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ESPON

# RISE
## Regional Integrated Strategies in Europe

Targeted Analysis 2013/2/11

ANNEX 5: West Midlands Case Study
15/7/2012

EUROPEAN UNION
Part-financed by the European Regional Development Fund
INVESTING IN YOUR FUTURE

This report presents the final results a Targeted Analysis conducted within the framework of the ESPON 2013 Programme, partly financed by the European Regional Development Fund.

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ANNEX 5

# BIRMINGHAM, WEST MIDLANDS UK: RISE CASE STUDY REPORT

ESPON 2013

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## GLOSSARY

| | |
|---|---|
| AWM | Advantage West Midlands |
| BIS | Department of Business, Innovation and Skills |
| BL | Business Links |
| CIL | Community Infrastructure Levy |
| DCLG | Department of Communities and Local Government |
| DEFRA | Department of Farming and Rural Affairs |
| DWP | Department of Work and Pensions |
| ERDF | European Regional Development Fund |
| ESF | European Social Fund |
| ESPON | European Spatial Planning Observation Network |
| EU | European Union |
| EZ | Enterprise Zones. |
| GDP | Gross Domestic Product |
| GBSLEP | Greater Birmingham and Solihull Local Enterprise Partnership |
| GOR | Government Office for the Region |
| GOWM | Government Office for the West Midlands |
| GVA | Gross Value Added |
| HMG | Her Majesty's Government |
| HMT | Her Majesty's Treasury |
| LEP | Local Enterprise Partnership |
| LBRO | Local Better Regulation Office |
| NDPB | Non-departmental public bodies |
| NPPF | National Planning Policy Framework |
| NUTS | Nomenclature of Territorial Units for Statistics |
| PPS | Purchasing Power Standard |
| RDA | Regional Development Agency |
| RGF | Regional Growth Fund |
| RIS | Regional Integrated Strategies |
| RISE | Regional Integrated Strategies in Europe |
| RES | Regional Economic Strategy |
| RSS | Regional Spatial Strategy |
| SFA | Skills Funding Agency |
| TIF | Tax Increment Financing |
| TTWA | Travel to Work Area |
| UK | United Kingdom |
| UKCES | United Kingdom Commission for Employment and Skills |
| UKTI | United Kingdom Trade and Investment |
| WMC | West Midlands Councils |
| WMRA | West Midlands Regional Assembly |
| WMRO | West Midlands Regional Observatory |

# INTRODUCTION

The ESPON funded project *Regional Integrated Strategies in Europe: Identifying and exchanging best practice in their development* involves four case studies: Birmingham/West Midlands in the United Kingdom, Region Zealand in Denmark, the Randstad Region in the Netherlands and Västerbotten in Sweden. This report presents the case study for Birmingham/West Midlands in the United Kingdom.

The overall objective of the project is to develop a knowledge and understanding of *regional* integrated strategies – of their emergence and of their operation – in Europe. It is argued that integrated spatial planning is able to help secure efficiency gains through improved *vertical* integration of activities across spatial scales and *horizontally* between regions (Kidd, 2007). The aim this case study is to analyse and to understand whether and how actors involved in developing a particular *region* are achieving policy integration and thus higher levels of efficiency and effectiveness.

It should be noted that the concept, *region*, is italicised. This is because regions and regional level institutions are in the process of being scrapped in the UK. The emphasis is on *localities* at the sub-national level. However, the Regional Studies Association has suggested that Localism is the New Regionalism; there may be case for continuing to use the term region (Ward and Hardy, 2012). It should also be noted that the United Kingdom consists of Wales, Scotland and Northern Ireland, as well as England and different organisational arrangements exist in the other localities in the UK than in England. However for the sake of simplicity, and since it is common parlance to do so, the report uses the term UK rather than referring to England.

Following the election of a Coalition Government in the UK in May 2010, the new administration abolished all regional level institutions, among them the Regional Development Agencies, which had been responsible for strategic economic development and, in effect, along with this, all regional strategies and plans. The new Government proposed that Local Enterprise Partnerships (LEPs) be set up at a sub-regional level, to take on various functions related to strategic planning and economic development. The situation has been continuously evolving, as Government Ministers have made successive pronouncements about economic development and planning arrangements in regard to the LEPs and the role of other administrative tiers in relation to economic development, planning and housing and governance and other matters. Policy statements are continuously emerging and it can be argued policy is being made in a piecemeal way. It can be said that the role and position of the LEPs has not been finalised. Further developments are expected. To date, 39 LEPs have been set up; their jurisdictions do not cover the whole of England. This report concerns the Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP).

The report begins with a description of the background to the changing pattern of economic governance in the UK, the abolition of regions and the regional tier of administration and the establishment of LEPs, which are based on 'functioning economic geographies' at sub-national level. The report then presents a regional profile to contextualise the LEP area in its regional setting. The report next turns to look at the emerging politico-administrative system for strategic spatial and economic development and planning in the UK and more specifically in the Greater Birmingham and Solihull LEP locality. This section relies mainly on written sources on policy. This is followed by the discussion of findings from semi-structured interviews with LEP Board members, local government officials and stakeholders involved in the LEP, about their perceptions, attitudes and experiences of the LEP and the extent of policy integration in the work of the LEP. It should be noted that the interviews were carried out before information on the GBSLEP strategy and spatial framework became available. Government economic, economic development and planning policy was also evolving during the course of the study. This posed some difficulty in producing the case study report as information was not available. However, the study has provided the opportunity to observe a transformational process; the on-going reform of institutional structures and the extent to which territorial integrative strategic planning is taking place within these new structures. The section following then presents a discussion of the LEP and the work of the GBSLEP in relation to the topics related to the aims of the project: policy integration; policy transfer; forms of governance and issues of meta-governance; and the extent of collaboration. This section is based on a mix of the data sources including the synthesis Literature and Document Review report produced as part of the project. The final section of the report presents the results of a focus group discussion with stakeholders about the extent of territorial integrative strategic planning in GBSLEP and their impressions and opinions on the toolkit derived in the ESPON project for achieving an integrative approach to strategic planning.

# BACKGROUND ANALYSIS: THE CHANGE IN THE ROLE OF THE STANDARD ADMINISTRATIVE REGION WITHIN THE NATIONAL SPATIAL PLANNING SYSTEM IN THE UK

## Regions and Regional Strategic Planning abolished in Great Britain

As noted in the introduction, the situation with regard to the role of the region in the national spatial planning system and in relation to the strategic economic development function in the UK has changed since the election of a Coalition Government in May 2010. Administrative regions no longer exist in England. The Right Honourable Eric Pickles MP, Minister for Communities and Local Government, has said that "the whole concept of 'regional economies' is a non-starter and that [regions are] arbitrary dividing lines across the country for bureaucratic convenience…".[1] All regional institutions

[1] Posted on 10 September 2010 at 16:06 in Eric Pickles MP | Permalink

and all regional scale functions are in the process of being scrapped and handed to other authorities, with spatial planning powers, in particular, being handed back to local authorities. Strategies that were in force in the West Midlands, the Regional Spatial Strategy, the Regional Economic Strategy the Regional Housing Strategy and the Regional Sustainability Strategy, among others, are subject to revocation orders and are due to be scrapped.

Prior to the election, however, in the West Midlands there were two documents, the West Midlands Regional Spatial Strategy (RSS) and the West Midlands Regional Economic Strategy, "Connecting to Success" (RES), that jointly provided an overarching planning framework for the region. They were produced, broadly speaking, under the auspices of the Regional Development Agency (AWM: Advantage West Midlands) and the West Midlands Regional Assembly. The RSS incorporated housing, planning and transport planning, and was the framework for planning strategy and development control at local authority level. The RSS and the RES between them covered all aspects of planning. The original implementation period of the RSS was until 2026, but it is subject to a Revocation Order to be confirmed under the Localism Act, which saw Royal Assent in November 2011 following its passage through the Houses of Parliament. While the RSS and the RES were not integrated in content, by bringing them ultimately under one body, (the RDA) there was an intention to integrate the different planning fields of economic and spatial planning and to replace this with a Single Integrated Regional Strategy (a RIS), which was to have been produced by the RDA, and which would have incorporated economic, housing, transport, environmental, and spatial planning matters.

**Regional Governance Arrangements Scrapped**

Governance arrangements at the regional level in the UK until their abolition were quite complex. The pattern has changed over the period from 1999 when the RDAs were first established. The RDAs were responsible for economic development and policy. Their work was subject to scrutiny by non-elected Regional Chambers. The latter signified a process of decentralisation rather than devolution, full devolution to a regional government being neither electorally or politically acceptable in England. The Regional Chambers were subsequently renamed Regional Assemblies. In common with all the Regional Assemblies, the West Midlands Regional Assembly (WMRA) had scrutiny powers over the work of the Regional Development Agency. It had representation from various stakeholder groups and, in effect a committee of the 'great and good' in the region, it gave a measure of accountability of the RDA's work to interests in the region, not national government. Scrutiny powers were subsequently passed up to a Select Committee of Parliament when the regional assemblies were abolished in March 2010.

The West Midlands Regional Assembly was also the designated regional planning body for the region and was responsible for producing the Regional Spatial Strategy. It was also involved in producing the Housing Strategy. A Regional Planning Partnership was set up to guide the work on the RSS, within a framework set by national Government. The RDA and WMRA, as

‘Responsible Regional Authorities’, later took forward all Regional Spatial Strategy work and was working toward formulating a strategy for the development of the West Midlands region, as noted above, in an integrated regional strategy (a RIS). The Regional Assembly however was wound up on the 31 March 2010, and the work halted.

Other bodies that were in existence in the regions were the Government Offices for the Region (GORs); these representing the presence of central government ministries in the regions. The Government Office for the West Midlands (GOWM) was responsible for co-ordinating the work of all central government departments in the regions, some of which had implications for the work of the RDA. GOWM has been abolished. In addition, the West Midlands Regional Observatory (WMRO), which was responsible for monitoring economic and social trends in the region and providing the evidence base for policy development by AWM, has been scrapped. The government has proposed that regional level statistics will no longer be available; instead statistics will be collated and published for LEP areas.

Local authorities also have a regional level organisation. The West Midlands Leaders Board (comprising Leaders of local authorities in the region) and the West Midlands Local Government Association is now known as West Midlands Councils (WMC). These organisations had had a role in spatial planning. No longer having any status as a responsible authority for planning or for any other statutory function, WMC is an independent member led organisation comprising all 33 local authorities within the West Midlands. It supports, represents and promotes the interests of the local authorities in the West Midlands and the communities they serve.

All national government derived regional level governance structures have been scrapped. England now has Local Enterprise Partnerships and arrangements for strategic planning are different. The report turns to look at the new arrangements.

## THE POLITICO-ADMINISTRATIVE SYSTEM FOR SUB-NATIONAL ECONOMIC DEVELOPMENT AND SPATIAL PLANNING IN THE UK

### Political Structures in the UK

The UK’s political system is organised on three levels: parliament at the national level; the County Councils at a ‘sub-national’ level; and, within the county areas, District and City Councils at the local level. State administration is organised at these three levels: Government ministries at the national level, County Councils at County level and district and city councils at the local level. Prior to the abolition of the regional tier, the regional tier (albeit not democratically accountable) sat between the County and District level, and the national level. It should be noted that some District Councils have unitary status and have the same powers as County councils. Local authorities also

work in partnership at a formal level – in what are known as Local Strategic Partnerships and through Multi Area Agreements, and which attracted government funding. But they also work in partnership informally in, for example, the city-regions. Birmingham and its hinterland is not recognised as being a city region, but other major cities in the UK are, such as Leeds, Sheffield, Manchester and Liverpool. London is not seen as a city-region per se; it is different all together. The presence of a City Mayor, who has particular powers, also gives London a special status. It has retained its Regional Development Agency because it is seen as being democratically accountable, through the elected Mayor.

