IPPR NORTH

REPORT

BUILDING ECONOMIC RESILIENCE?

AN ANALYSIS OF LOCAL ENTERPRISE PARTNERSHIPS' PLANS

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ABOUT IPPR NORTH

IPPR North is IPPR's dedicated thinktank for the North of England. With bases in Newcastle and Manchester, IPPR North's research, together with our stimulating and varied events programme, seeks to produce innovative policy ideas for fair, democratic and sustainable communities across the North of England.

IPPR North specialises in regional economics, localism and community policy. Our approach is collaborative and we benefit from extensive sub-national networks, regional associates, and a strong track record of engaging with policymakers at regional, sub-regional and local levels.

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EXECUTIVE SUMMARY

The nature of the recovery

In the wake of the recession – the biggest test of economic resilience in decades – the tools of national and local government have been re-geared for growth. This appears to be paying some dividends, as the economy is slowly but surely showing signs of a burgeoning recovery. However, the basis of that recovery is still in question. Long-term youth unemployment is persistently high. Business investment and the balance of trade remain significant concerns, as does household debt. And there remain major disparities in the relative performance of different cities and regions; in some areas the fragility of earlier growth has been exposed, as investment has drained away.

The severity of the recession has also caused a profound crisis in thinking about the economy, and in particular about the nature of economic growth, with increasing attention being paid to ideas of sustainability and economic 'resilience'. While the concept of resilience is often considered 'fuzzy' (Pendall et al 2009), a working definition might be 'the ability of an economy to adapt, both to shocks and to long-term changes'.

The importance of theories of resilience is that they raise the legitimate concern that, in recovering from the recession, policymakers may not do enough to learn the lessons of the past and, worse still, inadvertently sow the seeds of a future economic crisis. The chancellor announced in his most recent budget that he was 'building a resilient economy', so it is right to question the extent to which this is true, and whether resilience really is embedded in the government's strategy for economic growth. This paper will begin to undertake that task, with particular focus on a key aspect of the government's local growth strategy: local enterprise partnerships.

Local enterprise partnerships

Local enterprise partnerships (LEPs) were set up by government to drive the growth agenda at the local level. The rationale for these bodies is that they cover natural economic areas (which are often larger than local authority districts and counties, but smaller than the old government office regions). They were also intended to be constructed from the bottom up, through voluntary agreements between local businesses and other partners. As such, they are composed of contiguous local authority areas, but vary in size and shape and even overlap in some cases.

It is fair to say that the government has never directed LEPs to address matters of wider economic resilience, but given the permissive nature of the governmental guidance by which they were formed, LEPs have had the freedom to develop growth plans that address both narrow concepts of productivity growth as well as wider ideas of local economic resilience, should they choose to. Recently, LEPs were tasked with developing growth plans, and then strategic economic plans, in order to strike a 'growth deal' with central government for a share of the Local Growth Fund. These plans have presented an opportunity to investigate the extent to which these bodies have balanced the pursuit of productivity growth with that of local economic resilience.

The LEP resilience framework

In order to facilitate the analysis of these plans, and drawing primarily on the seven characteristics of resilient local economies developed by Greenham et al (2013) and on wider research from the Centre for Local Economic Strategies (CLES) (2009) and McInroy and Longlands (2010), IPPR North has developed a LEP resilience framework. This framework condenses the theory and concepts of economic resilience into five

thematic areas of analysis, each of which asks a series of key questions of each LEP plan. These questions – which number 29 in total – attempt to bridge the gap between conceptual thinking on resilience and local policymaking on the ground. This framework is summarised in table A.1 below.

Table A.1
IPPR North's LEP resilience framework: the five themes, and topics of the key questions

Theme 1 Responsible business	Theme 2 Investment and local resource flows	Theme 3 Integration and a responsive public sector	Theme 4 Engagement and accountability	Theme 5 Environmental sustainability
Role in the global economy	Long-term investment in infrastructure	Long-term and recognition of other plans	Business engagement	Environmental priorities and trade-offs
Impact of the recession	New technologies	Integration across transport, housing, skills, R&D, planning, energy	Engagement with schools, universities and colleges	Public transport and modal shift
Identification of strengths and weaknesses	Broad range of financial tools	Local powers	Engagement with citizens and civil society	Economic value of green spaces and the rural economy
Causes of long-term unemployment	Promote local procurement and social enterprise	Interactions with neighbouring LEPs	Transparency and accountability	Natural resource constraints and risks
Enterprise and innovation	Reliance on natural resources	Alignment with local authority plans	–	Impact of climate change
Promoting CSR	–	–	–	Strategy for food land and energy use
Social diversity in business	–	–	–	Food poverty and health
Tackling poverty and inequality	–	–	–	–

Key findings

IPPR North used the above framework to analyse LEPs' 'strategic economic plans' where they were available, and their predecessor 'growth plans' where they were not. We gave these plans subjective scores against each of the 29 questions as a means of assessing how far each LEP appeared to be addressing issues of local economic resilience.

There are two things about the results of this analysis that it is important to recognise. First, they constitute a critique not of the LEPs themselves but of the role that they have been asked to perform by government. Second, we do not attempt to grade or rank LEPs' plans – rather, our intention is to raise important questions about the nature of the economic recovery and their role in it. Furthermore, this report presents analysis only of LEPs' *plans*, and so assesses not the activity currently taking place within each LEP area, but rather the emphasis given in their plans to each element of our resilience framework.

We found huge variation in the nature, length and thoroughness of strategic economic plans and growth plans. Most LEPs have at least one area of resilience in which they demonstrate some good planning, but performance was generally best around those resilience measures which align more closely with traditional economic growth drivers. Against other measures, the plans leave much to be desired, and the range of scores we allocated to them was broad. Our findings are summarised by theme below.

Theme 1: Responsible business

Contextual issues

- The majority of plans did not present a detailed understanding of the essential interactions between the LEP and the *global* economy.
- Almost all of the LEPs acknowledged threats to their economies, but half of these references were merely in passing.
- Few reflected fully on their experience of the recent recession: while 26 LEPs' plans mentioned it, only four demonstrated a more developed understanding and consequently included any analysis or action plan in this regard.
- Only two-fifths of LEPs touched on the causes of long-term unemployment, and where solutions were proposed these were not well-integrated into their wider plans.

Innovation, enterprise and skills engagement

- Most LEPs mentioned innovation and entrepreneurship as being key to long-term economic success; however, again there was a variation in the degree to which they demonstrated understanding and proposed action on this front.
- LEPs did well with respect to engagement with schools, colleges and universities, with all recognising it in some form, and many showing practical actions in this area.

Corporate social responsibility (CSR) and social objectives

- The importance of CSR was only mentioned in two LEPs' plans; in one of these cases a radical approach to embed innovative businesses in the provision of public services was promoted.
- Few LEPs saw diversity and inclusion as part of their role, and just half of them mentioned tackling poverty and inequality. While there were one or two notable exceptions that mentioned unemployment and skills, these were normally referred to more as economic priorities than social ones.

Theme 2: Investment and local resource flows

Infrastructure investment

- Unsurprisingly, most LEPs' plans included some consideration of long-term investment in infrastructure, and in many cases this was aligned with environmental and economic priorities. Where some were more systematic and comprehensive, one-fifth of LEPs presented relatively weak plans for infrastructure investment.

New technologies

- All LEPs were concerned with making strides in digital connectivity, with almost all plans name-checking superfast broadband roll-out (although measures to promote uptake and utilisation rarely featured). However, there was relatively little further exploration of research and development opportunities and other new technologies.

Local resource flows

- With some exceptions, LEP thinking around financial instruments or local procurement practices was generally less detailed and developed than might be expected, given the government's guidance on the importance of sources of finance to drive local growth.
- Few LEPs presented a strong appraisal of risks to natural resources, although there were important exemplars in this area. Furthermore, while food, land and energy use were touched upon briefly in one or two cases, no LEP demonstrated strong long-term planning in this area.

Theme 3: Integration and a responsive public sector

Integration and collaboration

- Many LEPs' plans paid little regard to their relationships with other strategies and plans that might affect them, or the role played by public agencies in their areas in driving growth or public service reform.
- Instead of seeking collaboration with neighbouring LEPs on key areas, all too often there was evidence that LEPs were too afraid of competition to see the benefits of a more collaborative approach.

Decentralisation

- It is somewhat surprising that less than a quarter of LEP plans make any demands for local powers or greater flexibility to pursue local economic resilience.

Theme 4: Engagement and accountability

- The vast majority of LEPs did evidence some engagement with their stakeholders and businesses, but in most cases this appeared to be quite a shallow commitment.
- Perhaps unsurprisingly, few LEPs took the initiative to engage meaningfully with civil society and citizens, while local voluntary organisations and social enterprises were seldom mentioned.

Theme 5: Environmental sustainability

- Some LEPs have started to develop plans that demonstrate strong medium- to long-term planning for environmental sustainability. Rural LEPs generally presented a more rounded understanding of the interaction between businesses and the environment than their more urban counterparts, though they weren't alone in this.
- Over 70 per cent of LEPs name-checked the importance of public transport and modal shift in their plans, but roughly a third made no mention of these issues.
- Many LEPs mentioned the value of green spaces, but few presented a well-developed appraisal of the natural environment of their area. However, there were some excellent examples in this regard.
- Few LEPs presented a strong appraisal of natural resource constraints and potential risks, and the impact that these could have on the economy. Food, land and energy use were touched upon briefly in one or two plans, but no LEP appears to have developed strong long-term planning around these areas.

Conclusions and recommendations

In the wake of the recession, one of the most important questions that must be asked is whether we are now building local economies that are more resilient. If secondary evidence from local economic development plans is anything to go by, then the answer must be a resounding 'no'.

With few exceptions, no LEPs appear to be taking a systematic approach to building economic resilience. A handful have worked up plans around one or two resilience issues; some include a liberal scattering of key buzzwords on the topic; but for most, issues of resilience are of second-order importance to the primary task of driving high-value productivity growth.

This is only to be expected given the role that LEPs have been asked to perform by the government, and the context in the past few years has been dominated by the drive for unbridled private-sector led growth against a backdrop of public sector austerity. LEPs

themselves are an expression of this drive: business-led, light-touch agencies unencumbered by bureaucracy and, until very recently, free from public funding. Local growth plans and subsequent strategic economic plans, for which LEPs have been responsible, have been characterised as bottom-up strategies, ostensibly undirected by government guidance but with the clear incentive of being able to draw down grants from the Local Growth Fund with no apparent regard for long-term sustainability. While in some cases this freedom has enabled more innovative and resilient approaches to be adopted, these have been the exceptions rather than the rule.

So LEPs can hardly be criticised for apparently having overlooked the issue of economic resilience – they have been given few if any incentives to adopt a longer-term approach to economic development. But the focus must now be on the future. As the economy starts to recover, and with the permissive environment created by the current government, there is a huge opportunity for LEP areas to learn from one another about the most progressive approaches to building local economic resilience.

From Thames Valley Berkshire's excellent analysis of potential risks and weaknesses to Greater Manchester's work on governance and accountability, and from the West of England's transport plans to New Anglia's approach to a green economy, there is much to be shared and learned.

To achieve this, our report concludes with three straightforward recommendations.

1. While it is important that central government guidance to LEPs remains broadly permissive and light-touch, greater emphasis should be placed on long-term economic sustainability and resilience alongside the immediate demand for rapid productivity gains. Government could identify economic resilience-building as a key principle for local economic planning in future iterations of LEP guidance, to sit alongside and complement the aim of driving economic growth.
2. LEPs and their wider partners should use the freedom granted by central government guidance to develop more considered plans to build long-term economic resilience. This needn't be all-encompassing, as it is important that LEPs are clear about their priorities and remain focused on delivering key objectives. However, there is scope for greater planning around some of the key themes highlighted in our LEP resilience framework, including:
   - taking account of the wider global context, the impact of the recession and local economic strengths and weaknesses
   - promoting responsible business practices and wider social outcomes, including tackling long-term unemployment, poverty and inequality
   - ensuring a diverse mix of financial instruments, local procurement practices and natural resource strategies
   - integrating their own plans with those of their constituent local authorities, neighbouring and overlapping LEPs, and national government
   - demanding decentralised powers to drive sustainable growth and tackle the local impacts of economic shocks
   - ensuring business and citizen engagement, and the transparency and accountability of the economic planning process, and
   - identifying environmental priorities and trade-offs, including mitigating climate change and developing plans for food, land and energy use.

