

Paper C - COO and Team report Appendix One – LEP Network Update



## Heseltine and Clark hit out over LEPs

By [Michael Burton](#) | 22 February 2024

**Two former Conservative Cabinet ministers have hit out at plans to wind up England's 39 Local Enterprise Partnerships (LEP).**

The Government is to transfer LEP functions to combined and local authorities from April after arguing there is more scope for efficiencies.

But [writing in \*The MJ\* this week](#), former local government secretary Greg Clark said LEPs did 'outstanding work in bringing businesses and other economic leaders like universities together with councils to improve the economic prospects of their areas'.

[In an interview](#), former deputy Prime Minister Lord Heseltine said: 'I think [LEPs] have made a contribution but I don't think they should have effectively been abandoned, which is now what is happening. LEPs should not have been terminated.'

## There's no national growth without local growth

By [Greg Clark](#) | 19 February 2024

Next month's Budget will have economic growth as its theme. And the General Election campaign – of which the Budget is an opening shot – will feature much talk of which party has the best plan to get Britain growing. Quite right too, because for years now UK growth has been too slow to finance the standard of living we currently have, let alone to provide the more prosperous future we all want.

Local government must have a prominent place in any plan for growth. Because economic growth does not happen at an abstract, national level. All growth is local – it happens when employers create new jobs, or when investors build new facilities, or when companies expand their production in particular places. There is no national growth without local growth. And just as the nation can be run in ways that are either good for growth or damaging to growth, so can particular places.

Every place is different with its own unique set of assets in terms of geography, history, infrastructure, workforce, institutions like universities and colleges, culture and people.

And so policies need to be different between places to make the best of their opportunities and overcome difficulties.

The squeeze in the finances of local government has damaged the economic development functions of councils. I was proud to be – in succession to Michael Heseltine ... and succeeded by Judith Blake – patron of the Institute of Economic Development, the membership body for local growth professionals. There is a wealth of talent among people who know their areas inside and out and know what is needed for them to prosper. Local enterprise partnerships (LEPs) did outstanding work in bringing local businesses and other economic leaders like universities together with local councils to improve the economic prospects of their areas. But budgets have been cut, the LEPs first sidelined and then condemned, without a better alternative.

Even worse has been the retreat from backing local places to set out their own direction for their area. I co-commissioned Michael Heseltine to write a report, *No Stone Unturned*, which resulted in the Local Growth Fund: a single £12bn pot of devolved funding in which all of the projects funded were the stated priorities of each LEP to drive growth. Yet now councils are demeaned and made to waste time applying for microscopic pots of money that entirely reflect Whitehall's view of what it thinks they need. The abolition of the Industrial Strategy – a strategy for growth – saw with it the demise of the nascent Local Industrial Strategies on which some brilliant work was being done.

But there are beacons of light which point the way to local places having a big role to play in our national drive for growth. The biggest focus of the mayoral combined authorities from their inception in 2016 has been on local economic growth. All of the devolution deals establishing them involve an investment fund for local determination. Their powers have steadily grown – the recent trailblazer deals with the West Midlands and Greater Manchester commit to a single financial settlement from central Government in the next Spending Review. The number of mayoral combined authorities is growing – by this May there will be 12, representing most of England's biggest industrial areas.

I'm also encouraged by the fact that in many areas Local Industrial Strategies have continued despite the national hex on them.

I sense the tide is turning back strongly to admit local leadership in driving economic growth. But I would say to local leaders: don't look to do it alone. Creating the conditions for sustained local growth is not something that can only be done locally. It requires an activist partnership between local leaders and national leaders. Whether it is on skills, infrastructure, innovation funding, or business support, these are areas in which local strategies need to combine with national strategy to succeed.

That's why I favour the national/local 'deal' approach over a 'devolve and forget' model. We really are all in this together and central Government should be as engaged with the prosperity of particular places as it is with the future prospects of the economy as a whole.

## The search for the Holy Grail of growth

By [Michael Burton](#) | 19 February 2024

It is more than 11 years since Lord Heseltine produced his groundbreaking study *No Stone Unturned: In Pursuit of Growth* setting out his vision of how the stagnant UK economy could be spurred into growth driven by powerful mayoral authorities.

With a likely change of Government this year, productivity still low and the economy in the doldrums with a technical recession, does Lord Heseltine's vision remain as relevant today as it was in 2012?

The former Cabinet minister and deputy Prime Minister has a long history of pioneering regeneration initiatives as environment secretary in the 1980s and again in the 1990s, such as the public-private Urban Development Corporations (UDCs) in the 1980s and City Challenge in the 1990s.

For this reason among others he was asked by the David Cameron Government to report on how to boost wealth in the UK. *No Stone Unturned* made 89 recommendations over 233 pages – most of them accepted by the Government – and Lord Heseltine remained an adviser until 2017.