In addition, there is the EU scale of politics and governance. The abolition of the RDAs and regions has put the UK out of step with Europe in relation to the Structural Funds. When the LEPs were announced, and the regional tier of administration abolished, it was proposed that the European Regional Strategies in England be scrapped and that the regional teams that managed the Structural Fund programmes be disbanded. It was proposed instead that there would be a Single Programme for England and that the programme be managed by a national Government Ministry, the Department of Business Innovation and Skills (see below). However, it was decided that skeleton regional teams would be retained as the managing authorities for the Structural Funds, and that they would be placed under the management of the Department of Communities and Local Government (DCLG; see below).

Further developments however can clearly be expected in relation to the administration of the Structural Funds, particularly given the intention of the European Commission to further devolve responsibility for the management of programmes under the proposed regulations for the 2014-2020 programming period. It is not clear what will happen in the UK. There is an issue of whether the 'regional' teams will be kept in place, or whether the LEPs or local authorities will be empowered to act as managing agents for the structural funds. It remains to be seen whether the Commission will allow this; it is understood that there is only one case in the EU where an authority at such a level is empowered to manage the programmes. Regional teams might be kept in place in DCLG or the LEPs might be given the authority to act as managing agents, although there are indications that the latter will not be the case.

**The Institutional Framework for Sub-national Economic Development and Spatial Planning in the UK**

The election of the Coalition Government in the UK in May 2010 saw a recasting of the structure and role, as well as policies, of central government institutions as they affect and shape sub-national spatial and economic development. One of the key ministries to have a role is the Department of Business, Innovation and Skills (BIS), with Dr Vince Cable (a Liberal Democrat) as Secretary for State, has a vision of "building a new and more responsible economic model". Among its competences are enterprise and business development, business sectors, innovation, science and technology policy but also skills and higher and further education. A number of activities

are delivered by non-departmental public bodies (NDPB) over which BIS has some purview. Skills funding, for example, is delivered through the Skills Funding Agency and at the strategic level by the United Kingdom Commission for Employment and Skills (UKCES) and its Sector Skills Councils, which carry out research on skills needs. BIS also is responsible for Business Links (BL), which has the role of providing business support; BL had a regional presence but it is now provided via a telephone and on-line service. Inward investment is handled by United Kingdom Trade and Investment (UKTI), another NDPB reporting to BIS. BIS has been developing an Industrial Strategy for the UK. It is in nascent form but has a number of elements in it including Innovation and Technology policy.

The Department of Communities and Local Government (DCLG) is headed by Eric Pickles (a Conservative) as Secretary of State and has a policy remit that includes: Communities and neighbourhoods; Fire and resilience; Housing; Local government; Planning, building and the environment and Regeneration and economic growth. It is responsible for the Local Enterprise Partnerships. Other key Ministries are the Department of Work and Pensions (DWP), which is responsible for welfare and pension policies; the Department of Transport; the Department of Farming and Rural Affairs (DEFRA); and the Treasury (HMT). Her Majesty's Treasury is seen in the UK as being all powerful; it has tight control over public expenditure including expenditure at sub-national level.

Local authorities in the UK are responsible for a range of functions including of relevance to this study, planning and economic development. Funding comes from local rates (a property tax); central government, for special programmes; and the EU, if the locality is eligible for EU funds. However, the UK is also seeing increasing privatisation of public services, in particular, but not only, through the development of Social Enterprises which the Coalition Government is promoting under the banner of the notion of 'Big Society' and the notion of 'localism'. Social Enterprises are seen as a way of empowering people. The Government is also enabling private sector companies to bid to provide state run services. The argument is that the private sector can provide services more efficiently than the public sector and, it reduces the tax bill.

The developments in the UK must be seen in the context of the neo-liberal agenda of the Coalition Government, in which it is pursuing a policy of reducing the public sector budget deficit through making cuts in public expenditure and increasing indirect taxation. The Government also wants to rebalance the economy away from a reliance on the public sector to the private sector as the creator of jobs. It is aiming to foster the growth and development of the private sector. The Conservatives argue that the state imposes barriers to the development of the private sector, especially land use planning. Deregulation is an important element of the pursuit of free market policies which characterise a neo-liberal agenda. The abolition of the RDAs can be seen in the light of this agenda as can the reform of the land use planning system, as well the establishment of the LEPs.

**Local Enterprise Partnerships**

LEPs are "joint local authority-business bodies brought forward by local authorities themselves to promote local economic development" (HMG, 2010: p10). LEPs are seen as a new way of securing economic development and have been given the role of overseeing planning, housing, transport and infrastructure, employment, and enterprise and business start ups. In practice LEPs will not take on overseeing all these functions. The functions of the LEPs are not statutorily defined; it is a permissive regime as LEPs can decide what they want to do, within the broad remit of securing private sector-led growth. The LEPs are, in effect, a committee of the 'great and good' in a locality. The chair of a LEP has to be a businessperson and its membership has to consist of a number of business and local authority representatives (Councillors). Membership, which is voluntary, can include representatives from the education sector and the voluntary and community sector. However there are questions about how representative the membership is. Some LEPs have a wider governance structure with working groups, which involve a wider constituency. Being so constituted, however, there is also an issue about the legal status of LEPs. Some of the 39 LEPs set up so far have chosen to adopt a legal status as a limited company. This assures a degree of accountability and lines of legal responsibility, the latter particularly important should the LEPs to be allocated funds from Central Government or the European Union, were LEPs to be designated managing agents for the Structural Funds.

The LEPs represent 'localism'; the handing over of power to the local level for economic development and planning. The reasons for the shift in the territorial identity and the local being seen as the relevant territorial unit for spatial planning, and the decentralisation from the regional to (what we might call in the UK) the 'sub-regional' regions, like cities or combinations of districts, is that the government sees regions as being arbitrary. The territorial dimension of LEPs is shaped by the notion of 'functioning economic geographies', self contained spaces within which economic activity takes place. LEPs are said to "better reflect the natural economic geography of the areas they serve and hence to cover real functional economic and travel to work areas" (HMG, 2010: p10). Defined as such it means that they can cover several local authority areas.

The government also wants to shift control to the local level, in order to empower people and to engender civic responsibility (Conservative Party, 2009). However, LEPs are essentially voluntaristic, non-democratic bodies and have no statutory powers or resources. Day-to-day organizational support for the LEPs is provided by local authority sector partners. Delivery is through the myriad of national and local Governmental and other institutions. At the same time, with the abolition of the regions, many of the levers of economic development which the RDAs held have been passed up to central government (Bentley et al, 2010). The Government however sees LEPs as a new way of securing territorial development and would see itself as *enabling* the LEPs to carry out what is necessary to secure private sector development in their locality. Given it has not set out any statutory duties for the LEPs in the Localism Act 2011 it would appear to free up LEPs to do what they want. The

main GBSLEP ‘lever’ however is *influence*. Difficulties in achieving strategic influence over the multitude of other actors without their own public funding can be anticipated. Personal networks and general local goodwill are essential in promoting action. There are some concerns that the private sector will walk away unless some quick wins can be achieved.

**Spatial Planning Framework**

In addition, in a reform of the planning system, the Coalition Government has introduced the National Planning Policy Framework (NPPF) and Local Development Orders. The NPPF and the Localism Act 2011 also contain formal proposals to make the planning system clearer, more democratic, and more effective. The consultation on the proposals ended on 17 October 2011. The Local Development Order allows a Local Planning Authority to introduce new permitted development rights. In setting out what it sees as a strong basis for economic growth, the Government has established that all developments are covered by a principle of a presumption of sustainable development. Seen as a ‘developer’s charter’, the new provisions will in effect allow developers to build what they want as it means that certain developments will be allowed to go ahead since they will automatically have planning permission. Government sees planning laws as a barrier to development and argues that regulations stifle enterprise in the private sector. The new approach is intended to speed up the development control process so developments can be built without delays.

The NPPF is also tied in with the provisions in the Localism Act 2011on the Duty to Cooperate, and Neighbourhood Planning. In respect of LEPs the Duty to Cooperate is important. Although LEPs are in principle to oversee planning, the NPPF assigns responsibility for planning to Local Authorities and not LEPs. Thus there will be a number of different plans for a LEP area. Given there is a statutory duty for collaboration on cross-boundary matters, needs and plans risk being found ‘unsound’ if local authorities cannot demonstrate the necessary collaborative effort having been made. Liaison between local authorities within the same LEP area is one way this can be achieved. Local authorities can, if they choose, produce joint development plans and these could relate to LEP areas. This will enable them to plan for the housing, transport and infrastructure that local people need.

A neighbourhood planning process is also being introduced whereby local people can have a say in what developments take place. This is to enable communities to say what their area should look like; where new shops, offices or homes should go. New Neighbourhood Development Orders will enable a community to grant planning permission for new buildings they want to see go ahead. Neighbourhood Development Orders will also allow new homes and offices to be built without the developers having to apply for separate planning permission.

## Concluding Remarks on the relationship between National and Local Level of Government and Governance

The relationship between central and local government can be seen as one in which the UK central government is an *enabler*. In tune with its agenda of driving economic growth through a free market principle, the LEPs, "joint business-local authority bodies", based on a group of local authority areas, Government has not ascribed any statutory duties to the LEP in the Localism Act 2011. It is not being prescriptive about the LEP role. The LEP can do what it wants and local authorities in the LEP area are freed by the Localism Act to do anything - provided they do not break other laws (DCLG, 2011a; Bentley, 2012). Nonetheless, Government has set a broad framework for LEPs in charging them with the task of devising an economic strategy for its locality to secure growth in the private sector. That strategy is being formulated by a partnership of local actors. There are issues about how representative the LEPs are and moreover they are essentially undemocratic, 'unelected quangos', are voluntaristic and have no statutory powers or resources. Day to day work is carried out by local authorities. Delivery is through a myriad of local and national agencies. At the same time, many of the levers of economic development held by the former regional scale institutions have been passed up to central government. The LEP is put in the position of having to engage and *influence* the institutions that will deliver its agenda.

In respect of spatial planning, the government has set about simplifying the planning system as it is seen as a barrier to development. Local authorities are now expected to formulate local plans but the new National Planning Policy Framework and Local Development Orders carry the presumption of sustainable development which means that planning permission is automatically granted to development proposals. At the same time, Neighbourhood Planning allows local people to have a say in what developments they want to see go ahead in their locality.

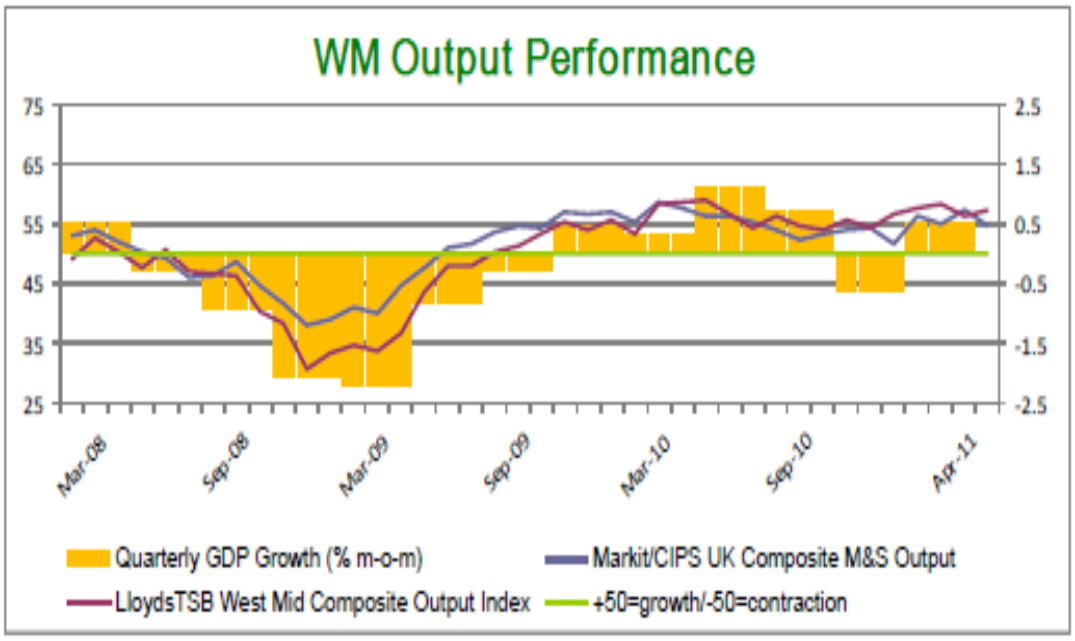
The government has fragmented the institutional framework for a regional scale strategic level integrated planning process by scrapping the regional tier of administration and making LEPs and local authorities responsible for territorial integrative planning. The picture is very much of a permissive nationally level framed policy and a locally devised strategy set by the voluntaristic LEPS but which requires delivery by a multiplicity of national and local institutions. There are also some concerns that the private sector will walk away unless some quick wins can be achieved. This makes it all the more important, as the duty to co-operate requires, that local authorities within the LEP, and in adjacent LEPs, work together in taking an integrated strategic approach to planning on issues that by virtue of their scale geographies transcend their geopolitical boundaries.

