,535,484	927,866	94	14456
Derby, Derbyshire, Nottingham & Nottinghamshire	249,700,000	213,453,226	2,177,990	98	35591
Worcestershire	68,100,000	58,214,516	583,053	100	11294
Leicester & Leicestershire	126,300,000	107,966,129	1,031,300	105	16795
Greater Lincolnshire	133,500,000	114,120,968	1,073,343	106	17474
Greater Birmingham & Solihull	255,800,000	218,667,742	2,013,225	109	32694
Leeds City Region	391,200,000	334,412,903	3,048,545	110	49578
Stoke-On-Trent & Staffordshire	161,600,000	138,141,935	1,120,348	123	18911
Liverpool City Region	221,900,000	189,688,710	1,533,350	124	24387
Greater Manchester	415,600,000	355,270,968	2,782,141	128	43975
Coventry & Warwickshire	136,000,000	116,258,065	909,661	128	16500
Black Country	177,400,000	151,648,387	1,175,682	129	16563

LEP	Allocation (€)	Allocation (£)	Population (2016)	ESIF (£ per Capita)	GDHI (million) (2015) (£)
Cheshire & Warrington	142,200,000	121,558,065	921,184	132	18885
The Marches	113,700,000	97,195,161	675,658	144	12183
Lancashire	266,300,000	227,643,548	1,485,042	153	23929
Cumbria	91,400,000	78,132,258	497,906	157	9294
North East	539,600,000	461,270,968	1,966,902	235	30919
Tees Valley	202,600,000	173,190,323	669,946	259	10252
Cornwall & Isle Of Scilly	592,900,000	506,833,871	555,995	912	9401

Source: House of Commons Library (2017); ONS (2018).

Appendix 8: Number of H2020 Projects Awarded by LEP 2014-2018

LEP	Higher Education Establishments (HES)	Other Entities (OTH)	Private for- profit Companies (PRC)	PUB (Public Bodies)	Research Organisations (REC)	Grand Total
Cumbria	0	2	6	0	0	8
Cornwall & Isles of Scilly	0	2	7	1	0	10
The Marches	2	0	12	0	0	14
Worcestershire	1	1	12	0	0	14
Black Country	10	1	13	0	0	24
Buckinghamshire Thames Valley	2	6	16	0	0	24
Stoke-On-Trent & Staffordshire	13	1	10	0	0	24
Tees Valley	8	0	8	0	9	25
Greater Lincolnshire	12	0	15	0	0	27
Humber	20	0	9	0	1	30
Dorset	17	2	14	0	0	33
Gloucestershire	7	9	24	1	1	42
Lancashire	34	0	25	3	0	62
Cheshire and Warrington	0	0	64	0	3	67
Hertfordshire	13	5	46	0	17	81
New Anglia	35	3	18	0	35	91
South East	48	3	53	1	3	108
York, North Yorkshire & East Riding	74	7	19	0	10	110
Leicester and Leicestershire	88	0	25	2	0	115
Liverpool City Region	94	5	21	0	5	125
Thames Valley Berkshire	39	2	62	1	34	138
Coast to Capital	72	4	58	4	1	139
Solent	120	3	24	4	1	152
South East Midlands	93	9	43	4	4	153
Derby, Derbyshire, Nottingham and Nottinghamshire	131	5	44	1	0	181
Heart of the South West	123	2	25	21	18	189
Sheffield City Region	153	6	61	4	3	227
Coventry and Warwickshire	131	11	72	3	15	232
North East	188	3	42	5	5	243
Swindon and Wiltshire	0	0	26	19	202	247
Enterprise M3	99	2	139	0	11	251
Greater Birmingham & Solihull	226	6	29	10	0	271
Greater Manchester	209	11	46	8	2	276
West of England	214	11	45	5	6	281
Leeds City Region	244	8	40	15	39	346
Oxfordshire	362	17	77	2	15	473

LEP	Higher Education Establishments (HES)	Other Entities (OTH)	Private for- profit Companies (PRC)	PUB (Public Bodies)	Research Organisations (REC)	Grand Total
(GCGP) Cambridgeshire &	378	14	185	2	76	655
Peterborough CA						
London	1058	101	677	108	146	2090
Total	4318	262	2112	224	662	7578

Source: EU Open Data Portal - As downloaded on 17th May 2018.