3. A LEP ‘Resilience Network’ should be formed in order to support good practice in building economic resilience within and between LEP areas. Experience to date shows that mutual accountability and the sharing of good practice is a more effective way of encouraging local innovation and embedding new approaches than top-down government guidance. Working within the wider, established and respected LEP network, the Resilience Network would also involve experts and practitioners on resilience issues from outside LEPs, again encouraging wider scrutiny, accountability and the sharing of good practice.

INTRODUCTION

The nature of the recovery

In the wake of the recession – the biggest test of economic resilience in decades – the tools of national and local government have been re-geared for growth (HM Treasury and BIS 2011). This appears to be paying some dividends, as the economy is slowly but surely showing signs of a burgeoning recovery. However, the basis of that recovery is still in question. Long-term youth unemployment is persistently high. Business investment and the balance of trade remain significant concerns, as does household debt. And there remain major disparities in the relative performance of different cities and regions; in some areas the fragility of earlier growth has been exposed, as investment has drained away.

These factors raise the legitimate concern that, in recovering from the recession, policymakers may not do enough to learn the lessons of the past and, worse still, inadvertently sow the seeds of a future economic crisis. There is a growing awareness that simple increases in value added or productivity (gauged as GVA or GDP per capita) may not be the only basis upon which a successful economy should be measured (Stiglitz et al 2009). Given the government's emphasis on economic growth, many questioned the truth of the chancellor's statement at the 2014 budget that he was 'building a resilient economy'.

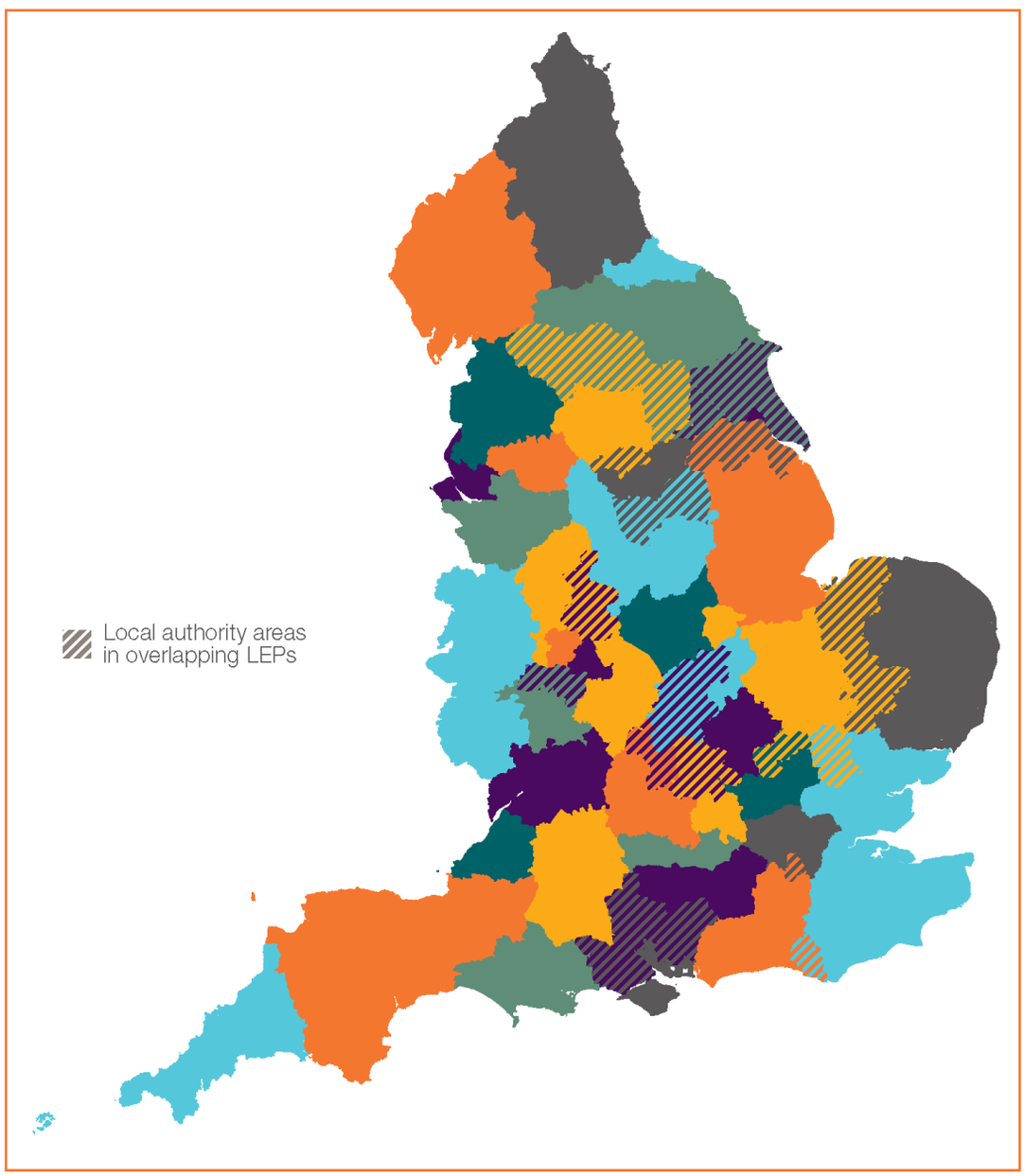
This report considers the question of economic resilience from the perspective of local enterprise partnerships, the bodies formed to drive local economic planning around cities and other sub-regions. By carrying out a detailed analysis of their plans, it explores the extent to which these local bodies, steered by national government, are planning for more resilient local economies.

Local enterprise partnerships

Local enterprise partnerships (LEPs) were set up by government to drive the growth agenda at a local level. They were created to replace the regional development agencies (RDAs) which were abolished in 2010, during the first few months of the new Coalition government. The rationale for these new bodies is that they cover natural economic areas (which are often larger than local authority districts and counties, but smaller than the old RDA regions), and are constructed from the bottom up through voluntary agreements between local businesses and other partners – unlike RDAs, which were instituted from the top down. As such, they are composed of contiguous local authority areas, but vary in size and shape, and in some cases even overlap.

LEPs are explicitly focussed on driving local growth. As such, their best work to date has been in support of specific Regional Growth Fund bids, the development of enterprise zones, and in promoting key infrastructure developments. More recently, LEPs were tasked with developing 'growth plans', and latterly 'strategic economic plans' (SEPs) in order to strike 'growth deals' with central government for a share of the Local Growth Fund. Government guidance concerning SEPs is not particularly prescriptive, and gives no specific definition of the nature of 'growth' other than a reference to the government's own *Plan for Growth* (HM Treasury and BIS 2011). Furthermore, the guidance suggests that SEPs should be more than just funding bids, and incorporate a wider local partnership approach to driving growth, with a clear vision, strategic objectives and analysis of local opportunities and barriers to growth. SEPs are currently being reviewed, with a view to being approved by government for a share of growth funds in July 2014.

Figure B.1
Map of LEP areas, and local authority areas that fall within overlapping LEP areas



Source: BIS 2013

In general, the development of LEPs has been varied. LEPs have so far been better at setting out very broad visions rather than more practical plans for action; they have tended to spell out broad themes and areas of general interest, rather than focusing on local assets, schemes and projects that will deliver their goals. LEPs have often been criticised for being largely unaccountable to those they have been established to serve, and for being inward-looking in their early development. In contrast to local or combined authorities, LEPs are not democratic bodies. As such they are limited in their role, and in order to fully impact on the areas they serve they often rely on the legitimacy conferred by their partnerships with local authorities.

However, they are at present a significant piece of the institutional architecture for local economic growth. Most directly involve local authorities, universities and other key players, and their emerging plans – insofar as they have been produced in partnership with local authorities – are the primary strategies for economic development across many local economic areas.

Research aims and methodology

The aim of the research project of which this report forms part is to explore how LEPs are planning for local economic resilience within their strategic economic plans, and to share learning between LEPs on local resilience initiatives. Our research pursued two key objectives.

- To develop a 'resilience framework', based on existing research, which summarises the factors that are considered to drive local economic resilience, and which can then be used to carry out a desk-based analysis of all 39 LEP growth plans or SEPs. This report is the output from this piece of work.
- To identify up to five case studies that demonstrate how some LEPs are developing particular schemes that will build local economic resilience. By identifying good practice in some LEPs, the intention is to encourage others to learn from and adapt ideas that could be applied in their own situations. These will be highlighted through a newly established LEP 'Resilience Network', and in a final report to be published by IPPR North later in 2014.

This report is structured as follows.

Chapter 1 analyses the impact of the recession on LEPs across the country, discusses local economic resilience, and constructs a resilience framework through which to analyse the strategic economic plans.

Chapter 2 presents the results of an analysis of all 39 LEPs' plans, structured across the five themes developed in chapter 1.

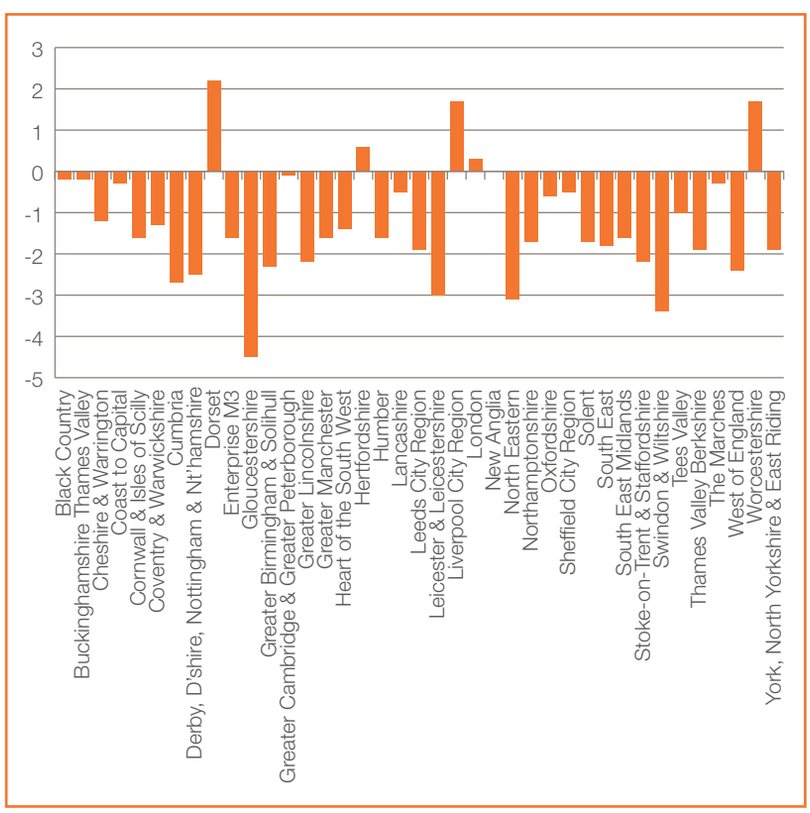
Chapter 3 draws conclusions and makes recommendations for both national and local policymakers based upon this analysis.

1. RECESSION AND RESILIENCE IN LOCAL ENTERPRISE PARTNERSHIP AREAS

1.1 The impact of the recession

The recession of 2007–2008 hit the UK particularly badly, and some regions within the UK suffered more than others as a consequence of both the initial economic shock and the subsequent policy response. Between 2008 and 2013 almost all areas saw a fall in their employment rates, with only a handful of exceptions, as figure 1.1 below illustrates. The hardest hit areas include the Gloucestershire, Swindon and Wiltshire, and North Eastern LEP areas, while Dorset, Worcestershire, Liverpool City Region and Hertfordshire were the only areas to experience a rise. The picture in terms of unemployment, set out in figure 1.2, was universally negative: the Greater Birmingham and Solihull LEP area saw the biggest rise, followed by the Humber, Tees Valley and Sheffield City Region.