# REGIONAL PROFILE

## Current position and trends in the economy of the West Midlands Region

The West Midlands and its capital city, Birmingham, like elsewhere in the UK and in Europe experienced a downturn in economic activity reflecting the impact of the recession stemming from the financial crisis and credit crunch of 2008, which slowed the growth rate of the region's economy. It has, however, shown signs of recovering slightly quicker from the recession than the UK as a whole, quarterly GDP growth becoming positive in autumn 2009 and, although contracting to around -0.6% in several months of late 2010, it rose again, to stand at 0.5% in the early months of 2011 (Figure 1) .

**Figure 1 West Midlands Economic Performance 2008 - 2011**

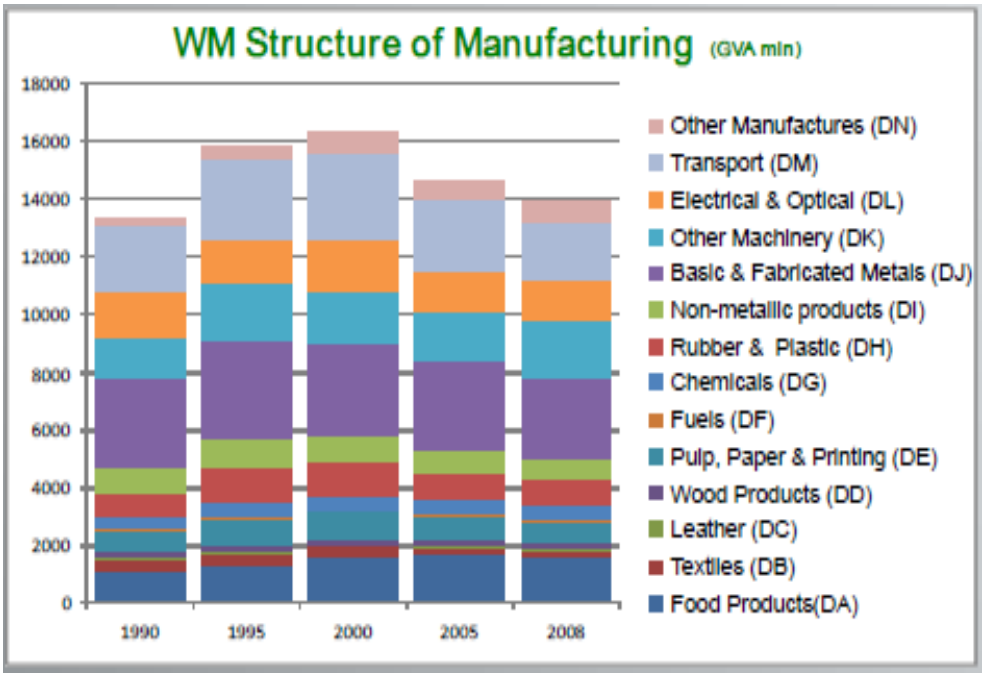



Nonetheless, given that only nominal GVA data is available, it is difficult to assess the true economic performance of the region. The region accounts for 7% of GVA produced in the UK but 11% of population so performs below average. However, with service sector companies and HQs making returns via their London and South East based offices, real output in the region could be understated and so would undoubtedly be higher. Regional data is also becoming increasingly less available since the Coalition Government elected in the spring of 2010 set about abolishing the regional tier of administration, including the Regional Observatories which were responsible for monitoring the state of the region and which were host to a statistician from the Office of National Statistics.

What data is available also shows that the region has an output gap, a structural feature that has been evident for three decades. Between 1969 and 1999, manufacturing GVA increased by 34% but accounting for inflation, it

suggests that real growth was marginal. Since 2000 output levels have regularly fallen in the period up to 2008, which has seen a contraction in output of over 40%. Accordingly, large numbers of jobs have been lost in what are still the core manufacturing sectors of the region, the production of basic and fabricated metals, and machinery (28%), transport equipment (14%) and food products (14%) and the region has shifted from a manufacturing to service economy (See Figure 2). The city of Birmingham has become a noted retail shopping centre and is home to a wholesale market which distributes foodstuffs all over the region and nation, including exotic foodstuffs which are flown into the city via the regional airport.

**Figure 2 West Midlands Manufacturing GVA 1990 - 2008**




Historically, employment in the West Midlands has been dominated by manufacturing, with the major employers in automotive production being Jaguar, Land Rover, JCB and, in the past, Peugeot, and Wedgwood, the china manufacturers and, in foodstuffs, Cadbury. Indeed, in the fourth quarter of 1996 manufacturing accounted for the biggest proportion of workforce jobs in the West Midlands, at 22 per cent of the workforce (575,500 jobs). However, by the fourth quarter of 2010 these figures had changed considerably, with manufacturing only accounting for 11 per cent of workforce jobs (285,500 jobs), a 50% loss in jobs in manufacturing, with notable firms such as MG Rover going out of business and Peugeot closing down operations in the region and moving to Slovakia. But even with an 11 percentage point decline from 1996, the level of manufacturing employment in the region is still among the highest proportions in the UK. The region's employment, in common with national picture, is now concentrated in the service sectors and accounts for 79% of jobs and 50% of regional GVA. Its proximity to London means that Birmingham is not a regional financial capital like Leeds in Yorkshire but nonetheless LloydsTSB Bank (Lloyds was founded

locally in 1765) and other banks as well as a number of management consultancy and legal firms have offices in the region which provide producer services to manufacturing firms, as well as jobs for the region's workforce, as does the public sector which accounts for around 630,000 (27%) jobs.

With a population of 5.6million the region accounts for 10.6% of the UK population. The employment rate for people aged from 16 to 64 was 68% for the period April to June 2011. While it rose over the previous period it was second lowest in the UK where the employment rate was 70.7%. It has since fallen to 67.5%. Unemployment rates in the region have been volatile, rising and falling and rising again since mid 2009. The West Midlands saw the largest decrease in unemployment over 2010 but it has risen again and at a rate of 9.1%, is higher than the 7.9% in the UK as a whole. Looking at the level of worklessness, whilst recent trends show this is falling, the recovery is fragile. The rise in the number of workless people between 2007 and 2009, nearly 100,000 in total, was almost entirely accounted for by an increase in the number of people who were unemployed (those who were actively looking for and available for work). Planned cuts in public spending announced by the new government will have a significant effect on levels of employment in the public sector in the region. As the West Midlands Regional Observatory found from its Policy Assessment Model, this could lead to a further fall of nearly 50,000 in the number of people in employment in the West Midlands by 2016, with the loss of 80,000 public sector jobs being offset by a gain of around 30,000 in the private sector (WMRO, 2010). However, this does not take account of the potential knock-on effects of spending reductions on the private sector where the public sector will no longer purchase goods and services from the private sector, which could wipe out some of the gains in that sector.

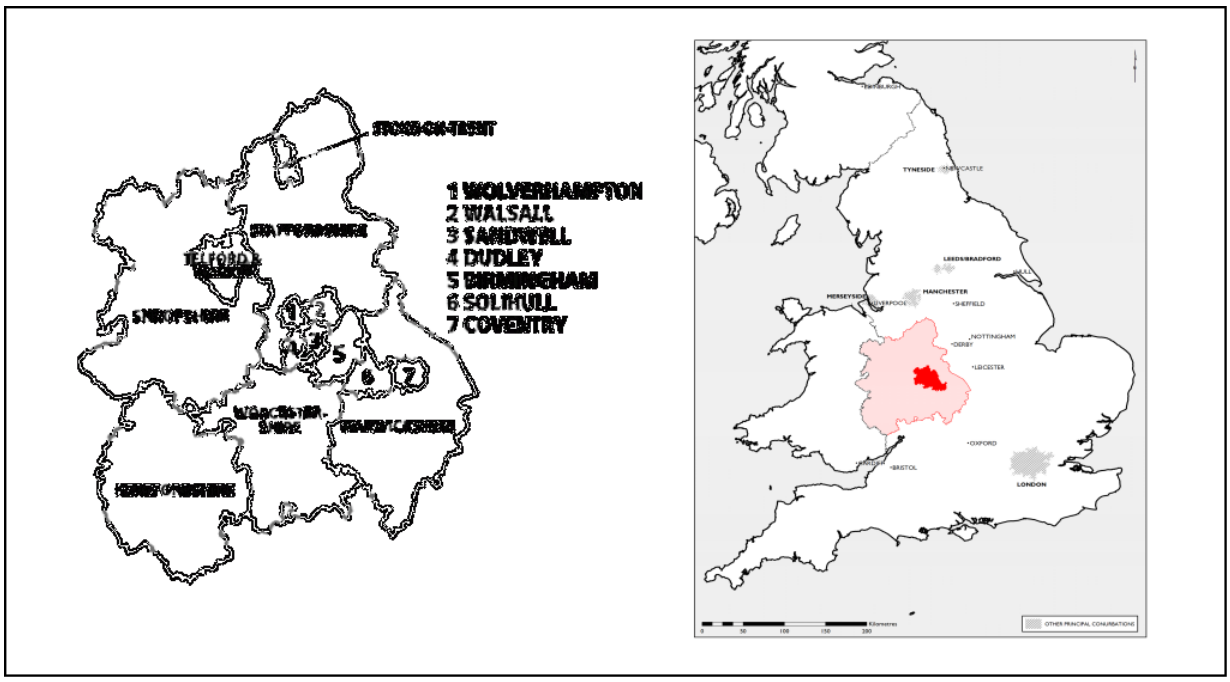
**The natural economic 'sub-regions' within the Region.**

The West Midlands is made up of a diverse mix of places but the most commonly used functional economic areas in Great Britain are the travel to work areas (TTWAs), based on commuting patterns. Official ONS boundaries identify 17 TTWAs centred in the West Midlands, representing distinct labour markets, ranging in size from nearly 700,000 workers in the Birmingham TTWA to just 16,500 in Ludlow. TTWAs are not coterminous with the boundaries of the administrative areas in the region: the counties and the district local authority levels of administration. Within the region there are seven Metropolitan District Councils, three Unitary Authorities, four Shire Counties and 24 District Councils (See Map 1). There is a history of political rivalry between the areas, particularly Birmingham City and other authorities, for example, between the Black Country and Birmingham, Birmingham being seen as dominant in the region.

In functional terms, the West Midlands as a whole, however, is reckoned to be comparatively self-contained (WMRO, 2010). Only a few places have strong links with areas outside its boundaries. The most significant examples are Burton-upon-Trent which has strong links with Derby and southern Derbyshire; North Staffordshire with southern Cheshire; Evesham & South Worcestershire with Cheltenham & North Gloucestershire; and Nuneaton and

Rugby with western parts of Leicestershire and Northamptonshire. Other areas close to the regional boundary have links with neighbouring areas outside but these areas have lower populations so the number of people involved is small.

