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Can LEPs fill the strategic void?

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In the wake of the removal of the regional tier of governance arrangements, **Lee Pugalis** and **Alan Townsend** look at how far the Coalition Government's Local Enterprise Partnerships proposal could go in filling the strategic void

For the first time since 1947, England is without a recognised strategic planning framework following the revocation of Regional Spatial Strategies (RSSs). Articles in the June and July/August issues of this journal have variously criticised the Conservative-Liberal Democrat Coalition Government for opening up a 'NIMBY charter' and inviting 'chaos' through an 'act now, think later' policy approach of 'rampaging through the English planning system'. By removing the layer of strategic planning in one fell swoop, Communities Secretary Eric Pickles has left the planning fraternity to muddle through the mess.

It is not our intent to retrace these arguments here. Instead we look, through a pragmatic lens, at the Coalition's new policy innovation – the Local Enterprise Partnership – and consider how far this may go to filling the strategic void. We argue that there is a strong case for 'the suggestion that Local Enterprise Partnerships may fulfil a *planning* function', as currently being examined by the Communities and Local Government Committee (CLG) Inquiry into the Abolition of Regional Spatial Strategies. However, as we sketch out a role for planning in the Government's economic transition plan, we draw attention to several potential pitfalls along the way.

Strategic spatial planning – a purpose served

Spatial planning has not been a resounding success since its introduction to the English statutory planning system.¹ Indeed, strategic planning and the breadth of

regional policies can appear nebulous to local interests. However, in critiquing and emphasising the many procedural and substantive flaws in administering a spatial mode of working, the peril is that the baby is thrown out with the bathwater. We maintain that strategic spatial planning (i.e. the Regional Strategy (RS) making process and the RSS exercise before it) served a pragmatic and valuable role. So, we argue, a complementary approach is to say that:

- The present 368 second-tier and unitary authorities, to which independent planning has devolved, are artificial creations, and they vary considerably in their geographical degree of functional independence and cohesion. Thus dropping RSSs without replacement leaves, for example, Nottinghamshire and Derbyshire with a total of 18 independent district planning authorities. Incidentally, it was through a reaction against the Maud Commission's work of 1969 that the second tier of local government was instituted by a Conservative Government; effectively bolting together previous smaller authorities to form minimum required populations.
- Abolishing the regional tier of strategy-making opens up the potential for innumerable boundary problems, with many planning practitioners suggesting that cross-boundary developments will stall indefinitely.
- Within a strategic framework, it is possible to prioritise development schemes in a manner that shares and minimises negative externalities from a wide range of necessary developments. Shropshire, for example, was prepared to co-operate over aggregate movements under the last West Midlands Plan.
- Efficient infrastructure and new development have to be planned *in relation to each other across the map*, as in the Milton Keynes South Midlands growth area; equivalent bodies are now needed for areas which straddle different districts. Indeed, many past examples can be given of transport proposals which were limited to one lower-tier authority area, and which are likely to be inefficient, while water and sewage have to be planned across drainage catchment areas.
- Regional targets have been discredited for the time being. Nevertheless, housing in one second-tier district may be complementary to employment growth in the adjoining one. Thus constraining housing delivery could

significantly hinder an economic recovery. Alternatively, undue speculative activity in some localities could destabilise the wider urban land economy.

Our emphasis therefore on the abandoning of regional planning would be on issues of duplication, sub-regional displacement, negative externalities, and the efficiency of infrastructure between authorities, along with the planning system's existing machinery for avoiding wasteful competition, as in retailing. However, many of these purposes of strategic spatial planning are not exclusive to the regional spatial 'fix' and were previously administered at the level of counties, including former metropolitan ones. We therefore anticipate the emergence of a new strategic planning geography and suggest that the shape of Local Enterprise Partnerships is recreating such a map. But their lack of statutory planning powers may deny them the very certainty which planners, developers and business demand (see the letter from 29 national bodies to the Secretary of State of 29 July 2010).²

Local Enterprise Partnerships – a policy innovation

In the 'Emergency' Budget on 22 June 2010, George Osborne, the Chancellor of the Exchequer, set out a five-year plan to rebuild the British economy. Forceful in their mission to reduce the public sector budget deficit and change the tax system, the Coalition have loosely sketched out a new policy innovation intended to *encourage* enterprise and *stimulate* private sector-led economic prosperity. The solution is the as-yet-undefined Local Enterprise Partnerships or LEPs. Despite the name – which suggests that they will be predominantly concerned with traditional economic development activities, including enterprise – the Government intends these partnerships to also 'enable improved coordination of public and private investment in transport, housing, skills, regeneration'.³