Figure 1.1
Percentage point change in employment rate by LEP area, 2008–2013 (survey year to September)



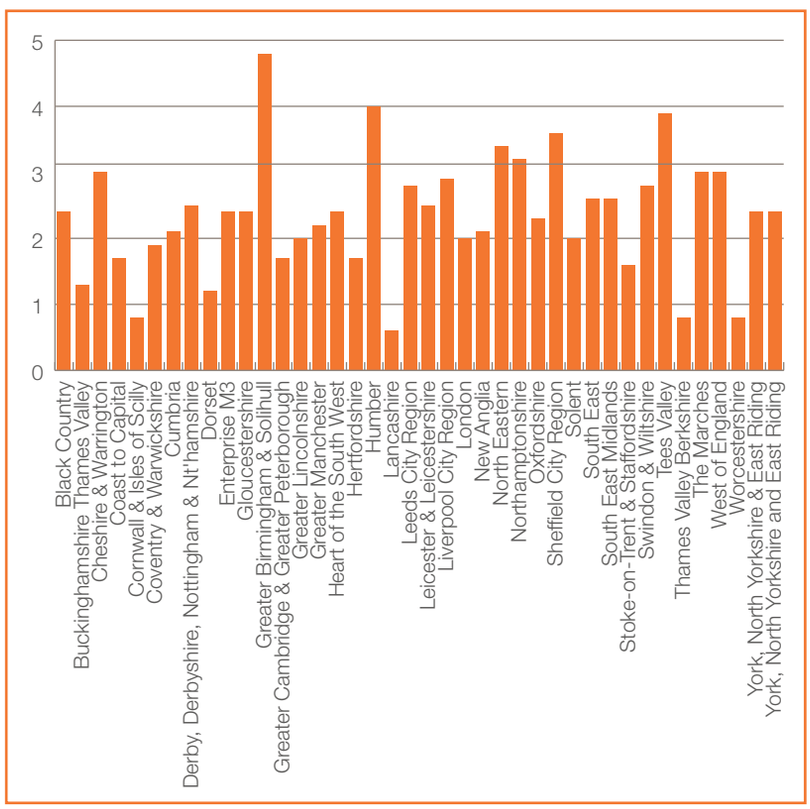
Source: ONS 2009 and 2014

1.2 Contributing factors to unemployment

The relationship between these employment figures and regional growth is an interesting one, which very well illustrates the challenges in reconciling the narrow objective of driving local economic growth with the wider desire to build economic resilience. Figure 1.3 below shows that areas with lower growth tended to experience larger rises in their unemployment rates before the recession, although not only is this association not very strong, but there were also areas with low growth that experienced falls in unemployment.[1] However, figure 1.4 shows that during the recession this relationship broke down further, and the level of local economic growth had very little association with increases in the unemployment rate.

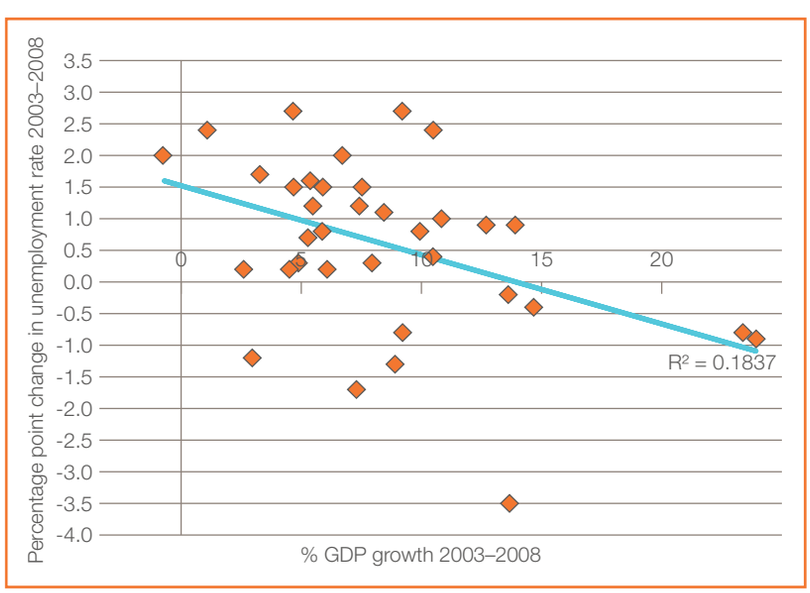
1 There are limitations to the validity of output measures at a sub-national level, but it is included here for illustrative purposes only. For a detailed discussion of this issue see, http://www.ons.gov.uk/ons/rel/elmr/economic-and-labour-market-review/no--1--january-2009/measuring-regional-economic-performance.pdf

Figure 1.2
Percentage point change in unemployment rate by LEP area, 2008–2013 (survey year to September)



Source: ONS 2009 and 2014

Figure 1.3
Pre-recession growth rate (%) and its impact on the unemployment rate in UK NUTS-2* areas, 2003–2008



Source: IPPR North analysis of Eurostat 2013a and 2013b
*Note: In this and figures 1.4 and 1.5 below, 'NUTS 2' refers to the geographies at level 2 of the 'nomenclature of territorial units for statistics' system. For details on these definitions, see http://epp.eurostat.ec.europa.eu/portal/page/portal/nuts_nomenclature/introduction

Figure 1.4
Post-recession growth (%) and its impact on the unemployment rate (percentage point change) in UK NUTS-2 areas, 2008–2010

Source: IPPR North analysis of Eurostat 2013a and 2013b

It is also important to note that, consistent with other research into the recession's impact on OECD countries (OECD 2011), some of the areas that saw falls in unemployment before the recession were those that saw some of the biggest rises after it, although there is only a weak general association between the two (see figure 1.5 below). This serves to illustrate the fragility of these local economies – the progress that they appeared to show before 2008 was not necessarily resilient during the recession.

Figure 1.5
Percentage point change in unemployment before (2008) and after (2010) the 'Great Recession', in UK NUTS-2 areas

Source: IPPR North analysis of Eurostat 2013b

1.3 Concepts of economic resilience

The relationship between growth and employment is just one example of how a narrow definition of growth is not always consistent with understandings of a healthy and resilient economy.

Interest in the concept of 'resilience' has grown in recent years due to the convergence of thought on recent economic and environmental crises (Christopherson et al 2010), which was catalysed by the financial crash and recession of 2007–2008. Although some argue that the concept is 'fuzzy' (Pendall et al 2009), a catch-all working definition of resilience might be 'the ability of an economy to adapt both to shocks and to long-term changes'.

Martin et al (2013) have attempted to pin down the concept, and in doing so draw out four variations on this theme.

- 'Resilience – *resilire*: to resume form and function elastically following a disturbance.'
- 'Resilience as "bounce-back" to [a] pre-shock state or path – "speed of recovery".'
- 'Resilience as "ability to absorb" shocks – "stability of structure and function".'
- 'Resilience as "robustness" – [the] capacity to maintain core system performance through "adaptability of structure and function".' (Martin et al 2013)

However, each of the above definitions refers to or implies returning to some kind of 'normal' state, rather than adapting or transforming fundamentally in response to change, and – as applies to other attempts to define resilience (Christopherson et al 2010) – this leaves them open to being subsumed into a definition of economic competitiveness, albeit one that applies over a longer term.

Other ideas have been drawn from the fields of ecology and environmentalism. For example, Lewis and Conaty (2012) set out the following seven principles of resilience: diversity, modularity, social capital, innovation, overlap, tight feedback loops, and ecosystem services.

Building on this framework, the concept has been developed in a more qualitative and conceptual sense by Greenham et al (2013), who define resilience as 'dynamic adaptation'. This definition of economic resilience is more comprehensive in that it establishes the need for it to relate to long-term as well as short-term changes not only in the economy, but in the environmental and social spheres. Greenham et al describe a resilient economy as one that has the following characteristics:

- responsible business
- positive local money and resource flows
- asset base and enabling environment
- responsive public and SME (small and medium-sized enterprises) sector
- strong community and civic voice
- interdependence
- environmental sustainability. (Greenham et al 2013)

The Centre for Local Economic Strategies (CLES) (2009) again conceive economic resilience as inseparable from, and mutually supportive of, social and environmental resilience, in which the relationships between different actors and spheres are key. This grows from a critique of local policymaking as having a heavy and unqualified focus on

economic growth; of conflating economic development with economic growth; being overly focused on traditional 'hard' economic interventions; lacking focus on social and employment issues; and generally lacking accountability, focus and integration (ibid).

The CLES resilience model focuses on the interaction of the commercial, social and public economies within a local economic territory, while also accounting for other, overarching factors across health and wellbeing, government input, local identity and context, history and culture, and the need to work within environmental limits. Building on this critique of growth and conception of resilience, CLES' resilience model includes 10 measures that can be used to understand the extent to which a local area is resilient. (CLES 2013). This is summarised in the box-out below.

The 10 indicators of CLES' resilience model
Measure 1: Strength of the commercial sector**.**

Measure 2: Strength of the public sector.

Measure 3: Strength of the social sector.

Measure 4: Commercial sector's relationship with the public sector.

Measure 5: Public sector's relationship with the social sector.

Measure 6: Social sector's relationship with the commercial sector.

Measure 7: Health and wellbeing and their relationship with the local economic territory.

Measure 8: Relationship between the local economic territory and working within environmental limits.

Measure 9: Relationship between the local economic territory and local identity, history and context.

Measure 10: Relationship between the local economic territory and both local and national governance.

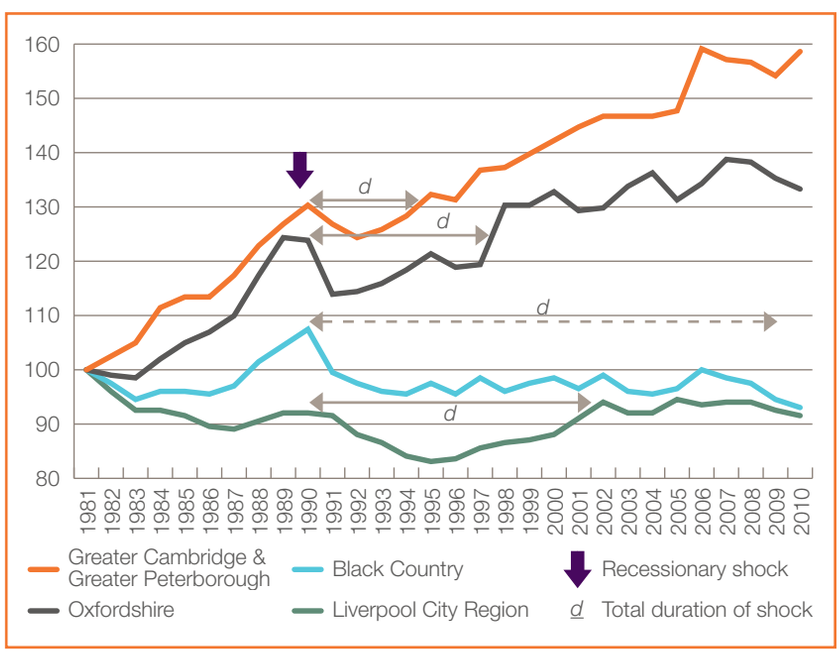
Source: Adapted from CLES 2013

Outside of the UK policymaking sphere, the literature on resilience has an even wider scope, but nonetheless provides a useful and relevant perspective on the resilience of local economies. For some, resilience is part of an understanding of the heterogeneity of national economies and the impact this has on their vulnerability to economic shocks and business cycles (Duval et al 2007). In other cases, ideas about economic resilience intertwine with those of environmental resilience in far more extreme situations, such as environmental disaster, famine and war (Venton et al 2012).

It is interesting that many concepts of economic resilience focus on local economic areas. This is an important insight because, as figure 1.6 below illustrates, local economies can respond very differently during economic downturns. In employment terms, the Black Country LEP area has yet to recover from the 1990s recession, whereas Liverpool City Region did recover, although this took a long time and the area has struggled to increase

employment since. By contrast, not only were the shocks experienced by the Oxfordshire and Greater Cambridge and Peterborough LEP areas relatively short-lived, but their employment levels continued to escalate beyond recovery, to a level far higher than before the recession hit. Long-term economic performance is the result of a multitude of factors, but shocks can cause both capital and labour to move away from less to more resilient local economies, and therefore embed disparities, contributing to the long-term divergence of economic performance (Martin et al 2013).