Appendix 9: Value of H2020 Projects by LEP 2014-2018 (Euros)

LEP	Higher Education Establishments (HES) (€)	Other Entities (OTH)	Private for-profit Companies (PRC) (€)	PUB (Public Bodies) (€)	Research Organisations (REC) (€)	Grand Total (€)
The Marches	-	-	390,200 €	-	-	390,200 €
Cumbria	-	316,736 €	391,021 €	_	-	707,757 €
Cornwall and Isles of Scilly	-	107,500 €	674,376 €	13,750 €	-	795,626 €
Worcestershire	-	110,300 €	1,147,733 €	-	-	1,258,033 €
Buckinghamshire Thames Valley	195,000 €	1,245,699 €	662,090 €	-	-	2,102,789 €
Black Country	785,832 €	451,250 €	1,085,299 €	_	-	2,322,381 €
Dorset	2,746,150 €	158,500 €	990,950 €	_	-	3,895,600 €
Greater Lincolnshire	3,221,219 €	-	1,692,960 €	_	-	4,914,179 €
Tees Valley	1,249,780 €	-	901,250 €	_	4,255,870 €	6,406,900 €
Gloucestershire	962,739 €	2,115,136 €	3,354,342 €	153,690 €	129,580 €	6,715,487 €
Humber	6,052,193 €	-	1,755,817 €	-	-	7,808,010 €
Stoke-On-Trent and Staffordshire	6,360,026 €	195,000 €	3,259,012 €	_	-	9,814,038 €
Lancashire	4,894,472 €	-	5,466,272 €	360,055 €	-	10,720,799 €
Hertfordshire	1,130,871 €	535,705 €	6,497,917 €	-	4,286,810 €	12,451,303 €
South East	6,158,029 €	887,063 €	5,490,926 €	498,250 €	-	13,034,268 €
Cheshire and Warrington	-	-	15,734,145 €	-	556,450 €	16,290,595 €
York, North Yorkshire and East Riding	12,957,850 €	1,522,512 €	2,693,303 €	_	1,083,781 €	18,257,446 €
Leicester and Leicestershire	17,959,693 €	-	4,172,868 €	281,000 €	-	22,413,561 €

South East Midlands	14,838,880 €	922,500 €	5,246,848 €	333,875 €	2,684,043 €	24,026,146 €
Coast to Capital	16,407,909 €	970,572 €	9,458,374 €	814,396 €	-	27,651,251 €
Thames Valley Berkshire	8,995,284 €	101,500 €	9,736,203 €	60,031 €	9,581,266 €	28,474,284 €
Liverpool City Region	25,343,223 €	823,406 €	2,628,219 €		1,485,400 €	30,280,248 €
				-		
New Anglia	12,213,754 €	316,875 €	1,011,270 €		18,234,689 €	31,776,588 €
				-		
Derby, Derbyshire, Nottingham &	25,734,032 €	791,280 €	8,660,364 €	36,000 €	-	35,221,676 €
Nottinghamshire						
Heart of the South West	31,812,545 €	163,500 €	3,216,636 €	1,704,455 €	7,247,830 €	44,144,966 €

LEP	Higher Education Establishments (HES) (€)	Other Entities (OTH)	Private for-profit Companies (PRC) (€)	PUB (Public Bodies) (€)	Research Organisations (REC) (€)	Grand Total (€)
Solent	38,530,916 €	32,625 €	6,458,719 €	364,800 €	-	45,387,060 €
Enterprise M3	17,819,807 €	288,750 €	25,424,681 €	-	2,300,994 €	45,834,232 €
Greater Birmingham and Solihull	40,796,006 €	456,551 €	11,198,554 €	1,139,081 €	-	53,590,192 €
Coventry and Warwickshire	40,447,716 €	594,985 €	11,085,283 €	543,750 €	3,486,670 €	56,158,404 €
North East	46,751,618 €	241,920 €	12,001,171 €	930,192 €	2,057,257 €	61,982,158 €
Sheffield City Region	41,280,190 €	172,150 €	29,963,172 €	420,000 €	-	71,835,512 €
Swindon and Wiltshire	-	-	9,956,012 €	1,593,155 €	63,096,122 €	74,645,289 €
Leeds City Region	57,698,476 €	2,250,100 €	3,890,915 €	2,076,941 €	11,561,440 €	77,477,872 €
Greater Manchester	64,607,461 €	1,055,300 €	10,416,585 €	3,049,875 €	919,412 €	80,048,633 €
West of England	77,430,101 €	1,801,150 €	6,500,595 €	3,563,016 €	1,192,385 €	90,487,247 €
Oxfordshire	152,401,319 €	2,368,048 €	15,919,729 €	374,430 €	28,443,305 €	199,506,831 €
(GCGP) Cambridgeshire & Peterborough CA	155,223,469 €	65,853,172 €	32,849,679 €	322,886 €	20,236,090 €	274,485,296 €
London	417,877,161 €	10,371,220 €	132,422,963 €	15,879,853 €	47,056,439 €	623,607,636 €
Total	1,350,883,721 €	97,221,005 €	404,406,453 €	34,513,481 €	229,895,833 €	2,116,920,493 €

Source: <u>EU Open Data Portal</u> downloaded on 17th May 2018.