Expected to cover a 'natural' economic area, leadership and spatial governance are likely to be shared by locally elected leaders and business, as LEPs are set to replace existing Regional Development Agencies (RDAs). Lacking any policy guidance of substance, a letter by Vince Cable, Secretary of State for Business, Innovation and Skills, and Eric Pickles, Secretary of State for Communities and Local Government, put a little more meat on the bones and also stated that '[Government] are reviewing all the functions of the RDAs', surmising that 'some of

these are best led nationally, such as inward investment, sector leadership, responsibility for business support, innovation, and access to finance'.⁴ In spite of this potential power grab by the centre, clearly LEPs not only have a vital role to play in strengthening local economies but potentially will have a wider spatial governance remit; leading the sub-national shaping of places.

Filling the strategic void?

While we agree with many of the sentiments set out by David Lock as he urged planners to 'wait till the smoke clears' instead of 'clutch[ing] at the LEP straw to find a new peg for strategic planning',⁵ for many communities of interest this may not be socially, economically or politically palatable. As Lock asserts, *not* planning is not an option; and, we would argue, neither is waiting for an as-yet-undetermined post-election reconstruction phase. With this in mind, and from a pragmatic standpoint, it is worth examining the extent to which LEPs could fill the strategic void.

First, LEPs may provide a forum in which all aspects of the future development of an area can be considered together. In covering defined areas of some size, they provide the opportunity to spatialise land use plans in a wider statutory planning system.

This would help to elevate planning up the corporate agenda; inviting the spatial interpretation of the myriad of plans and strategies (such as library strategies, cultural masterplans, cycling strategies etc.) that tend to be developed in institutional and departmental silos. These would include the sustainable development objectives of spatial planning. While these objectives are noble, it is apparent that the Planning and Compulsory Purchase Act 2004 – intended to streamline the system – unintentionally added to the bureaucratisation of planning. With some simplification at the sub-regional level, it may be that LEPs could meet the key challenge that the English planning project has failed to achieve, even in the latest intentions for a single unified RS – designing-in economic policy in harmony with social justice and environmental stewardship.

Secondly, LEPs present an opportunity for the strategic consideration of non-local, sub-national, place-shaping matters. To argue this from a *business* point of view: much as one might welcome aspects of devolution to the 368 local planning authorities, the withdrawal of RSSs *without replacement* nonetheless *leaves a*

vacuum of uncertainty for business investment that could result in persistent NIMBYism and wasteful place-wars between localities in competition with one another. The allocation of employment land is of great interest to business. For example, successive strategies for North East England since the arrival of the Nissan factory have allocated a small, set number of sites for large inward investment: otherwise all the present 12 unitary authorities would wastefully allocate one each.

In short, although the legal apparatus of planning should quite rightly sit with central and local government from a democratic perspective, the business and housing interest is different from the cumulative outcome of what 368 individual local planning authorities might decide. The last government responded to business and Treasury influence in legislating for joint economic and spatial strategies.^{6,7} This may have proved too cumbersome, but the lesson must be learnt: that there needs to be full economic input into planning, and vice versa.

We therefore argue that LEPs are of value to planning *and vice versa*. We contend that it is *necessary* at all stages that planning is *part of* LEP work, but that this in itself is not *sufficient*. As the only proposed bodies to fill the vacuum between the 368 local authorities and Whitehall, LEPs must have a clear planning remit, develop a plan and have powers to implement it: otherwise much of their work could prove nugatory. For example, a LEP containing several districts could find each separate local planning committee voting to develop or approve rival out-of-town shopping centres, despite previous strategic accords via the LEP.

Thirdly, the LEP could prove invaluable as a co-ordinator of implementation. While not a *delivery* tool in itself, it could be more appropriately conceived as the framework that enables the spatial delivery of material activities. Therefore, one would expect multi-sector LEPs to encompass and marshal a multitude of perspectives, expertise, and political and commercial acumen to inform the production of LDFs as *enabling* tools.