**Map 1 West Midlands: Local Authorities: Counties and Districts**




Whilst these extra-regional links should not be ignored, the more important economic links for the West Midlands are internal ones. The connections are complex and vary according to the types of relationship being considered. Analysis shows that the areas covered by each of the six Local Enterprise Partnerships in the West Midlands approved by the Government (Greater Birmingham and Solihull; the Black Country (Dudley, Sandwell, Walsall, Wolverhampton); Coventry & Warwickshire; The Marches (Herefordshire, Shropshire and Telford & Wrekin); Stoke on Trent and Staffordshire; and Worcestershire) have relatively self-contained relatively self-contained labour markets, with three-quarters or more of their residents working locally, but each has important links with its neighbours. The West Midlands is a polycentric region with the largest centre being Birmingham. What has been seen is the decline in the Black Country of manufacturing sectors and the continued contraction of the automotive complex in Coventry and the south east of the region.

### The Greater Birmingham/ Solihull/Lichfield LEP economy as a separate 'functioning economy'

The LEPs are set up to reflect a ‘functioning economic geography’. This can be defined in different ways. Self-containment can be seen in terns of travel to work patterns and while self containment can occur at a local authority area, within the Greater Birmingham and Solihull LEP, there is evidence of some self containment is at a wider scale than the city, at a travel to work level.

Indeed, Birmingham city draws over a third of its workforce from outside its boundaries, amounting to over 160,000 people commuting into the city each day. Over half of Solihull's working residents commute outside the borough, predominantly to Birmingham. Birmingham also draws workers from Lichfield and Tamworth. In terms of a functioning economic geography, supply chain relationships also need to be taken into account. Companies in Greater Birmingham and Solihull LEP area have linkages with companies in other parts of the region (as well as the national and European economy) such as Coventry but, in particular, with the Black Country. These areas form part of the conurbation, which is the second largest in the United Kingdom. However, the Black Country elected to form its own LEP and is based around local authority areas in its boundaries.

the Conurbation is part of the West Midlands region but perhaps the correct regional descriptor is a region that contains a major Conurbation, a second conurbation (North Staffordshire) and the City of Coventry each with its own economic linkages and dependant commuters, and other smaller significant centres of economic activity (for example, Shrewsbury and Telford, Hereford, Rugby, Worcester and Bromsgrove) and adjacent and related areas. Indeed, research (Bryson and Taylor, 2006) has identified that the geography of production in the West Midlands is developing into a polycentric economy which has a distinctive economic geography related to local industrial specialisations.

This does mean that the Birmingham, Solihull and Lichfield economy in terms of supply chain relationships extends into the Black Country and Coventry and in that sense is not a separate functioning economy. This makes it all the more important that the LEPs work together to integrate policy agendas on matters that are not indivisible, whilst pursuing their own agendas to secure and sustain economic growth in their respective localities.

## POLICIES TO ADDRESS ISSUES IN THE NEW TERRITORIAL GROUPINGS

### The LEP Policy Agenda

The LEPs have been set up by Government, as noted above, as part of its Localism agenda and are "joint local authority-business bodies brought forward by local authorities to promote local economic development". The LEPs are tasked with formulating a strategy to secure the economic development of their locality. The strategy is to identify what needs to be done to secure private sector led growth and LEPs are to do whatever they see as being necessary to achieve economic development in their locality. Indeed, as noted above, no statutory requirements for the activity of the LEPs have been laid down in the Localism Act 2011. Nonetheless, government has said that LEPs activity could encompass planning, housing, transport and infrastructure, employment, and enterprise and business start ups. In practice, LEPs will not undertake all these functions. In any case LEPs however are not

an implementation agency; they are strategy formulation body and implementation is the role of other institutions. There is also no national level economic development strategy or spatial plan, which would constitute a strategic framework for the strategy of a LEP. Nonetheless, the government has been setting up a number of development schemes or spending programmes which see funding being allocated to projects in LEPs areas. These are discussed below.

LEPs are to formulate a strategy for their local area which identifies what needs to be done. However, this poses an issue for LEPs as many economic development functions, such as inward investment, SME development, sectors and cluster policy, tourism, and European policy, are not localised; they have been passed up to the national level. The responsibility for inward investment, sector leadership, innovation, access to finance and business support has been shifted from the regions to 'Whitehall' (central government ministries). The LEPs have no authority or control over these services. Secondly, the LEPs are not planning authorities; this role lies with local authorities.

LEPs also have few funds directly at their disposal. However, the UK Central Government has in recent months been making announcements about a number of financial instruments by which they are making funds available for developments in LEP localities. The funds are not under the control of the LEPs but are generally being administered by national government, mainly either by BIS or DCLG. More importantly, no funds are available to the LEPs for direct business support measures. The £1.4bn Regional Growth Fund, which has been divided into 3 tranches, is available for business investment and is being disbursed directly to companies by BIS, LEPs having no direct role in its disbursement, but at best only an advisory role. This means that projects that a LEP might want to see go ahead might not get funded and projects that are funded might not synchronise with LEP priorities. Decisions on whom to award RGF to have are being made by a Ministerial Committee headed by Lord Heseltine, a former Conservative Minister for Industry, and Sir Ian Wrigglesworth, a Liberal Democrat, Chairman since 2005 of the Port of Tyne in Newcastle and a ministerial committee. In addition, there is the Growing Places Fund, which is a £500m revolving fund which is to be used in LEP areas to address infrastructure constraints to economic growth and the delivery of jobs and houses. Furthermore, the government has set up the Business Growth Fund, under its 'Merlin' initiative which, as part of its Quantitative Easing programme, in recapitalising the commercial banks, is intended to make capital available to private sector businesses and, in particular, to small businesses to develop. This has all left a capacity gap in the LEP localities.

In line with this, the Government has also declared 21 Enterprise Zones. EZs are sites where planning as well other regulations are simplified and incentives for development are being offered. This includes a 100% discount on business rates for five years for businesses setting up in the Enterprise Zones and the rollout of superfast broadband in the Zones (DCLG, 2011b).

This is not the first time that EZs have been the policy of a Conservative administration; they were introduced in 1981 by Mrs Thatcher, as a means of regenerating run down areas in the UK (Jones, 2006; Shutt, 1984). Similarly, they were sites where barriers to development were removed. This included planning controls but also incentives for developments. Firms moving into EZ were exempt from business rates (local tax).

Information is still emerging about the funding available for development. The government has also been exploring new ways of funding projects, and has been looking at US models of financial instruments. TIF (Tax Increment Financing) which enables borrowing against future increases in business rate may be introduced as well as a Community Infrastructure Levy (CIL) both which enable Local Authorities to raise funds on development projects to build infrastructure. The Government is yet to empower Councils to utilise these instruments. These will be channelled through the statutory authorities not LEPs. The only direct funding that LEPs have at their disposal is a Start up Fund and Capacity Fund, the latter which has been made available on a competitive basis to the LEPs to research their local economy. It is probable that Local Authorities in big cities will be given a funding package, City Deals, in return for implementing certain policies. Details have yet to emerge.

LEPs also have no direct paid staff, although some LEPs have taken on one or two staff to act as a Secretariat. The important point to note is that the LEPs have no staff to implement the LEP strategy; they have to get the various functional agencies in a locality to deliver it. This includes national level delivery agencies and local level agencies. The latter includes local authorities, which retain the spatial planning function, as well as delivering some of the economic development functions. LEPs by their very constitution have been put in the position of having to *influence* delivery agencies to take the actions that are required to meet the objectives of the strategic plan for the LEP locality.

In practice, many LEPs are being served by the Local Authorities in their localities, the planning or economic development department. This could be problematic in some areas since the capacity of local authority departments has been weakened by public expenditure cutbacks which have led to the shedding of jobs. LEPs however, generally comprise several local authority areas; local authorities may well share the task, or pool resources, in order to service the LEP. This has been thought to work well where local authorities have already worked together; LEPs which are in areas where this has happened are in an advantageous position. The Black Country LEP, which is adjacent to the GBSLEP, is being serviced by the Black Country Consortium, which is made up of several local authorities in that area which have been working together for some time, prior to the setting up of the LEP.

The picture is very much of policies which could be used by LEPs being administered at national level, including the Regional Growth Fund (named after an administrative level that no longer exists) which at best LEPs are being consulted on. Rather the picture is that government is bestowing funds

on localities with a LEP to secure private sector development. The same is true of EZs. The LEPs lobby Government for an EZ; the decision lies with Central Government which designates a site as an Enterprise Zone.

If LEPs localities are to be seen as functioning economic areas and as spatial units for which strategy and policy is to be formulated, and implemented, this is not entirely the case. The spatial unit that appears to have has currency is the sub-regional level in a pluralistic governance structure in which some former regional level functions have been taken up to the national level. Expenditure is being determined at national level. Within this framework, the LEPs, which are voluntary and non-democratic, are expected to formulate a strategy to co-ordinate planning, economic development, housing and transport in their areas. To some extent they are *enabled* to do this, but with a fragmented institutional structure at the sub-regional level that is to rely on a duty to co-operate among local authorities and where, given the LEPs do not have an implementation role and no funding, they are expected to ensure implementation through *influence* and exhortation. Alongside this the national level, through its spending programmes, is supporting projects which have to be incorporated into LEP strategies.

The report turns to look at the experience of the Greater Birmingham and Solihull LEP.

## THE GREATER BIRMINGHAM AND SOLIHULL LEP

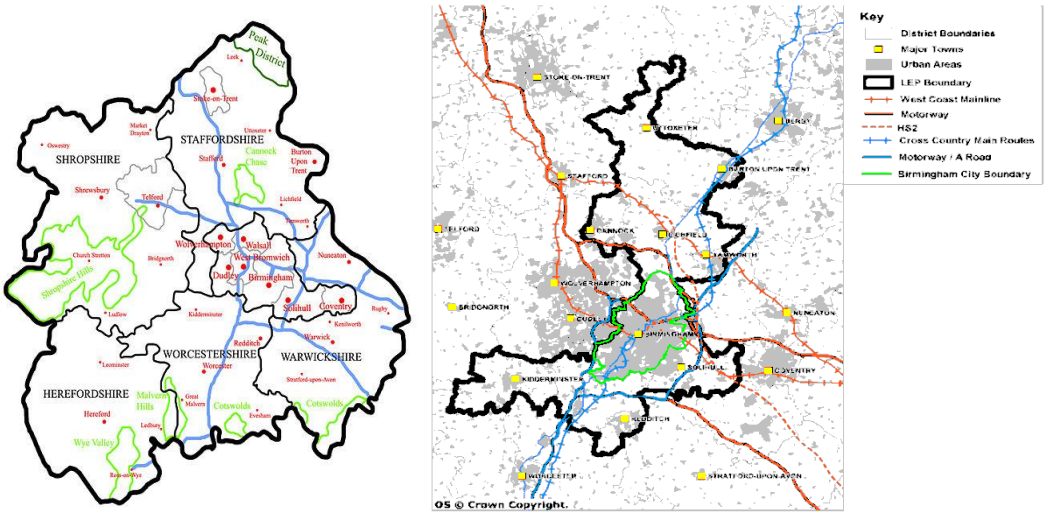
The Greater Birmingham and Solihull Birmingham consists of 8 local authority areas: Bromsgrove; Cannock Chase; East Staffordshire; Lichfield; Redditch; Tamworth; Solihull and Wyre Forest (Map 2 shows the West Midlands Region and the Greater Birmingham and Solihull LEP area; it is possible to trace the contours of the GBSLEP area against the map of the 'old' West Midlands region).

