



# Partnerships for sub-regional growth

Partnerships and collaborations at different spatial scales can help to support economic growth in cities and localities and enable the comprehensive planning of new settlements. There are different ways that these partnerships can function, however. The cross-European spatial research programme ESPON can provide techniques, concepts and case studies for planners and policy-makers working to facilitate growth in the UK. This briefing is largely based on the ESPON projects RISE (Region Integrated Strategies in Europe) and KIT (Knowledge, Innovation, Territory).<sup>1</sup>

## Planning issues addressed

Local Enterprise Partnerships (LEPs), sub-regional collaboration, sub-regional planning and investing in growth.

## Who should read this?

Planners, local and regional policy-makers and decision-makers interested in collaborative planning, economic growth, governance and sub-regional funding strategies.

## Key messages for policy and practice

- The skills and resources of a variety of sectors – including the public but also voluntary and private sectors – need to be brought together in order to achieve successful sub-regional development.
- This requires the creation of new more inclusive forms of governance, with a movement away from traditional hierarchical institutions towards flexible cooperative networks, clusters and partnerships.
- The success of sub-regional governance and regional policy formulation depends on closer policy integration. However, it is often the case that interventions developed by different levels of governance may not necessarily be aligned with one another. The Randstad and West Midlands regions (case studies in the RISE research) present similar governance profiles but the long established tradition of sub-regional cooperation in the Randstad results in more integrated policy formulation.
- Policy-makers need to understand local and regional strengths and weaknesses to inform growth strategies. The RISE ESPON project provides a model for strategic planning which allows understanding the key elements involved in achieving growth.
- Based on RTPI research, elements of good economic governance include:
  - the identity and image of the area;
  - the clarity and detailing of the development strategy;
  - the ability to effectively prioritise development and investment;
  - patterns of ownership and stakeholder engagement;
  - the clarity of the business agenda;
  - wider political influence and leverage;
  - resourcing; and
  - monitoring and evaluation processes.
- It is crucial to devote time to building partnerships between public but also private, civil society and umbrella organisations, in particular to support knowledge creation and innovation.

<sup>1</sup> ESPON RISE project, Final Report, July 2012 and ESPON KIT project, Final Report, November 2012.

## Main findings

Since the publication of the RISE Final Report in July 2012, there have been subsequent developments for LEPs, including new responsibilities such as the development of EU Structural and Investment Fund (SIF) Strategies and the production of Strategic Economic Plans. However, many of the main findings remain highly relevant.

### Local characteristics matter

There are no 'one size fits all' strategies for sub-regional growth, and each place needs to exploit its own strengths and opportunities. Knowledge and innovation can contribute to smart growth but we need to understand the innovation profile of a region before implementing policy solutions. EU regions can be grouped into 'territorial patterns of innovation', for which different smart innovation policies are recommended. For example, the UK is mainly located in the 'smart technological application area' for which the relevant policy level is local.<sup>2</sup>

To shape growth policies, we need to understand the relation of each locality to the outside world and the role of the functioning area itself. The two key concepts of 'embeddedness' and 'connectedness' are a starting point; policies have to be embedded in the local context, in local assets ('embeddedness'), and have to ensure external knowledge through strong linkages with the external world ('connectedness').<sup>3</sup>

### The need for a strategic vision

The RISE project produced a toolkit for 'Territorial Integrative Strategic Planning': the 'Strategic Circle'. The key elements for consideration and learning processes are: 1) the outside world of the territory; 2) the role of the economic functioning area; 3) visions for the future for the economic functioning area; and 4) the stakeholders sharing the vision.

These elements are related to each other by four headings:

- Territorial strategies depend crucially upon collaboration between stakeholders sharing a common vision of the future or 'joint visioning';
- 'Spatial positioning' is an important tool to identify opportunities, comparative advantages and opportunities;
- Opportunities or development potential: plans have been substituted by more proactive development perspectives building upon growth corridors, development zones, clusters, cooperation areas and other concepts exposing territorial potentials rather than territorial problems;
- 'Functional positioning', meaning the need to understand the relation of each locality to the outer world and the role of the functioning area itself.<sup>4</sup>

### Governance models

The RISE project shows that the two key conditions for the achievement of integration between regional policies are the form of regional governance and the nature of the regional policy coordination processes. It presents a regional policy integration and consolidated governance typology in order to assess different models of governance and growth. Policy integration involves collaboration to achieve coherence and to avoid policy contradictions. It can be:

- Horizontal between neighbouring authorities;
- Vertical across spatial scales;
- Cross-sectoral between different policy areas;
- Stakeholder integration between public, private and voluntary sector agencies; or
- Territorial, i.e. the integration of policy domains between territories.

Research commissioned by the RTPI, which looks at the effectiveness of 'soft spaces' governance arrangements for delivering

<sup>2</sup> See Map 1 'Territorial patterns of innovation' p.7 and Table 1 'Smart innovation policies by territorial patterns of innovation' p.15 in the ESPON KIT project, Final Report, November 2011.

<sup>3</sup> ESPON KIT project, Final Report, November 2012.

<sup>4</sup> See Figure 8 'The Strategic Circle' in the RISE Final Report, July 2012.



growth, presents a framework against which 'good economic governance' can be judged.<sup>5</sup>

This includes:

- the identity and image of the area;
- the clarity and detailing of the development strategy;
- the ability to effectively prioritise development and investment;
- patterns of ownership and stakeholder engagement;
- the clarity of the business agenda;
- wider political influence and leverage;
- resourcing; and
- monitoring and evaluation processes.

