



The shift from a one-size-fits all model towards Local Enterprise Partnerships in England

A study of experiences and expectations in Manchester

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**WE'RE RELYING ON YOU LEP'S TO REBUILD
OUR ECONOMY... NOW OFF YOU GO**

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This thesis is the last piece of work for my master's degree. It marks the end of a wonderful time as a student, and the start of a new chapter in my life that will take me in a new direction.

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Abstract

This research is motivated by the experiences of cities behind the new government policy in England. The previous approach of the Government was based on a centrally driven target, but it did not achieve its goal to narrow the growth rates between different regions. The abolition of the Regional Development Agencies (RDAs) and the establishment of the Local Enterprise Partnerships (LEPs) have to generate innovation and economic growth and have to narrow the differences between the regions. The overall goal of the research reported in this thesis is to understand how cities, and especially Manchester, experience LEPs and how LEPs contribute to innovation and economic growth in a better way than RDAs did.

The theoretical framework provides a contextual definition of the concept of innovation. After providing a contextual definition of the concept of innovation, it addresses innovation systems, which promise solutions to urban and other policy problems, new ways to develop business activities, and spillovers to strengthen capabilities for economic innovation. The last subsection presents national innovation systems (NIS), regional innovation systems (RIS), regions and the connection between innovation and place.

The Methodology explains the research process of this thesis emphasizing the choices that have been made and why. Before revealing the findings, some background information about Manchester is given. Manchester is an interesting place for a case study about LEPs because it already had good collaboration between the different authorities. The research demonstrates how Manchester deals with the new policy situation and what people think about LEPs.

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CHAPTER 1: INTRODUCTION TO THE THESIS

1.1 Motivation and justification

The large differences in economic performance across the regions of Britain are astounding (ONS, 2010). The prospects for the UK's cities and regions are being transformed in the current economic crisis, while the terms of regional policy are being rewritten (The Smith Institute (TSI), 2009). In 2010, the Office for National Statistics indicated that London's gross value added (GVA) per head of population was 71.1 per cent above the average for the United Kingdom (UK). In contrast, that of Wales was 26.0 per cent below the average (ONS, 2010). These disparities have increased since the 1995 with GDP per head in London and the South East growing relative to that in regions on the periphery: Scotland, the North East, the North West, Wales and the South West (Rice & Venables 2004; HM Government, 2011). The 'Future of Regional Policy' argues these regional disparities are a result of geographically uneven growth in the service sector, the uneven shift to a knowledge economy and associated developments in the housing market. The economic growth is primarily driven by London and the South East, with the rest of the country lagging well behind (TSI, 2009).

The previous approach of the Government was based on a centrally driven target that tried to narrow the growth rates between different regions (Bowley, 2010). However, the lack of structural change and the considerably improved economic performance of English cities in the last years changed this centrally driven policy towards 'individual city deals' in 2010 (HM Government, 2011). The Government wants to build a more diverse, even and sustainable economy with powerful and innovative cities. These cities have to shape their economic destinies, boost entire regions and get the national economy growing (HM Government, 2011). The abolition of the Regional Development Agencies (RDAs) in 2012 and the establishment of sub-regional Local Enterprise Partnerships (LEPs) have to generate innovation and economic growth (Bentley et al., 2011). Without doubt, important transformations occurred in local and regional policies in this period (TSI, 2009). While the policy expects much of the shift, recent work has begun to question these high expectations (Bentley et al., 2011).

1.2 Research objective and aims of the research

This research aims to contribute to a broader understanding of the experiences and expectations of cities during the shift from RDAs towards LEPs. The change has attracted the attention of people and institutions from a diverse range -from newspapers to blogs- and they describe the shift from RDAs toward LEPs well. However, there is not known enough on how cities experience the changes and if LEPs will generate economic growth through learning and innovation. This is embedded in a knowledge economy (Metcalf and Ramlogan, 2005). Lundvall and Johnson (1994), argue that rather, the present epoch is situated in a learning economy. Lam and Lundvall (2006) further elaborate:

"In a learning economy, individuals, firms and even national economies will create wealth and get access to wealth in proportion to their capability to learn. This will be true regardless of their present level of development and competence. We will propose an even far-reaching hypotheses stating that there is no alternative way to become permanently better of besides the one putting learning and knowledge-creation at the centre of the strategy" (2006:134).

In response, Fagerberg and Verspagen (2007) further acknowledge that a country's economic growth is contingent on capabilities to exploit knowledge developed elsewhere, create new knowledge and

complementary factors affecting the ability to exploit the potential entailed by knowledge independently of where it is created.

Firms and regions learn and innovate by harnessing internal and external processes including interaction with other firms and the local and the global knowledge infrastructure. This thesis aims to determine the extent to which cities in England generate innovation and economic growth in the new LEP system and how they experience the change from a ‘one-size-fits all model’ and RDAs to ‘individual city deals’ and LEPs, which determines their propensity to exploit knowledge internal to the partnerships.

1.4 Structure of the thesis

The overall goal of the research reported in this thesis is to understand how cities experience LEPs and how LEPs contribute to innovation and economic growth in a better way than RDAs. The conceptual framework guiding the research has drawn upon theories of innovation, regional innovation systems, regions and innovation and place reflecting the following stylized facts:

Stylized fact 1

Innovation is recognized as a significant contributing factor to productivity growth, competitiveness, and economic development, as well as to improve to the quality of life and addressing societal and environmental challenges.

Stylized fact 2

Because learning and the knowledge it creates are localized, their impact on the economic performance of the region will depend on the effectiveness of local systems of learning and innovation.

This thesis comprises seven chapters whose inter-relationships are shown in Figure 1.1. The outlines of the remaining six chapters are as follows:

Chapter 2 provides a contextual definition of the concept of innovation. The theoretical and historical perspectives underpinning the innovation concept are addressed. After providing a contextual definition of the concept of innovation, chapter 2 addresses ‘innovation systems’ which promise solutions to urban and other policy problems, new ways to develop business activities, and spillovers to strengthening capabilities for economic innovation. The last subsection of Chapter 2 presents the development of national innovation systems (NIS) toward regional innovation systems (RIS).

Chapter 3 addresses the RIS concept, because in recent years, the concept of RIS has evolved into a widely used analytical framework generating the foundation for innovation policymaking. After explaining the RIS concept, chapter 3 defines regions because according to Niosi (2000) any definition of RIS should defining regions. The last part of the chapter presents the connection between innovation and place and refers to the fact that most economic phenomena and innovation are polarised in space.

Chapter 4 presents the methodology for the empirical components of this thesis emphasizing the choices that have been made and why. The chapter outlines the research design and strategy highlighting key components of purpose, conceptual framework, research questions, methods and

validity. After a discussion on the formulation of a semi-structured interview, chapter 4 outlines issues related to the selection of participants and sampling for the qualitative phase in which semi-structured interviews were used to collect data. Chapter 4 ends with a reflection on the limitations of the study highlighting limitations imposed by the sampling strategies adopted.

Chapter 5 presents the economic history and economic geography of Manchester. This provides the context in which the research on the shift from RDAs to LEPs was undertaken. A case-study approach is used. This provides the basis for understanding how policy choices that determine the framework conditions for innovation define the context in which regions innovate and how cities experience LEPs.

Chapter 6,7,8 and 9 presents the results of the research in Manchester.

Finally, Chapter 10 makes overall conclusions, reflects on the implications of the study regarding policy and practice and outlines its contributions to the field of study as well as its limitations and directions for future research.

