

# A Local Enterprise Partnership

Involving Suffolk Business:

Nurturing Fresh, Greener  
Economic Growth

*26 August 2010*



# Suffolk Chamber Position Paper: The Business Perspective



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The business community welcomes the new government's initiative to establish Local Enterprise Partnerships (LEPs) and since the announcement on 29th June 2010 the Suffolk Chamber of Commerce (SCoC) has held discussions and consultations led by its President involving representatives of SCoC, the Federation of Small Businesses (FSB), the Institute of Directors (IoD), Ipswich and Suffolk Small Business Association (ISSBA) and MENTA, Suffolk's Enterprise Agency, alongside individual discussions with many key business leaders. This local consultative work has been complemented and reinforced by discussions with Chamber colleagues in the East of England, discussions facilitated through our national body the British Chambers of Commerce, together with national office thinking of the IoD and FSB. During this period several associations, including SCoC have also surveyed their members on the subject and whilst recognising that diverse views exist the perspectives below, we believe, represent a considered and collective Suffolk business response.

## **Executive Summary**

The business community of Suffolk has taken an active role in responding to the invitation presented by the Secretaries of State for Department of Business Innovation and Skills (BIS) and Department of Communities and Local Government (CLG), in their letter dated 29<sup>th</sup> June 2010.

The Suffolk business community's view is that LEPs require bold innovative thinking if they are to make a genuine difference to economic growth. In supporting the concept of LEPs the Suffolk business community would wish to see a radical approach reflected in the role, function and resources available to LEPs so that they are empowered to act in ways that improve productivity and encourage enterprise and job creation whilst addressing key issues of infrastructure, skills and the business environment.

With this in mind, the business community of Suffolk advocates that:

- 1) A LEP be a strategic body, providing a long term strategy with the power to seek resources and commission delivery. LEPs should focus on catalysing change and commissioning action;
- 2) a LEP board should comprise representation of civic and business leaders, with the business community in the majority and with the power to select its representatives through an agreed and transparent methodology. The LEP chair should be elected from the business representatives on the LEP board;
- 3) emerging proposals reflect the government expectation that LEPs "... better reflect the natural economic geography of the areas they serve". With this in mind consultation with the private sector has shown a preference for an East Anglian LEP, encompassing the counties of Suffolk, Norfolk, Cambridgeshire and that part of North Essex included in the existing Haven Gateway area;
- 4) as a proposal for an East Anglian LEP may not be consistent with the emerging proposals of other areas in the East of England a viable alternative proposal has been identified which has merit and value: an East Coast LEP, taking in the Norfolk, Suffolk and North Essex coastal strip and its rural hinterland;
- 5) early and active consideration be given to the creation of a LEP sub-structure that effectively addresses and delivers key outcomes. Such sub-structures should be task focused and be based on the specific needs and requirements of either localities or economic sectors.

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## **Local Enterprise Partnerships (LEPs): some working principles**

The letter of 29<sup>th</sup> June 2010, from the Secretaries of State for BIS and CLG, to local authority and business leaders, inviting them to come together to submit outline proposals to establish LEPs remains the only formal communication from Government describing the proposed arrangements. It seems likely that this will remain the case until the end of September when a White Paper is promised. It is recognised therefore that it may not be until after the publication of the White Paper that we have a full picture of Government's intentions in respect to LEPs, indeed this timescale may also be informed by the Comprehensive Spending Review's outcomes to be announced on 20<sup>th</sup> October 2010. However Government has demonstrated a determination to establish some LEPs by April 2011 with others coming 'on stream' as soon as possible thereafter. Given this context the Suffolk business community has joined together to develop a set of principles and proposals which reflect its commitment to fully engage with, and where appropriate lead this exciting and challenging initiative.

However, given the lack of certainty in some areas those seeking to bring forward a LEP proposal have needed to monitor the emerging situation carefully and develop ideas and proposals based on limited information. Indeed we understand that a number of Government Ministers have been suggesting that what emerges in the proposals will help shape the detail to come later in the White Paper.