GBSLEP was initially set up with a temporary Board; it has since acquired a permanent board. Members are:

- Andy Street (Chair) – Managing Director of John Lewis Partnership
- Steve Hollis (Deputy Chair) - Midlands Chairman, KPMG
- Rob Brown – Group Managing Director, Roger Bullivant Limited
- Nick Bunker – President of Kraft Foods & Cadbury UK /Ireland
- Brian Francis – Chairman and Managing Director, Gestamp Tallent Auto
- Paul Heaven – Owner - Blue Sky Corporate Finance
- David Kaye – Formerly Managing Director, National Express
- Wade Lyn – Managing Director, Island Delights
- Alan Volkaerts - Operations Director, Jaguar Land Rover
- Professor David Eastwood – Vice Chancellor of the University of Birmingham (Higher Education Representative)

- Christine Braddock - Birmingham Metropolitan College – (Further Education Representative)
- Cllr Mike Whitby – Birmingham City Council
- Cllr Roger Hollinsworth – Bromsgrove District Council
- Cllr George Adamson – Cannock Chase District Council
- Cllr Richard Grosvenor – East Staffordhire Borough Council
- Cllr Michael Wilcox – Lichfield District Council
- Cllr Ken Meeson – Solihull Metropolitan Borough Council
- Cllr Steve Claymore – Tamworth District Council

**Map 2 West Midlands Region and Greater Birmingham and Solihull LEP area**




It is being serviced by Birmingham City Council, by both the economic development and spatial planning department. The Board has also established a number of working groups which concern issues such as, for example, skills; these are being serviced by other local authorities in the LEP area.

The strategy of the LEP is emerging; however, it is not yet in published form. Information about the intentions of the LEP was presented at a 'Visioning Event' in February 2012.

The key aims of GBSLEP are to:

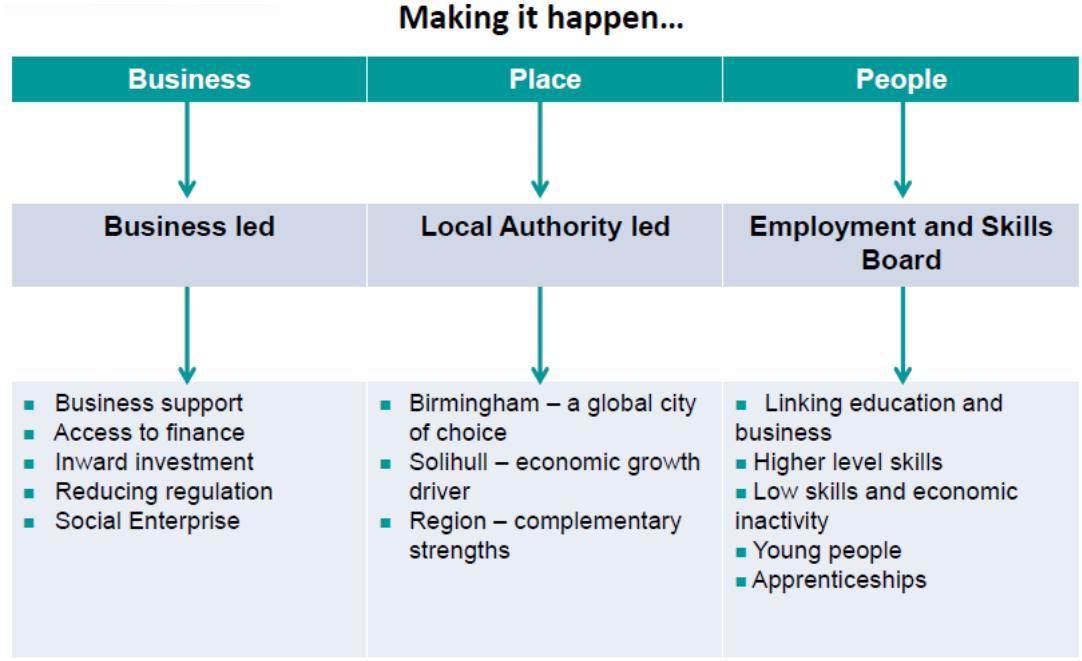
- Increase GVA by more than £8bn by 2020
- Create 100,000 private sector jobs by 2020
- Boost indigenous and inward investment
- Achieve global leadership in key sectors
- Build a world class workforce

In turn, key elements of the emerging strategy are:

- GBSLEP to be a world-class city region
- Built around strategic economic assets and opportunities
- Need to be bold and game changing
- Long-term agenda with short and medium term objectives
- Focus on a small number of key priorities
- Play to strengths of private and public sectors

The LEP Board has proposed a framework for its Growth Strategy based on: Business; People; Place (See figure 3). This figure identifies which group of stakeholders will be responsible for delivery on which activity area in relation to the theme in the Framework.

**Figure 3: The Framework for the Strategy for Growth**




Early developments in the LEP are that the area has been awarded an Enterprise Zone by Central Government. The benefits to businesses of Enterprise Zones, as noted earlier, are: Business rate relief; Simplified planning; and Superfast broadband. The Enterprise Zone is located in Birmingham city centre and it is expected to result in the location becoming a more attractive shopping area but the Zone will also include professional and financial services, digital media, ICT and creative industries development in the locality. The Enterprise Zone development also involves the redevelopment of the city's mainline railway station, which is a dated 1960s structure, unsuited to modern railway usage.

In this connection, the Board gave full support to the construction of 'High Speed Rail 2' (HS2) a £33bn high-speed rail network which was only given the go-ahead by the government in January 2012, despite strong opposition.

Phase one of HS2, between London and Birmingham, should be up and running by 2026, and is later being extended to northern England. The LEP Board made representations about the concerns of Lichfield City about the project. The city has also been designated as a 'Creative City'.

The LEP has also concluded the development of LEP 'City Deal' with Government. City Deals may pave the way to greater autonomy of Local Authorities in big cities in the UK in respect of expenditure. Details have yet to emerge. As noted earlier, the Treasury (HMT) is seen in the UK as being powerful; it has control over public expenditure including expenditure at sub-national level. In line with its neo-liberal agenda, the national government is also keen to reduce regulation and GBSLEP has been working with the Local Better Regulation Office (LBRO, part of BIS) to look at ways to reduce regulation of business activities. GBSLEP has hosted many Ministerial visits; 'having the ear' of Ministers is seen as one of the benefits of LEPs.

Projects in GBSLEP have received government funding, including RGF (see table 1). As noted above, decisions about RGF are made by national government. At best the LEP has had an advisory role in the process; it does not disburse the RGF, since the funds are in any case going directly to companies. As the table shows, Jaguar Land Rover (JLR) received funding in the first round. Under the first round of the fund, five bids including the one by JLR, were made by companies and partnerships in the West Midlands. The others were Alstom Grid UK, Bosch Thermotechnology, the Prince's Regeneration Trust and Birmingham Chamber of Commerce, on behalf of Birmingham City Council. The latter is for a £15.7m road scheme, to promote economic growth. It is expected that the investment will directly create 6,193 jobs, with 34,669 more posts likely to be created in associated supply chains. A second round bid has been made for £25m for supply chain development in Advanced Engineering industries, in conjunction with adjoining LEPs, including the Black Country LEP. The LEP area was also given a portion of Growing Places Fund, which, as noted above, is a £500m revolving fund for the development of local funds to address infrastructure constraints, promoting economic growth and the delivery of jobs and houses**.** GBSLEP has received £200,000 from the Start Up and Capacity Funds.

GBSLEP has been working cross boundary with other LEPs. It has a strong commitment to work cross-LEP 'where it makes sense to do so'. There are quarterly meetings of LEP Chairs taking place and there is a national network of LEPs.

The GBSLEP has also concerned itself with spatial development of the area. The Visioning Event held in the locality in February 2012 saw the launch of the spatial development framework. This set out the elements shaping the spatial development of the LEP area and the high profile, iconic developments that are proposed to be constructed in the locality.

**Table 1 Government Funding received or bid for in the GBSLEP Area**

| | |
|---|---|
| Regional Growth Fund (RGF) Round 1 (JLR and A45 improvements) | £85.7m |
| RGF Round 2 – successful bids supported (* includes £5m National Creative England bid, Zytek) | £11.4m* |
| RGF Round 2 – Advanced Engineering Supply Chain Fund, cross-LEP bid (*linked to potential £100m national scheme) | £25m* |
| Growing Places | £15.2m |
| Start-Up and Capacity Fund | £0.2m |
| TOTAL | £137.5m |

The report turns to look at the findings from the interviews with stakeholders, decision-makers and others – across the GBSLEP territory.

## SUMMARY OF THE FINDINGS FROM THE INTERVIEWS IN THE GREATER BIRMINGHAM AND SOLIHULL LEP (GBSLEP) AREA

The Economic Development Group at the University of Birmingham Business School conducted some 25 face-to-face semi-structured interviews with stakeholders, decision-makers and others across the GBSLEP territory and in the wider region through September to October 2011, each interview lasting on average one hour. Interviewees were selected purposively on the basis of their involvement in the early stage design and development of the GBSLEP strategy, and/or their continuing involvement at strategic and/or operational level within the GBSLEP (for information, the interview topic guide is attached in the Annexes).

The purpose of the interview programme was to gather information on:

1. The establishment of the GBSLEP in *composition* – the membership of the partnership, and its territorial scope – the considerations guiding the choices that have been made;
2. The establishment of the *organisational arrangements* – its internal structure, its relationship (horizontally) to other LEPs, and (vertically) to 'higher' and 'lower' agencies;
3. The *strategic focus* – the substantive scope (economic, spatial, social, etc) and style of the strategy (active, counter-active, planned, opportunist) and the focus of its priorities (e.g. as between small firm development, large firm inward investment);
4. The *implementation levers* being used or considered by GBSLEP in pursuit of its objectives; and

5. The *future aspirations* and trajectory and possible constraints upon these.

A summary of the key observations and insights obtained from the survey of GBSLEP partners and stakeholders is set out below. For ease of access, the summary is organised according to the interview topic guide headings.

**Composition**

The original interim GBSLEP main board comprised 17 members in total 8 of whom were drawn from business and industry, 7 were Local Authority Leaders and one representative from the further education/higher education sector. As noted above a permanent Board was subsequently set up. Respondents felt that the process of recruiting to the new Board had been open and transparent. Some individuals were invited to join (Local Authority Leaders) whilst others had responded to adverts in the local press. The Chair of the Board is from the private sector (a major retail sector business). Business board members were recruited through a competitive procedure. There were some 85 applicants for these positions; although only 8 of these were women.

It was felt that the Board membership provides a good geographical spread although it was generally acknowledged that the performance of the 'core' Birmingham economy was the key driver for the extended GBSLEP territory. Some questions were raised around the extent of business sector diversity and the size range of businesses represented. One key question was: are the interests of small business adequately represented? Overall respondents felt that the GBSLEP Board also has a good spread of people with the relevant skills, business experience and contacts/networks and that this diversity across public and private sector experience will help shape the LEP strategy for the current economic conditions. It was felt that the private sector partners were injecting a sense of 'economic realism' into the GBSLEP discussions. Some respondents questioned the conceptual dominance of 'enterprise' at the heart of the LEP 'project' and whether this accommodated or related to the complexities of sustainable territorial growth that rely on other dimensions of public policy (housing, education, skills and so on).

In terms of the composition of the Board, one issue raised concerned the number of women included. It seems that not enough women, and not enough with appropriate experience, had applied for Board positions. The Voluntary and Community sector (VCS) does not have a seat on the Board either. This was seen as an issue since the VCS contributes to wealth creation in the area. As far as other possible 'problematics' going forward were concerned, respondents raised two other issues; firstly, to what extent might tensions arise between the different public and private sector interests where joint working was concerned; and secondly, whether the Local Authority representatives would be able to pool their 'sovereignty' on a non-prejudicial basis over an extended timescale. However, through this early stage of development of the GBSLEP project, respondents generally felt that a good spirit of cooperation had been established by the Board's leadership.