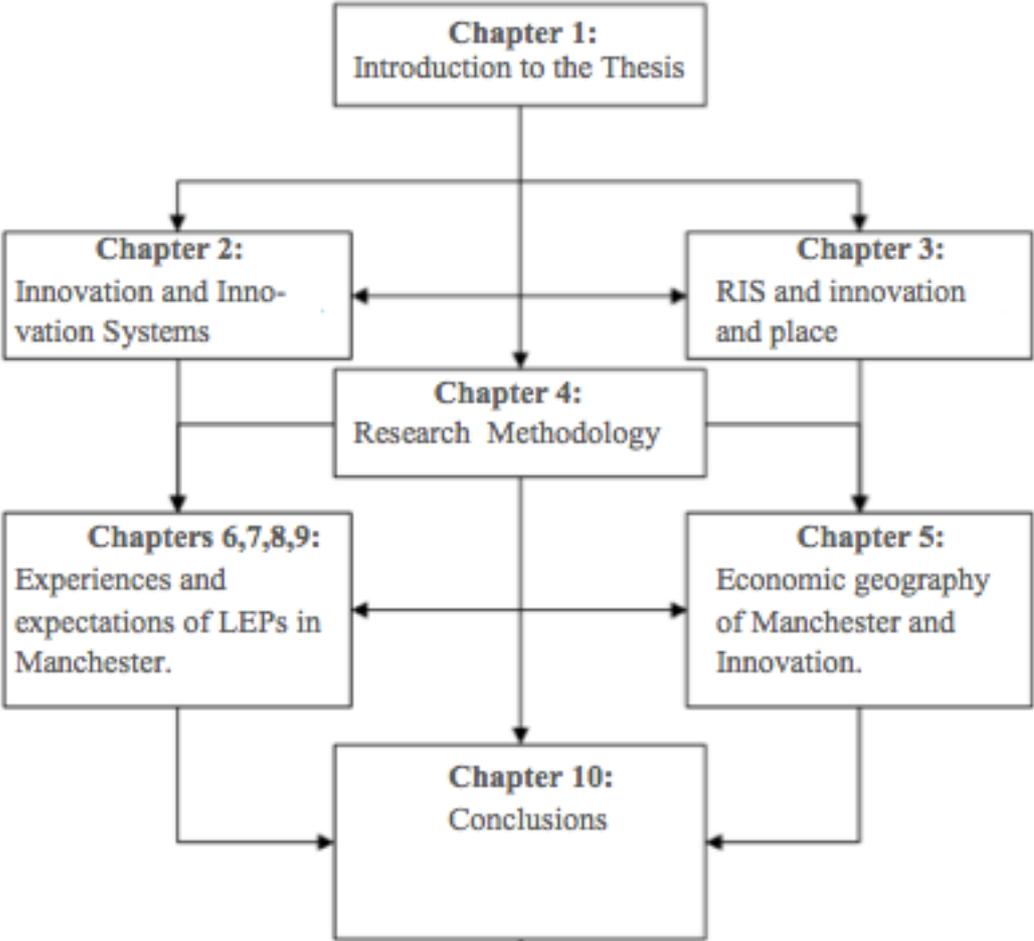


Figure 1.1: Inter-relationships of the chapters

CHAPTER 2: THEORETICAL FRAMEWORK

2.1 Introduction

Over the past two decades social scientists and policy makers have been paying more and more attention to regions as designated sites of innovation and competitiveness in the globalising economy (Asheim & Coenen, 2006). According to Porter (1990) regions have to exploit their unique competences and resources to be unique in relation to their competitors. A strategic perspective in the contemporary global economy is, thus, how to develop such unique competences and resources in order to foster competitiveness and innovation.

The concept of regional innovation systems (RIS) is relatively new but has been gaining much attention from policy makers and academic researchers since the early 1990s (Cooke, 1992). The approach has received attention as a promising analytical framework for advancing our understanding of the innovation process in the regional economy (Doloreux & Parto, 2004). The rise in the popularity of the concept of RIS has been, in part, driven by the increased intensity of international competition in a globalizing economy, the apparent shortcomings of traditional regional development models and policies, and the emergence of successful clusters of firms and industries in many regions around the world (Enright, 2001). One result has been the rediscovery by many academics and policies of the importance of the regional capability and competitiveness of firms and regions (Doloreux & Parto, 2004).

The European Commission was developing and implementing Regional Technology Plans and Regional Innovation Strategies (1997) because of the weaknesses of national innovation systems in the European Union over producing rates of innovation competitive with those in the United States (Cook, 2003). By the turn of the millennium, governments in advanced economies were promoting regional innovation and cluster-building policies as ways of boosting national competitiveness (Doloreux & Parto, 2004). Since 1998 the United Kingdom has building a knowledge-driven economy by strengthening regional development and supporting regional cluster-building strategies, and since March 2012 there has been a new government policy landscape, and shifts in economic and social developments (Cook, 2003). The coalition Government wants to build a more diverse, even and sustainable economy and powerful and innovative cities. These cities have to shape their economic destinies, boost entire regions and get the national economy growing (HM Government, 2011). The abolition of the Regional Development Agencies (RDAs) in 2012 and the establishment of sub-regional Local Enterprise Partnerships (LEPs) have to lead to innovation and economic growth (Bentley et al., 2011).

Chapter 2 and 3 specifically focus on the most important ideas and arguments of the theorizing on innovation and regional innovation systems, more information about the new government policy will be provided later on in chapter 6. Chapter 2 addresses the theoretical perspectives underpinning the innovation concept and Innovation Systems. Chapter 3 focuses on the RIS concept.

2.2 Theoretical background of innovation

2.2.1 Broad definition of innovation

The most fundamental feature of an innovation is that it is something new (Joung, 2006). The term 'innovation' has its roots in the Latin word 'novus', which means 'new' and is derived into the verb

'in+novare' that covers the meaning 'to make new'. Therefore, in the broadest context, 'to innovate' is 'to begin or introduce for the first time' (Mutlu & Alpay, 2004). It can be a new process, product or following Schumpeter a new combination (Joung, 2006). Shapira et al. (2009) argues innovation is recognized as a '*significant contributing factor to productivity growth, competitiveness, and economic development, as well as to improve to the quality of life and addressing societal and environmental challenges*'. The usage of the term innovation has grown exponentially over the last years (Innovationzen, 2006).

The importance of innovation as one of the key drivers of competitiveness has long been recognised. More recently there has been more emphasis on the broad nature and diversity of innovation, that there is more to innovation than simply undertaking laboratory R&D. Much information in companies involves informal knowledge, is undertaken outside of laboratories, occurs in services sectors as well as in manufacturing, and it is not easily measured by standard official statistics (Sadiq et al., 2011). The modern interactive model of innovation regards innovations as the outcome of an interactive process in which actors from a wide array of levels are involved. The systematic approach is based upon this model. On the other hand, there is a traditional linear model of innovation. This model is developed in the Fordist era and is based on the idea that R&D is the key to innovation and the process is described as a chain that links different activities in a certain ordering (Fischer, 1999). The process of the traditional linear model is visualized in figure 2.1.



Figure 2.1: the linear model of innovation (Fischer, 1999)

In the post Fordist era, when empirical studies showed that the innovation process did not work in such an order as described in the model, criticism against the linear model of innovation emerged (Fischer, 1999). The work by Nelson & Winter in 1982 argues that the innovation process does not take place from left to right. In the model R&D activities and basic research are the starting point of innovation, but these impulses and ideas could just as well have come from the markets, or the production spheres (Andersson & Karlsson, 2002). Because of the criticism of the above-described linear model a new interactive model of innovation (figure 2.2) is adopted and today it is increasingly recognized that innovation extends beyond R&D activities (Andersson & Karlsson, 2002). Fischer (1999) described this model as follows:

“...stresses feedback effects between upstream (technology-related) and downstream (market-related) phases of the innovation process, the many interactions of innovation-related activities, both within firms and in network agreements between them, and the central role of industrial design (in its widest sense) in the innovation process”

It is clear that according to the interactive model there is no such thing as a general order of how innovations come about. The ability of firms to generate innovation depends on their networks with other firms and actors (Andersson & Karlsson, 2002). However, it is also important to note that an innovation is not just an idea, the idea has to be adopted and delivered (Drucker, 1985). It is important to really do it, instead of only deciding it.

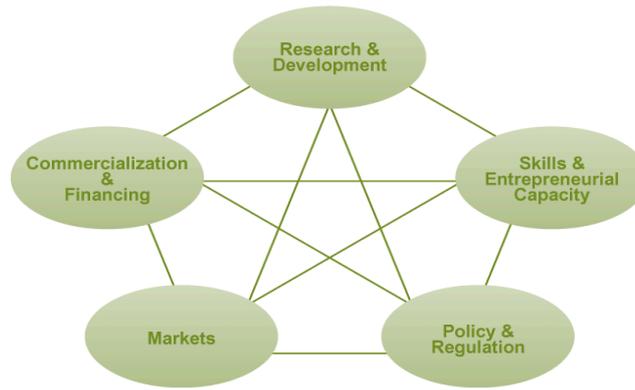


Figure 2.2: the interactive model of innovation (Sadiq et al., 2011)

Additionally, attention has been given to the application of innovation across public as well as private sectors, and the role of users and demand in innovation (Sadiq et al., 2011). According to Florida (2002) the role of the creative sectors in fostering innovation has been shown to have important economic, social and urban impacts. Following Sadiq et al. (2011) there is also an increased understanding of the relative contribution of innovation to economic growth. In the UK, innovation contributed to two-thirds of the UK private sector labour productivity growth over the period 2000 to 2007. Sadiq et al. (2011) argues that innovation is increasingly recognized as a broad enabling platform success to stimulate private and public innovation. This has implications for relevant business support policies and instruments, like public funding, knowledge relationships, support services, in order to provide effective support mechanisms. Companies and cities know that it can be really bad when they fail to innovate, like ‘Motor City’ Detroit and Kodak that both stopped to innovate. Einstein named this insanity: doing the same thing and expect different results (Carner, 2012).