Despite the lack of clarity Suffolk business leaders view the invitation of the Secretaries of State positively and see this as an opportunity to shape and nurture the economic future of the county and as a time for innovatory ideas. In this context we have consulted our member businesses and have sufficient appreciation of their views to be able to outline a number of working principles that we believe will strengthen any emerging partnership:

- LEPs require bold, innovative thinking if they are going to make a genuine difference to economic growth. Business would like to see radical thinking not just about the geography of a LEP but also about the functions, powers and any resources available to them, however limited;
- the emphasis should be on improving productivity, promoting enterprise, creating jobs and diversifying the local economy;
- the formation of a LEP is not an end, rather it is a means to an end and that end should be a strong local economy serving companies, working people and the wider community alike;
- as many issues impacting heavily upon local economies originate beyond the political or economic boundaries of a likely LEP area (e.g. congestion on major roads such as the A14), an onus should be placed upon LEPs to collaborate to tackle major issues influencing the economy across a wider area. In this context we propose that to assist this process neighbouring LEPs have some level of cross-membership or formally established processes of joint working;
- within any LEP area there will be many issues and several will have geographic specificity. Given the limited funding likely to be available, it is important that all partners work on the basis of overall 'balanced growth and benefit'. For example if one locality or sector within a LEP benefits in the first instance then the onus is upon the LEP Board to actively explore actions which benefit other areas on future occasions;

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- at this time it appears that LEPs can be strategic bodies or delivery bodies or both. Business is prepared for any eventuality other than LEPs being toothless talking shops. Experience suggests that business leaders will put time and effort into anything that makes a difference but not otherwise. However, having asked businesses in the county we believe the focus should be strategic, i.e. the LEP should provide a long term strategy and support the identification and procurement of resources to realise the strategy and actively support or lead the subsequent commissioning of delivery.

In addition the Suffolk business community:

- would like to see LEPs set a long term vision, identify barriers to growth (and the actions required to remove them) and act as advocates for the area, seeking resources and championing the economic area;
- recognises that if a LEP is to create a supportive environment for economic growth and/or provide services to nurture enterprise it needs a robust and transparent mandate and effective governance arrangements;
- welcomes the intention of Government to embrace the private sector's capacity to contribute. We believe that the "equal representation on the boards" of civic and business leaders is a minimum position and that the appointment of "prominent business leaders" to chair the LEP Boards not only brings in valuable individual capabilities and experience but reinforces the private sector's buy-in to the initiative;
- believes that business should select its representatives on a LEP Board through an agreed, fair, transparent and effective mechanism.

Civic and business leaders of a high calibre will be able to provide the strategic vision and momentum to stimulate the step change required to create wealth and provide jobs. The prize for working together is for local business and local civic society to take control of their destiny and deliver real and balanced growth across a coherent economic geography.

Recognising this it is recommended that consideration be given to the precise definitions of 'civic' and 'business' in the White Paper and the mechanisms proposed to identify membership of a LEP Board. Questions to consider include:

- should the NHS and third sector agencies be included into the 'civic' category?
- should 'business' leaders be recruited against an agreed and transparent role description or through nomination of recognised local or national business organisations?

Whilst these questions are rhetorical in this paper they are key issues to address moving forward to ensure that the LEP governance structures are credible, transparent and representative.

## **The Economic Priorities for Businesses in Suffolk**

Suffolk's economic performance in recent years has been good with a £110 billion economy and one of the highest economic growth rates in the UK. The county survived the recession reasonably well and is now well placed to capitalise on future opportunities emerging during the recovery. An impressive range of businesses call the county home and are at the forefront of their sectors including renewable energy, ICT, ports and logistics, tourism, agriculture, biotechnology and the creative sector.

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On the other side of the coin there are several challenging issues including pockets of deprivation in coastal towns including Ipswich and Lowestoft, the poor connectivity of rural areas, infrastructure deficits including road, rail, coastal defences and, crucially, in rural areas 'next generation' broadband access.