On the question of the geography of the GBSLEP there was less certainty. For some respondents it had clearly been a political compromise. On the positive side it is apparent that much of the LEP area maps quite well with the travel to work patterns around Birmingham. Also the GBSLEP represents about 40% of the old West Midlands' GVA, so respondents feel that it is substantial in its own right as a "functioning economic geography".

**Organisational Arrangements**

Whilst the GBSLEP is private sector led, the day-to-day underpinning organisational support is provided – and mediated - by the local authority sector partners. The GBSLEP Secretariat is housed in the Development Directorate at Birmingham City Council, with local authority partners (in particular Birmingham) providing the human resource capacity around policy and strategy work. The local University sector has provided conceptual inputs into the continuing work to develop the GBSLEP economic strategy. And whilst at the time of writing the Board membership had been established, there are ongoing discussions concerning the range and type of sub-committees/technical working groups that will work to the Board, as well as their precise membership(s) and remit(s). A 'portfolio' approach to task management has been adopted by Board members in the interim, with particular responsibilities for economic strategy, skills, finance and social enterprise allocated to different Board members. However (in October 2011) there still remain 'echoes' of a number of initiatives established and/or supported originally by the former Regional Development Agency (AWM) industry cluster groups, Science City and so on and in this sense the GBSLEP is not operating in uncluttered territory. It may take some little time yet for all of the new organisational arrangements to be decided upon and to settle. In particular, there is the question of how best to address sub-regional innovation and skills agendas and how the GBSLEP might accommodate these, if at all; all of this is under consideration. In regard to the extent of intra-regional/cross-boundary working in the West Midlands between LEPs, again these were considered to be early days. Respondents mentioned that there were informal ongoing discussions around planning and economic strategy matters, in particular transport, but these are yet to be formalised. There is some sense of a degree of 'unspoken' competition between the LEPs in the West Midlands for the available governmental resources for LEP related projects and initiatives, in particular from the Regional Growth Fund.

It was regretted by some respondents that the neighbouring Black Country LEP was a separate entity, since there were important intra-regional trading relationships between the areas. And whilst the West Midlands LEPs were developing their economic strategies largely in isolation, there was, however, a general willingness across respondents to work with other neighbouring LEPs going forward.

**Strategic Focus**

There have been very broad discussions and agreement to date on economic strategy (as noted above, the GBSLEP "Strategy for Growth", which was

informed in part by some early conceptual inputs from the local University sector in regard to the 'functioning economic geography' of the GBSLEP territory. The early GBSLEP priorities, as noted above, are being organised around three strategic 'pillars" of Place (to cover civic-led place-based regeneration and development activities); People (concerned with employment and skills and business-led); and Business (a business-led and concerned with business support; access to finance for firms; and inward investment).

Respondents felt that Birmingham had to be the core of the focus for the economic strategy. The restoration of a sustained economic growth in the city had to be secured over the medium term and this would spill-over into the surrounding/outlying GBSLEP territories. This was also accepted by the Board. Local travel-to-work patterns (the functioning economic geography of the GBSLEP) confirm that the success of the other local authority areas would depend upon the success of Birmingham. Hence all respondents had accepted the idea of the new government approved Enterprise Zone being based in central Birmingham. It was felt widely that this 'flagship' initiative offered the greatest potential to both improve the image of the area and would also draw in new economic activity.

Regarding the other possible areas of GBSLEP activity, discussions are ongoing. Whilst some respondents were concerned to avoid "policy creep", as happened in respect of the RDAs, and the subsequent risk of a dilution of effort, others felt that the LEP must be concerned with and/or at least take a view on other aspects of strategy beyond the 'pure' economic; i.e., across spatial planning, urban regeneration, skills and transport. A continued focus on major infrastructure was seen as vital. Hence, some respondents talked of the need for the GBSLEP to provide strategic support for the High Speed Rail 2 project linking London with central Birmingham and beyond.

Improving and aligning skills for business and industry was seen as vital. One of the portfolios is employment and skills, this work being led by the Board members drawn from Jaguar Land Rover (JLR) and ThyssenKrupp automotive. A further issue that was raised related to whether the GBSLEP has sufficient levers to have any significant (direct) impact on the provision of skills given that Further Education Colleges are not represented on the Board. The key strategic concern here was: how can the GBSLEP bring post-16 education/training provision and local businesses closer together? At the time of writing a strategic GBSLEP-wide employment and skills board is to be established (it has since the interviews were carried out) and with 4 local sub-boards to be established to oversee local 'delivery' of the employment and skills agenda.

There was a sense also that the social implications and opportunities afforded by investment in innovation must be taken into account and made something of for local people. Manufacturing was important for job creation but it was felt that skills were also likely to become a strategic GBSLEP priority (as noted

above, this made difficult by the levers being in the hands of BIS and the SFA (Skills Funding Agency)).

### Implementation Levers

Generally across respondents, the view was that the main GBSLEP 'lever', as discussed in the analysis above in an earlier section, is *influence* rather than about the disbursement of *direct new investment* per se. Partners seem to accept that in the current fiscal climate the GBSLEP will not have significant public resources to disburse. This is notwithstanding any income derived from the tax returns secured from the Enterprise Zone in central Birmingham although the latter also assumes an acceptable cross-GBSLEP agreement on the pro rata share out of income derived from this source. Some outlying local authorities felt that the early 'gentleman's agreement' around a non-prejudicial sharing of a percentage of the Birmingham Enterprise Zone tax returns across the GBSLEP territory would be critical to the long term (political) sustainability of the GBSLEP. Moreover, without the 'carrot' of its own public funding, how the GBSLEP would secure any significant strategic influence over the multitude of other agencies working in neighbouring policy silos was not clear. Respondents felt that much of the strategic influence of the GBSLEP would emerge from, and depend upon, personal networks/leverage and general local good will.

### Future Aspirations

Whilst wider social dimensions (for example, around "Big Society" agendas and so on) and the environmental dimensions (for example, around climate change and low carbon futures) of development are recognised by respondents, the GBSLEP is heavily focused on improving the performance of the local economy. The underpinning aspiration is for the GBSLEP to drive the development of a 'world class' greater Birmingham city-region economy and for enterprise-driven wealth creation to be at the heart of this approach. The GBSLEP approach appears to be conceived around the power of 'influence' and 'facilitation' around the growth agenda. There was some anxiety that private sector partners would lose interest in the 'project' if business and investment 'wins' were not forthcoming over the short to medium term. The 'ideal' aspiration is to improve the GBSLEP economy "for all", not to solely focus it on (say, for example) the knowledge economy agenda. This will mean addressing other growth aspirations across more 'conventional' sectors such as retail, the construction industry, the local SME base and so on. "Keeping everyone on board" may mean improvements in the communications policy of the GBSLEP also going forward.

## REFLECTIONS ON THE CASE OF GBSLEP IN RELATION TO THE AIMS OF THE RISE PROJECT

The case study of the GBSLEP in relation to the aims of the RISE project has, on reflection, been useful since it has provided the opportunity to observe a transformational process that is taking place; namely, the on-going reform of institutional structures and the extent to which territorial integrative strategic

planning is taking place within the new structures. This section assesses the GBSLEP in relation to the elements contributing to integrative strategic planning: policy integration; policy transfer; forms of governance and issues of meta-governance; and the extent of collaboration. This section uses text from the findings of the literature review (see Annex 1) and other sources to shape the analysis that follows.

**Policy Integration**

Policy integration refers to the process of sewing together and coordinating policies, both over (horizontally) and across (vertically) levels of governance, modifying them appropriately if necessary, to create an interlocking, hierarchical, loosely-coupled, multi-level, policy system that functions harmoniously in unity. The literature distinguishes:

- *Sectoral integration and two sub-forms*: cross-sectoral integration and inter-agency integration;
- *Territorial integration*: this includes vertical integration (policy coherence across spatial scales) and horizontal integration (policy coherence between neighbouring authorities such as nations, states, regions and areas with some shared interest); and
- *Organisational integration*: This involves co-operation between parties in the form of organisational integration. This includes: strategic integration (the alignment of linked strategies, programmes and initiatives); and operational integration (the alignment of related delivery mechanisms), including a coupling between (strategic) spatial visions, objectives and spatial concepts and operational decision making (including concrete investment on the ground).

It can be suggested, in relation to the type of policy integration taking place in GBSLEP, looking firstly at sectoral integration, if this is about the 'joining up' of different public policy domains and their associated actors *within* a given territorial area there is the intention to do this within the LEP locality. GBSLEP does also appear to have identified some of the policy implementation agencies to ensure integration between public, private and voluntary sector agencies. However, the domains over which policy integration is beginning to take place is limited: to economic development and spatial planning, the latter only just beginning to take place, the relationship between economic activities and place having been recognised. Housing, environmental sustainability, urban regeneration, social exclusion, skills and transport and major infrastructure however are not among the policy domains of the LEP and thus cross-sectoral integration is limited. Nonetheless, the decision of the GBSLEP Board to prepare a strategic spatial framework plan will enable strategic consideration of matters beyond those identified by the three pillars. This augurs well for cross sectoral policy integration. The situation is also changing. The Department for Transport has published a consultation paper at the end of January 2012 about devolving funding for local major transport schemes to either LEPs or Local Authorities. Transport is a concern of GBSLEP and neighbouring LEPs and there is a stated intention to cooperate

cross-sectorally on this issue and in relation to other agendas i.e. economic growth and development.

The burgeoning collaboration over transport matters between the LEPs means that there is some evidence of horizontal territorial and organisational integration, in so far as GBSLEP is working with neighbouring LEPs. However, vertical integration is not apparent. The national government, in awarding funds to localities and businesses, makes it appear that it is bestowing localities with funds, this arguably amounting to a form of beneficence. Projects that are supported might not always tie in with the strategic priorities of the LEP localities. Conversely, projects that the LEP would like to see funded might not be awarded funding. Policy coherence may occur at LEP and local authority level but not necessarily between national and local level. This is different from the situation under the previous Labour Government. Gordon Brown, the former Prime Minister, when Chancellor of the Exchequer, instituted a system of targets, Public Service Agreements and strategic planning, which represented an attempt to secure policy coherence across different spatial scales (Bentley, 2006). In the current situation, there is no national planning framework within which the LEPs are to work.

At best, in the case of the current situation, it is possible to identify, the emergence of operational integration (the alignment of related delivery mechanisms), including a coupling between (strategic) spatial visions, objectives and spatial concepts and, secondly, operational decision making (concrete investment on the ground) in so far this will take place when developing major sites in the GBSLEP area. The position of LEPs, and given that there is no statutory function for the LEPs, and that they are not implementation agencies, means that they can only *influence* rather than control the planning process. How the balance of fragmentation and integration through influence and cooperation develops will be interesting to observe.

On the basis of the distinctions above, answers to following operational questions can be given:

1. Can the plan (document) or strategy be positioned in terms of sectoral, territorial and organizational integration and is it possible to specify which types of these three categories are appropriate? – GBSLEP does not as yet have a written strategy. This does not imply that GBSLEP is not adopting a ‘learning’ approach rather than a ‘planning’ approach to territorial integrative strategic planning. Although the situation for the GBSLEP is still developing, it can be characterised as limited sectoral integration; territorial integration within the LEP area and between neighbouring LEPs but not vertically. The national level is operating in a non strategic way, and it does not appear that its priorities are taking account of individual LEPs’ priorities (other than the broad objective of supporting private sector-led growth).

2. Are there other plans/strategies/processes directed towards policy integration and for what reasons does the selected plan/strategy stand out? – No.

3. Is the plan or strategy meant to bridge the gap between strategic choices and operational choices and in what way? – It can be argued that certain policy actors would like to see the strategy bridge a gap between strategic choices and the operational choices; in other words take a 'planning approach'. It may be that some would like to adopt a 'learning' approach, where the strategy evolves as events unfold and actions taken. However it may be that the integration takes place at the operational level where territorial, sectoral and organisational integration can be more easily secured.