Problems for the business of LEPs and potential pitfalls along the way

As the TCPA stressed in the June edition of this journal,⁸ a carefully phased transition plan is required. Yet, at the time of writing, the view of transition remains murky, which leads us to reflect on some potential pitfalls contained within the

hopeful expectations that LEPs could pick up the strategic planning reins from the disintegrating tier of regional governance and supporting plans.

We fully expect there to be many problems in establishing a fully viable set of LEPs, even for the more traditional aspects of economic development topics alone. Much of the precedent for this lies in the establishment by the last government of sub-regional partnerships, voluntary at the point of entry to local authorities (variously known as Multi-Area Agreements (MAAs) and City-Regions).

First, the role of planning in the spatial governance of LEPs is unlikely to be uniform and could be effectively marginalised by some LEPs if they opt to concentrate on traditional activities to stimulate the economy, such as grants for small businesses. LEPs are likely to be multi-sector partnerships; but what role is there for planners? We would anticipate that LEPs will provide a continuation of New Labour's spatial governance. This was a move that sought to achieve 'win-win-win' social, economic and environmental outcomes. However, it regrettably led to a situation in which planners were either obliged to co-align with their preferred pro-growth governance partners or else were left marginalised and effectively silenced in debates.¹

Secondly, the strategic nature of LEPs, partly influenced by their respective geographical reach, is likely to pose practical problems, not least in terms of agreement between local authorities. In many cases, political horse-trading is likely to override what shaky evidence there is to begin with on local economic geographies, as deals will be struck and boundaries agreed based on 'neighbours we can work with' and if not exactly trust then at least treat with less suspicion than 'them over there'. Among present partnerships between local authority areas, including notably some City-Regions, there are firm precedents for a successful approach to place-shaping where political conditions are propitious and the need clearly exists.

Ideally, problems of co-ordinating and engaging with committees and departments in Whitehall may be offset by saving valuable parts of draft integrated RSs, and reconvening Leaders' Boards with business bodies in regions that want this, to help co-ordinate the disparate spatial priorities of individual LEPs.

Negotiations between local authorities over existing sub-regional partnerships have shown constant flux, with authorities withdrawing over particular issues, and

associated changes of name. Squabbling between local authorities over the September submission of draft LEP proposals was in evidence at the time of writing. Differing political control among authorities and changes in control at future elections will inevitably provoke attempts to withdraw from previously harmonious agreements. The strength with which partnership agreements have been pursued is extremely variable. Thus the possibility of building a reasonably consistent set of LEP areas, boards and functions is limited within one parliament: if different LEPs are pursuing different sets of topics at different speeds, then the question may arise among businesses of a 'postcode lottery' of assistance.

Will the proposal of a 'duty to co-operate' for second-tier authorities be enough? We would argue that interest and activity relate fundamentally to the supply of money: when it is all allocated for one year, then dynamism and level of attendance (sadly) fall off very clearly. Resignation of business members from LEPs is to be expected when they find that they are spending a lot of time on public sector procedures concerning little resource.

Thirdly, and we would argue most importantly, there is a growing unease among place-shaping practitioners that LEPs may accelerate the 'neo-liberalisation' of spatial planning, the wheels of which were already set in motion by New Labour's *Review of Sub-National Economic Development and Regeneration (SNR)*.^{6,9} This challenged the balanced inclusion of the social and environmental aspects of RSSs. Local economic assessments, intended to assess the 'whole economy', thus incorporating wider place-shaping endeavours such as housing and transport, are likely to retain importance and be produced in most cases irrespective of their non-statutory status. We would therefore surmise that economic assessments will be *the* evidence base on which the spatial economic visions of LEPs will be based.

With a prevailing view that planning impedes the economy, will the leaders of LEPs see this as an opportunity to roll back the machinery of planning as a means to roll out private enterprise? If LEP plans were not statutory requirements, councillors might give up planning: commenting on the abolition of regional planning machinery, including the housing numbers game and the behind-the-scenes horse-trading entailed, David Lock observes that, 'councillors will find that they have been slipped from the frying pan and into the fire'.¹⁰

A hopeful and pragmatic way forward

To date, the deconstruction of strategic planning has been much quicker than any acts of reconstruction. LEPs are the new acronym on place-shaping practitioners' lips, yet the transition from regions (RDAs, Government Offices, Regional Leaders' Boards, RSs etc.) to sub-regional economic areas (LEPs) is likely to be a turbulent process. With the Coalition intending to re-absorb many of the RDAs' arguably most important functions nationally – such as inward investment, sector leadership, responsibility for business support, innovation, and access to finance – they have already contradicted their rhetorical localism agenda by revealing centralist ideologies. It is clear to us that not only are planning, housing and transport necessary to LEPs' working, but LEPs may require strengthening with formal strategic planning powers for essential purposes.