Appendix 10: List of Universities by LEP

LEP	Number of Universities	Names of Universities (Research-intensive Russell Group Universities are marked in bold).
Black Country	1	University of Wolverhampton
Buckinghamshire Thames Valley	2	University of Buckingham; Buckinghamshire New University
Cheshire and Warrington	1	University of Chester
Coast to Capital	3	University of Brighton; University of Chichester; University of Sussex;
Cornwall & Isles of Scilly	1	University College Falmouth
Coventry & Warwickshire	2	Coventry University; University of Warwick
Cumbria	1	University of Cumbria
Derby, Derbyshire, Nottingham and Nottinghamshire	3	Nottingham Trent University; University of Derby; University of Nottingham
Dorset	2	Arts University College at Bournemouth; Bournemouth University
Enterprise M3	4	Royal Holloway College and Bedford New College; University for the Creative Arts; University of Surrey; University of Winchester
Gloucestershire	2	Royal Agricultural College; University of Gloucester
Greater Birmingham and Solihull	5	Aston University; Birmingham City University; Newman University College, University College Birmingham; University of Birmingham
(GCGP) Cambridgeshire & Peterborough CA	1	University of Cambridge
Greater Lincolnshire	2	Bishop Groseteste University College Lincoln; University of Lincoln
Greater Manchester	5	Royal Northern College of Music; Manchester Metropolitan University; University of Bolton; University of Manchester ; University of Salford
Heart of the South West	3	University of Exeter ; University of Plymouth; University of St Mark & St John
Hertfordshire	1	University of Hertfordshire
Humber	1	University of Hull
Lancashire	3	Edge Hill University; University of Central Lancashire; University of Lancaster
Leeds City Region	10	Leeds College of Art; Leeds College of Music; Leeds Metropolitan University; Leeds Trinity University College; Northern School of Contemporary Dance; University of Bradford; University of Huddersfield; University of Leeds; University of York; York St John University
Leicester and Leicestershire	3	De Montford University; Loughborough University; University of Leicester
Liverpool City Region	4	Liverpool Hope University; Liverpool John Moores University; Liverpool Institute for Performing Arts; University of Liverpool

Birbeck College; Brunel University; Central School of Speech and
Drama; City University; Conservatoire for Dance and Drama; Courtauld Institute of Art; Goldsmith's College; Guildhall School of Music and Drama; Heythrop College; Imperial College of Science, Technology and Medicine; Institute of Cancer Research, Institute of Education, University of London; King's College London; Kingston University; London Business School; London Metropolitan University; London School of Economics and Political Science; London School of Hygiene and Tropical Medicine; London South Bank University; Middlesex University; Queen Mary, University of London; Ravensbourne Ltd, Roehampton University; Rose Burford College; Royal Academy of Music; Royal College of Art; Royal College of Music; Royal Cancer Hospital; Royal Veterinary College; School of Pharmacy, University of London; School of Oriental and African
Studies; School of Pharmacy, University of London; St George's
Hospital Medical School; St Mary's University College, Twickenham;
University of West London; University of Westminster; Trinity Laban
College of Music and Dance London; University College London;
University of East London; University of Greenwich; University of
London; University of the Arts, London Norwich University College of the Arts; University Campus Suffolk Ltd;
University of East Anglia
<u> </u>
Northumbria at Newcastle; University of Sunderland
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Sheffield Hallam University; University of Sheffield
Southampton Solent University; University of Portsmouth; University of Southampton
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University of Essex; University of Kent; Wittle College
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University of Buckingham; University of Northampton
Starrorasime orniversity, orniversity or Reele
Teeside University
University of Reading
Harper Adams University; NMiTE; University Centre Shrewsbury; University of Wolverhampton;
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University of Worcester
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Appendix 11: Value of Gateway to Research Funding Awarded by LEP 2012-2021