2.2.2 A historical and theoretical overview

During the development of the theory of innovation, scholars with different approaches including the classical economists, the Marxists, the neo-classical theorists, the Schumpeterians, post-Keynesians, and post-Schumpeterians have had significant contributions. However, according to Mutlu & Alpay (2004) Adam Smith, by laying the foundations of the classical understanding of technical change and economic growth and Joseph Schumpeter, by challenging Smith’s views with a dynamic theory of economics based on cycles of innovation, are the main characters in the history of innovation.

The theory of innovation dates back to early studies on the capital system. At the beginning of the 17th century Bacon suggested a ‘science-created utopia’ on the role of the developments in science and technology in society. Bernal was of the generation of Bacon but his views were opposed. Bernal gave importance on the uses of new discoveries for societal wealth rather than their own creation. In the second half of the 18th century, Adam Smith suggested technological change as a major concern for the development industrial production (Mutlu & Alpay, 2004). He argued that economic development is a gradual, self-perpetuating process and that development has a tendency to become cumulative, which results in an increase in saved capital that will result in an increase in national income and growth in population (Meier & Baldwin, 1957). In the first half of the 19th century, Marx put forward the view that technological advancements had displaced the ‘worker’ causing confusion in the social

order (Mutlu & Alpay, 2004). The Austrian economist Schumpeter (1934) provided his classification of innovation over eighty years ago; he is a pioneer in innovation management (Innovationzen, 2006).

He classifies innovations in product and process innovations. Product innovations comprise: “...*the creation of a new good which more adequately satisfies existing or previously satisfied needs*”. Product innovations also include the creation of completely new products, which provides a monopoly position to the innovator. A process innovation replaces “...*one production or consumption good by another, which serves the same or approximately the same purpose, but is cheaper*” (Mutlu & Alpay, 2004). Schumpeter’s classification comprise the following: 1) The comprising of a new good; 2) A new method of production; 3) The opening of a new market; 4) The development of a new source of supply or raw materials of half-manufactured goods; or 5) New organization of an industry. Since he provided this definition of innovation it has been echoed and refined by many (Shapira et al., 2009).

Schumpeter suggested innovations to be imperative for economic growth, commercial profit, and thus, public wealth. He rejected the classical and neo-classical explanation of economic development as a gradual and harmonious process. According to Schumpeter development occurs if there is a high degree of risk and uncertainty in an economic environment (Meier & Baldwin, 1957). Schumpeter believes that, there is no possibility of profiting in the equilibrium state, to make profit innovations are essential and increase the economic activity by activating other innovators. Thus, innovations will lead to the development and growth of the economy, and it can also lead to prosperity and wealth. Later, neo-Schumpeterian economists, such as Freeman and Dosi, further developed the theory of Schumpeter (Mutlu & Alpay, 2004).

2.3 Innovation System (IS)

After the theory of Schumpeter a lot of intriguing twists has been added but there is no dominant theory (Innovationzen, 2006). There has been new attention to processes of social innovation, which promise solutions to urban and other policy problems, new ways to develop business activities, and spillovers to strengthening capabilities for economic innovation. Bacon et al. (2008) writes about innovation that it is not a desirable extra, but *the* condition for survival in a changing environment. Also the ‘Context of innovation’ has attention. In this theory the evolution thought stresses the importance of the whole framework of institutional structures and interrelationships in the development and governance of innovation. The idea is that the ‘systems of innovation’ shape innovation in any particular circumstance (Shapira et al., 2009). Firms rarely innovate in isolation but in networks of production (Edquist, 1997). Most innovative activities involve multiple actors with different knowledge and competencies. The synergy that arises from the combination of the multiple actors and the need for firms to cope with the increasing dependency upon their environment are the driving force for the emergence of innovation (Joung, 2006). The ‘system of innovation’ includes institutions in the public and private sectors, incentives, regulatory and policy frameworks, and other relationships and elements (Shapira et al., 2009). Thus, a system approach to innovation can be described as (Edquist, 1997):

“..the acknowledgement that innovations are carried out through a network of various actors underpinned by an institutional framework. This dynamic and complex interaction constitutes what is commonly labelled system of innovation.”

The concept of innovation system (IS) is based on the interactive model of innovation. According to Joung (2006) the key feature of the concept is that a regional or national economy’s ability to generate

innovations does not only depend on how individual actors (such as universities, firms, research institutes, etc) perform, but also on how they interact as parts of a system. The concept of IS can be seen as a social process that is most successful when different actors interact intensively. It follows that innovative outputs would be more likely when the number of user and producer linkages increases (DeBresson, 1996).

2.4 From National Innovation Systems to Regional Innovation Systems

Following Lundvall (2003), Freeman first used the term ‘national system of innovation’ in an unpublished paper. The idea was picked up by several scholars in both Europe and the United States and in 1985 Lundvall published a book in which the concept ‘innovation system’ appeared. Freeman was the first that published a book with the term ‘national innovation system’ (Carlsson, 2003). A national system of innovation may be defined as (Metcalf 1997):

“...that set of distinct institutions which jointly and individually contribute to the development and diffusion of new technologies and which provides the framework within which s form and implement policies to influence the innovation process. As such it is a system of interconnected institutions to create, store and transfer the knowledge, skills and artifacts, which define new technologies. The element of nationality follows not only from the domain of technology policy but also from elements of shared language and culture which bind the system together, and from the national focus of other policies, laws and regulations which condition the innovative environment.”

According to the ‘National Innovation Systems’ report of the OECD (1997) it is important to understand the linkages among the actors involved in innovation to improve technology performance. The innovative performance of a country depends to a large extent on how these actors relate to each other as elements of a collective system of knowledge creation and use as well as the technologies they use. The linkages can take the form of joint research, personnel exchanges, crosspatenting, purchase equipment and so on. In respond, the OECD writes that there is no single accepted definition of national innovation systems but do say that the web of interaction is really important.

Although there is not one recognized definition of a system of innovation, following Carlson (2003) the most useful definition of innovation systems might not coincide with national borders, because such systems may have links to supporting institutions elsewhere. Focusing mainly upon national innovation systems, however, several important regional phenomena that facilitate innovation processes are ignored or not observed. This is why the term ‘regional innovation systems’ was used in the early 1990s, because the region or local became more important than the nation, focusing on innovative activities within geographic regions at the sub- or supra-national level (Cooke, 1992). The emphasis on regions has many grounds, but the most important reason is that innovation systems are most easily observed at the regional level, since distance tends to decrease the frequency of interaction among individuals. Another important reason is the role of the regional economic and geographical proximity for the innovativeness of firms. Each region has specific characteristics that contribute to the behaviour of firms and the form of collaboration between them. Lastly, tacit knowledge (work related practical knowledge (Howells, 1996)) and non-codified knowledge (knowledge that is acquired via the informal take-up of learning behaviour and procedures (Howells, 1996)) has been recognized as important factors in the innovation process. To exchange this knowledge face-to-face contacts and closeness are prerequisites (Carlson, 2003).

CHAPTER 3: REGIONAL INNOVATION SYSTEMS

3.1 Concept of regional innovation systems (RIS)

In recent years, the concept of Regional Innovation Systems (RIS) has evolved into a widely used analytical framework generating the foundation for innovation policymaking (Doloreux & Parto, 2004). The theoretical foundations of the RIS are to be found in economic geography dealing with the regional scaling of economic processes, and more recently in systematic and evolutionary approach to innovation and learning (Uyarra, 2008). However, more questions arise about the territorial dimension of innovation and the role played by institutions (Doloreux & Parto, 2004). This section reviews and summarizes the most important ideas and arguments of RIS and the role of institutions.