## **Business Priorities**

The Chamber and other 'business voice' organisations have asked their members about what they perceive to be barriers to growth. A number of issues have been identified, many of them familiar to the business community and all of them topics that a LEP should address. Underpinning each of these as a cross-cutting theme is the essential requirement to reduce carbon emissions and promote energy and environmental sustainability:

### ***Infrastructure:***

- create a faster, more decisive and transparent planning process;
- lobby government to acknowledge the national importance of the Haven Gateway ports and provide excellent access to the ports via major roads (i.e. A14 and A12) and the Felixstowe to Nuneaton railway link;
- lobby government for higher quality, faster more reliable railway services to major centres;
- facilitate universal coverage of 'next generation' broadband across the LEP area;
- lobby government to acknowledge the particular climatic challenges facing a LEP area covering Suffolk, (e.g. coastal erosion / flooding and water scarcity) and then to provide or facilitate infrastructure investment;
- utilise the construction of a new nuclear power station at Sizewell to facilitate contracting with local suppliers and bring jobs to the area;
- ensure that further housing growth is complemented by the creation of meaningful job opportunities and infrastructure development to match population increases.

### ***Skills:***

- embed business and enterprise skills in the curriculum of every school, FE and HE provider in the LEP area;
- ensure that every young person leaves education with a good understanding of the expectations of the workplace;
- influence the shape of funding for the training and development of working people, both young people entering work and adults in work and needing to retrain;
- maximise the impact of provision aimed at getting the unemployed off benefits and into meaningful work;
- improve collaboration between universities in the LEP area and the business community, particularly SMEs to encourage and facilitate innovation.

### ***The business environment:***

- maximise the number of networking / business development opportunities available to businesses;
- simplify the business support offer locally so that it is easily accessed by firms. Target business support and the limited resources available onto companies that can make a real difference in terms of creating jobs and prosperity;

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- provide better access to finance, especially for small companies, from banks and other financial institutions;
- maximise the public sector procurement opportunities open to local businesses;
- minimise the quantity of locally generated regulation affecting business competitiveness;
- address the impact of poor public health upon the local economy and the productivity of the workforce.

Suffolk business is also keen to stress that there are several strong and/or emerging new sectors that present real opportunities for commercial exploitation and economic growth; these include: energy, ports and logistics, agriculture, food & drink, ICT, advanced manufacturing, bio technology, creative industries and tourism. Any emerging LEP must make full use of the commercial opportunities generated by these sectors and their current and future capability and capacity. To do so it must focus on a relatively small number of key priorities and invest its resources and those of partner organisations to make maximum impact on economic development and job creation.

Given the above, business believes that a LEP will need a clear vision and sense of its own functionality. A clear and unequivocal mandate to marshal evidence, make decisions and act in ways that deliver clearly defined outcomes.

## **Vision And Functions Of The LEP**

We propose the following vision for a LEP:

*To create a globally competitive economy in an area that nurtures the growth of local enterprise and leads business outside of the LEP to believe it is an excellent location in which to trade and invest. As such, an economic area where productivity improves, where jobs are created, where opportunities are taken and where the greater diversity of the economy is facilitated.*

LEP functions should include:

- undertaking a local economic assessment on an agreed, regular basis;
- creating a single strategy to drive economic growth;
- championing the LEP area's requirements and needs with central government and all other agencies and bodies that can support the realisation of the LEP vision;
- setting out measurable commitments against which to monitor, review and evaluate progress;
- effectively utilising any core funding available;
- agreeing initiatives and projects with the best economic outcome and be innovative about finding sources of funding to invest in these initiatives and projects;
- focusing energy and attention on catalysing change and commissioning action.

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## Finance and Other Resources

The degree to which a LEP requires direct funding is dictated by both the number and scale of the functions it undertakes.

It is not clear at this time whether LEPs will receive core funding. If they do, it is likely to be limited. It is reasonable to suppose that access to further funding might come from bidding to various pots and/or by influencing how the resources available to other agencies' in the area are used (e.g. Skills Funding Agency monies might be shaped by advice from a LEP).

Suffolk business believes that it is imperative for a LEP to encourage, influence or create imaginative and innovative funding solutions to key issues, for example by creating a local investment fund drawing monies from a number of sources. In this context potential sources include: the newly created Regional Growth Fund (RGF); EU funding; tapping into local government revenue streams; prudential borrowing; influencing/aligning other government funding; securing direct investment from the private sector on a commercial basis.

The RGF should be the source of a realistic level of core funding for a LEP. A 'strategic' LEP model would not require large sums of money to function effectively, nor does it require a significant organisational bureaucracy. However, it is essential that a LEP has sufficient resource to make a difference and to invest prudently in areas of key priority. In making this point we are cognisant of the current constraints on public spending and the need for realism in the availability of public funding for LEP activity in the medium term.