The GBSLEP may represent an attempt at *collaboration* within the LEP territory to secure policy coherence, across a limited number of sectors (given its remit), but *cooperation* at vertical territorial levels, this given the contradictory role played by central government in this process. At the same time that government could be seen as an *enabler*, it is putting funds into the LEP locality according to its own agenda and which might not accord with the priorities of the LEP Moreover, the decision over the use of the funds are in the hands of central government, not the LEP.

**Policy Transfer**

Policy transfer between localities is exceedingly problematic because of the different contextual factors (e.g. planning cultures; planning systems) (Dolowitz & Marsh, 2000). Dolowitz and Marsh (1996) suggest there are seven policy subjects of transfer: policy goals; structure and content; policy instruments of administrative techniques; institutions; ideology; ideas, attitudes and concepts; and negative lessons. The RISE localities certainly represent different politico-administrative systems. A comparison of planning practices within the EU points to the existence of four families based on legal and administrative indicators:

a) a British (UK),
b) a Napoleonic (e.g. Netherlands),
c) a Germanic and
d) a Nordic one

However, as the literature review document points out, localities can display elements of different types, for example, the Netherlands has a Napoleonic formal planning institution but a Nordic cultural value which stresses decentralisation and democratisation (Loughlin, 1999). With the emergence of the LEPs in the UK, where rules are not set down in legislation for the activities of the LEPs, and spatial planning controls are all but abandoned in the presumption of sustainable development, it seems a rather anarchic 'free for all' rather than strategic approach is being adopted. Nonetheless, the neo-liberal free market agenda of the UK government does not mean a complete 'free for all' approach. Spatial plans to guide development control will be in

place and, LEPs are formulating strategies to plan and guide economic development.

The questions arise of what are the important barriers to cross-national and cross-regional learning and which factors determine the transferability of policies, tools, instruments and so on? RISE is ultimately about the (possibilities for) cross-national policy transfer. What can each of the four localities learn from each other and what can go forward as general practice for territorial integrative strategic planning. There are two interlinked issues the require consideration when it comes to such policy transfer: What could be the object of policy transfer or – phrased differently – what are potential candidate tools for the toolkit? What are the critical contextual elements influencing the nature of these tools?

It might seem that the UK can provide examples of what not to do, in particular with respect to central-local relations in relation to territorial integrative strategic planning. If this requires vertical territorial organisational integration this is not happening, as there is a disjunction between strategic objectives at national and local levels. As referred to above, the Government is announcing decisions on funding for projects in LEP areas that may have little or no relation to the strategic objectives of the LEP. Moreover, the LEPs do not by and large have a say in how funds are allocated. Furthermore, in a time of budget constraints, there are not enough funds available for investment in a project or programme that a LEP locality would like to see go ahead.

Taking a critical realist approach - which would consider 'What works for whom in what circumstances and in what respects, and how?' (Pawson and Tilley, 2004) - there are certain specificities to the UK case example that pose issues in helping us to arrive at a toolkit for integrative approaches. Ideology, governance structure, central-local relations shape whether the UK approach works in producing policy coherence, over and across levels of governance, and creates a policy system that functions harmoniously in unity. It is difficult to argue that the UK system at present is producing integrative planning. It is early days. However, as noted in the previous section, policy integration and collaboration may be beginning to take place in GBSLEP at the operational level where territorial, sectoral and organisation integration is more easily secured. As the results of the interviews indicated, collaboration is also beginning to take place and within the LEP, and an attempt is being made to secure policy coherence at a cross-sectoral and cross-territorial level.

**Forms of governance and issues of meta-governance**

Governance means decision making power is spread over a range of stakeholders. As Sørensen (2006, p. 99) suggests, it is a complex governing process in which a multitude of public and private actors interact to govern society. In the case of GBSLEP, it is clear that *within* the LEP and in relation to its jurisdictions, it would appear to be the case that governance characterises the decision making process given the range of policy actors involved, albeit that there are issues about the inclusivity of the groups

involved. However, in relation to what is to happen in the LEP locality, in particular on the funding of certain projects, this is characterised by a process of Government. Decisions on the whole are made by central government.

In respect of whether the quality of the decision making process on the LEP integrative strategy meets the principles of good governance is an issue. Good governance is characterised by participation, openness, accountability, effectiveness and coherence, and on these counts, the LEP could be said to be found wanting. LEPs are not democratically accountable and, as interviews with stakeholders revealed, decision making is not open. Issues about the coherence of policy from centre to local government were raised above. It must be said however that the LEP has a mandate from Government to 'proceed until apprehended'; LEPs are said to provide the opportunity to do things differently. Thus on one level, it can be argued, vertical policy coherence is not an issue or goal for LEPs; LEPs (and central government) can and can do anything they want in order to secure private sector led growth.

The space covered by the *regional* (note that the LEP area can be termed a region) integrative strategy, in the case of the Greater Birmingham and Solihull LEP can be considered both a hard and a soft space. Although the LEP, as the foregoing has suggested, can be seen to represent a 'Soft space', as it can be recognised as 'constituting a spatio-temporal fix (place) where associational (governance) networks, which break away from the rigidities associated with the formal scales and which have fuzzy boundaries operate' (Allmendinger & Haughton, 2009) , it also displays elements of a hard space. Many stakeholders are involved in the GBSLEP, including networks of non-governmental actors – business people – making it a soft space. A hard space is defined as rigidly demarcated administrative territories or jurisdictions legally controlled by a government body. LEPs, as noted already, have the 'negative' freedom (defined as an absence of restraint) to do what they want, the boundaries are fixed and, while not legally controlled by Government, government has considerable control over what happens in the LEP area. This is not only because the government is making decisions about what funds go to the LEP locality and to which firms in the area, it is because many of the levers of economic development lie with central government. The GBSLEP does not have a full positive freedom (a freedom to do) in the sense as defined by Isaiah Berlin (1969; cited by Bailey and de Ruyter, 2007). This makes it a hard space.

The GBSLEP displays characteristics of multi-level governance Type II. The LEP Board which has responsibility for the Territorial Strategic Plan (in UK terms, the Planning and Economic Development Strategy) consists of a public-private partnership. Given the numbers of agendas the LEP oversees, it can be considered at the strategic level as a Multi-level governance Type II system where governance is 'a complex, fluid, patchwork of innumerable, overlapping jurisdictions centred around particular tasks or policy problems'. It is not solely run by governmental bodies. Bodies at different levels of are involved. Different sectoral government departments are involved in policy

implementation such as BIS, DCLG, and the Department of Work and Pensions (DWP is responsible for dealing with employment matters as well as worklessness and unemployment benefits), and the Department of Education, as are non-governmental, societal and/or private actors. National and local levels of government as well as non-departmental public bodies are involved in delivery of the emerging strategy of the GBSLEP.

The notion of governance, however, has been superseded by the concept of governance networks, defined as follows:

> "A stable articulation of mutually dependent, but operationally autonomous actors from state, market and civic society, who interact through conflict-ridden negotiations that take place within an institutionalised framework of rules, norms, shared knowledge and social imaginaries; and contribute to the production of 'public value' in a broad sense of problem definitions, vision, ideas, plans and concrete regulations that are deemed relevant to broad sections of the population."
>
> Sørensen & Torfing (2009: p 236)

The effectiveness of governance networks it is argued can be measured in terms of their capacity to: Produce clear and well-informed understanding of the often complex and cross-cutting policy problems and policy opportunities at hand; Generate innovative, proactive and yet feasible policy options that match the joint perception of the problems and challenges facing the network actors; Reach joint policy decisions that go beyond the least common denominator while avoiding excessive costs and unwarranted cost shifting; Ensure relatively smooth policy implementation based on a continuous coordination and a high degree of legitimacy and programme responsibility among all relevant and affected actors, including target groups, client advocacy groups, stakeholder organisations, public administrators and politicians; Provide flexible adjustment of policy solutions and public services in the face of changing demands, conditions and preferences; and create favourable conditions for future cooperation through cognitive, strategic and institutional learning that construct common frameworks, spur the development of interdependency and build mutual trust (Sørensen and Torfing, 2009).

It is difficult to assess GBSLEP in relation to the characteristics of networked governance; it has not been operational for that long. But it can be said, as noted above, that the LEP comprises private and public sector stakeholders and a representative from the Higher Education sector. The interviews with stakeholders found that it was thought that these actors were not sufficiently broad or representative enough to be able decide and implement policy on the issues addressed by the strategy. It was thought that the small business sector was underrepresented on the Board, as well as women. The Voluntary and Community Sector is not represented on the Board. There is also a separation of strategy formulation and implementation, the LEP is not a

delivery body; implementation is dependent on the LEP *influencing* and persuading implementation agencies to agree to deliver on the Plan.

Meta-governance is seen as the 'governance of governance', or the 'regulation of self-regulation' (Jessop, 2004). The purpose of meta-governance is to create some form of coordination, coherence and integration in the fragmented structures of network governance without completely undermining the autonomy, engagement and self-regulation in governance networks (Sørensen, 2006). The latter is not the case in the UK. This case study report has already indicated that the national government spending programmes may cut across the strategic priorities of LEPs. The autonomy of the LEPs is delimited. As Bentley et al (2010) points out, if autonomy is measured in terms of *freedom from* central interference (a form of 'negative' freedom, in the language of Isaiah Berlin (Bailey and de Ruyter, 2007)) and as *freedom to* effect particular outcomes (a form of 'positive' freedom), the LEP does not have autonomy. Policy making takes place under the shadow of hierarchy. LEPs can do what they want; however, their freedom of action is circumscribed by central government; central government is making decisions. Moreover, as also pointed out, in terms of positive freedom the LEPs, in not having any powers, any money or resources, does not have the freedom to effect outcomes; it has to rely on its power of influence to secure action. So, although the Coalition Government promotes the idea of Localism, it is a conditional localism (Conservative Party, 2009; Bentley et al, 2010). It does not typify the regulation of self-regulation because the LEPs cannot self-regulate.

Nonetheless, it must be pointed out that the Coalition Government has abandoned the 'target setting' of the previous Labour Government; the LEP process of *regional* integrative strategy making is not embedded in a wider organizational setting which imposes deadlines, procedures, guidance or other influencing conditions on the network governance process. Instruments such as contracts, result management, management by (political) objectives, and financial frameworks (see Sehested, 2009) are not used during the strategy making process. The overriding political/ideological objective embodied in the LEP is to foster growth in the private sector by a coalition of interests in a locality and using new instruments and mechanisms to do so. It must be said also that the formation of LEPs can be seen as pushing local authorities out of their prior position as prime agency which would secure integrative strategic planning. Capacity in local authorities has been weakened by public expenditure cuts. The duty to cooperate in the Localism Act 2011 would seem to also point to the possibility of rationalisation of local authorities. It would make sense in cost saving terms to consolidate services in fewer units of local government.

### Collaborative planning, legitimisation and partnership

The literature review indicates that planning can no longer be considered an instrumental exercise for those holding the political and economic (hegemonic) power only (see Arnstein, 1969; Booher & Innes, 2002; Healey, 2003). Other actors, interests and structures need to be to be included in

communicative processes through collaborative or participative planning. This suggests that all important interests must be represented at the table; they ought to be equally informed and have the same capacity to act on behalf of their organisations. Therefore, all must be equally empowered in discussions. Once empowered, the power of the argument is the important dynamic and consensus should be sought. In comparison with other forms of participatory policy making, partnerships are thought to combine focus on a broadly defined issue with participation by multiple levels of government for an indefinite duration of time.

The GBSLEP is a public-private partnership which is intended to be in place throughout the complete policy cycle of problem definition, policy adoption, implementation and assessment. In answer to the question posed on what stakeholder networks (members, relationships, configuration) were involved in the making and implementation of the strategy, it is understood that the Board has convened an operational group where matters are being discussed but it is not clear whether further groups are to be set up to focus on specific issues. The partnership model is also a case where all actors can participate on a risk sharing basis. MacKintosh (1992) writes about partnership modes of working as enabling synergy, transformation and, budget enlargement. Given that the LEP has limited funds, it has been suggested that the private sector could contribute to a fund for development in LEP localities and that it could come to the table with a budget as other policy actors do and thereby ensure budget enlargement for the LEP. However, it remains to be seen whether this will happen.