A few years (early 1990s) after Freeman first used the national innovation system concept –originally developed by Lundvall- the concept of RIS has been gaining much attention from academic researchers and policy makers (Asheim & Coenen, 2004), because it is seen as a promising analytical framework for advancing the understanding of the innovation process in the regional economy (Doloreux & Parto, 2004). Following Uyarra (2008) within economic geography, the influence stems from theoretical work emphasising the importance of cultural and institutional factors, specific regional or local identities, localised learning processes and unique regional assets and competences as features allegedly inherent to successful regions. According to Ashem and Isaksen (1997) the popularity of the concept of RIS is closely related to emergence of regional nodes or clusters as well as the surge for the most appropriate scale for innovation.

The origin of the concept of RIS lies in two main bodies of theory and research, innovation and the regional science and its focus on explaining the socio-institutional environment where innovation emerges (Edquist, 2000). Innovation is stimulated and influenced by many actors and factors, this can be actors or factors that are internal and/or external to the firm. From the second body, a regional point of view, innovation is localized and a locally embedded, not placeless, process (Doloreux & Parto, 2004). Following Asheim and Gertler (2004) the concept of RIS has emerged because there was a policy focus to promote localized learning processes to secure competitive advantage of regions. An important part of this policy is on improving capabilities and performance in local firms, as well as improving their business environment. To reach this, it is of considerable importance to promote interactions between different innovative actors that have good reasons to interact. These interactions may embody localized interactive learning and innovation.

The basics of a RIS are in principle the same as for a NIS. However, Karlsson & Andersson (2004) argues a RIS should be looked upon as analogous to definitions of NIS, but they should not be considered only ‘micronational systems’. RIS can be related to NIS in the sense of regional institutions and actors but must at the same time recognize that regional systems may differ from the national standard. The concept of RIS has no accepted definitions, but following Doloreux (2003) a RIS is usually understood as

“...a set of interacting private and public interests, formal institutions and other organizations that function according to organizational and institutional arrangements and relationships conducive to the generation, use and dissemination of knowledge.”

The actors in a RIS produce pervasive and systematic effects that encourage firms in the same region to develop capital (from social relations, norms, values and interaction within the community). This

capital may reinforce regional innovative capability and may improve competitiveness (Doloreux & Parto, 2004).

There is more literature about RIS and about the definition of a RIS. In 2000 Eriksson made a figure with the components of a RIS system, in 2004 Andersson & Karlsson published the model with more characteristics. The components of a RIS system is shown in figure 3.1 what can be called a ‘complete’ RIS.

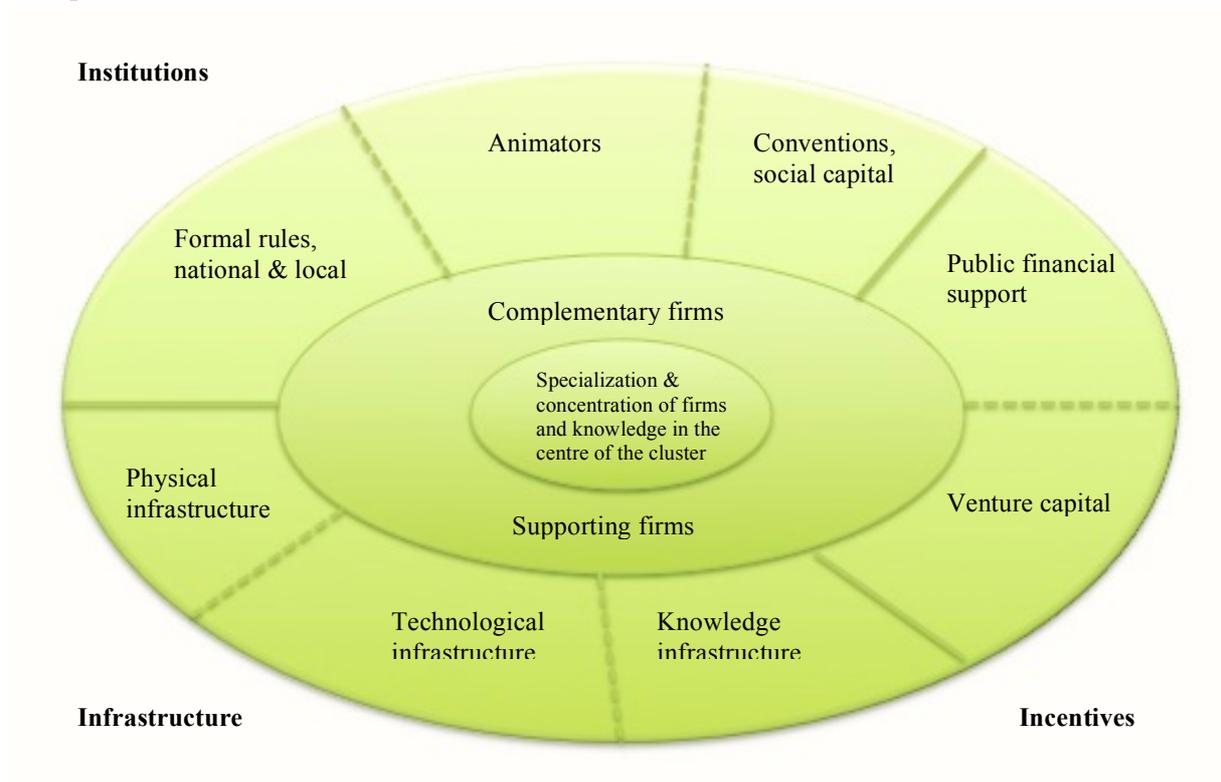


Figure 3.1: Components of a complete Regional Innovation System, (adapted from Eriksson, 2000).

The core of the figure consists of firms in the regional cluster. Complementary and supporting firms surround these firms in the regional cluster. Institutions are an important part of the model; they are normative structures and give the ‘rules of the game’. They also facilitate co-operation and knowledge spillovers as transfers. Untraded interdependencies are developed. Other characteristics surrounds the firms, like technical and knowledge infrastructure, financial resources and social capital (Andersson & Karlsson, 2004).

Following the model, universities are maintained to play an essential role for the functioning of a RIS. The Tripe Helix is the name given to this relation by Etzkowitz (2003).

“Innovations begins to take on a new meaning as the spirals of the Triple Helix intertwine, cooperating from a position of relative autonomy to enhance each other’s performance of their traditional role”

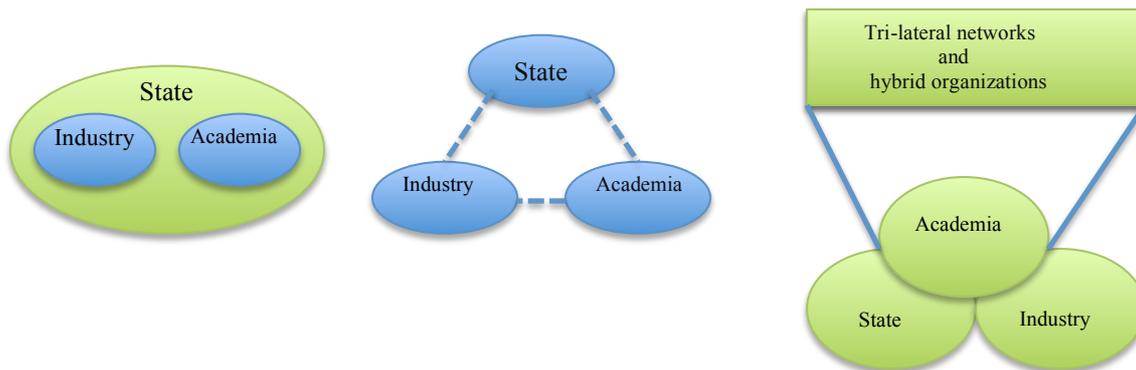


Figure 3.2: The Triple Helix model (Etzkowitz, 2003).

The core of the Triple Helix model of economic and social development are the increased interaction (figure 3.2) among university, industry and government as relatively equal partners, and the new developments in innovation strategies and practices that arise from this cooperation. It creates new organizational formats to promote innovation.