LEP	Total Sum of Awards	Total Sum of Expenditure
Cornwall and Isles of Scilly	£7,349,200	£0
Cumbria	£12,412,640	£0
Worcestershire	£18,236,057	£0
Dorset	£22,722,627	£0
Black Country	£23,410,064	£0
The Marches	£24,323,672	£0
Humber	£31,389,783	£0
Greater Lincolnshire	£36,176,658	£0
Swindon and Wiltshire	£43,769,102	£4,833,160
Buckinghamshire Thames Valley	£46,767,403	£0
Stoke-On-Trent and Staffordshire	£48,999,532	£367,435
Tees Valley	£68,071,415	£0
Cheshire and Warrington	£123,537,359	£0
Hertfordshire	£147,217,465	£73,040,680
Gloucestershire	£147,773,671	£0
Coast to Capital	£153,911,623	£1,636,810
Thames Valley Berkshire	£193,438,184	£0
Lancashire	£205,944,561	£118,649
Northern Ireland	£236,907,501	£4,663,265
New Anglia	£245,068,313	£89,923,470
Wales	£295,332,917	£25,818,411
Leicester and Leicestershire	£321,286,264	£15,961,953
York, North Yorkshire & East Riding	£347,546,701	£1,174,757
Heart of the South West	£365,879,493	£1,562,708
South East	£381,956,705	£0
South East Midlands	£387,997,052	£0
Enterprise M3	£397,826,447	£68,547,366
Liverpool City Region	£449,741,348	£6,613,205
North East	£482,215,599	£6,964,731
Sheffield City Region	£551,977,688	£3,841,348
D2N2	£606,622,880	£56,048,881
Solent	£687,242,694	£19,149,707
Coventry and Warwickshire	£864,635,745	£1,161,987
Leeds City Region	£925,376,246	£4,342,524
Greater Birmingham and Solihull	£997,002,402	£5,849,843
Greater Manchester	£1,064,963,586	£28,209,267
West of England	£1,132,589,524	£19,427,770
(GCGP) Cambridgeshire and Peterborough CA	£1,373,377,116	£175,321,397
Oxfordshire	£1,571,206,837	£216,018,054
Scotland	£2,311,627,994	£151,064,491
Midlands Engine	£3,287,235,599	£79,390,099
Northern Powerhouse	£4,266,176,372	£50,089,724
London	£4,891,856,683	£202,778,596

Appendix 12: Arts and Humanities Research Council Funding Awarded by LEP 2012-2021

LEP	AHRC Award Value	AHRC Expenditure Value (£)
Cumbria	£0	£0
Worcestershire	£0	£0
Black Country	£0	£0
The Marches	£0	£0
Swindon and Wiltshire	£0	£0
Tees Valley	£0	£0
Gloucestershire	£0	£0
Cornwall and Isles of Scilly	£559,284	£0
Cheshire and Warrington	£763,433	£0
Greater Lincolnshire	£1,206,220	£0
Hertfordshire	£1,420,987	£0
Stoke-On-Trent and Staffordshire	£3,023,047	£0
Dorset	£3,302,839	£0
Humber	£3,581,003	£0
Coast to Capital	£4,676,923	£0
Buckinghamshire Thames Valley	£4,898,413	£0
New Anglia	£6,597,371	£0
Solent	£7,268,867	£0
South East Midlands	£7,745,317	£0
Thames Valley Berkshire	£7,778,650	£0
Leicester and Leicestershire	£9,421,548	£0
South East	£9,431,932	£0
Liverpool City Region	£9,550,043	£0
Coventry and Warwickshire	£10,458,646	£0
Wales	£10,466,882	£0
Sheffield City Region	£10,603,658	£0
Lancashire	£12,251,799	£0
(GCGP) Cambridgeshire and Peterborough CA	£14,309,743	£0
York, North Yorkshire & East Riding	£15,752,385	£0
Heart of the South West	£15,841,278	£0
D2N2	£15,898,261	£0
North East	£16,207,601	£0
Enterprise M3	£16,914,642	£0
Greater Birmingham and Solihull	£18,425,779	£0
Northern Ireland	£19,081,152	£0
Greater Manchester	£20,489,429	£0
Oxfordshire	£26,084,153	£0
West of England	£30,952,643	£0
Leeds City Region	£49,049,400	£0

LEP	AHRC Award Value	AHRC Expenditure Value (£)
Scotland	£64,361,891	£0
Midlands Engine	£66,178,818	£0
London	£124,351,904	£0
Northern Powerhouse	£130,241,683	£0