We suggest that the removal of the regional tier of governance arrangements necessitates a pragmatic consideration of the role that LEPs could play in resolving the strategic co-ordination of the spatiality of contemporary life. Our view does not at all end criticism of the dropping of RSSs, but provides some hope of a potential replacement, albeit operating at a lower spatial scale and presumably with much reduced resources.

We maintain that, while not necessarily providing the 'spatial fix', LEPs provide a scale at which future essential strategic planning should continue; a process that could potentially involve the formal saving of relevant parts of the now defunct RSS. The proposal sketched out here recognises that in terms of planning fixed investment, there are not a large *volume* of decisions that cannot be transferred to sub-regional LEPs.¹¹

The power of RSSs and previous Structure Plans was that their approved policy provided legally enforceable certainty for implementation through Planning Inspector decisions. Thus, for example, a plan which calculated the need for housing and identified suitable sites for it in Borough A could be implemented to meet the expansion of employment in the adjoining Borough B which had no housing land. Disputes about retail centres were decided on an agreed policy calculated across the whole plan area.

LEPs will similarly need to have the legal right and duty, in full consultation, to assemble and write the legally enforceable spatial plan for their 'natural' economic

area. However, this need not and should not involve them in all the myriad day-to-day decisions of the local planning committees. In total, the situation would not be very different from the regime from 1974 to 2004, when county planning committees undertook strategic work and a few larger decisions while the lower tier of districts undertook all the detailed work in the implementation of plans. Indeed, the emerging map of LEP bids at the time of writing is very like the previous map of larger counties and metropolitan counties.

In the longer term this arrangement would resolve the question of the remoteness of recent regional machinery. Following the rejection of the North East Assembly through a referendum, many experts looked to the model of two-tier planning of Greater London with its overall 'London Plan'. Along with the two-tier planning of the four Scottish City-Regions, this would register a convergence of views at a pragmatic and workable scale. If, as is the Government's intent, LEPs are responsible for 'real economic areas', then they must embrace the spatial flows, interactions and exchanges between housing, transport and the economy. If this is so, then surely there must be a prominent role for planning and planners within LEPs?

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Notes

- 1 P. Allmendinger and G. Haughton: 'The future of spatial planning – why less may be more'. *Town & Country Planning*, 2010, Vol. 79(7/8), 322-4
- 2 'Larger than local planning'. Letter to the Communities Secretary from 29 national bodies, co-ordinated by the RTPI, 29 July 2010 (released 5 Aug. 2010). www.rtpi.org.uk/item/3937/23/5/3
- 3 *Budget 2010*. HM Treasury. TSO, 2010, para. 1.89

- 4 'Local enterprise partnerships'. Letter from the Business, Innovation and Skills Secretary and the Communities Secretary to local authority leaders and chief executives and business leaders. HM Government, 29 June 2010.
www.parliament.uk/deposits/depositedpapers/2010/DEP2010-1363.pdf
- 5 D. Lock: 'Wait till the smoke clears'. *Town & Country Planning*, 2010, Vol. 79, Jul./Aug., 314-5
- 6 L. Pugalis: 'Putting the fox in charge of the hens?'. *Town & Country Planning*, 2009, Vol. 78, Feb., 67-9
- 7 A. Townsend: 'Integration of economic and spatial planning across scales'. *International Journal of Public Sector Management*, 2009, Vol. 22 (7), 643-59
- 8 'Making planning work – 'a peaceful path to real reform''. A Statement from the TCPA. *Town & Country Planning*, 2010, Vol. 79, Jun., 272-3
- 9 L. Pugalis: 'Regional governance and place-shaping – an evolving tripartite relationship'. *Town & Country Planning*, 2009, Vol. 78, Jan., 38-41
- 10 D. Lock: 'They think it's all over'. *Town & Country Planning*, 2010, Vol. 79, Jun., 280-2
- 11 Exceptions would include transport systems from Birmingham northwards, as between the Manchester, Liverpool, Sheffield and Leeds areas and between Newcastle-upon-Tyne and the Tees Valley