Besides universities there are more relevant knowledge providers. Application-oriented and non-university research institutes are also contributing in forming the knowledge infrastructure in a RIS (Andersson & Karlsson, 2004). They provide knowledge and are incubators for new firms since they qualify support potential entrepreneurs. Thus, they help transform new scientific knowledge into commercialized products and create new businesses. They also affect the location-choice of firms, since they tend to regard them as a source for new knowledge and technologies (Etzkowitz, 2003).

A fundamental problem that is mentioned in all types of RIS studies is that we cannot determine what a regional innovation system would look like in reality (Karlsson & Andersson, 2004, Ashem & Isaksen, 2004, Doloreux & Parto, 2004). According to Cooke (1997), a strict reading would suggest that only three regions are true RIS: these regions are Silicon Valley, Emilia-Romagna and Baden-Württemberg. This raises the questions whether how much, and what type of innovation must occur within a region for it to be a RIS? Do all regions that aspire to take a lead in organizing and innovating become RIS by default? Is the validity of the recommendations for innovation policy making based on the current analysis of RIS somewhat questionable? (Doloreux & Parto, 2004).

3.2 Different Types of Regional Innovation Systems

Because the characteristics of the complete RIS are sometimes not complete it is important to recognize that a RIS that has not all the characteristics listed above may still be referred to as a RIS (Andersson & Karlsson, 2004). Andersson & Karlsson (2004) distinguish between three different groups of RIS:

- I. Territorially embedded regional innovation networks.
- II. Regional networked innovation systems.
- III. Regionalized national innovation systems.

Table 3.1 lists the characteristics of the different types of RIS. The three different RIS models differ mainly in terms of their connection to knowledge-providers and actors outside the region. Also the co-

operation in the innovation process differs as can be seen in the table. For the RIS I, proximity is the main stimulus for firms to innovate. Interaction with knowledge providers and their presence tends to be very modest. Firms in territorially embedded regional innovation networks rely upon locally developed knowledge and the untraded interdependencies discussed above tend to be strong. Learning by doing and learning by using are the key knowledge-generating mechanisms and the innovations achieved are mainly incremental innovations. Localized, codified knowledge, is important in RIS I, because it may be the basis for interactive learning according to Asheim & Isaksen (2001).

Main type of RIS	The location of knowledge organizations	Knowledge flow	Important stimulus of co-operation
1. Territorially embedded regional innovation networks.	Locally, however, few relevant knowledge organizations	Interactive	Geographical, social and cultural proximity
2. Regional networked innovation systems.	Locally, a strengthening of knowledge providers	Interactive	Planned systemic networking
3. Regionalized national innovation systems.	Mainly outside the region	More linear	Individuals with the same education and common experiences

Table 3.1: characteristics of the three different RIS (Asheim & Isaksen, 2001).

However, it is not possible to fully rely on localized learning and tacit knowledge must be complemented with formal R&D competence in many cases to avoid lock-in situations by breaking path dependency (Asheim & Isaksen, 2001). Following Andersson & Karlsson (2004) it is important that the regional actors develop external linkages and not only co-operate in the region.

RIS type II shares the basic features with the first type, but the networking is better planned and more systematic. This is because the regional infrastructure is better in RIS II, this access to local competence making the likelihood of lock-in situations lower and the probability of innovation higher (Andersson & Karlsson, 2004). Asheim & Isaksen (2001) argue that RIS type II can be seen as the ideal RIS and is synonymous with the type presented in figure 3.1.

The last type, RIS III, is different in many aspects. Outside actors are involved in this type and institutional infrastructure is also partly integrated with the national or even international innovation system. Asheim & Isaksen (2001) argue that co-operation between firms and knowledge organizations in regionalized national innovation systems are often related to specific projects with the aim of developing more radical innovations. They also point out that the innovation process is, to a greater extent, of the linear nature.

Summarized, a couple of points are important for a RIS to function. The first one is interaction between agents, and such interaction is achieved through clustering. A necessary but not sufficient condition is that the actors within a RIS produce and diffuse knowledge among each other. Different RIS produce different kinds of innovations; this depends on the available knowledge and the knowledge that is produced.

3.3 Defining regions

Asheim and Isaksen (2002) argue that all regions have some kind of regional innovation system. According to Niosi (2000) any definition of RIS should start defining regions. However, this is a difficult task because it is hard to find any explicit definition of the term region in the existing RIS literature, even it has been realized that regional economies are becoming more important (Andersson & Karlsson, 2002). An attempt is made by Grizar (2007), who state that a region is an intellectual concept because it exists only in terms of the criteria by which it is defined, four criteria are the most commonly used: **1.** It must not have a determinate size, **2.** It is homogeneous in terms of specific criteria, **3.** It can be distinguished from bordering areas by a particular kind of association of related features and **4.** It possesses some kind of internal cohesion. Because regions can change, emerge and perish, criteria must be found that define a functioning unit within a specific time.

Consistent with Grizar also Cooke states that every region is different and has its own criteria. Cooke (1992) states that a region should be defined as

“...a territory less than its sovereign state, possessing distinctive supralocal administrative, cultural, political, or economic power and cohesiveness, differentiating it from its state and other regions”.

Andersson & Karlsson (2002) define the concept of a region as synonymous with a functional region because a functional region is characterized by a high intensity of economic interaction and consists of nodes and networks. As shown in figure 3.3, the borders of functional regions are determined by the frequency or intensity of economic interaction.

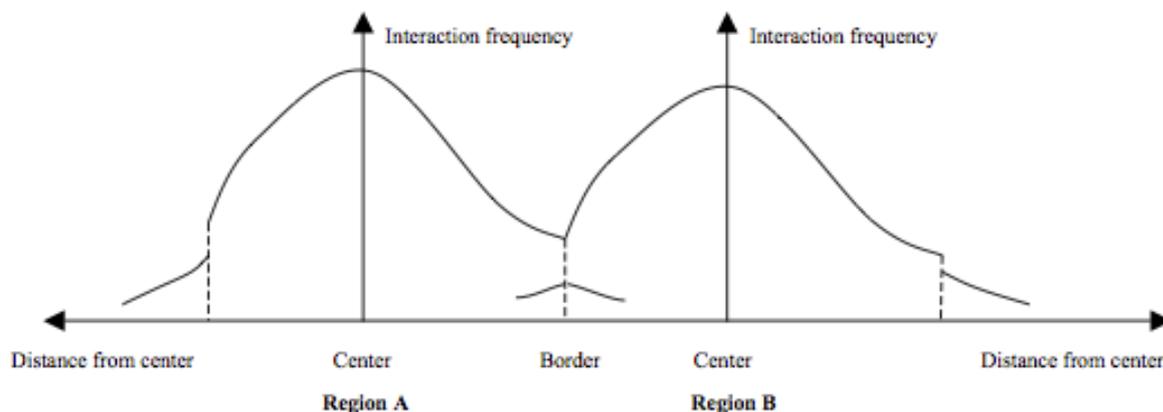


Figure 3.3: The borders of functional regions (Andersson & Karlsson, 2002)

The definition of a region following figure 3.3 can be defined as

“...a territory in which the interaction between the market actors and flows of goods and services create a regional economic system whose borders are determined by the point at which the magnitude of these interactions and flows change from one direction to another (Andersson & Karlsson, 2002).”

The concept of industrial cluster is sometimes used to define a region from an economic perspective (Andersson & Karlsson, 2003). Asheim & Isaksen (2001) designated RIS as regional clusters that are supported by surrounding organizations. They argue that the most important reason to focus on clusters is that they tend to facilitate learning through interaction. Clusters can be defined, according to

Cook (2003), as a dense network of economic actors, who work together very closely and who have intensive exchange relationships. All economic actors who directly contribute to the dominant production process of a region are partners in this network. Every region is unique because it may differ in closeness of cooperation and the administrative or public governance system.

It is important to mention that a regional cluster is not a sufficient condition for RIS (Andersson & Karlsson, 2004). Asheim & Isaksen (2001) emphasize the importance of more explicit co-operation and Cooke et al (1997) list the requirements for RIS explicitly:

An innovative regional cluster is likely to have firms with:

- Access to other firms in their sector.
- Knowledge-centers of consequence to the sectors in question.
- A governance structure of private business associations, chambers of commerce and public economic development, training and promotion agencies and government departments.