Finally, an extended period of time is needed to build successful partnerships; supportive conditions for knowledge creation and innovation cannot be achieved quickly.<sup>6</sup>

## Case studies

The Randstad and the West Midlands case studies presented as part of the RISE research share the characteristic of relatively defined functional economic regions but without a regional tier of government.<sup>7</sup> Central governments have accommodated the devolution of responsibility to the sub-regional level, and to partnerships between sub-regional agencies. This offers greater opportunities for the redefinition of territories and for the flexible inclusion of different stakeholders, but it also makes policy coordination and strategy integration more difficult to accomplish. The sub-regional governance of the region is however much more developed in the Randstad than it is in the West Midlands, with higher regional policy integration, and it remains to be seen how far the LEPs will be able to take on the governance of the development of the West Midlands region.

## Greater Birmingham and Solihull LEP

The Greater Birmingham and Solihull LEP (GBSLEP) was established in 2011. It is located in the West Midlands region of England, covering Birmingham and Solihull, South Staffordshire and Northern Worcestershire. Its main board comprises 17 business or local authority members and a Chair from the private sector. In order to fulfill the requirement of joint working, the GBSLEP is coordinating the different development plans of the local authorities it encompasses. Following the abolition of Regional Development Agencies in 2010, emphasis was shifted to the sub-regional level through LEPs. These are joint bodies comprising business representatives and local authorities which promote local economic development in functional economic areas, i.e. the spatial level at which the relevant economic market operates.<sup>8</sup>

Although LEPs can produce strategic agendas for economic and spatial planning in their locality, they do not have statutory powers, and have limited resources to achieve their ends. Nonetheless, LEPs do have an important strategic integration role and are seen by many as a vital part of the Government's strategy to promote growth. There is a statutory duty for collaboration on cross boundary matters. A major difficulty that the GBSLEP has faced is trying to achieve policy coherence along the different spatial scales. The Regional Growth Fund, for instance, is a funding scheme which is distributed directly to companies, and this is controlled by national government. The LEPs, at best, just have an advisory role in influencing it. Similarly Enterprise Zones, which provide simplified planning regulations and incentives for development, are also designated by national government. These funding schemes can therefore cut across LEP priorities and hinder the achievement of 'regional' strategic planning and processes of integration. As such, the main role of GBSLEP in this context is to influence, rather than distribute, new investments.

<sup>5</sup> Oxford Brookes University, University College London, 'Delivering Growth? Planning and Growth Management in the South East' (forthcoming).

<sup>6</sup> KIT Final Report, November 2012.

<sup>7</sup> RISE Final Report, July 2012.

<sup>8</sup> Department for Communities and Local Government, Functional Economic Market Areas: An economic note, February 2010.



LEPs are expected to co-ordinate the planning, economic development, housing and transport between the businesses and local authorities in their areas, but within a fragmented institutional structure. Without having their own public funding, this makes it very difficult to achieve strategic influence over the many other actors. Similarly, it also raises concerns over whether the private sector will walk away from the initiative if no quick wins are achieved.

Within the GBSLEP, there is some evidence of horizontal integration, as local authorities within the same LEP need to liaise on issues, for example by producing joint development plans related to the LEP area, but vertical integration is not so apparent and the cross sectoral integration in LEPs is limited. This highlights why it is so important that local authorities and LEPs work together to form an integrated strategic approach to spatial and economic planning.

### The Randstad

The Randstad is a conurbation in The Netherlands. It consists of the four largest Dutch cities (Amsterdam, Rotterdam, The Hague and Utrecht) and the surrounding areas.

There have been attempts to develop integrative territorial strategies in a multi level and multi actor policy environment in the Randstad. There is no regional integrative strategy at the level of the Randstad, but several strategies at levels below and above the Randstad. Within the RISE project, the Randstad is probably the most complex region on the basis of regional governance structure and abundance of territorially relevant strategies. These structures and strategies moreover are in a continuous stage of change.

The Randstad can be considered as a 'soft space'. The Randstad Region, a cooperation body, was officially discontinued in January 2008. There is still 'hard' statutory cooperation in the Randstad within the perimeters of eight WGR (*Wet Gemeenschappelijke Regelingen*, or law on municipal cooperation) regions, where cooperation is enforced between municipalities on spatial planning, housing,

traffic and transport, economic affairs and the environment. However there is also cooperation between provinces and municipalities which is mostly 'soft' cooperation as it is not based on legislation or formal arrangements.

The MIRT (*Meerjarenprogramma Infrastructuur, Ruimte en Transport* or Long Term Programme for Infrastructure and Transportation) territorial agenda is one example of an integrative territorial agenda. The Randstad is covered by three MIRT agendas (South Wing/South Holland, Northwest Netherlands, and Utrecht). These are not a new decision-making layer of government but a platform to reach agreements about projects and investments without a transfer of competences. The private and voluntary sectors had a role in the *formulation* of sectoral policy and the provincial structure vision on which the agenda is based. The conditions that make the MIRT territorial agendas possible include an abundance of integrative policies at various horizontal levels, as well as the involvement of external stakeholders (private, civil society and umbrella organisations).

### Areas for further research

- How can the governance of areas be better shaped to deliver improved sustainable economic performance across LEPs?
- How can national government policies to encourage higher performing LEPs, for example through greater autonomy?

### About the RTPI

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