Appendix 13: Biotechnology and Biological Sciences Research Council Funding Awarded by LEP 2012-2021

LEP	BBSRC Award Value (£)	BBSRC Expenditure Value (£)	
Cumbria	£0	£0	
Dorset	£0	£0	
Black Country	£0	£0	
Swindon and Wiltshire	£0	£0	
Buckinghamshire Thames Valley	£0	£0	
Gloucestershire	£0	£0	
Tees Valley	£35,000	£0	
Cheshire and Warrington	£147,637	£0	
Worcestershire	£192,610	£0	
Cornwall and Isles of Scilly	£192,770	£0	
Humber	£935,444	£0	
Greater Lincolnshire	£1,767,075	£0	
The Marches	£1,786,878	£0	
Stoke-On-Trent and Staffordshire	£4,909,448	£0	
South East Midlands	£9,474,472	£0	
Lancashire	£9,656,470	£0	
Northern Ireland	£13,211,562	£0	
Coast to Capital	£16,907,184	£0	
Thames Valley Berkshire	£24,005,607	£0	
Wales	£25,723,506	£25,110,192	
Leicester and Leicestershire	£27,540,648	£0	
Hertfordshire	£28,659,249	£73,040,680	
South East	£35,104,851	£0	
Heart of the South West	£40,860,293	£0	
Solent	£43,995,336	£0	
North East	£45,275,974	£0	
Greater Birmingham and Solihull	£47,263,871	£0	
Enterprise M3	£49,438,461	£67,832,018	
Sheffield City Region	£49,773,480	£0	
Liverpool City Region	£56,778,738	£0	
York, North Yorkshire & East Riding	£58,350,237	£0	
Coventry and Warwickshire	£80,350,742	£0	
West of England	£103,450,341	£0	
D2N2	£106,701,090	£0	
Oxfordshire	£123,213,391	£0	
Leeds City Region	£127,726,400	£0	
Greater Manchester	£134,985,949	£0	
New Anglia	£149,542,581	£88,442,361	
(GCGP) Cambridgeshire and Peterborough Combined Authority	£209,734,329	£54,674,953	

LEP	BBSRC Award Value (£)	BBSRC Expenditure Value (£)
Midlands Engine	£278,199,956	£0
Scotland	£329,340,377	£43,822,702
London	£334,567,697	£0
Northern Powerhouse	£435,479,536	£0

Appendix 14: Engineering and Physical Sciences Research Council Funding Awarded by LEP 2012-2021

LEP	EPSRC Award Value (£)	EPSRC Expenditure Value (£)
Cumbria	£0	£0
Worcestershire	£0	£0
Dorset	£0	£0
Black Country	£0	£0
Swindon and Wiltshire	£0	£0
Buckinghamshire Thames Valley	£0	£0
Cheshire and Warrington	£0	£0
Gloucestershire	£0	£0
Cornwall and Isles of Scilly	£438,505	£0
Tees Valley	£560,351	£0
The Marches	£757,867	£0
Stoke-On-Trent and Staffordshire	£2,927,416	£0
Hertfordshire	£3,559,341	£0
Greater Lincolnshire	£6,517,482	£0
Humber	£7,449,167	£0
New Anglia	£12,933,446	£0
Thames Valley Berkshire	£17,500,956	£0
Coast to Capital	£19,667,738	£0
South East	£22,036,198	£0
South East Midlands	£64,187,906	£0
Lancashire	£69,480,832	£0
Northern Ireland	£79,121,351	£0
Heart of the South West	£98,028,805	£0
Wales	£115,431,203	£0
York, North Yorkshire & East Riding	£117,054,797	£0
Liverpool City Region	£119,431,492	£0
Leicester and Leicestershire	£127,407,451	£0
Enterprise M3	£131,272,546	£0
North East	£174,009,528	£0
Coventry and Warwickshire	£201,533,982	£0
D2N2	£230,387,964	£0
Greater Birmingham and Solihull	£239,914,957	£0
Sheffield City Region	£280,010,382	£0
Solent	£321,867,547	£0
Leeds City Region	£375,036,422	£0
West of England	£429,819,977	£0
Oxfordshire	£457,057,959	£0
(GCGP) Cambridgeshire and Peterborough Combined Authority	£491,420,253	£0
Greater Manchester	£534,750,482	£0