Where these characteristics are available in a region and when the organizations interchange in a two-way it may be considered as a regional learning system. Where to this added the financial capacity - through the existence of the financial infrastructure needed to enable firms to gain the necessary venturing finance and invest the necessary qualities of capital to generate endogenous innovation- it is possible to speak of a regional innovation system (Cooke, 1997).

Because this is a detailed description, few clusters would probably qualify as RIS and because a RIS has properties not shared by clusters it makes it even more difficult. It is not only necessary that the firms have access to the characteristics mentioned above, they must also be engaged in mutual co-operation with the actors in the innovation process (Andersson & Karlsson, 2004).

3.4 Innovation and place: are city regions the answer?

Since the end of the 19th century, the issue of polarisation of economic and technological development has been addressed. Different concepts were used, such as industrial districts and agglomerations, growth poles, regional clusters, technopoles, learning regions and systems of innovation. All these concepts referred to the fact that most economic phenomena and innovation are polarised in space (Fornahl & Brenner, 2003). City regions have attracted considerable attention globally over the last couple of decades and are becoming increasingly regarded as the ideal scale for public policy intervention leading for much greater policy diversity and innovation. This shift from the nation or the region to the city region entails advantages and disadvantages (Rodriguez-Pose, 2009).

Innovation and place remain inexorably connected. Following a lot of theories and empirics the world of innovation production is not flat like Thomas Friedman (2005) claimed. It is more likely that globalization lead to a more 'spiky' world: with spiky we mean that *"..at various spatial scales the geographical allocation of economic activity is likely to become more uneven and more differentiated"* (Florida, 2005). This prediction is not only made at the global level with respect to between-country unevenness but also with respect to inequalities and disparities among city-regions (Christopherson et al., 2008) According to Florida (2005) it is spiky because there is a need to draw upon critical localized groupings of entrepreneurs, scientists, financiers, research universities and flexible corporations. And lead-users may also cluster in poles of sophisticated demand (Porter, 1990). The importance of place innovation has a big role, the capabilities and organizations clustered in a

particular location need to interact both internally and externally as they develop and deploy innovations (Shapira et al., 2009).

Fornahl & Brenner (2003) asked themselves the question: why does geographic proximity, in the midst of globalisation, continue to matter in the process of innovation? Following Porter (1998) proximity in geographic, cultural, and institutional terms allows better access, better relationships, better information, powerful incentives, and other advantages in productivity that are difficult to tap from a distance. Geographic proximity between local actors and institutions continues to play a very important role in the process of innovation. Pilon & DeBresson (2003) observed four recurrences and patterns of polarisation of innovation:

1. There generally seem to be no more than a few innovative poles within a national community.
2. These innovative poles are, in general, anchored around a metropolitan agglomeration and seem to have a maximum size constraint (travel back and forth in one day).
3. Third, it has been established that innovative endeavours require, in the great majority of cases and countries, networks of innovators.
4. Fourth, even when innovative regions are near national borders, innovative networking does not seem to cross these borders for many projects. It is as if local culture is an important matter.

According to Rodriguez-Pose (2009) there are both political and socioeconomic reasons behind the rise of the city region as a territorial unit for policy intervention. From a political perspective there are three forces: 1) the global drive to devolution, 2) liberalisation of investment flows and 3) the perceived failure of previous development policies, contributing to the emergence of cities as the key actors of policies. From a socioeconomic perspective the increases in 1) trade, 2) capital and 3) labour mobility and the 4) rise in the size of the cores of city regions have contributed to another balance between the nation states and their cities, bringing city regions to the fore.

City regions have become increasingly regarded as ideal to use for the implementation of development approaches. Because they tended to perform better and better in economic terms and proponents of the city-region approach have hailed it as superior to traditional top-down strategies. According to them a better targeting of policies to local needs is allowed, better policy innovations are produced in city regions and proximity, transparency and empowerment is important, which is easier to get on a city scale.

However, smaller and poorer city regions have less capacity than bigger and richer cities. Smaller city regions rely on weaker tax bases, have less access to financial markets, have a smaller amount of skilled people and have less influence over central government spending. As a result small and poor cities will lose and big and rich cities will win if central governments do not help the small and poor cities anymore. As mentioned by Rodriguez-Pose:

“All arguments point in the direction that larger, richer and better-endowed city regions have a competitive advantage in policy making over smaller, poorer city regions with weaker civil societies and institutions. This tenet seems to be confirmed by recent empirical evidence that points towards the rise of territorial disparities almost anywhere in the world.”

3.5 The region as the site for innovation

Doloreux & Parto (2004) mention a number of key features from the theoretical discourses on regional development. Firstly, they state that a region is the site of economic interaction and innovation and that innovation occurs in an institutional, political and social context. Based on these arguments innovation can be seen as a geographical process that needs common knowledge bases. It is also important to have specific and regional resources available to stimulate the innovation capability and competitiveness of firms. Earlier research on RIS supported this argument (Asheim & Isaksen, 1997) and also Porter (1990) argues that the competitive advantage in a global economy is often heavily local, because of the specialized skills and knowledge, institutions, related businesses and customers in a region.

The second key feature that is mentioned is that innovation is embedded in social relationships that develop over time. These social relationships shape a regional context that contains a set of rules, conventions and norms that determine behavioural roles and shape expectations. Local innovative capability depends on the regional, socio-cultural and political assets that influence synergic and the collective learning processes. The development of these assets is becoming crucial in building regional innovation.

Thirdly, geographical concentration and proximity are important, because when these two are present spillovers, adaptation, learning and innovation have more chance to develop. According to Doloreux & Parto (2004) the general argument or collaborating across related industries tends to trigger processes that create not only dynamism and flexibility in general, but also learning and innovation.

Asheim & Gertler (2004) argue that the idea of innovation as a partly territorial phenomenon is to a great extent based on the success stories of some specialised industrial agglomerations or regionally concentrated networks of SMEs and industrial clusters. Much of the existing understanding of the region as a locus of innovation comes from research on those places that qualify as 'learning regions', 'clusters', 'industrial districts' or 'RIS'. However, there is growing empirical evidence that, in many cases, parts of learning process and knowledge transfer are highly localised and that important parts of the process of innovation become regionalized (Doloreux & Parto, 2004).

3.6 Units of Analysis in studies of RIS

Different scales are used to study the RIS and the debate on the appropriate scale to study RIS is not resolved. Some researchers use cities, other metropolitan regions or refer to the local (refers to districts within cities of metropolitan areas). Also NUTS II (developed by the Eurostat) and supra regional used as a scale to study RIS. The different studies all believe that their unit is the best to generate innovation. The diversity of units in the studies makes it hard to compare and to develop a unified conceptual framework (Doloreux & Parto, 2004).

Some researchers focus on the city as the key site of innovation processes. Simmie (2001) argues that cities generate innovation because they act as arenas for the confluence of innovative factors. A similar argument is made for metropolitan regions as sites of innovation systems. Some research on metropolitan innovation systems has concluded that metropolitan areas are the most important scale for innovation or that they have high innovation potential because they offer firms spatial, technological and institutional proximity and specific resources. Another unit of analysis is 'the local'

that often refer to districts within cities or metropolitan areas (Asheim & Isaksen, 2002). A more aggregate unit of analysis is “NUTS II”. The NUTS II classification is the nomenclature of territorial units developed by Eurostat. The regions defined within NUTS II are not necessarily corresponding to sufficiently homogeneous and self-contained regions in a broad sense. An even more aggregate level, a supra-regional/sub-national scale is used. The main focus of these studies is to understand the role of institutions and policy in sustaining innovativeness and competitiveness (Doloreux & Parto, 2004).

Asheim and Isaksen (2002) pointed out that the precise distinction between the scale of innovation systems is indeed difficult to ascertain. Some authors point to variations within the regional scale, while others see RIS as a part of a national system. Following Doloreux & Parto (2004) there is an urgency to bring some clarity into the discourse to maximize the quality of policy recommendations. Therefore, the following definitions are used for this report:

1. What is a region? And what is the boundary of a region? *“...a territory in which the interaction between the market actors and flows of goods and services create a regional economic system whose borders are determined by the point at which the magnitude of these interactions and flows change from one direction to another (Andersson & Karlsson, 2002).”*

2. What is a RIS? *“...a set of interacting private and public interests, formal institutions and other organizations that function according to organizational and institutional arrangements and relationships conducive to the generation, use and dissemination of knowledge” (Doloreux, 2003).*

3. The boundary of a RIS can be described as: *“Regional innovation systems are not sufficient on their own to remain competitive in a globalizing economy. Production systems seem to be more important innovation system at the regional level. Thus local firms must also have access to national and supra national innovation systems, as well as to corporate innovation systems from the local firms that have been brought. This line of reasoning is followed to a point where the regional innovation system expands beyond its own boundaries through a process of economic integration and globalization” (Asheim and Gertler, 2004).*

Besides the different definitions of a RIS and the unclear points that were described above, Uyarra (2008) describes another critique that points to a national, top-down bias of the RIS concept. Because of the top-down bias it is unable to capture regional-specific actors and relationships, which are needed to generate innovation and learning processes for a successful RIS. Some equivalence is needed between the bottom-up and top-down one, embodied in the key role played by certain regional institutional and governance structures.