Figure 1.6
Local differences in recovery speeds/times (d) for employment relative to the early-1990s recessionary shock in four LEP areas



Source: Martin et al 2013

1.4 LEPs and resilience

It is fair to say that LEPs were never established to address the matters of wider economic resilience set out above. Given their purpose at their inception, and the permissive nature of government guidance to date, their principle purpose has been to drive a more narrow understanding of 'productivity growth'.

That said, LEP areas have been assessed for a form of 'resilience' as defined by Experian (LEP Network 2012). The results of this were somewhat predictable given the nature of the analysis: the Black Country, Sheffield City Region and Humber LEPs were found to be the least 'resilient', while Thames Valley Berkshire and Hampshire and Surrey were found the most resilient. While this work helped to define and broaden the definition of economic growth, the index developed was weighted heavily toward traditional business growth (with 50 per cent of the weighting), and did not account for a wide range of factors that can be more difficult to quantify yet perform essential roles in supporting resilient economies, such as the interconnectivity of various actors and institutions.

For this reason, our research has set out to draw up a different 'LEP resilience framework', drawing upon some of the insights from the wider literature but applying it to the context of the LEP strategic planning process.

1.5 Developing the LEP resilience framework

Based primarily on the principles outlined by Greenham et al (2013), CLES (2009) and McInroy and Longlands (2010), IPPR North has developed an 'LEP resilience framework' in order to assess LEPs' strategic economic plans.

Drawing primarily on the seven characteristics of resilient local economies developed by Greenham et al (2013),[2] IPPR North developed five thematic areas of analysis, within each of which was a series of key questions to ask of each LEP plan. The questions were helpfully informed by the work of McInroy and Longlands (2010), which address both the positive aspects of resilience, and the 'warning signs' of economic fragility. (A table summarising the connections between IPPR's LEP resilience framework and the research of Greenham et al and CLES is set out in annex 1).

In total, the framework comprises 29 questions across the five themes. These attempt to bridge the gap between conceptual thinking on resilience and local policymaking on the ground, and were piloted in a preliminary analysis of a selected number of LEP plans to ensure that they are fair and realistic. In order to facilitate a comparison of a diverse series of documents, and to highlight those that were strongest in different themes, an informal grading system was developed to act as a guide.

This framework is set out in the table below.

Table 1.1
IPPR North's LEP resilience framework: the five themes, and topics of the key questions

Theme 1 Responsible business	Theme 2 Investment and local resource flows	Theme 3 Integration and a responsive public sector	Theme 4 Engagement and accountability	Theme 5 Environmental sustainability
Role in the global economy	Long-term investment in infrastructure	Long-term and recognition of other plans	Business engagement	Environmental priorities and trade-offs
Identification of strengths and weaknesses	Business take-up of new technologies	Integration across transport, housing, skills, R&D, planning, energy	Engagement with citizens and civil society	Public transport and modal shift
Impact of the recession	Broad range of financial tools	Interactions with neighbouring LEPs	Transparency and accountability	Economic value of green spaces and the rural economy
Causes of long-term unemployment	Promote local procurement and social enterprise	Alignment with local authority plans	–	Natural resource constraints and risks
Enterprise and innovation	Reliance on natural resources	A case for greater local powers	–	Impact of climate change
Engagement with schools, universities and colleges	–	–	–	Strategy for food land and energy use
Promoting corporate social responsibility	–	–	–	Food poverty and health
Social diversity in business	–	–	–	–
Tackling poverty and inequality	–	–	–	–

The remainder of this chapter sets out in some detail the rationale behind each theme and the questions asked of each LEP plan.

2 See section 1.3 above.

1.6 Theme 1: Responsible business

1.6.1 Understanding context

A key consideration concerning the economic resilience of local economies is that each of them have clear roles within the wider national and global economy. For this reason, we assessed LEP plans against a number of contextual factors, including their understanding of their area's role in the global economy, their consideration of the most recent recession's impact on their area, the extent to which they clearly identified their area's strengths and weaknesses, and their analysis of the causes of long-term employment in their area.

As regards the global economy, one might expect the most resilient LEP areas to have considered not only the benefits of foreign direct investment but also the risks that might come with over-dependence on foreign capital.

Local economies can be extremely vulnerable to both shocks and long-term changes – many areas still struggle with the long-term decline of manufacturing, for example, and changes in industrial composition within an area can devastate local economies. However, it is not merely changes in the industrial base that constitute a threat: many areas are reliant on certain infrastructure assets, such as ports and airports, that can be highly sensitive to policy changes (such as in the energy market), and to competition and rationalisation by large multinational corporations. There is therefore a need for LEPs to demonstrate that they are aware of the risks they face to their industrial base and their infrastructure assets.

The recession had severe consequences for many local economies, and revealed a great deal about local economic vulnerabilities. That being the case, LEP plans need to consider not only future growth opportunities, but how they mitigate or overcome past vulnerabilities.

A particularly important contextual dynamic is long-term unemployment and inactivity. Besides the social and fiscal cost, these factors can erode the labour supply that underpins local economies: recessions can cause economic hysteresis and 'scarring' on individuals chances' of securing work throughout their lives, and there is therefore a risk that local economies can be locked onto a path towards low wages and low-productivity (Martin 2011). Many parts of the country have been in labour market recessions for decades, and have never recovered from historical changes in industrial composition. The supply of labour in an area is a key determinant of whether businesses will remain in or move to a local area, and so it is therefore of fundamental importance to both the social and economic elements of resilience.

Therefore, the questions we asked of LEPs' plans were as follows.

- **Q1.** Does the plan demonstrate an understanding of the interactions between the LEP area and the global economy?
- **Q2.** Does the plan clearly identify weaknesses, as well as strengths, in the area's business base and strategic assets, particularly in cases where a region relies on a small number of sectors or businesses?
- **Q3.** Does each LEPs' plan demonstrate an appropriate understanding of the recent recession's impact on their local economy across all sectors and upon all residents?
- **Q4.** Does the plan show an understanding of the causes of long-term unemployment in the area, and is this integrated into the plan?

1.6.2 Innovation, enterprise and employer engagement

Innovation and entrepreneurship not only drive productivity and growth, but enable local economies to adapt to both local shocks and long-term pressures (Thompson and Zang 2013). There are many ways in which LEPs can support innovation and entrepreneurship, including through comprehensive and rationalised business support, and by developing linkages between universities and local businesses to enable the commercialisation of research. Innovation is a crucial element in the definition of resilience, and central to businesses' capacity to adapt and renew in anticipation of and response to shocks and long-term changes.

Employer engagement with schools, colleges and universities is also fundamental to local economic development: these are not only centres for the learning and development of people, but are key locations where those people's talents interact with the local economy. The transition between education and employment is a vulnerable period for young people, and so smoothing that transition, through work experience and wider employer engagement, is a crucial means of minimising youth unemployment (Thompson 2013). Educational institutions are also crucial economic assets which draw in public investment, provide the skills base that underpins local economies, and – especially in the case of universities – drawing talented young people from across the world to study. (For more on the importance of universities to local economies, see Witty 2013).

The questions we asked of LEP plans in this regard included the following.

- **Q5.** Does the plan promote an economy that is entrepreneurial, and which adapts, innovates and learns in response to both shocks and long-term changes?
- **Q6.** Does the plan promote employer engagement with schools, colleges and universities?

1.6.3 Corporate social responsibility and social objectives

Many businesses of all sizes and sectors engage in corporate social responsibility (CSR) and pride themselves not only on the role they perform in the economy, but on their wider social and community impacts. CSR is important for resilience in two ways: first, it has a direct social benefit, bridging the gap between the commercial and social spheres; and second, it can be an indicator of the extent to which businesses are invested and embedded in a local community. LEP boards are usually made up of representatives from both the commercial and public spheres, and often both will separately be advancing social and community goals. While the idea of aligning these strands is perhaps unconventional, given the scale of the economic and social challenges facing many areas LEP the promotion of CSR could be an important means of building local economic resilience.

Although it is not their primary task, LEPs also have opportunities to promote social inclusion and to align economic and social strategies. Many areas of public policy – health, education, energy – have implications for reducing poverty and inequality, and there are important interconnections between social inclusion and economic resilience. (Pendall et al 2009).

In order to understand how LEPs are beginning to address these issues, we asked the following questions of LEP plans.

- **Q7.** Does the plan promote CSR practises among local businesses?

- **Q8.** Does the plan promote and support social diversity in business, in terms of gender, ethnicity and disability?
- **Q9.** Does the plan clearly identify tackling poverty and inequality as objectives, and effectively tie these in to an overarching economic strategy?

1.7 Theme 2: Investment and local resource flows

1.7.1 Infrastructure investment and new technologies

Infrastructure can have a transformative impact on local economies (Eddington 2006), but its development needs to be clearly linked with wider economic planning. Instead of wish-lists and reactive, short-term responses to local infrastructure issues, LEPs' plans should align housing, transport and employment strategies in order to capitalise on the power of infrastructure to transform local economies, while accounting for long-term trends and addressing wider social and environmental goals.

There is also strong consensus around the importance of research and development (R&D) to local economies, with the rate of return on R&D spending estimated to be between 20 and 50 per cent (BIS 2011). Research not only demonstrates the importance of digital connectivity to business productivity, but also shows that, as the provision of superfast broadband extends across the UK, more needs to be invested in promoting its utilisation (Hemming and Davenport 2010). Keeping ahead of developments in research and technology will build resilience by helping businesses to deal with long-term changes in the global economy, and maintain their competitiveness with firms elsewhere in the world.

For these reasons we considered the following.

- **Q10.** Does the LEP plan demonstrate a firm commitment to long-term investment in infrastructure, aligned with environmental and economic priorities, rather than simply presenting a wish list?
- **Q11.** Does the plan seek to promote business uptake of new technologies, from R&D to superfast broadband?

1.7.2 Local resource flows

Providing businesses with finance has long been an important component of wider business support, but the recession and its aftermath have provided a lesson in the importance of alternative financing during downturns, and some commentators are of the opinion that there is now a 'new credit paradigm' (Stockton 2013). While there is also a need to promote and enable alternative forms of finance – such as peer-to-peer or crowd funding – ensuring the basic availability of finance is absolutely crucial element of local economic resilience, and having a diverse range of finance institutions and instruments in place is key (Nissan and Spratt 2009). Even when the economy is growing, a broad range of financial services options help to diversify the business base, and ensure that businesses aren't reliant on a single model of finance to help them to invest and grow.

Progressive procurement policies can also be designed such that public spending generates maximum local economic impact. Such policies can have a particularly positive impact on small local businesses, social enterprises and the voluntary sector (CLES 2013).

Natural resources are also key considerations in regard to local economic resilience, not least in terms of energy production and consumption. The government recognises

this, and has set out a strategy for dealing with national energy emergencies (HM Government 2010). While the threat of short-term shocks is primarily a national issue, and relates strongly to national security, local economies are often dependent on particular industries or assets which themselves rely on natural resources in order to function – such as refineries or ports that are designed specifically to process biomass, oil or natural gas. Understanding the threats to these industries is therefore necessary to build local economic resilience, and to play a part in responding to the need to reduce dependency globally.

We asked the following questions of LEP plans In relation to local finance and resource flows.

- **Q12.** Does the plan make available a broad range of financial services options, and have contingencies in place for financial shocks?
- **Q13.** Does the plan promote local procurement practises and resource flows, especially to small businesses, social enterprises and the voluntary sector?
- **Q14.** Does the plan show an understanding of the area' reliance on natural resources, and the potential threats to these?

1.8 Theme 3: Integration and a responsive public sector

1.8.1 Integration and collaboration

All LEP areas cover more than one local authority, each of which has their own corporate and economic plans, built upon long-term experience. Far from reinventing the wheel or contradicting these strategies, it is crucial that LEPs demonstrate complementarity and wider 'buy in' across the natural economic geography.