## Governance Arrangements

We believe that:

- a LEP Board should comprise representation of civic and business leaders, with the business community in the majority and with the power to select its representatives through an agreed and transparent methodology. The LEP chair should be elected from the business representatives on the LEP Board;
- guidance is needed as to the process of recruiting the Board, which needs to follow a clear and transparent process. A clear definition of the term "civic leaders" is required, for example does Civic equate to leaders from education sector, voluntary sector, faith groups etc?
- clear and transparent arrangements are required to identify and recruit business leaders to the LEP. This would need to address the issue of whether individuals are recruited against an agreed and transparent role description or through nomination by recognised local or national business collectives;
- the LEP Board should select a chairperson from amongst its business members;
- the Board should establish locality or sector-specific sub committees and/or 'task and finish groups' as appropriate drawing on a wider partnership base within the LEP area.
- a LEP Board should where practically possible operate on the basis of balanced growth and benefit for the entire LEP area over time;
- a LEP Board needs clarity about its mandate. It should fully exercise that mandate once clear and be held publicly accountable for its work through transparent and robust scrutiny arrangements.

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## The Proposed LEP Area

The government expects LEPs “to better reflect the natural economic geography of the areas they serve”.

Also as highlighted in the recent joint letter to Council leaders and Chamber Presidents and Chief Executives from the British Chambers of Commerce and the Local Government Association:

*“we are reminded that geographical scale is the one issue to which Ministers have given a firm steer.... Existing Council boundaries often do not cover the ‘functional economic areas’ that would enable LEPs to make the biggest difference to productivity, private sector growth and economic diversity. Where we can achieve consensus that LEPs should cross Council or Chamber boundaries, then that will be a powerful sign of maturity with which we have addressed the challenge government has set us”.*

With this in mind, consultation and research with the Suffolk business community has identified a small number of potential options for a viable LEP development:

- an East Anglia LEP (covering Cambridgeshire, Norfolk, Suffolk and North Essex). This proposal has a historic and cultural resonance combined with a core of common economic characteristics, e.g. the importance of agriculture, food, drink and hospitality, tourism, ICT, biotechnologies and other new technologies; the strength of the university sector, the threat of climate change on low lying areas. This configuration has the support of a number of leading business figures and was the preference of the largest group of businesses surveyed and consulted by SCoC (nearly one third of our survey respondents);
- an East Coast LEP, taking in the Norfolk, Suffolk and North Essex coastal strip and its rural hinterland. This option is underpinned by a clear identity and economic geography around major urban areas (Norwich, Ipswich, Colchester), a shared road/rail infrastructure, a number of shared economic characteristics such as deprivation in coastal towns, the growth potential of the Haven ports, the growth in the ICT and energy sectors, rural economic issues such as tourism and broadband accessibility, established higher education linkages through universities in Norwich, Ipswich and Colchester and their contribution to business innovation;
- a LEP coterminous with the county of Suffolk. Around a quarter of the business surveyed by SCoC expressed a preference for this configuration. Whilst recognising that there is a robust rationale for this based on current local government boundaries and ease of identification, it is questionable whether the existing political boundaries best describe or represent a contemporary economic geography.

There are strong rationales for either an East Anglia LEP or an East Coast LEP. Whilst the former is the option most favoured by businesses and is our preferred option, the latter offers a viable and exciting alternative and a coherent focus of activity. However to take full advantage of the opportunities created by the LEP development it is essential that the consideration of geography and boundaries flow from initial concerns about role, function and funding availability (however limited these monies are to be). We look forward to working with partners and stakeholders to further develop and refine our proposals in the light of the Government White Paper scheduled for later in the year.

*(maps with indicative boundaries attached)*

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## **Conclusion**

Business is excited by the new opportunities associated with the creation of LEPs. However to realise these opportunities new approaches and ways of working are required. The business community is committed to making its contribution to this new agenda but recognises that to do so will necessitate a cultural change in the dialogue between the public and private sectors. From one where business often feel excluded to one where business is at the centre of innovative processes of change and development.

In this paper we have identified working principles for the development of a LEP focused on East Anglia. Pragmatically we recognise that alternative views exist so have suggested two viable prioritised options. Both of these economic geographies are consistent with the principles we propose and the structures and functions we advocate.

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