Scotland	£789,761,278	£0
Midlands Engine	£872,877,158	£0
London	£1,336,135,929	£0
Northern Powerhouse	£1,624,916,562	£0

Appendix 15: Economic and Social Research Council Funding Awarded by LEP 2012-2021

LEP	ESRC Award Value (£)	ESRC Expenditure Value (£)
Cornwall and Isles of Scilly	£0	£0
Cumbria	£0	£0
Black Country	£0	£0
The Marches	£0	£0
Swindon and Wiltshire	£0	£0
Buckinghamshire Thames Valley	£0	£0
Cheshire and Warrington	£0	£0
Gloucestershire	£0	£0
Tees Valley	£101,564	£0
Worcestershire	£314,116	£0
Hertfordshire	£540,560	£0
Dorset	£636,913	£0
Greater Lincolnshire	£1,156,925	£0
Humber	£1,173,426	£0
Stoke-On-Trent and Staffordshire	£1,717,410	£0
Thames Valley Berkshire	£6,225,706	£0
New Anglia	£9,883,115	£0
South East Midlands	£10,535,071	£0
Derby, Derbyshire, Nottingham and Nottinghamshire	£15,183,468	£0
Enterprise M3	£17,424,760	£0
Leicester and Leicestershire	£18,560,343	£0
York, North Yorkshire and East Riding	£19,589,084	£0
Wales	£20,623,724	£0
Greater Birmingham and Solihull	£21,774,343	£0
Northern Ireland	£24,538,217	£0
North East	£26,334,262	£0
Coast to Capital	£27,221,711	£0
Lancashire	£28,007,380	£0
Heart of the South West	£28,895,492	£0
Liverpool City Region	£31,920,607	£0
Sheffield City Region	£32,940,728	£0
West of England	£35,205,023	£0
Leeds City Region	£44,423,300	£0
Solent	£45,067,594	£0
Greater Manchester	£49,717,470	£0
(GCGP) Cambridgeshire and Peterborough CA	£50,020,873	£0
Coventry and Warwickshire	£51,186,314	£0
Oxfordshire	£76,056,598	£0

LEP	ESRC Award Value (£)	ESRC Expenditure Value (£)
Midlands Engine	£120,427,990	£0
Scotland	£137,965,890	£0
South East	£166,717,496	£0
Northern Powerhouse	£225,153,808	£0
London	£402,171,726	£0

Appendix 16: Innovate UK Funding Awarded by LEP 2012-2021

LEP	Innovate UK Award Value (£)	Innovate UK Expenditure Value (£)
Cornwall and Isles of Scilly	£5,764,979	£0
Humber	£10,539,597	£0
Cumbria	£12,402,640	£0
Worcestershire	£17,561,920	£0
Dorset	£18,116,558	£0
The Marches	£21,518,125	£0
New Anglia	£21,633,827	£0
Black Country	£23,410,064	£0
Greater Lincolnshire	£23,862,890	£0
Lancashire	£26,201,701	£0
Stoke-On-Trent and Staffordshire	£27,402,317	£0
Buckinghamshire Thames Valley	£41,854,042	£0
Swindon and Wiltshire	£43,495,669	£0
Coast to Capital	£46,835,529	£0
Heart of the South West	£50,611,123	£0
Leicester and Leicestershire	£56,093,235	£0
Liverpool City Region	£59,726,549	£0
Tees Valley	£67,374,500	£0
Thames Valley Berkshire	£67,381,063	£0
Northern Ireland	£67,872,518	£0
Greater Manchester	£71,780,598	£0
Wales	£73,578,120	£0
Sheffield City Region	£81,777,856	£0
York, North Yorkshire and East Riding	£83,002,363	£0
Hertfordshire	£87,166,610	£0
Solent	£93,847,302	£0
North East	£96,449,931	£0
Leeds City Region	£103,454,116	£0
Cheshire and Warrington	£122,278,414	£0
Derby, Derbyshire, Nottingham and Nottinghamshire	£134,510,217	£0
South East	£135,379,079	£0
Enterprise M3	£142,732,768	£0
Gloucestershire	£147,763,891	£0
(GCGP) Cambridgeshire & Peterborough CA	£213,368,738	£0
South East Midlands	£270,433,009	£0
Oxfordshire	£366,675,528	£0
West of England	£379,330,644	£0
Scotland	£404,843,684	£0
Coventry and Warwickshire	£464,504,846	£0
Greater Birmingham and Solihull	£558,806,829	£0