Local partnerships also have the unique potential to draw different policy areas together in one place, whether they have direct influence over those policies or not. Resilient LEP plans will therefore align and integrate different plans of different bodies in order to maximise the economic impact of investment and achieve wider social and environmental goals.

A guiding principle behind the development of LEPs was that they should be formed around functional economic areas, very often identified in terms of local labour markets or travel-to-work catchments. While this makes good economic sense in many respects, economic resilience requires that policymakers understand the overlapping nature of economic footprints, and the fact that some economic factors operate over wider geographical scales. For this reason, the LEP plans that are most likely to build local economic resilience are those that demonstrate an understanding of the economic interactions between neighbouring LEP areas.

In order to address issues of integration and coherence in LEPs' plans, we explored the following questions.

- **Q15.** Does the plan demonstrate a long-term view, and recognise other plans that are in place in the area?
- **Q16.** Does the plan account for local governance structures, and include a plan to align local authority strategies and political priorities with the LEP's aims?
- **Q17.** Does the plan demonstrate an integration of economic policymaking across key areas: transport, housing, skills, R&D, planning and energy?
- **Q18.** Does the plan demonstrate understanding of the interactions between the LEP area and its neighbouring and/or overlapping LEPs and local authorities, and the national picture?

1.8.2 Decentralisation

The effects of the recent recession were felt very differently across the country, and some have argued that the sluggish and unbalanced nature of the recovery – led by growth in London and the South East – was due to the overly centralised nature of the national economy (Cox et al 2014). For this reason there is good evidence to suggest that economic resilience can be developed by ensuring that local areas have the necessary powers and fiscal autonomy to respond to crises according to the particular needs and challenges of the local economy.

For this reason we asked the following question.

- **Q19.** Does the LEP plan make a case for the right local powers to prepare for and respond to crises?

1.9 Theme 4 – Engagement and accountability

Economic resilience relies on democratic and transparent public–private interaction. While LEPs are not themselves democratic bodies, they maintain links to accountable local authorities via the elected members that sit on many of their boards. If these bodies wish to gain more powers over public funding, there is wide recognition of the fact that they must be made more accountable and responsive to the areas they serve. To be both more effective and more accountable, LEPs must become more rooted in both their local business communities and their local resident populations by actively engaging this wider audience.

Engaging with and representing a broad range of businesses is an essential role for every LEP: as the representatives of business in local economic development, this underpins the rationale for their very existence. There is the obvious danger that larger businesses are overrepresented in the process of developing plans, and that LEPs are less geared toward the needs of the small and medium sized businesses that form the vast majority of their business base. In addition, there is an evident tendency for policymakers to focus on supporting the strongest sectors within an area, which not only leaves other sectors unrepresented but has severe implications for the diversity – and therefore economic resilience – of the area.

LEPs can be considered to have responsibility for promoting the welfare and prosperity not only of businesses but also of the citizens that reside within their economic geographies. While many have some semblance of accountability through the elected local authority members that sit on their boards, even business secretary Vince Cable has acknowledged that they are lacking in wider public accountability (Merrick 2013). It is therefore imperative that LEPs work with those bodies that are directly accountable to the public in their areas, and the policies and strategies that these bodies have formulated. However, LEPs cannot solely rely on their links to local authorities to maintain their effectiveness and legitimacy, so in order to build wider resilience they should demonstrate a basic commitment to being transparent and accountable to local citizens.

With these issues in mind we asked whether LEP plans demonstrated the following.

- **Q20.** Ongoing engagement with businesses and their employees, of all sizes and sectors.
- **Q21.** Engagement with civil society and citizens
- **Q22.** Transparency and accountability to the local community.

1.10 Theme 5: Environmental sustainability

Growth and environmental sustainability are often considered to be mutually opposing aims. Indeed, in many ways there is often a trade-off between business and employment goals on the one hand, and protecting the environment on the other (Commission of the European Communities 2004). While there are some win-win situations, plans that have a genuine focus on local economic resilience will be clear about how their priorities address these issues. This is particularly important in some key areas of economic development.

Understanding and accounting for the impact of different types of transport use in a local area is essential to ensure that environmental sustainability is addressed. LEPs might be expected to consider issues such as public transport provision and the importance of promoting modal shift to the cleanest forms of transport.

While the economic benefit of green space in urban areas is currently not comprehensively proven (Saraev 2012), it does bring numerous other benefits (Saraev 2012 and BOP Consulting 2013). Furthermore, the economies of some parts of the country clearly rely directly on green spaces and their environment for their tourism economy. As a whole the natural environment is worth a great deal to the national economy (National Ecosystem Assessment 2011). It is therefore crucial to long-term resilience that progress in these areas is not jeopardised by the pursuit of the short-term gains in growth and employment.

The flooding endured by large parts of England in early 2014 has also served to remind policymakers of the economic and fiscal cost that can result from failing to prepare for environmental disaster. Natural forces, from flooding to drought, can have a profound effect on local and even national or global economies; and it is not only shocks, but also longer-term shifts in the availability of essential natural resources that need to be addressed. Food, land and energy are fundamental elements of a local economy, but are also subject to issues of scarcity and distribution.

Over and above the natural changes in climate and the environment, it is vital that LEPs' strategies take into account the potentially catastrophic impacts that man-made climate change may have on all human activity, including on the prosperity of local economies. Proper consideration of these elements is therefore essential for building resilience. Finally, good food and health are not only important ends in themselves, but it has also long been recognised that a healthy workforce is good for an economy, and there is evidence to suggest that good health contributes toward higher labour force participation, while poor health impacts negatively on wages (Suhrcke et al 2005).

With regards to environmental sustainability, we therefore asked the following questions of LEPs' plans.

- **Q23.** Does the plan incorporate an honest understanding of businesses' interactions with the environment, and a framework of priorities to deal with inevitable trade-offs between business and employment goals and environmental protection?
- **Q24.** Does the plan promote public transport and modal shift?
- **Q25.** Does the plan demonstrate an understanding of the economic value of green spaces, and seek to align economic and environmental goals?
- **Q26.** Does the plan demonstrate an assessment of the natural resource constraints and potential risks – such as water shortages and flooding – and the impact that these could have on the economy?
- **Q27.** Does the plan develop a strategy for food, land and energy use?

- **Q28.** Does the plan demonstrate preparedness for the economic and environmental consequences of climate change, and seek to respond to these?
- **Q29.** Does the plan account for food poverty and health considerations?

2. ANALYSIS OF STRATEGIC ECONOMIC PLANS

2.1 Applying the framework

The primary task of this research was to see how far LEP plans are geared toward building economic resilience, as defined in chapter 1. This section takes each of the resilience framework's five themes in turn, commenting on how the plans as a whole dealt with the issue and drawing out those that might be seen to be the most advanced in each respect.

This analysis constitutes a critique not of the LEPs themselves but of the role that they have been asked to perform by government. The only evidence that we considered was that contained within the growth and strategic economic plans themselves. These key, forward-looking documents were taken to be indicators of the LEPs' priorities, and our analysis in this chapter assesses the extent to which economic resilience featured in them; other documents were deliberately not consulted. This process therefore did not assess the activity taking place within each LEP area, but rather the emphasis which each LEPs' plan gave to each element of our resilience framework. This meant that areas that may in reality be more advanced by certain measures identified within the framework did not necessarily perform best in this analysis, because their plans may not have identified those measures as priorities.

We analysed all publicly available strategic economic plans (SEPs, of which there were 28), and in the eight cases where these were not available we used growth plans instead. In the remaining three cases, the LEPs said that they would not publish either plan due to the competitive nature of the European Structural and Investment Fund (ESIF) process by which funding from the Local Growth fund will be allocated.

2.2 General performance

There is huge variation in the nature of SEPs. Some run to over 100 pages, others less than 20; some have two or three key objectives, others have 10. This diversity is remarkable, if not surprising. With very little steer from the government, the structure and content of these plans will quite rightly vary from place to place. In some cases the creativity and thoroughness of plans is impressive: some LEPs are leading the way in the quality of their strategy-making and planning for resilience. In other areas, however, plans leave much to be desired.

In terms of economic resilience, most LEPs have at least one area of resilience in which they demonstrate strong planning. In terms of our scoring system, the range of scores allocated was broad: one LEP achieved more than 70 per cent of the maximum overall possible score, and a further six LEPs scored more than 50 per cent. Yet at the other end of the scale, 11 LEPs' plans failed to reach 25 per cent of the overall possible score.

Table 2.1 below shows those aspects of the resilience framework on which LEPs performed best. It is clear that plans are generally better developed around resilience measures that align more closely with traditional economic growth drivers: LEPs scored highly in the areas of honest appraisals of the strengths and weaknesses of the business base, business engagement, employer engagement with schools and universities, entrepreneurialism and infrastructure planning.

Conversely, and as expected, LEP plans are weaker in terms of their planning for social and environmental resilience: place, community and governance indicators are generally underdeveloped, and few LEPs present strong thinking in these areas, as table 2.2 below illustrates.

Table 2.1
10 measures against which LEPs performed best in terms of per cent of plans that mentioned, and offered strong appraisals, of each measure

Measure/aim	Proportion of plans in which measure is mentioned	Proportion of plans which offer a strong appraisal of measure
Promote employer engagement with schools, colleges and universities	97%	32%
Seek to promote business uptake of new technologies – from R&D to superfast broadband	92%	14%
Demonstrate a clear identification of weaknesses as well as strengths in the business base, particularly where a small number of sectors, businesses and assets are relied upon	89%	16%
Demonstrate ongoing engagement with businesses and their employees, of all sizes and sectors	89%	14%
Demonstrate understanding of the interactions between the LEP area and its neighbouring LEPs/local authorities, and the national picture	89%	11%
Demonstrate understanding of the interactions between the LEP area and the global economy (via UKTI)	86%	19%
Demonstrate an appropriate understanding of the recent recession's impact on the local economy across all sectors on all residents	78%	14%
Demonstrate a firm commitment to long-term investment in infrastructure, aligned with environmental and economic priorities, rather than simply presenting a wish list	76%	22%
Demonstrate an integration of economic policymaking across key areas: transport, housing, skills, R&D, planning, energy	76%	16%
Account for local governance structures, and include a plan to align local authority strategies and political priorities with LEP aims	76%	16%

Table 2.2
10 measures against which LEPs performed worst in terms of per cent of plans that mentioned, and offered strong appraisals of, each measure

Measure	Proportion of plans in which measure is mentioned	Proportion of plans which offer a strong appraisal of measure
Promoting local businesses' corporate social responsibility practises	8%	3%
Making a case for the right local powers to prepare for and respond to crises	27%	3%
Promoting and supporting social diversity in business, in terms of gender, ethnicity and disability	30%	3%
Accounting for food poverty and health considerations	35%	0%
Showing an understanding of the area's reliance on natural resources, and potential threats to these	38%	0%
Showing an understanding of the causes of long-term unemployment in the area, and integrating this into the plan	38%	3%
Demonstrating transparency and accountability to the local community	38%	3%
Demonstrating a preparedness for the economic and environmental consequences of climate change, and seeking to respond to these	41%	5%
Incorporating an honest appraisal of businesses' interaction with the environment, and a framework of priorities to deal with inevitable trade-offs, into the plan	43%	14%
Clearly identifying addressing poverty and inequality as objectives, and tying these in to an effective overarching economic strategy	54%	11%

2.3 Theme 1: Responsible business

2.3.1 Contextual issues

Our analysis began by considering the extent to which LEPs' plans address the wider economic context. All LEP areas contain businesses with important international trade connections, yet the majority of plans do not demonstrate detailed understandings of the interactions between the LEP and the global economy. Of those LEPs identified by the LEP Network (2012) as being either strongly export-orientated local economies, or having a high proportion of jobs in foreign-owned enterprises, only the South East Midlands LEP presented a detailed understanding of the interactions between its area and the global economy; it set out a plan for targeted interventions to help local firms improve their export potential. The Greater Manchester LEP recognised that, despite its strong track record in attracting foreign direct investment, its firms are less internationally-oriented than might be expected of a conurbation of its size, and so it outlined an Internationalisation strategy which focussed on six priority markets, alongside a strong implementation plan. However, on the whole, LEPs' understanding of their wider context seemed relatively undeveloped.