Legitimisation of the LEP activity has possibly been achieved through involvement of the partners in the process of formulating the strategy. Boelens (2010) suggests the way to achieve this is the actor-relational approach which involves as a first step the identification of the primary problem or stakeholders and an analysis of the unique core features of a region, an issue or an entity. This step can be seen as the most important one, as practical planning issues are still often formulated without clear focal (f)actors with respect to the business and civic society. It helps create a situation where partners identify common problems and can work towards developing solutions. GBSLEP has received funding to enable research on the understanding of the problems facing the LEP area. The analysis of problems and issues of the GBSLEP were presented to a broad audience of stakeholders in the *region* at the Visioning Event held in the locality in February 2012 to generate discussion of the issues and arguably create legitimisation of the LEP and LEP activity. This might be crucial from the point of view of engaging the private sector and the private sector seeing the LEP as the legitimate body that will get things done. However, at the same time, there is still very much a question of how people will react when the LEPs, as 'unelected quangos' start acting in controversial ways.

In relation to public participation, Arnstein's (1969) ladder of participation is useful. It is clearly normative, since citizen participation and high levels of citizen power are a desired as a means of community empowerment. This is

part of the Coalition Government's Localism and 'Big Society' agenda. It can be suggested however that the GBSLEP approach to public participation is tokenism. This is characterised as information provision and consultation. And, under these conditions citizens lack the power to assure that their views will be heeded by the powerful – there is no assurance of changing the status quo. It must be said that the GBSLEP strategy is mainly concerned with economic development – the territory of business not the general public. However, the Conservative Party (2009) promised prior to the General Election that citizens would have a greater say in spatial planning policy and planning decisions, tokenism may not be enough.

The report turns to look at the findings from the focus Group discussion with stakeholders about territorial integrative strategic planning and the proposed toolkit.

## FINDINGS OF THE FOCUS GROUP DISCUSSION WITH GBSLEP STAKEHOLDERS

The focus group discussion was held at the University of Birmingham. It was attended by senior representative of local agencies and enterprises with a stake in the GBSLEP. The intention was to obtain feedback from participants on the draft Case Study Report and their opinion on the extent of territorial integrative strategic planning that is to be found in the working of the LEP and on the proposed toolkit for achieving territorial integrative strategic planning.

### Opinion on extent of Territorial integrative strategic planning in GBSLEP

In the discussion, the general view was expressed that the draft case study report, which had been circulated earlier was not sufficiently critical of the local enterprise partnership, of its design and capacities. It can be pointed out that the draft report was written before a full critical analysis of the role of GBSLEP was possible. A number of papers have appeared over the last year that have made a critical assessment of the LEPs in general; concerns have been expressed about whether they will be successful (Bentley et al, 2010; Bolton et al, 2011, Shutt et al, 2012) One of the participants made the point that the nature and role of the LEPs has still not become clear yet, and that it is still evolving incrementally rather than being established according to a thought-through pre-existing plan. It was pointed out by several participants that the LEPs are not, and cannot be, replacements for the RDAs (regional development agencies) whose abolition accompanied the creation of the LEPs. That the abolition of RDAs and the establishment of the LEPs, was not thought through was illustrated by the fact that abolition of the RDAs meant that the government did not have a vehicle through which to allocate EU structural fund budgets. (As was pointed out above, this problem has been resolved as regional teams have been retained, under the purview of DCLG to manage structural fund programmes).

The lack of cross sectoral and territorial policy integration was identified by participants. It was said that the LEPS have different and incommensurate

geographies to those being adopted in other arms of the UK government's policies, such as the Core Cities initiative or the Rural and Farming Network, which are two of the many initiatives coming out of central government. The Core City in the West Midlands is defined to include Birmingham and the Black Country boroughs within one territory, but they are constituted as two different LEPs. The lack of cross sectoral policy integration was illustrated by a point about transport issues. The Government wants to allocate transport expenditure to the LEPs, but this cannot work because transport issues arise at a higher – regional – geographical scale than the LEP areas. The point was also made that the national Government wants to reorganise regional statistics on the basis of the LEPs, and this is made difficult by the fact that some local authorities are in several LEPs, and that the LEPS are not mutually exclusive. The designation of LEPs as functioning economic geographies is problematic as are the competences of the LEPs.

The policy domains that LEPs are concerned with was also identified as an issue which affects the extent of territorial integrative strategic planning that is possible in LEPs. In the West Midlands economic development plans require another 250,000 houses to be built. But since the abolition of the RDAs there is no agency in a position to designate areas for housing development, another function it was argued that must be performed at the regional level. The identification of sites for new housing is also a politically controversial issue, giving rise to political campaigns from existing home owners keen to defend their surrounding landscapes. LEPs are too small geographically to undertake this function, and their private-sector leaderships are not willing, equipped or mandated electorally to take-on such a 'hot potato'.

Economic development policy also overlaps crucially with urban regeneration policy, and Birmingham City Council has for years been pursuing an urban regeneration strategy that includes an emphasis upon urban living, and drawing the population back into the city centre. Neither urban regeneration nor social exclusion is on the agenda of the GBSLEP nor is it listed by national government as a policy competence of the LEPs. The permissive approach of government however would not preclude a LEP taking the issues on.

The group also made the point that the climate change is an issue that requires including in an integrated approach. It is not on the agenda of the LEP. This raised an issue about leadership in the LEP partnership and that is not equipped to handle policies to address climate change or to handle environmental issues more generally (such as the defence of the Green Belt around the City) which are often controversial and require a political mandate to be addressed. Faced with a choice the GBSLEP will prioritise economic growth even if this involves building in the Green Belt but, the latter action will plunge them into deep political controversy which (as non-politicians) they are not really positioned to handle.

Overall, the point was made that it is impossible to promote local economic development without planning for housing development, urban regeneration,

and environmental change. Cross sectoral working over a range of policy areas is necessary to ensure integrative planning, to create an interlocking, hierarchical, loosely-coupled, multi-level, policy system that functions harmoniously in unity.

Governance means decision making power is spread over a range of stakeholders. As Sørensen (2006, p. 99) suggests, it is a complex governing process in which a multitude of public and private actors interact to govern society. In the case of GBSLEP, it is clear that *within* the LEP and in relation to its jurisdictions, it would appear to be the case that multi-level governance characterises the decision making process given the range of policy actors involved. However, there are issues about organisation integration and that the LEP works by *influence*. Participants also raised the issue of the extent of co-operation and collaboration and the ability of the GBSLEP to operate on behalf of its territory as a whole, rather than the sectional interests of its member authorities, and that it has yet to be established, and will take several years of trust and institution-building. GBSLEP has recently been in receipt of money for skills training, but responsibility for spending has been delegated by the GBSLEP to one of its member authorities, which is implementing the skills policy in a manner that accords particularly with its own interests. Mechanisms do not as yet exist for focusing upon the whole of the LEP area, and for officers to advise the Board on the different interests that need to be taken into account. In addition, there is a problem with the reliance of the LEPs upon private sector leadership. Some concerns have been expressed about whether the lack of resources, money and power will cause the private sector members to walk away.

A final point was made in relation to the general thrust of national government policy. Although the UK government believes that economic development is being held back by a restrictive town planning regime, it was argued that this is incorrect. A bank of sites approved for development has been built up over recent years, much of it in the 'crescent towns' surrounding Birmingham, but development itself is being held back by the ongoing financial situation; banks in the UK are not lending. When credit begins to flow, much development that has been stalled will go ahead. However it was argued that the leaders of the GBSLEP are not steeped in these policy issues, and will not necessarily understand the context, and may not regard urban regeneration as a priority.
Several key components of any imaginable integrated regional development strategy are thereby excluded structurally from the scope of the LEPS, and effectively kicked into the long grass where they can be lost or forgotten.

### Comments on the Toolkit

In relation to the toolkit, participants were not very optimistic that all aspects could be implemented in the UK. While a need to understand the environment was seen as being appropriate, the need was seen for influencing the environment through getting greater responsibility from government. The need for collaborative working was accepted but it was pointed out that networked governance was not on the government's agenda; it was argued that the

LEPs need powers over some of the bodies that will not collaborate on an informal basis.

It was thought that an important rule of thumb is to identify families of policies in the strategy to offer scope for integrative planning. It was said however that in relation to spatial planning, the LEP is a collection of its individual core strategies (As noted above, local authorities have to prepare a Local Plan). Some support was given to the idea of a learning approach in strategic planning as the view was put forward of the need to think about strategy constantly. A shared formulation of the Goal rooted in wider values, what kind of economy was wanted was thought important as was the need to map out relationships and responsibilities to avoid tensions and things going wrong and if they do to have the means to do something about it.

There was some scepticism about targets and which these should be: Jobs or GVA. However, several participants commented on the whole institutional structure of LEPs and harked back to the RDAs, which were seen to be moving to an integrative approach and to be further critical of government. The comment implied that LEPs will not ensure integrative approach and they identified it as being a failure of national planning. It said that “you can’t just have regional planning without national planning. You have to have a hierarchy of planning to make sure there is some sort of sense”.

## CONCLUDING REMARKS

The study has taken place in a situation where the UK government has fragmented the institutional framework for a regional scale strategic level integrated planning process by scrapping the regional tier of administration and making LEPs and local authorities responsible for territorial integrative planning. The GBSLEP case study has provided the opportunity to observe a transformational process and the on-going reform of institutional structures and the extent to which a territorial integrative strategic planning approach is taking place within these new structures.

The GBSLEP has not as yet published its Economic Strategy although there is some indication of what the LEP proposes should be done, as revealed in a presentation at a ‘Visioning Event’. The case study indicates that there is limited cross sectoral and territorial policy integration. This is not only because the LEP has only recently been set up, but it is also due in part to the nature of LEPs. The LEPs have limited policy domains (eg housing is not a LEP concern). The LEPs also work by influence as they have no power; no money; and no resources. They have a strategic role but implementation is through other agencies. In addition much of the former regional-level governance functions have been centralised at the national level. Sub-regional governance of the regions may be emerging but is not as yet very extensive. The fragmented pattern of governance and sectional interests, given centralisation, the novel and pluralistic sub-regional structure in LEPs means that inter-sectoral policy integration, and inter-territorial policy integration are as yet relatively undeveloped.

While there is some emerging evidence of sectoral and territorial horizontal policy integration, there is a lack of vertical integration as central government does not as such set a framework for the LEPs to work within, other than the exhortation to bring about private sector led growth and development. At the same time, given that funding is under control of central Government, the spending decisions of Government can cut across rather than synchronise with LEP priorities. There is some indication of organisational integration in GBSLEP in so far as there is a linking of the strategy to the operational level over particular sites. The decision of the GBSLEP Board also to prepare a strategic spatial framework plan beyond those identified in the 3 pillars in the nascent economic development strategy – business, place and people – will enable strategic consideration of other matters. There is the potential and intention to link territorial and the economic agendas. The 'functional economic geographies' of the LEPs, at sub-regional scale, are considered too small for consideration of some strategic issues, such as transport, but also housing but there is the intention to work across borders with adjacent LEPs. This augurs well for cross sectoral policy integration.

The picture is very much of a permissive nationally level policy framework for the LEPs, and a locally devised strategy set by the voluntaristic LEPS but which requires delivery by a multiplicity of national and local institutions. There are some concerns therefore that the private sector will walk away unless some quick wins can be achieved. This makes it all the more important, as the duty to co-operate requires, that local authorities within the LEP, and in adjacent LEPs, work together in taking an integrated strategic approach to planning on issues that by virtue of their scale geographies transcend their geopolitical boundaries.

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