LEP	Innovate UK Award Value (£)	Innovate UK Expenditure Value (£)
Northern Powerhouse	£884,287,982	£0
London	£1,540,973,196	£0
Midlands Engine	£1,559,454,272	£0

Appendix 17: Medical Research Council Funding Awarded by LEP 2012-2021

LEP	MRC Award Value	MRC Expenditure Value
Cornwall and Isles of Scilly	£0	£0
Cumbria	£0	£0
Worcestershire	£0	£0
Dorset	£0	£0
Black Country	£0	£0
The Marches	£0	£0
Greater Lincolnshire	£0	£0
Buckinghamshire Thames Valley	£0	£0
Tees Valley	£0	£0
Cheshire and Warrington	£0	£0
Gloucestershire	£0	£0
Swindon and Wiltshire	£273,433	£4,833,160
South East Midlands	£636,876	£0
Humber	£1,361,438	£0
South East	£2,948,689	£0
New Anglia	£3,347,880	£1,481,109
Stoke-On-Trent and Staffordshire	£3,492,431	£367,435
Lancashire	£4,563,661	£118,649
Hertfordshire	£5,115,165	£0
Thames Valley Berkshire	£8,022,050	£0
Enterprise M3	£8,311,148	£715,348
Coast to Capital	£17,234,078	£1,636,810
Solent	£17,417,641	£16,428,131
Northern Ireland	£17,707,341	£4,663,265
Wales	£18,645,088	£708,219
Heart of the South West	£22,168,807	£1,562,708
York, North Yorkshire and East Riding	£23,689,389	£1,174,757
Leicester and Leicestershire	£27,225,591	£15,961,953
Coventry and Warwickshire	£29,238,636	£1,161,987
Sheffield City Region	£50,254,662	£3,841,348
Greater Birmingham and Solihull	£51,219,848	£5,849,843
Derby, Derbyshire, Nottingham & Nottinghamshire	£55,608,067	£12,766,560
Leeds City Region	£71,316,239	£4,342,524
West of England	£76,463,737	£19,427,770
North East	£82,252,904	£6,964,731
Liverpool City Region	£95,309,961	£6,613,205
Greater Manchester	£126,500,982	£28,209,267
Midlands Engine	£167,421,449	£36,107,778
GCGP Cambridgeshire and Peterborough CA	£218,895,315	£97,394,284
Scotland	£280,990,885	£107,241,789
Oxfordshire	£294,543,985	£127,605,001
Northern Powerhouse	£432,196,723	£50,089,724
London	£869,533,552	£202,778,596

Appendix 18: National Centre for the Replacement, Refinement and Reduction of Animals in Research Funding Awarded by LEP 2012-2021

LEP	NC3Rs Award Value	NC3Rs Expenditure Value
Cornwall and Isles of Scilly	£0	£0
Cumbria	£0	£0
Worcestershire	£0	£0
Dorset	£0	£0
Black Country	£0	£0
The Marches	£0	£0
Swindon and Wiltshire	£0	£0
Buckinghamshire Thames Valley	£0	£0
Tees Valley	£0	£0
Gloucestershire	£0	£0
South East	£0	£0
South East Midlands	£0	£0
Stoke-On-Trent and Staffordshire	£90,000	£0
Thames Valley Berkshire	£90,000	£0
Lancashire	£90,000	£0
Hertfordshire	£240,670	£0
Coventry and Warwickshire	£245,377	£0
Coast to Capital	£270,000	£0
Greater Lincolnshire	£314,015	£0
Cheshire and Warrington	£318,366	£0
West of England	£427,729	£0
Humber	£450,833	£0
Wales	£474,142	£0
Solent	£480,325	£0
New Anglia	£543,346	£0
Northern Ireland	£588,176	£0
Heart of the South West	£592,149	£0
York, North Yorkshire and East Riding	£730,869	£0
Greater Birmingham and Solihull	£1,194,929	£0
Leicester and Leicestershire	£1,404,366	£0
Greater Manchester	£1,467,146	£0
Liverpool City Region	£1,605,067	£0
Enterprise M3	£1,628,825	£0
Sheffield City Region	£1,959,894	£0
Leeds City Region	£2,112,286	£0
Derby, Derbyshire, Nottingham and Nottinghamshire	£2,560,045	£0
North East	£2,897,787	£0
Oxfordshire	£3,532,468	£0
(GCGP) Cambridgeshire and Peterborough CA	£3,822,404	£0