This is also true of their reflections on the recent recession. Although 26 LEPs' plans mentioned it, only four exhibited a more developed understanding which was then built into their strategy. The Thames Valley Berkshire LEP showed a crucial comparative understanding of the recession's impact on its local economy, comparing itself to similar European areas, while Lincolnshire also gave a more substantial analysis. However, across all LEPs this angle was underdeveloped, and the recession was generally viewed as a past event to recover from, rather than something that might recur and so require better long-term planning.

Almost all of the LEPs acknowledged the fact that there were threats to their economies. However, half of these references were merely in passing, and failed to show a comprehensive understanding of the risks that they faced. Five LEPs showed a solid understanding of their vulnerabilities and demonstrated some action toward building resilience to address these risks. Interestingly, the areas which did so tended to be among the strongest economically: the West of England and Thames Valley Berkshire LEPs offered the most comprehensive assessments of the threats to their economies. The West of England LEP's plan noted the risk of companies leaving the area, and 50 account managers were tasked with (among other things) monitoring the likelihood of major companies doing so. Thames Valley Berkshire found that its historically strong economy is potentially a double-edged sword, in that there is a risk of 'tiredness' – the rationale for companies settling there may have worn away over time, particularly in the cases of large corporates which settled there in the post-war era, and of industries that are heavily internationalised.

Furthermore, less than 40 per cent of LEPs touched on the causes of long-term unemployment, and where solutions to it were proposed these were not well integrated into their plans. Johnson and Schmuecker (2010) recommended that ensuring all people are able to share in the proceeds of economic growth should be central to LEPs' plans. Those that did this well presented a more thorough and holistic approach to planning. Dorset LEP, for example, focussed on key economic policymaking areas, mapping them out against targets, and started to develop this analysis further to look at the longer-term impacts that growth in these areas might bring about in communities and for citizens, not just for business. Leicester and Leicestershire LEP set out a plan for a 'socially inclusive economy', developing a strong local asset base in terms of people and place

and clearly incorporating poverty and social inclusion agendas into their overarching economic strategy.

2.3.2 Innovation, enterprise and employer engagement

Looking beyond contextual issues, most LEPs mentioned innovation and entrepreneurship as being key to long-term economic success; however, there was again a variation in the degree to which they demonstrated understanding and action on this front. New Anglia LEP showed both a good understanding of the innovation required in its key sectors – from agri-food to advanced manufacturing – and heavily promoted its innovation centres and clusters, while developing a programme of innovation vouchers to encourage businesses to develop links with higher education. South East Midlands LEP also had a well-developed innovation strategy: its plan discusses commercialisation at great length, and mentions many local initiatives and assets that seek to drive innovation in its higher and further education institutions and private businesses.

Promoting employer engagement with schools, colleges and universities is another area in which LEPs generally did quite well. All recognised it in some form, and 12 demonstrated practical actions in this area. While many were evidently at a more advanced stage of developing this area – to the extent that some perhaps took it for granted – Dorset LEP showed a strong commitment, and its plan demonstrated a clear enthusiasm. Dorset's plan included providing support to an existing initiative by local authorities and housing associations to provide paid work experience placements, and describes working to align employer supply and demand to establish a 'skills escalator and apprenticeship hub'. Most importantly, the LEP is looking to expand the Centre of Excellence for Industrial Liaison (CEIL), which builds modern workplace skills and attitudes into college courses. Many LEPs showed a good level of commitment to this area: other examples include the West of England, York, North Yorkshire and East Riding and Northamptonshire LEPs.

2.3.3 CSR and social objectives

Corporate social responsibility (CSR) is an important component of many businesses of all sizes and sectors, and many pride themselves on the role they perform not just in the economy but in the community. This was not a point recognised by many LEPs, however, and CSR was only mentioned in two LEPs' plans: Greater Lincolnshire and Northamptonshire. Greater Lincolnshire envisioned a general role for business in their communities, whereby they fulfil their roles and obligations to society and are recognised for doing so. Northamptonshire couches CSR in terms of radical public sector reform, and looks to embed innovative businesses in the provision of public services via CSR.

Perhaps unsurprisingly, few LEPs saw diversity and inclusion as part of their role, with only nine mentioning it at all, and seven of these just in passing. Clearly it is not the case that LEPs don't care about this issue, more that they didn't consider it as falling within the remit of the plans. However, there is a clear exemplar on this issue that demonstrates how social diversity can be aligned with LEP activity: the North East LEP showed how £160 million of funding would be used over six years to drive greater inclusion in employment and entrepreneurship in the area. The LEP is to make recommendations to this Inclusive North East project, which has the goal of eliminating gender, race, age and cultural gaps in employment by 2025.

Only half of LEPs mentioned tackling poverty and inequality as objectives, and only four outlined clear actions in relation to this theme. Many appear to have considered merely referring to the fact that unemployment and skills are priorities to be sufficient as an

indicator of their commitment. It was clear that, where these objectives were referred to, they were almost always regarded primarily as economic goals rather than anything else.

There were some exceptions, however: the West of England LEP's plan explicitly identified tackling poverty and inequality as key objectives, noted the contrast between the relative economic strength of the city of Bristol and the dire need that coexists alongside it, and identified funding from the European Social Fund which would be used to tackle key obstacles that people in the area face. Greater Manchester LEP was also exemplary in this regard, and capitalised on the unrivalled ability of the LEP area's 10 local authorities to work together on policy and strategy, catalysed by the combined authority. The strategic economic priorities of the area were intrinsically linked to alleviating deprivation: the economic (growth) and social (public service reform) were twin and mutually supportive objectives, and the plan itself not only a strategic economic plan but a far broader and deeper strategy for the area.

Responsible business: Case studies
West of England LEP
The West of England (WoE) LEP presents a strong analysis of the strengths and weaknesses of its business base across its key sectors, and fully costed interventions are accounted for. It is one of a few LEPs that focussed their plan on enabling all people and communities to benefit from a reduced inequality gap, and presents a strong understanding of the causes of long-term unemployment and deprivation. Other LEPs would benefit from undertaking a similarly honest appraisal of their 'deprivation hotspots' and consideration of how inequalities can be reduced.

> **'Endemic social exclusion and poverty has a substantial effect on communities and their wellbeing and has a disproportionate call on resources. Diminishing numbers of low-skill jobs and the competition for these jobs increases difficulties for those trying to access to the labour market. Low-skilled jobs still exist in substantial numbers, albeit offering low pay and generally poor conditions. The real issue is not that there are no jobs for low-skilled people, but that many low-skilled people, especially those with no qualifications, are unable to compete successfully for those jobs, which are taken by others who are better qualified or have greater skills.'**

WoE LEP sets out a plan for 'actively engaging civil society organisations in seeking ways to tackle social inclusion and combat poverty in an integrated, well managed and consistent way' so that 'all our communities share in the prosperity, health and well-being [of the area] and reduce the inequality gap.' Its profiling of skills gaps identifies wider barriers to work; no other LEP does this as thoroughly. For example, WoE LEP's plan focuses on carers and those with long-term health issues, digital exclusion, ex-services personnel, ex-offenders, and access to flexible and affordable childcare.

WoE LEP has a strong understanding of its strategic fit at the national and global level. It recognises that 'a city region with a strong profile makes a significant contribution to the UK's global competitiveness,' and sets out how its SEP is 'aligned with national policy', giving the example of how Invest in Bristol and Bath, an important local economic development agency in the area, has 'developed its

BOXED TEXT CONTINUES

programme in full collaboration with UK Trade and Investment focused on value-adding activity that has national and international impact.'

North Eastern LEP
The North Eastern LEP's plan is exemplary in the area of skills and entrepreneurship. It is the only LEP to develop a full strategy around social inclusion in business, which is an area that other LEPs should consider more thoroughly.

> **'Significant proposed investment: Inclusive North East – a £160 million investment by the North East LEP and central government over the next six years so that we eliminate all gender, race, age and cultural gaps in employment and entrepreneurship between North East LEP and national averages by 2025.'**

Furthermore, North Eastern is one of just a few LEPs that have set out a costed strategy around skills, including the below proposals.

> **'A North East Schools Challenge that focuses on both enterprise and attainment (£30 million revenue finance [is] required to significantly raise schools' performance across the North East).**
>
> **A £160 million investment by the North East LEP and government in high-level skills over the next six years to move the North East economy to a high-skill equilibrium (i.e. increase the levels of demand and supply of higher skills), including European funding to be matched by centrally funded agencies to promote high-level skills.'**

2.4 Theme 2: Investment and local resource flows

2.4.1 Infrastructure investment

Given the strong focus on traditional economic drivers across all LEP plans, it was not surprising that most plans included some consideration of long-term investment in infrastructure aligned with environmental and economic priorities. The West of England plan sets out a strategic framework for development and transport investment. It shows a strong understanding of how this framework adds value to local-level strategies, and details a costed future development programme, major transport schemes and a framework for interventions that are set against risk assessments, prioritisation planning and well-developed success indicators. Similarly, Leicester and Leicestershire LEP is clear that its plan is not a wish-list of infrastructure provision. Rather, it sets out programmes and projects with a strong framework for planning for economic growth against a backdrop of sustainability, quality of life and rural economic viability measures. The Tees Valley plan also stands out for its strengths in this regard. Surprisingly, a fifth of LEPs presented relatively weak plans for infrastructure investment.

2.4.2 New technologies

All LEPs are concerned with making strides towards digital connectivity, with almost all plans name-checking superfast broadband roll-out, although rarely featuring the promotion of uptake. The further exploration of R&D opportunities and new technologies is less developed across LEP plans. Northamptonshire LEP – recognising a key weakness in terms of its share of employment within the knowledge economy and high- and medium-tech manufacturing

compared with the national picture – sets out a strategic response to drive innovation, prioritising R&D and new technologies around Kettering Energy Park. It also sets out a detailed understanding of skills shortages, and proposes strategic responses to them.

2.4.3 Local resource flows

Generally, LEPs' thinking regarding financial instruments and local procurement practices was lacking in detail and under-developed, given that this is one area in which government guidance explicitly calls upon LEPs to demonstrate resourcefulness. LEPs' plans tended to make mention of having a broad range of financial services options, and describe the financial services that are based in their LEP area. South East LEP is exploring new and emerging options regarding financial instruments. It is investigating municipal bonds and tax-increment financing, and setting out plans for an infrastructure investment fund aimed at the public and private sectors and to be used to address ageing and inappropriate commercial infrastructure and inadequate housing supply.

Investment and local resources: Case studies

Leicester and Leicestershire LEP

Leicester and Leicestershire LEP (LLEP) presented one of the strongest SEPs across all areas of our resilience framework. Supported by examples of 'track record' throughout, its strength is its focus on inclusion and planning around people and place as well as business.

LLEP presents a well-developed understanding of its need to develop a strategy for innovation and investment in R&D, and sets out an action plan to this end.

> **'In Leicestershire a high proportion of businesses (71%) say that they make no financial investment in R&D. This proportion is higher still amongst SMEs, of whom 78% make no investment in R&D. Within Leicestershire only 15% of businesses had worked with a university over the past three years, although this is considerably higher than [is reported] nationally in the BIS innovation survey. There appears to be a mismatch between the innovative output of the LEP's universities and the business formation of the local region. The LLEP has a lower proportion of knowledge-intensive employment than other neighbouring regions.'**

LLEP's plan is also relatively unique in its focus on recognising the importance of people, place and business in the formulation of strategy. It identifies key areas for investment, and is clear about the division of responsibility for making this happen.

> **'Our preferred delivery model for activity is through strategic programmes, with an emphasis on [the] commissioning of services, or occasionally through Calls for Activity. In some cases delivery may be undertaken by a lead partner with the direct allocation of resources or open calls for grants (particularly for private-sector-led activity such as the Regional Growth Fund).'**

LLEP demonstrates integrated economic policymaking: its plan is constructed around people, place and business, and by recognising and addressing the strengths and weaknesses inherent in each, its overall approach is strengthened. It demonstrates a long-term view, and recognises the other plans that are in place

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in the area; it is responsive to local intelligence and recognises its reliance on natural resources planning for environmental sustainability.

