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[Network interference?](#)

13th September 2011



This week sees the inaugural meeting of the government-backed national network for local enterprise partnerships. Lee Pugalis and Lorna Gibbons ask: how does a ‘top-down’ network support ‘bottom-up’ LEPs?

Since it became clear that regional development agencies were unfavoured by both sides of the coalition government, the spotlight quickly reverted to local enterprise partnerships (LEPs).

While much has been written and discussed about the new inchoate array of LEPs – sparked by the Cable-Pickles open letter to business and local leaders inviting ‘radical’ proposals – clarity on their precise nature, role and responsibilities remains lacking. Indeed, if the localist rhetoric of the coalition is to be believed then LEPs are free to do as they please in terms of helping to ‘rebalance’ the economy and enable local growth.

It was perhaps surprising then that in April, Eric Pickles announced the formation of a national LEP Network. One could be forgiven for fearing this move may be a state strategy that seeks to retain centralist control. It was more surprising that such a network was commissioned by Whitehall, which sits uneasy with the discourse of localism.

WHAT IS THE PURPOSE OF THE NETWORK?

The network is intended to help ‘coordinate’ the activities of LEPs; providing a forum where they can share ideas and knowledge. It is expected to facilitate a mixture of physical and virtual networking opportunities, including brokering relations between ministers and LEP leaders. Membership is thus anticipated to be high-level decision-makers and arguably a closed community of elite actors.

The network's inaugural meeting is on 15 September by invitation only; limited to a couple of representatives from each LEP, senior Whitehall figures and a few other selective interests. As the network develops, a website, thematic groups and a business representative forum are anticipated to emerge alongside a few showpiece events per annum. In a move to get the government's 'official network' off-the-ground, the CLG stumped-up £300,000, which is claimed to be a 'one-off' payment.

In spite of the coalition's discourse of localism, the network was instigated by Whitehall. Mark Prisk has been reported as stating that government considers it is important that LEPs 'have a forum independent of government where they can share knowledge and ideas, and develop their role in driving growth'. On the surface such a sentiment appears rather logical and most would consider it to be beneficial. But is it an example of the coalition's centralist form of localism where they frame the mechanism for engagement, how engagement takes places and those who are invited to be engaged?

In terms of framing the network, government was adamant it should be facilitated by business interests. In this respect, government would retain control, enabling a less apparent and more shadowy form of influence. Therefore, the emergence of independent fora, such as the Enterprise Partnership Forum established by the New Local Government Network (NLGN) with support from academia (Institute for Political and Economic Governance of the University of Manchester) and business (Bircham Dyson Bell), were in effect discredited by the government's 'official' network.

This move, arguably, stymies the more organic bottom-up solutions – including those market-led innovations so favoured of government – in favour of more top-down Whitehall prescriptions. With CLG statements also indicating that the network will be an advocate for LEPs in Whitehall, the nature of independence is a crucial aspect.



HOW WAS THE NETWORK PROCURED?

Clarity on how the government contract to facilitate the network was procured remains murky, which is alarming considering the transparency rhetoric of ministers such as Eric Pickles. In a move to place business at the heart of LEPs, CLG contracted the British Chamber of Commerce (BCC) to perform this role.

The same organisation is also set to be producing an annual benchmarking report of LEP territorial economies. While Pickles claims the BCC 'came forward with a very strong proposal', the issue arises about the transparent nature of this exercise.

Judging by the fierce reaction of other interests on the announcement that the BCC had been awarded the contract, it's unlikely it was awarded through an open and competitive exercise. In the aftermath of

the contract announcement many organisations publicly declared they were unaware of the government's intent to establish such a network and had certainly not been consulted or invited to tender.

The Federation of Small Businesses (FSB) made its views explicit by issuing a public statement, that 'the FSB does not support this move and considers it to be contrary to the interests of the localism agenda'. The Institute of Directors also responded, noting it was 'surprised and disappointed that the government has appointed the BCC to head this £300,000 quango with no consultation or discussion with other business groups'.