CHAPTER 4: RESEARCH METHODOLOGY

4.1 Introduction

This chapter describes the methodology designed and implemented in this thesis. Following a discussion in section 4.2 of research frameworks, which identifies the core aspects in research design, 4.3 presents the research questions. This is followed by a presentation of specifics related to research design in section 4.4 where we situate discussion of the research strategy and process focusing on the adoption of case-study method and the related justification. Section 4.4 also describes the tools for data collection and data analysis approaches. The limitations that the methodological choices reflect will be described in section 4.5, 4.6 and 4.7.

4.2 Research Framework

Research is a systematic investigative process employed to increase or revise current knowledge by discovering new facts (Business Dictionary, 2011). Before launching a research project, social scientists prepare a research design, a step in the research process that should not be bypassed (Csub, 2011). A Research design entails putting together compatible components in order to generate knowledge (Maxwell and Loomis, 2003). This is the essence of research methodology, which is a way to systematically solve the research problem and entails making explicit or implicit assumptions regarding epistemology and philosophical paradigms guiding the research (Kothari, 1990).

Frameworks for research comprise three elements that are essential for research design. The first stage is the conceptualization stage, which entails determining the purpose of the study. The conceptualization stage influences decisions in the research regarding, the role of theory, the research questions, the methods for data collection and data analysis. The second, experiential stage comprising two interrelated steps: methodological and analytical. This stage relates to implementation of selected methods of data collection and analysis. Third, the inferential stage, which attends to explain and understand the data of the phenomena being studied (Teddlie and Tashakkori, 2009).

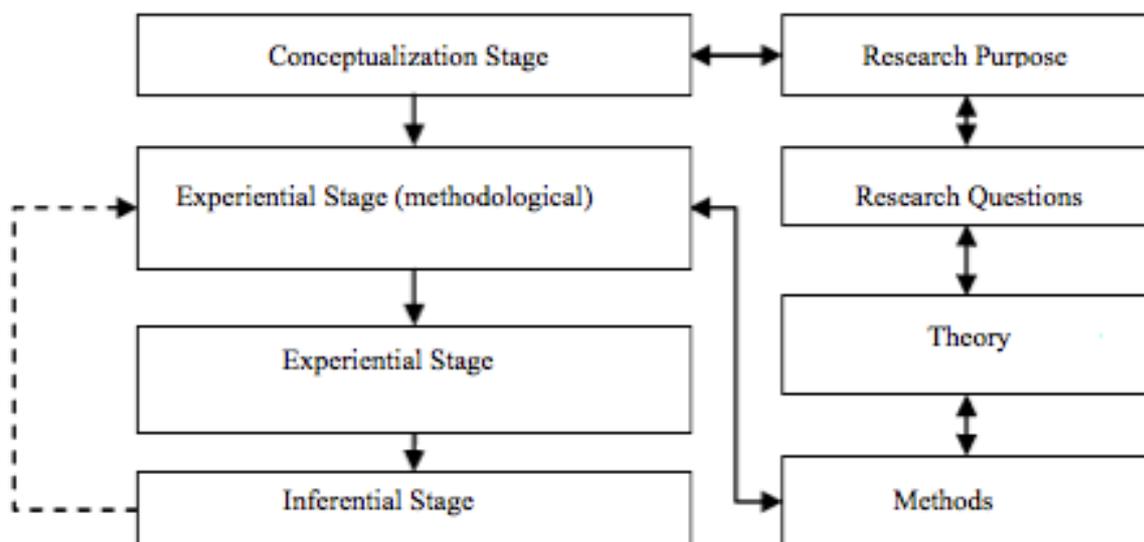


Figure 4.1: Research design

4.3 Research Questions

As outlined in Chapter 1, this research is motivated by the experiences of cities behind the new government policy in England. This has guided the determination of its purpose, which is to understand the relation between innovation and economic growth in (city) regions on one hand, and how cities experience the new government policy, on the other. Innovation, the impact of innovation and RIS on (city) regions performance have been studied extensively in the literature. This situation taken together with the purpose allows us to use existing theory and understand the generic factors related to innovation and RIS that influence region performance and thus economic growth in (city) regions. This understanding underpins construction of the conceptual framework for the thesis (figure 4.3) and provides the basis for the four specific research questions that emerge from the following main research question:

Main Question

To what extent do LEPs contribute to generate economic growth and rebalance the country in a better way than Regional Development Agencies did?

While this main research question makes reference to cities in England generally, the specific questions take into account the context of Manchester as an exemplar English city.

Specific research questions

Sub-research Question 1: What does the shift from a ‘one-size-fits all model’ and RDAs towards ‘individual city deals’ and LEPs mean?

Sub-research Question 2: What were the views on RDAs?

Sub-research Question 3: What are the prevailing perceptions of LEPs?

Sub-research Question 4: How is Manchester dealing with the LEPs compared to other cities in England?

4.4 Research Design

A research design refers to the structure of a research and it minimizes the change of drawing incorrect causal inferences from data (De Vaus, 2001). Following Teddlie and Tashakkori (2009), this section discusses the specific methodological issues that characterize the manner in which the research was prosecuted. It builds on the research design framework in Figure 4.1 above to outline the methodological choices that have been made.

4.4.1 Research Strategy

This research primarily seeks to understand the shift from RDAs towards LEPs in the context of innovation and economic growth and has established a conceptual framework from literature to guide observations. This influenced decisions to use a qualitative approach; this methodology is appropriate to capture extensive personal experiences and opinions of individuals (Baarda et al., 2005). It is important to keep in mind that within qualitative research subjectivities are accepted, as well as

multiple perspectives and realities (O'Leary, 2010). It assumes that not one truth of reality exists; rather, the individual's perception is what counts. Observations and experiences of the individual on a phenomenon are then central, and not the objective phenomenon itself (Baarda et al., 2005). However, according to Graneheim & Lundman (2004), research findings should be trustworthy, being transferable to other settings or groups. Therefore a clear and distinct description of culture and context, selection and characteristics of participants, data collection and process of analysis is given in the following paragraphs.

It is important to think about the researcher as a subjective entity. Researchers may bias the answers of participants, or interpret them in different ways than the participants intended (Flowerdew et al., 2005). Semi-structured interviews are an important method in this research; they intend to capture personal experiences and opinions by having extensive and deep conversations (Flowerdew et al., 2005). When comparing in-depth interviewing with a structured method, such as a standardized questionnaire, interviews provide an opportunity for the participants to explore and clarify their experiences (O'Leary, 2010). However, a consequence of in-depth interviews is that no interview can be exactly repeated. Likewise, a second interview with the same participant will give different outcomes because the circumstances of the interview will therefore never be the same as the first one. The answers that a respondent will give depend on the condition of the respondent and also on the physical circumstances of the location where the interview is conducted (Flowerdew et al., 2005).

4.4.1.1 Ethics

Social research should be done in an ethical way (Leezenberg & Vries, 2001). The *moral integrity* of the researcher is a critically important aspect of insuring that the research process and a researcher's findings are trustworthy and valid. The term *ethics* derives from the Greek word *ethos*, which means *character* (Heintzelman, 1995). Ethics is concerned with morality, the philosophy of what is right and what is wrong (Shamoo & Dunigan, 2000). However, different people have different opinions about morality. Also, the context plays an important role: what is acceptable in one context may be unacceptable in another. This is also the case for ethics in social research: it is debateable and contextual. This does not mean however that ethical considerations are therefore useless (Flowerdew et al., 2005). According to Shamoo and Dunigan (2000), *'the basic principles of ethics are derived from the concept that we as individuals should treat others as we wish them to treat us'*.