> **'As well as our commitment to big infrastructure projects, local infrastructure is vitally important in making places economically and environmentally sustainable. We have developed a series of local programmes, built on information provided by Districts within their growth plans, so that we can develop capacity to meet local growth and make substantial contributions to the vitality and viability of local and rural economies... Leicester and Leicestershire have an excellent reputation for a high-quality natural landscape, environmental protection and concerted efforts to tackle and mitigate climate change. Parts of Leicestershire were incorporated into the National Forest in 1995, Leicester achieved the status of Britain's first Environment City in 1990, and both City and County Councils (and other key partners) have robust carbon reduction strategies in place. Our programme of activity will support the delivery of outcomes in both these plans.'**

LLEP presents a summary table (appendix B of its SEP) which sets out an appraisal of key sectors accounting for strengths and weaknesses across business, people and place within its area; this is used to underpin a series of sector growth plans. Developing financial service options is highlighted as a key area. Other LEPs would benefit from reading this section of LLEP's plan, as its place-based approach sets a strong structure for the plan as a whole, integrating costed initiatives and drawing on other local plans in place in the area.

LLEP presented one of the strongest SEPs across all areas of our resilience framework: supported by examples of 'track record' throughout, its main strength is its focus on inclusion and planning around people and place as well as business.

Track record: Growing Places Fund

LLEP was allocated a £13.4 million investment fund that offers loans to enable the delivery of infrastructure which accelerates economic development by unlocking sites for employment and housing growth. It has supported 11 schemes, including the following.

- Junction and road improvements at Bardon Grange near Coalville, releasing access for a 3,500 housing development (including 700 affordable homes) and 20 hectares of employment land set to create 3,000 direct jobs and up to 60 new apprenticeships.
- On-site road improvements at Optimus Point Business Park in Glenfield, to deliver around 111,000m^2 of employment space, creating around 2,000 jobs, a district community centre and 250 homes, including 65 affordable homes.
- Remediation, levelling and infrastructure work at Melton Mowbray Business Park to open up the site for commercial development and potentially creating over 500 jobs.
- Investments to support construction of a 32,000ft^2 research and development office, innovation and laboratory, and delivery of superfast broadband at MIRA Technology Park Enterprise Zone.'

2.5 Theme 3: Integration and a responsive public sector

2.5.1 Integration and collaboration

Too many LEPs' plans pay little regard to their relationship with other strategies and plans that might affect them, or to the role of public agencies in their areas. Over 40 per cent of all LEPs made no reference to integration with other plans that are in place in the area. Greater Manchester LEP is an exemplar in this regard: its plan provides evidence of a deeper, comprehensive and more genuine collaboration between public and private agencies. Greater Manchester's plan is also an outstanding example of partnership working across local authorities and between the LEP and local authorities. There is a focus on social capital and communities which draws on a whole-place approach, and public service reform is predicated upon encouraging self-reliance and reducing demand. No other LEP looks at public service reform in these terms. The combined authority plays a strong role in enabling mutually-reinforcing growth and reform.

A few LEPs set out examples of working collaboratively with other LEPs. For instance, the Heart of the South West LEP lists the areas it has singled out for inter-LEP collaboration, and gives a detailed example of how its transport plans could be integrated with those of other LEP areas. This is an example of strong planning which recognises that networks and institutions (transport networks in this case) do not limit themselves to LEP boundaries, and that there are opportunities for obtaining best value and impact from the coordinated deployment of funding. Too often, however, there is evidence that LEPs fear competition with neighbours, and do not sufficiently recognise the opportunities offered by connectivity and collaboration.

2.5.2 Decentralisation

Less than a quarter of LEPs' plans make any demands for greater local powers or flexibilities in the pursuit of local economic resilience. Of those that do, both the South East LEP (SELEP) and Sheffield City Region LEP (SCRLEP) devote strong sections of their plans to decentralisation. SELEP's devolved model for delivery identifies the need for appropriate powers to respond to economic shocks. It recognises that programme development and prioritisation will ideally take place at a local level, where strong local plans are complemented by the added strategic value, scale of ambition and business knowledge that the LEP structure offers. SCRLEP sets out an implementation plan predicated on decentralisation via place-based budgeting and investing in growth at scale, with greater control of locally raised finance.

Integration and a responsive public sector: Case study
Greater Manchester LEP
Greater Manchester LEP (GMLEP) recognises its place in the geography and economy of the North, and demonstrates an understanding of the importance of its relationships with neighbouring areas.

> **'It's also important to recognise the importance of the relationship between Greater Manchester and its surrounding areas, such as Cheshire, Derbyshire and Lancashire, and its access to other major conurbations such as Merseyside and the Leeds and Sheffield city**

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regions. We are positioned at the heart of the North, along the axes of the main national motorway corridors and key railway connections – Greater Manchester's productivity and prosperity is intimately connected with the wider economic growth potential of the North.'

GMLEP's plan demonstrates an integration of economic policymaking across key areas – transport, housing, skills, R&D, planning, energy – and is clear that a place-based approach will be central to the delivery of its plans.

'We will prepare an integrated infrastructure plan (by mapping the investment needed in current and new infrastructure against 'growth' locations) to support resilient low-carbon growth. We will develop new ways of funding infrastructure investment to support growth, including the UK Guarantees Scheme, an 'Earn Back' model and the Community Infrastructure Levy; and implement a place-based, co-ordinated and prioritised programme of investment.'

GMLEP set out a strong plan which demonstrates a long-term view and recognises other plans in place in the area.

'Portfolio leads will own and lead the development of our response to those strategic priorities that fall within their remit. Interventions will be clear, focused and integrated, and will engage wider stakeholders in their delivery. Plans will not only reflect the strategic overarching priorities within the GMS but also more detailed objectives which feature in our other strategies, such as the GM Climate Change Strategy, GM Housing Strategy or the next Local Transport Plan.'

The plan sets out a clear governance structure – indeed, Greater Manchester's is one of very few LEPs' plans that define where local powers sit.

'We have made significant progress in strengthening our governance arrangements since the Greater Manchester Strategy was produced in 2009. Along with the Local Enterprise Partnership, the GM Combined Authority provides a basis for collaboration and implementation of the Greater Manchester Strategy. Our unique form of city regional governance enables us to take decisions on key issues of a strategic nature and places us in a strong position to make devolved funding decisions.'

Furthermore, GMLEP sets out responsibility for local plan implementation and the local bodies accountable for each aspect of it.

'We are making significant changes to the way that strategic issues are managed through the establishment of the GM Health and Wellbeing Board, the Low Carbon Hub, the recent election of the Police and Crime Commissioner and the establishment of the Police and Crime Panel; and establishing Leader Portfolios to provide ownership of the development and delivery of Implementation Plans.

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We are embedding the governance arrangements to deliver the devolved responsibilities already agreed with government in respect of economic development of the city region by aligning and streamlining the Manchester 'Family' of organisations, including Manchester Solutions, New Economy, MIDAS and Marketing Manchester. We are also seeking to broaden the range of devolved accountabilities, including the negotiation of a place-based settlement with government, to secure greater influence over delivery of public services and to enable radical long-term reform. This will provide us with the flexibility to manage and move resources across organisational and policy boundaries at the local level to achieve the best possible outcomes for our people.'

2.6 Theme 4: Engagement and accountability

Engaging with and representing a broad range of businesses is an essential role for every LEP – as the representatives of business in economic development, this underpins the rationale for their very existence. The vast majority of LEPs did evidence some engagement with their stakeholders and businesses in their plans, but in most cases this appeared to be quite a shallow commitment – only half made a passing reference to such engagement, while just five demonstrated what we judged to be a strong commitment. Some areas understandably saw their priority as engaging with the business groups which set them apart in some way: in the case of York, North Yorkshire and East Riding LEP, the small business base was heavily consulted, and an online questionnaire and public consultation was used to gather views on the LEP's plan. As a result not only of these consultations but of the high economic importance of small businesses to the area, funding for small businesses was prioritised. South East Midlands LEP surveyed 1,700 businesses – an exemplary effort which showed a clear commitment to engagement with a wide range of stakeholders. This survey consisted of a telephone interview which covered a broad range of subjects related to resilience.

Generally, LEPs only name-checked engagement with civil society and citizens. Local voluntary organisations were seldom mentioned. Pugalis et al (2012) highlight innovative practice in Leeds City Region, specifically in that LEP's use of social media as a communication tool; approaches to networking and engagement such as these should be explored by other LEPs. There is also a danger that social enterprise is seen as important only for the economic value it brings, rather than its social value. Greater Birmingham and Solihull LEP commissioned research into the value of social enterprise in 2013, and in its plan is clear about the social contributions that social enterprise makes. York, North Yorkshire and East Riding LEP is one of the few to recognise the importance of developing strong communities and social inclusion within its plan. It focusses on a community-led local development approach to enhancing inclusion and employability, strengthening the capacity available through the voluntary and community sector and applying the tried and tested LEADER (Liaison Entre Actions de Developpement de L'Economie Rurale) programme for rural development across its market towns through community-led area partnerships and town teams.

In terms of governance structures, accountability and transparency to local citizens, there are two LEPs that demonstrated a strong understanding of the importance of clarity. New Anglia LEP clearly set out its governance structure, the plans that local authorities were involved in, and showed how it engages on a quarterly basis with local authorities. At the community level, Greater Birmingham and Solihull LEP's plan presented a statement on transparency and accountability which set out its intention to openly publish delivery plans via an online portal which will allow anyone access to the activity underpinning each plan. Given the extent of public funds for which they are responsible, we should expect to see more about LEP governance arrangements made available, and in particular the level of engagement with local authorities and civil society should be clearly defined in LEPs' plans.

Engagement and accountability: Case study
South East Midlands LEP
South East Midlands LEP's (SEMLEP's) strategic economic plan is based on extensive engagement with businesses and citizens. It undertook a business survey with over 1,700 businesses across the south-east Midlands, and was the only LEP to engage in such detail. The survey involved a telephone interview which covered a wide range of business-related issues, including barriers to growth, business optimism, access to finance, business support and links to innovation and R&D, as well as skills shortages and gaps. In addition, SEMLEP are consulting extensively with local authority partners, the voluntary and community sector, further and higher education institutes, and firms and business networks through a series of events and regular meetings held across the south-east Midlands.

SEMLEP were one of a select few LEPs to set out a plan for engagement with local institutions.

> **'To ensure local authorities, further and higher education institutes were actively engaged in helping to identify and design the interventions, a project prioritisation session with local authorities in [the] South East Midlands took place in November. This followed a detailed exercise whereby each SEMLEP local authority was asked to pull together a list of priority projects that could be delivered in 2015/16, as well as medium and long term projects.'**

Furthermore, SEMLEP is one of a small minority of LEPs that have provided space on their boards for an 'observer from the Voluntary and Community Sector'.

2.7 Theme 5: Environmental sustainability

Some LEPs have started to develop plans that demonstrate strong medium-to-long-term planning for environmental sustainability. New Anglia LEP's plan presented a 'Green Economy Pathfinder Manifesto' alongside its SEP, and is one of very few that took a systematic approach to addressing environmental issues. Cornwall and the Scilly Isles LEP also dedicated an entire section to the green economy. Rural LEPs generally presented a more rounded understanding of the interaction between the businesses and the environment. However, of those urban LEPs with a good grasp of environmental issues, the Black Country LEP's (BCLEP) plan stood out. Its strategy is centred around the 'Black Country as Urban Park' – at its heart lies the creation of a physical framework

for rediscovering the distinctive settlement form of the Black Country (based on towns, villages and communities), integrating urban and natural environments. This plan, unlike others, starts to consider quality of life in this mix, and develops an understanding of the promotion of healthy and fulfilling lives for its citizens supported by a 'Green Infrastructure Plan' which puts the environment at the heart of defining the future urban form of the Black Country.

Less than half of all LEPs made references to the economic and environmental consequences of climate change and sought to respond to these. GMLEP presents a broad understanding of the consequences of climate change, considering place, people and the local economy. GMLEP have a strong research base and long-term strategy in place to deal with climate change, and have committed to implementing the findings of University of Manchester's 'EcoCities' initiative on climate change adaptation.[3]

Cheshire and Warrington is one of the few LEPs that appears to have started to think about the inevitable trade-offs between business and the environment. Its plan recognises the need to deliver growth for future generations, and recognises that longer term planning will involve managing numerous tensions, but also sees the scale of potential growth that could be secured through managing natural capital, investing in climate change adaptation and embracing a low-carbon approach.