LEP	NC3Rs Award Value	NC3Rs Expenditure Value
Scotland	£5,361,418	£0
Midlands Engine	£5,808,732	£0
London	£7,753,524	£0
Northern Powerhouse	£10,901,379	£0

Appendix 19: National Environment Research Council Funding Awarded by LEP 2012-21

LEP	NERC Award Value	NERC Expenditure Value
Cumbria	£0	£0
Black Country	£0	£0
Swindon and Wiltshire	£0	£0
Buckinghamshire Thames Valley	£0	£0
Tees Valley	£0	£0
Gloucestershire	£0	£0
Cheshire and Warrington	£20,009	£0
Worcestershire	£167,411	£0
The Marches	£260,802	£0
Greater Lincolnshire	£354,717	£0
Cornwall and Isles of Scilly	£393,662	£0
Dorset	£666,317	£0
Stoke-On-Trent and Staffordshire	£1,268,009	£0
Northern Ireland	£2,868,554	£0
Humber	£5,083,372	£0
Enterprise M3	£6,041,284	£0
Coast to Capital	£6,308,580	£0
South East	£7,779,874	£0
Coventry and Warwickshire	£8,160,492	£0
Hertfordshire	£9,454,208	£0
South East Midlands	£13,259,604	£0
Leicester and Leicestershire	£22,216,876	£0
York, North Yorkshire and East Riding	£23,247,243	£0
Sheffield City Region	£23,780,739	£0
Wales	£24,446,358	£0
Liverpool City Region	£24,880,618	£0
Lancashire	£25,132,149	£0
Greater Birmingham and Solihull	£28,971,269	£0
North East	£35,281,889	£0
Derby, Derbyshire, Nottingham and Nottinghamshire	£38,362,834	£43,282,321
New Anglia	£40,586,747	£0
Greater Manchester	£48,006,693	£0
West of England	£59,360,382	£0
Thames Valley Berkshire	£60,655,532	£0
(GCGP) Cambridgeshire and Peterborough CA	£88,616,402	£23,252,160
Heart of the South West	£100,084,767	£0
Midlands Engine	£112,761,212	£43,282,321
London	£123,359,593	£0
Leeds City Region	£131,172,502	£0
Solent	£133,790,234	£2,721,576
Oxfordshire	£137,411,375	£72,306,915
Scotland	£168,751,408	£0
Northern Powerhouse	£306,617,575	£0
		downloaded 12th March 2010

Appendix 20: Science and Technology Facilities Council Funding Awarded by LEP 2012-21

LEP	STFC Award Value	STFC Expenditure Value
Cornwall and Isles of Scilly	£0	£0
Worcestershire	£0	£0
Dorset	£0	£0
Black Country	£0	£0
The Marches	£0	£0
Swindon and Wiltshire	£0	£0
Tees Valley	£0	£0
New Anglia	£0	£0
Cheshire and Warrington	£9,500	£0
Gloucestershire	£9,780	£0
Cumbria	£10,000	£0
Buckinghamshire Thames Valley	£14,948	£0
Humber	£815,503	£0
Greater Lincolnshire	£997,334	£0
Thames Valley Berkshire	£1,778,620	£0
South East	£2,558,586	£0
North East	£3,505,723	£0
Stoke-On-Trent and Staffordshire	£4,169,454	£0
Wales	£5,943,894	£0
York, North Yorkshire and East Riding	£6,130,334	£0
Derby, Derbyshire, Nottingham and Nottinghamshire	£7,410,934	£0
Heart of the South West	£8,796,779	£0
Hertfordshire	£11,060,675	£0
South East Midlands	£11,724,797	£0
Northern Ireland	£11,918,630	£0
Coast to Capital	£14,789,880	£0
West of England	£17,579,048	£0
Coventry and Warwickshire	£18,956,710	£0
Sheffield City Region	£20,876,289	£0
Leeds City Region	£21,085,581	£0
Solent	£23,507,848	£0
Enterprise M3	£24,062,013	£0
Greater Birmingham and Solihull	£29,430,577	£0
Lancashire	£30,560,569	£0
Leicester and Leicestershire	£31,416,206	£0
Liverpool City Region	£50,538,273	£0
Greater Manchester	£77,264,837	£0
(GCGP) Cambridgeshire and Peterborough CA	£83,189,059	£0
Oxfordshire	£86,631,380	£16,106,138
Midlands Engine	£104,106,012	£0
Scotland	£130,251,163	£0
London	£153,009,562	£0
Northern Powerhouse	£216,381,124	£0

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