A similar view was also expressed by the Forum of Private Business. Indeed, it has also been suggested that such a role would have likely arisen without public sector funding; financed in a manner akin to the NLGN model. Further, is facilitating the coming together of different LEPs and businesses not a role that the BCC would be expected (by its membership) to perform regardless of government funding? Was government so eager to put a national network in place that it failed to recognise similar support was already emerging in a more bottom-up fashion? Or was government keen to retain a shadowy form of top-down control over how LEPs engage with one another and Whitehall?

It is apparent that government sees business interests as the most appropriate facilitators of inter-LEP networking. However, by appearing to favour one business membership body, the coalition may have inadvertently marginalised the role of other business bodies.

WILL THE LEP NETWORK BE FINANCIALLY SUSTAINABLE?

Stumping-up start-up funds for the network 'over its first two years' sets a precedent for future state sponsorship. It is difficult to envisage how such a network, lacking independence from government, could evolve into a financially self-sufficient model, through for example business sponsorship.

With most LEPs operating on shoe-string budgets they are unlikely to have the financial resources available even if they deemed the network of value. Therefore, if additional state funding fails to materialise beyond the two-year bedding-in period then the ongoing costs would have to be met by the BCC. If such a situation transpires, it would raise serious questions about whether the initial injection of public sector financial support was necessary.

IS THE BCC AN APPROPRIATE FACILITATOR?

If one agrees with the government's rationale that business interests are the most appropriate facilitators of a national network of LEPs, then the BCC, along with other membership bodies, could be deemed appropriate. Alternatively, it is the very nature of their membership, governance and constitution that makes such bodies inappropriate facilitators of such a network.

The BCC, akin to other membership bodies, is an interest group and lobbying organisation. It does not represent the views 'of business' as such a chaotic range of interests is far too diverse to be adequately represented by a single voice. This message was recently reinforced by the chair of the Marches LEP, who declared in a bulletin that 'I would like to make clear that I understand the concerns of other business groups including the Institute of Directors, the Forum of Private Business and the Federation of Small Business, that chambers do not necessarily represent all businesses in our community'. Further, the BCC is a membership body. It is therefore an exclusive club that can only ever attempt to represent the views of its members.

In pursuing its own agenda, how will this align with the collective agenda of the LEP Network? For example, the BCC recently co-authored a report; [The Role of LEPs in Tackling Skills Needs](#). Its report

[A Year for Growth](#) states that 'it is critical that the LEPs do not simply become talking shops, and we are urging the government to give them a formal role in the planning process'. Clearly, the BCC has its own views when it comes to the role and functions of LEPs. A fundamental question therefore arises: is the BCC conflicted in its role as a membership-based lobbying organisation and a government-backed facilitator of a national LEP Network?

Further potential for conflict is discernible when one accounts for the roles being performed by local chambers across individual LEPs. Many were instrumental in the board recruitment process. For example Rob Johnston, chief executive of Cumbria Chamber of Commerce, is chair of the advisory panel and was on the steering group responsible for setting up the LEP. Other chambers, such as in Bristol, help in terms of coordination and they are represented on the advisory board for the West of England LEP. Whereas, chamber officers, such as John Bridge, chief executive of the Cambridgeshire Chambers of Commerce, is a board member on the Greater Cambridge Greater Peterborough LEP. Financial and in-kind support has also been forthcoming from many local chambers, with the Hull and Humber Chamber of Commerce contributing £2,500 so far to operating costs of the Humber LEP. This leads to the question of how the top-down views of the BCC will be reconciled with the bottom-up views of local chambers and individual representatives?

WILL LEPS PLAY BALL?

Initial soundings suggest that most elite actors involved in the governance of LEPs see merits in an official network, particularly as an arena to share practice and experiences. Publicly, the majority of LEPs are committed to the network with all participating in the inaugural network event. However, some actors across the political, business and officer spectrum involved in LEPs remain suspicious of its top-down nature, the role of government and the role of the BCC. Indeed, comparisons have been raised between the network and the RDA Network, often followed by critiques along the lines of 'needless bureaucracy'.

WHAT ARE THE ANTICIPATED BENEFITS/PROBLEMS?

