RDAs to LEPs: Some Challenges

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- Evidence submitted by the Regional Studies Association to the BIS House of Commons Select Committee by David Bailey, Paul Benneworth, Mike Danson, and Henrik Halkier

Introduction...

- Nature of England's regional economic 'problem'
- 'Good' regional development agencies → LEPs?
- Role of RGF

(How) can LEPs be effective RDAs?

'Old' system of RDAs not perfect BUT…

Current Proposals do not make clear what regional growth drivers LEPs will be able to influence

Voice of the English regions at EU level?

LEPs competing for resources?

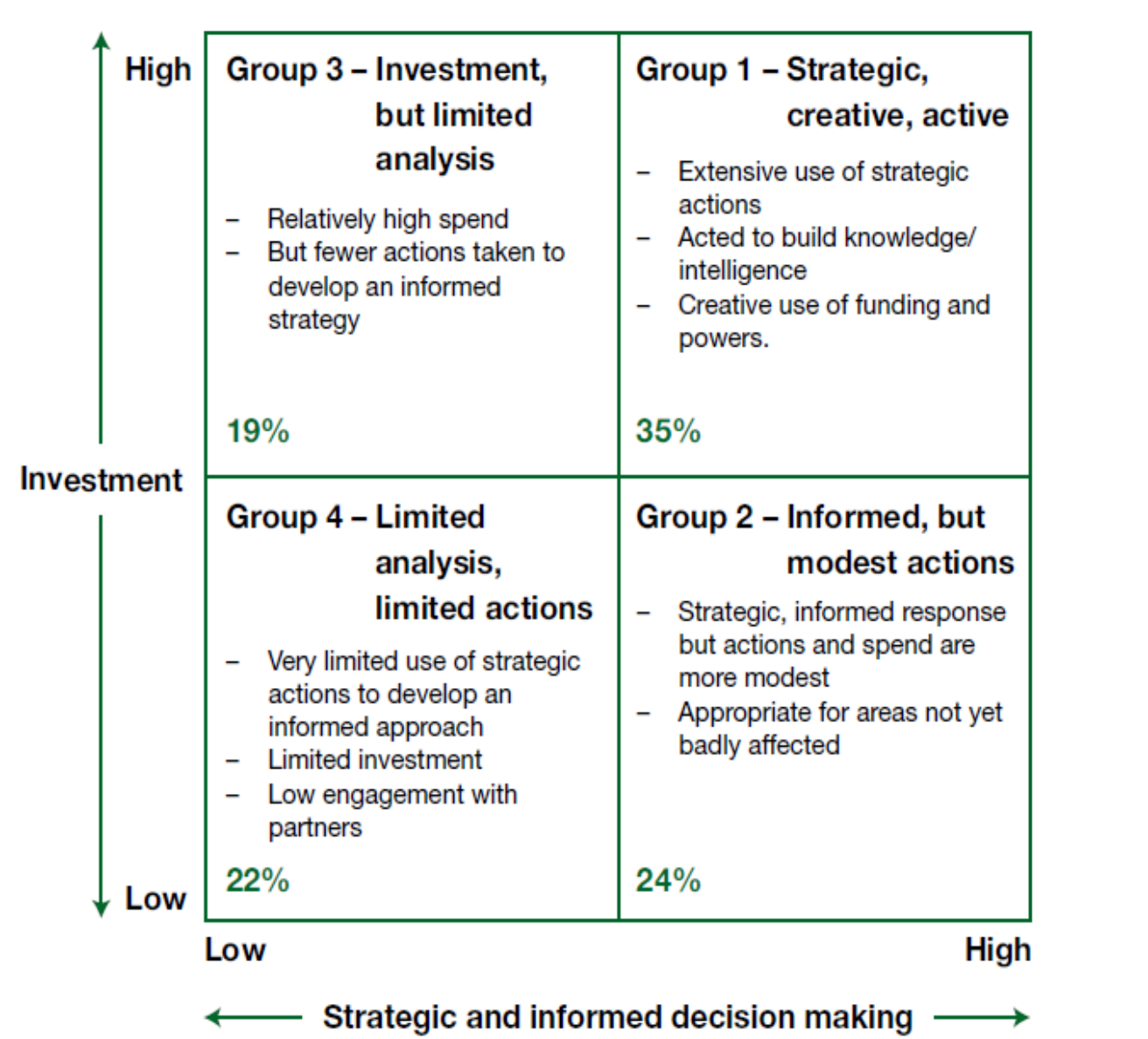
Recentralisation/ decentralisation

- Current proposals actually imply a substantial recentralisation to Whitehall
- Centralised industrial policy not likely to work
- LEPs: transport, housing, planning, enterprise (?)
- Business engagement?
- RGF big cut in funding – needs to be much more scope for LEPs to raise own finance: TiFs, bond issuing powers (US?)

Cont'd...

- Risk of excessive fragmentation – functional economic geography?
- Capability/capacity to make strategically informed decisions on economic development?
- Need to retain key knowledge base built up by RDAs – being lost as we speak?
- Accessing EU funding – need for intermediate level?
- Regional planning (need for cooperation across LEPs)

Role of LAs in recession:
(Audit Commission, 2009)



Regional Growth Fund

- Big cut
- RGF: danger of favouring projects that can lever in additional funding
- ‘Green new deal’: Multi-level approach

Making LEPs work for common benefit

- Partnership working difficult
- Benefit of RDAs
- Voice of small business?
- Local Authorities (LAs) in downturn: 35% worked alone not through partnership working

Innovation, Clusters and Regions

- Creating a regional eco-system for research and innovation – triple helix: role of regions in this respect (Sainsbury Report)
- Developing Priorities: 'Smart specialisation'
- Will LEPs have the capacity to tackle deep seated problems?
- Linking urban, peri-urban and rural areas
- Accessing EU funding – eg FP7 Regions of Knowledge
- Clusters

West Midlands

- long-term underinvestment in infrastructure
- an ongoing process of deindustrialisation and a wider economic structure reliant on low growth sectors
- a relatively poor business and employment performance in the private sector
- a relatively poor education and skills record
- relatively poor performance in developing 'knowledge economy' sectors and in R&D spend
- pockets of high levels of unemployment and worklessness

Enterprise Zones: Past

- 1980s experience : £300 million spent on 11 zones. 4300 firms employed 63,000 workers BUT number of new jobs created was just 13,000.
- £23,000 a job → £50,000 in today's money. Not very good value for money!
- Boundary hopping
- Retail and property development – rebalancing?

- Risk: short-lived and ineffective?

Enterprise Zones: Future?

- Bigger
- Get key actors to work together to govern economic development effectively
- Encourage 'related variety '?
- investment in skills, infrastructure and the environment to make them good places to do business when the short-term tax relief runs out.
- Encourage small firms to grow – one stop shop?
- BUT risk: short-lived and ineffective?

Summary - 1

- LEPs need genuine powers and ability to raise funding
- Recentralisation of policy is a negative step
- Detail of the RGF critical
- Intermediate 'join up' of work of LEPs between local and national level critical to use public monies effectively – minimum: intelligence and info gathering base, pursuing effective cluster and innovation strategies, accessing EU funding, transport

Summary - 2

- Building **partnerships** and **strategic leadership skills** in LEPs vital
- Enterprise Zones – lessons from past
- Concentrate resources on most disadvantageous regions?

Thanks for listening!

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