

In a joint letter to Local Authority Leaders and Business Leaders on the 29th June 2010 the Secretary of State for Business Innovation and Skills and the Secretary of State for Communities and Local Government, invited local groups of councils and business leaders to come together to consider how they wish to form local enterprise partnerships.

In line with proposals to scrap the nine English Regional Development Agencies (RDAs), which have been part of the economic development and regeneration structure since 1998, there will be a progression to smaller Local Enterprise Partnerships which are expected to have access to a regional growth fund from April 2011. The regional growth fund allocation will be £1 billion over 24 months, less than half the amount spent now on the Regional Development Agencies.

Local Enterprise Partnerships are intended to bring together local councils and businesses to provide local solutions and create sustainable local jobs. Communities Secretary Eric Pickles said "The solution needs to be local ...We know that when councils and local business work hand in hand they can drive economic growth together and places can be transformed."

The Partnerships will (normally) have an equal private and public sector representation on the board and a prominent business leader as the chair. They are expected to reflect the natural economic geography of the areas they serve. It is also expected that the partnerships will include groups of upper tier authorities (Counties and Unitaries) and there is no exclusion to partnerships that want to match existing regional boundaries.

Moving from regional delivery and expenditure to a more local structure, potentially focused on functional economic geographies, offers a range of interesting possibilities and potential challenges for new partnerships, not least in terms of expenditure. The nine RDA's have a budget in the current financial year of around £1.5 billion which is £0.8 billion less than in the previous year, whilst the proposed Regional Growth Fund is some £1 billion over two years with no certainty as to what funds will be available after 24 months. Partners, particularly those who might be thinking about economic geographies that cross existing regional boundaries where relationships and partnership patterns may not already be well established, will therefore need to be very clear about early wins and expected outcomes.

As new local partnerships are developing, a key strength in defining local economies should be the work currently being undertaken at a 'lead local authority' level to produce Local Economic Assessments. These describe and evidence the economy of local areas with an emphasis on functional economic geography rather than council administrative boundaries. Local Economic Assessments should therefore provide part of the evidence base that helps new partnership structures to emerge, which have a greater meaning to the businesses that lead and support them than perhaps the previous regional boundaries achieved.

The Government will publish a White Paper later in the summer, setting out the approach to sub-national growth. Outline proposals from Local Enterprise Partnerships have been requested no later than 6 September.

For more information about how changes to planning and economic development policy affect you, please contact one of the Globe team on;

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