Many of the challenges identified in his report, low productivity, low growth, centralisation, regional inequalities, a myriad of funding pots, still remain to this day.

Core to the report was the idea that growth must be driven at a local level by empowered mayoral authorities, for as former communities secretary Greg Clark writes in this issue : 'Local government must have a prominent place in any plan for growth. Because economic growth does not happen at an abstract, national level. All growth is local.'

Lord Heseltine is a longstanding advocate of elected mayors with powers to kick-start their local economies in a genuine partnership with central government and praises some of the current mayors, saying in his interview with *The MJ* that 'some very impressive people have now emerged from both parties to lead local recovery.' Former communities secretary Eric Pickles used to talk of elected chief executives to which Lord Heseltine retorts to *The MJ*: 'That's what we've got. That's exactly what you want. Only they're called mayors all over the world so go along with it as everyone knows what they are.'

But he feels the momentum has slowed, adding: 'My report *No Stone Unturned* envisaged a considerable devolution of power to what effectively would have been a shared structure between central and local government. At the time the triumvirate of the Prime Minister [David Cameron], George Osborne [Chancellor] and Greg Clark actually believed in the analysis with metro mayors at the peak of the issue. Since the end of the Cameron regime progress has been minimal and today has run out of steam altogether.' He says 'the period of Clark and Osborne was immensely impressive – if it had gone on it would have been transformational'.

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He is particularly critical of plans to cut funding for the 36 Local Enterprise Partnerships (LEPs). 'I think they have made a contribution but I don't think they should have effectively been abandoned which is now what is happening. LEPs should not have been terminated – though I'm more relaxed about this where you have mayoral authorities.'

He maintains that the geography of the LEPs stems back to the 1960s when the Redcliffe-Maud commission proposed a drastic reorganisation of English local government, scrapping districts and counties and replacing them with some 60 large unitaries. The recommendations were never implemented though there was reorganisation in 1974, the 1990s and more recently. 'The process has been painfully slow because turkeys don't vote for Christmas and at every stage of the way the incumbent power structure has resisted change,' Lord Heseltine argues. 'The Treasury doesn't want to lose financial control, ministers don't want their own powers broken up, civil servants don't want to be moved out of London, councillors don't want a mayor who is more important than they are, local MPs don't want that either and so every stage is resisted.'

The irony, he adds, is that the outgoing LEPs virtually follow the original Redcliffe Maud proposals. 'The interesting thing about LEPs is if you look at the map the Government produced at the time of the LEP areas, surprise, surprise it's virtually the same map as Redcliffe-Maud produced. In the workings of the government machine, the civil service knows perfectly well where the economies of this country are.'

Lord Heseltine is therefore a strong advocate of unitary councils in England arguing that 'the patchwork quilt of local authorities today is complexly unsuited to economic regeneration. You've got some 300 local authorities and in some cases unitary towns in the middle of two tier areas. Several counties have gone unitary and I know of no economic argument against that and I know of no area where there is a serious demand to bring two tier back.'

Does he think the next Government, of whichever hue, might impose reorganisation? He replies: 'I think the first instinct will be to make it voluntary and the more incentives produced will make it almost inevitable.'

Although supportive of freeports he feels they are an example of 'the Treasury saying we don't want to do anything constructive ourselves here, we just want to encourage the private sector.' He says he found a similar attitude when he proposed his groundbreaking UDCs, part-funded by the public sector, as environment secretary in the 1980s. 'That was exactly the argument of the Treasury when I did the UDCs and Margaret Thatcher overruled the Treasury at that time to give me the go ahead. The Treasury always come back with solutions that involve someone else doing something and not them.' He regards freeports as 'another version of the enterprise zones'.

Despite Lord Heseltine's longstanding interest in boosting regional and local growth he is not a fan of the phrase 'levelling up', believing it implies a levelling down of more prosperous areas in order to create a level playing field. He adds: 'Levelling up is a dangerous concept as it implies that you're going to enable areas that have held back to catch up with more prosperous areas and you're not going to do that unless you impose constraints on these more prosperous areas which would be an economic disaster.'

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What you're trying to do is stimulate growth in the widest possible way so the more deprived areas feel they have a place in the sun. The process of stimulating an economy involves spreading the opportunities. So levelling up is misleading.'

He does however believe that we need more houses which is 'not to the satisfaction of the Nimby movement. We will have to build more houses. We could have a Land Commission to acquire land and use planning more effectively, or use green belt which is actually brownfield. There are ways of dealing with it but we need more houses.'

In his 2012 report Lord Heseltine wrote: 'The Government is committed to a local agenda. Is that policy or slogan? There are encouraging signs to believe it is policy but so far we have seen only the first steps.'

He remains optimistic now that changes proposed then are underway, albeit slower than hoped, telling *The MJ*: 'The direction of travel is now set. What we want is commitment and that means from the top of government down, the belief that this is the right way to go and the willingness and determination to push it in that direction.'

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