In light of the demise of regional institutional infrastructure – including the abolition of government offices for the regions and the impending closure of RDAs – new channels of communication and lobbying are beginning to emerge. Nevertheless, the prevailing view is that some mechanism is beneficial that can bring the 37 LEPs together to exchange ideas, opinions and advice, and in some instances lobby government under the auspices of a collective institutional mechanism.

Therefore, LEPs have a significant opportunity to influence government's emergent LEP policy. In this respect, an official, state-backed LEP Network can potentially wield more influence across Whitehall than more independent LEP fora. As the single legitimate multi-LEP national group in the eyes of Whitehall, one would hope the unified views of this group are not only listened to but also acted upon by government. Thus, for example, if the network specifies the need for an additional function, such as the sub-national conduit for the programme management of European funding, then in the spirit of localism the government would be obliged to give serious consideration.

'Another potential dilemma is the willingness of individual LEPs to share ideas and innovations in a context of competitively framed urban policy. One only has to look at the process for allocating the Regional Growth Fund, LEP Capacity Fund, LEP Start-up Fund and enterprise zone designations.

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a target regime to an incentivised regime.' In this respect, a unified stance from the network – viewed as the collective position of the 37 LEPs rather than the BCC's network representative opinion – may help different government factions with an interest in LEPs reconcile their often contradictory policies. For some sub-national actors and interests, while regional institutions provided an important and

respected 'gate keeping' role, managing information flowing upwards and downwards from central government, such a role could also be seen as a barrier. Therefore, many of those engaged in the work of particular LEPs have found the face-to-face access to ministers and direct contact with civil servants extremely refreshing.

Of course, such channels of communication, often through less-formal structures, is onerous on the centre and particularly stretching for the relatively small teams of civil servants based in LEP-related teams in CLG and BIS. Nevertheless, this new mode of working is viewed favourably. It would therefore be remiss of government if these new central-local relations reverted back to a third-party engagement vehicle as was prevalent under the previous Labour government.

Another potential dilemma is the willingness of individual LEPs to share ideas and innovations in a context of competitively framed urban policy. One only has to look at the process for allocating the Regional Growth Fund, LEP Capacity Fund, LEP Start-up Fund and enterprise zone designations. A paradigm shift is occurring from a target regime to an incentivised regime.

Put simply, much of the dense guidance and detailed policy prescription is disappearing, although strong centralist control remains albeit in different forms, in tandem with the emerging benefits and rewards for those individuals, organisations and communities that deliver government objectives. Or in other words, some large sticks have been replaced with small carrots. The downside of a competitive urban policy landscape is the tendency for bodies to close ranks and view others as competitors.

NEXT STEPS

If the network does little more than keep different partners and interests 'in the loop' then it will perform a useful and pragmatic function. The lack of uniformity across LEPs means some are outward-facing and transparent, whereas others are more insular and limit discussions to an inner circle. If nothing else, a national network could help promote the practice of the former and by doing so encourage the latter to improve their channels of communication. The worth of such of an official network could be measured in terms of LEP participation and active engagement in the network, the networks policy influencing role, and the networks ongoing sustainability including financially self-sufficiency.

Despite the emergence of other, independent LEP networks, Whitehall saw fit to directly procure its own 'official' network. BCC was appointed through a less than transparent tendering process, at a direct cost to the taxpayer, which immediately raises concerns about the underlying motives of such a state-sponsored network and the role central government is to perform in the shadows. This approach also seems counterintuitive to the localism agenda.

Conversely, LEPs could use this to their advantage: as an official mechanism to put the coalition's localist discourse to the test. When inviting LEP bids a year ago, Pickles was fond of proclaiming that localities should be as radical as they like in their proposals. While the government has perhaps been taken aback by the legal and technical complexity of instituting a radical overhaul of the pre-May 2010 urban policy framework, it has demonstrated a strong commitment to new ways of working, different methods of public service delivery and recasting state-society relationships.

Whether the Big Society will pass power to all communities or whether it is a smokescreen for deeper modes of privatisation is a bigger debate entirely, but LEPs as individual entities and collectively need to decide what role they want to play in recasting state-society relations.

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