Although over 70 per cent of LEPs' plans mentioned modal shift and the importance of public transport, roughly a third of them made no mention of these issues, and instead pressed the case for new road schemes. GMLEP and Northamptonshire LEP set out some implementation plans for encouraging modal shift – both plans mentioned opportunities for 'smart-commuting' and 'smart-ticketing' solutions. Coast to Capital was the only LEP to discuss the importance of public transport for greater accessibility to jobs, education and training opportunities, and West of England LEP was one of the few that highlighted the quality of life and health benefits of public transport.

Many LEPs mentioned the value of green spaces in their plans, but few presented a well-developed appraisal of the natural environment of their area. The Cornwall and the Scilly Isles and Dorset LEPs both recognised the economic value of their areas' outstanding natural beauty, and that their coast and rural environment are economic assets. However, neither demonstrated planning for potential threats to their strong visitor economies, or to address the problems associated with the seasonal nature of employment in this sector. Similarly, SEMLEP recognised the importance of green spaces for citizens' quality of life, for biodiversity and for a strong rural economy. SEMLEP's plan cites two long-term initiatives, and asks for government support in those specific areas.

- East Kettering Energy Park, which will be the first sustainable energy park in the UK to power an entire community.
- Bicester Eco Town development, an exemplar of innovation in sustainable development, which will ultimately provide up to 6,000 homes matched to 4,600 local jobs, including the development of a local sustainable construction sector; construction of an eco-business centre and 400 homes commences in 2014.

3 http://www.sed.manchester.ac.uk/architecture/research/ecocities/

Similarly, few LEPs presented strong appraisals of natural resource constraints and potential risks, including water shortages and flooding, and the impacts that these could have on their economies. Greater Lincolnshire LEP presented a relatively strong plan which set out a core strategy for flooding, prioritised working with the Environment Agency and other partners to protect its agri-food sector, and also identified drought as a risk. Food, land and energy use were touched upon briefly in one or two cases, but from their plans it appears that no LEP has developed strong long-term planning around these areas. Only where there are academics in the LEP area taking the lead on food – for example in the York, North Yorkshire and East Riding and the Marches LEPs – is mention made of this issue. There is a debate to be had about whether food security is a matter for LEPs to consider; however, there are LEPs that identify food production as a key sector on which their economy is reliant, but that make no reference to food security.

Environmental sustainability: case study
Cornwall and Isles of Scilly LEP
Other LEPs would benefit from looking at the Cornwall and Isles of Scilly (CIoS) LEPs' approach to environmental sustainability, including its costed plan for renewable energy. Furthermore, as CIoS is the only LEP to give a full appraisal of food security issues and environmental change, there is much to learn from their appraisal.

> **'Our work in the area of food and water security (basic sustainability) is leading the UK and is aligned with the Duchy College Food Innovation Centre and University of Exeter's European Centre for Environment and Human Health, based in Cornwall, whose academics form a team that is encouraged to break from traditional silos, conceiving and undertaking projects that deliberately cross disciplinary boundaries. The Centre also shares laboratories with the Environment and Sustainability Institute (ESI) at the Penryn campus. The complex problems of environmental change we face are so diverse and deep-seated that they require the collaborative, ground-breaking kind of approach we are pioneering at the ESI. Our academic and business community are finding creative solutions to these problems through world-class, interdisciplinary research. We feel our work contributes directly to the UK Agri-Tech Leadership Council's vision that the UK will "become a world leader in agricultural technology, innovation and sustainability... and contribute to global food security and international development".'**

CIoS LEP's plan gives a full appraisal of flood resilience and connectivity resilience issues, and considers protection of its natural resources and environment to be a key resilience issue.

> **'Recent events have highlighted the South West's connectivity resilience as a nationally recognised issue requiring significant improvements in order to protect the region's economic growth. This will require further action and funding to improve the rail and infrastructure robustness, including the potential for improved diversionary capacity in other LEP areas... With the concentration of communities on Cornwall's coast**

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and at the mouth of tidal estuaries or around river concourses, and the vulnerable exposed nature of the Isles of Scilly archipelago, we need to prioritise measures that will protect key employment sites and economic assets and infrastructure.'

Furthermore, CIoS sets out a plan for modal shift and gives an honest appraisal of issues with its public transport network, outlining initiatives for improvement.

'The bus network plays a key role in public transport provision serving those people without access to a car. Over 17% of households in Cornwall do not have access to a car, and more than 60% of 16– 24 year olds use non-car modes the most in order to travel. However, we know that many people do not currently see the bus as a viable alternative to the car due to perceptions of unreliability, length of journey times, or its inability to connect with other services or modes of transport.'

CIoS LEP's plan is structured around a solid understanding of its reliance on natural resources and green spaces.

'In order to build an innovative and sustainable economy we aim to prioritise support to companies that have the potential to exploit new market opportunities and those that can deliver the region's ambitions to be a 'green and marine' area. We will use the EU programme to attract investment and [research, development and innovation] in market opportunities with a focus on smart specialisation and opportunities for high growth. CIoS LEP has a well-established strategy and targets which identify both the benefits of developing a future low-carbon economy and the potential for our natural environment to drive the economy. This ambition is firmly shared by both local authorities. New development and investment should provide the most sustainable approach to accommodating growth, making the best use of infrastructure and services while respecting the natural and historic character of the area.'

3. CONCLUSIONS AND RECOMMENDATIONS

As the UK economy makes its slow recovery, it is right to ask whether lessons have been learned from the financial crash that led to the deepest recession in more than a generation. One of the most important questions that must be asked is whether we might now be doing more to build local economies that are more resilient and can better withstand the kind of shocks that have been experienced in the recent past and develop the ability to innovate and adapt to address long-term changes. If secondary evidence from local economic development plans is anything to go by then the answer must be a resounding 'no'.

We drew upon a wide range of studies of local economic resilience from within the economic development literature to compiled a LEP resilience framework by which to assess LEPs' strategic economic plans and local growth plans. With few exceptions, no LEP appears to be taking a systematic approach to building economic resilience. A handful have worked up plans around one or two resilience issues, some included a liberal scattering of key buzzwords in their plans, but for most, issues of resilience are of second-order importance to the primary task of driving high-value productivity growth.

This is only to be expected. The past few years have been dominated by the drive for unbridled private-sector-led growth against a backdrop of public sector austerity. local enterprise partnerships themselves are an expression of this drive: business-led, light-touch agencies unencumbered by bureaucracy and, until very recently, free from public funding. Local growth plans and, subsequently, strategic economic plans, for which LEPs have been responsible, have been characterised as bottom-up strategies, ostensibly undirected by government guidance but with the clear incentive being able to draw down grants from the Local Growth Fund with no apparent regard for long-term sustainability. While in some cases this freedom has enabled more innovative and resilient approaches to be adopted, these have been the exceptions rather than the rule. So LEPs can hardly be criticised for apparently having overlooked the issue of economic resilience – they have been given few if any incentives to adopt a longer-term approach to economic development. But the focus must now be on the future. As the economy starts to recover, and with the permissive environment created by the current government, there is a huge opportunity for LEP areas to learn from one another about the most progressive approaches to building local economic resilience.

From Thames Valley Berkshire's excellent analysis of potential risks and weaknesses to Greater Manchester's work on governance and accountability, and from the West of England's transport plans to New Anglia's approach to the green economy, there is much to be shared and learned.

In summary, our recommendations drawn from this review of LEPs' plans are as follows.

1. While it is important that central government guidance remains broadly permissive and light-touch, greater emphasis should be placed on long-term economic sustainability and resilience alongside the immediate demand for rapid productivity gains. Government should identify building economic resilience as a key principle for local economic planning in future iterations of LEP guidance, one that complements and sits alongside driving economic growth.
2. LEPs and their wider partners should use the freedom granted by central government guidance to develop more considered plans to build long-term economic resilience. This needn't be all-encompassing, as it is important that LEPs are clear about their priorities and remain focused on delivering to key objectives. However, there is scope

for greater planning around some of the key themes highlighted in our LEP resilience framework, including:

- taking account of the wider global context, the impact of the recession and local economic strengths and weaknesses
- promoting responsible business practices and wider social outcomes, including tackling long-term unemployment, poverty and inequality
- ensuring a diverse mix of financial instruments, local procurement practices and natural resource strategies
- integrating their own plans with those of their constituent local authorities, neighbouring and overlapping LEPs, and national government
- demanding decentralised powers to drive sustainable growth and tackle the local impacts of economic shocks
- ensuring business and citizen engagement, and the transparency and accountability of the economic planning process, and
- identifying environmental priorities and trade-offs, including mitigating climate change and developing plans for food, land and energy use.

3. A LEP 'Resilience Network' should be formed in order to support good practice in building economic resilience within and between LEP areas. Experience to date shows that mutual accountability and the sharing of good practice is a more effective way of encouraging local innovation and embedding new approaches than top-down government guidance. Working within the wider, established and respected LEP network, the Resilience Network would also involve experts and practitioners on resilience issues from outside LEPs, again encouraging wider scrutiny, accountability and the sharing of good practice.

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ANNEX 1
IPPR NORTH'S LEP RESILIENCE FRAMEWORK

Table C.1
IPPR North's resilience framework for local enterprise partnerships' growth plans and strategic economic plans, and its relationship to previous work

IPPR North resilience framework	Characteristic (Greenham et al 2013)	Description (Greenham et al 2013)	Foundations of a resilient local economy (McInroy and Longlands 2010)	Danger signs
1. Responsible business	Responsible business	A diverse range of responsible businesses and enterprises in terms of size, model (social, private) and the goods and services produced that provide good jobs (in terms of meaningful work, progression, remuneration), respond to local demand, and support a balanced regional economy	High levels of diversity in the economy Strong provision for young people	Plan only plays to the local area's strengths, supporting key sectors and employers Does not consider the leadership role that LEPs can play in fostering productive relationships between businesses and local communities and schools
2. Investment & local resource flows	Positive local money and resource flows	High local multipliers in terms of spending and investment locally, and high resource-efficiency (such as waste re-use/reduction)	A thriving community and voluntary sector	Poor thinking regarding growth, development and quality; not enough focus on investment and venture capital (McInroy and Longlands 2010) Plan does not consider the dangers of overreliance on credit from a small pool of lenders
	Broad asset base and an enabling environment	Strong local asset-base in terms of attitude, skills, knowledge within the community and access to fair financial services Access and control over productive resources	A diverse finance sector	Poor thinking as regards growth, development and quality; poor connections between economic development and land-use planning; not enough bespoke local strategies that move beyond the traditional economic concerns (McInroy and Longlands 2010)
3. Integration & a responsive public sector	Responsive public sector	Working to strengthen and invest in the local economy and provide good jobs	Strong public sector Effective public services Closer integration of land use planning with economic development Awareness of 'place' in policymaking	Social and employment issues not related to local economies, too many local strategies and not enough in them; poor thinking as regards growth, development and quality (McInroy and Longlands 2010)

4. Engagement & accountability	Active citizens	Local capacity to act and engage in debate and decision-making in the local and wider area (political voice) Strong levels of social cohesion and shared vision for action Capability and resilience of individuals across the community Enterprising behaviours	Strong civic engagement	Poor accountability in relation to economic planning and strategy (McInroy and Longlands 2010) Consultation (when it occurs) is tokenistic Local governance structures, and accountability to local citizens through them, is not accounted for by their plans
	Interdependence	Increased understanding of economic, cultural and ecological interconnections that link communities, span the globe and impact on the future Collaboration within and between communities	–	Plan is parochial and unrealistic about the area's strengths in the global economy Engagement with other local economies, and the national and global economies, is not factored in
5. Environmental sustainability	Environmental sustainability	Operating within environmental limits (applied at local and regional levels)	Environmental change and sustainable growth	Global and local ecological context is not fully accounted for in the strategy – it is referred to merely tokenistically or is not present at all