According to Trochim (2006), there are important pillars of ethical research created to try to protect better the rights of their research participants. The principle of voluntary participation requires that people not be coerced into participating in research. All respondents were contacted via e-mail and they all agreed to participate in the research. Closely related to the notion of voluntary participation is the requirement of informed consent. Essentially, this means that prospective research participants must be fully informed about the procedures and risks involved in research and must give their consent to participate. Ethical standards also require that researchers not put participants in a situation where they might be at risk of harm as a result of their participation. It is necessary, for ethical reasons, that participants have an understanding of the purpose of the research, are fully aware of their involvement in it, of their commitments and rights, and of the outcomes and uses of the data (O'Leary, 2010). To achieve this, an introduction was given before the interview started and different questions were asked. The first question was about the permission to tape record the interview, so that I could concentrate on what the respondents were saying rather than on note taking. The respondents were secured that the tape recording would remain confidential and that the interview records would only be available for my supervisor and me. It is possible that participants want to be private, there are two standards that help protect the privacy of research participants. The first one is confidentiality, which

means that identifying information will not be made available to anyone who is not directly involved in the study. The second and stricter standard is anonymity, which essentially means that the participant will remain anonymous throughout the study (Wilson, 2010). The second question that was asked to all respondents was about the option to remain anonymous. If a respondent wants anonymity, then this means that he or she does not wish to reveal their name and that they do not want their name to be linked with their opinions provided in the interview. According to Wilson (2010) it tends to be the case that a large number of respondents prefer to remain anonymous if the subject is of a sensitive nature, for instance asking respondents to express their views on politics, which was the case in this research. However, only two interviewees out of ten wished to stay anonymous in this research. The anonymity of the respondents has been ensured in the following ways. The respondents were given different names, namely X, Y, Z, and personal information such as jobs has been changed. Lastly, respondents were asked if they had any questions about the research or the interview before starting the interview.

4.4.1.2 Underlying assumptions and philosophy

All research is based on assumptions about how the world is perceived and how we can best come to understand it. The term epistemology comes from the Greek word *epistēmê*, their term for knowledge. In simple terms, epistemology is the philosophy of knowledge of how we come to know. But how do we know? It is obvious that nobody really knows how we can best understand the world (Trochim, 2006). We are all biased and all of our observations are affected, that is why a critical realist perspective is taken in this research. It is hard to achieve objectivity perfectly, but following Leezenberg & Vries (2001) the best way for us to improve the objectivity of what we do is to do it within the context of a broader community of truth-seekers who criticize each other's work.

Critical realism is a perspective in the philosophy of science that adopts the existence of a world independent of the experiences of those seeking to know of it (Robson, 2002). Critical realism is one of the most common forms of post-positivism, Post-positivism is a rejection of the central tenets of positivism. A post-positivist might begin by recognizing that the way scientists think and work and the way we think in our everyday life are not distinctly different. Scientific reasoning and common sense reasoning are essentially the same process. There is no difference in kind between the two, only a difference in degree (Malhotra, 1994).

In its broadest sense, positivism, a term coined by Auguste Comte in general, is used as a name for a form of strict empiricism (Malhotra, 1994): it is a position that holds that the goal of knowledge is simply to describe the phenomena that we experience. The purpose of science is simply to stick to what we can observe and measure. Knowledge of anything beyond that is impossible. The positivist believed in empiricism; the idea that observation and measurement was the core of the scientific endeavor (Trochim, 2006). Positivists were also realists. The difference is that the post-positivist critical realist recognizes that all observation is fallible and has error and that all theory is revisable. Because all measurement is fallible, the post-positivist emphasizes the importance of multiple measures and observations, each of which may have different types of error, and the need to use triangulation across these multiple sources to try to get a better understanding on what's happening in reality (Trochim, 2006). By contrast, the positivistic approach holds that generation of knowledge is underpinned by experience such that events arise not from structures that exist and operate in the world, but from law-like temporal relations between causes and outcomes (Robson, 2002). The post-positivist believes that all observations are theory-laden and that scientists are inherently biased by their cultural experiences, worldviews, and so on (Trochim, 2006).

4.4.2 Research Process and Data Collection

Figure 4.3 presents the research process showing the different phases of this research. Phase 1, 2 and 3 were undertaken during the period March-April 2012. The qualitative phase 4 was undertaken during the period May-June, 2012. The last two phases, answering the research questions 2,3 and 4 and writing the methodology, were undertaken in the period June-July, 2012.

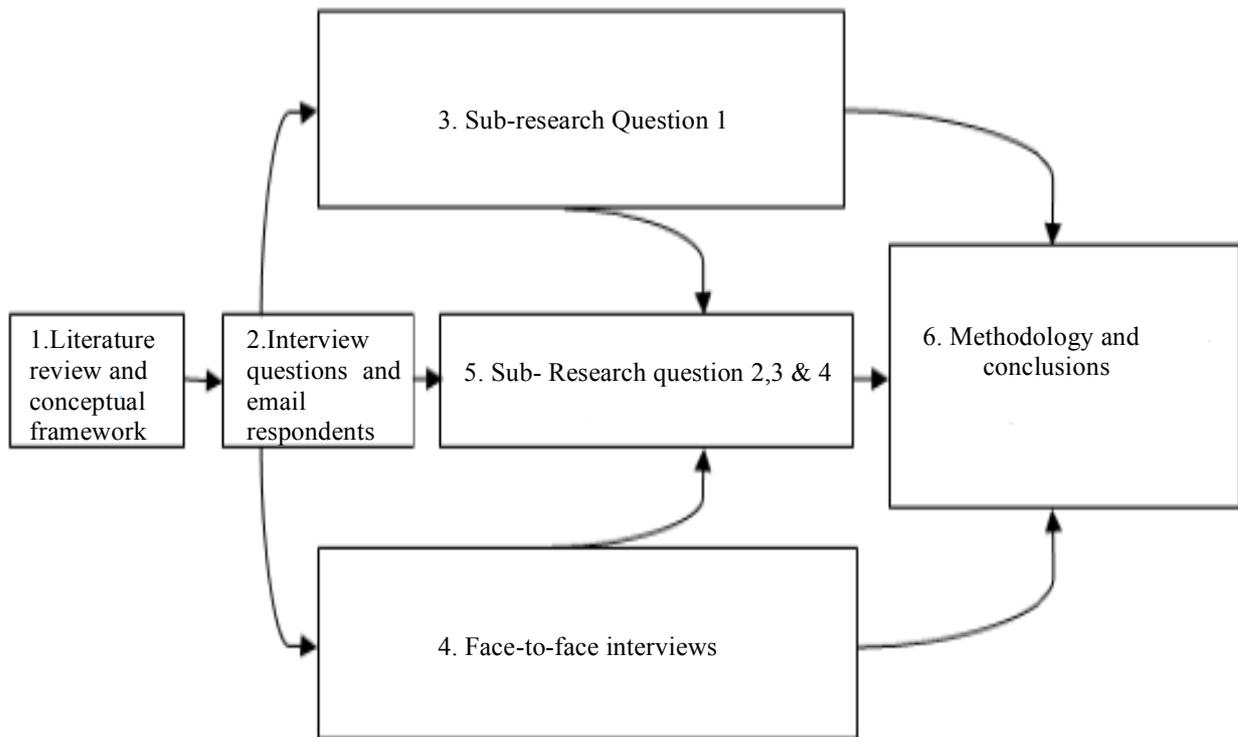


Figure 4.3: The different phases of the research

4.5 Qualitative Phase: interviews

The purpose of the qualitative phase was to gather data for sub-research questions 2,3 and 4. The focus of the qualitative phase is to conduct face-to-face interviews to enable a deeper understanding and to find experiences and expectations of the new government policy in England. 10 semi structured face-to-face interviews were conducted. The relatively small number of participants is the indispensable “trade off” (Patton, 1987, cited in Shaw, 1999) between the depth and the range of collected information and most importantly the result of the time constraints. However, Daymon and Holloway (2002) argue that qualitative studies are commonly small scale as they focus on a richer exploration of the concept.

It is noted that qualitative approaches are neglected even today (Alam, 2005). Dayon and Holloway (2002) argue that quantitative studies prevail while qualitative research is considered suitable only for early, exploratory research. According to Alam (2005), one of the main reasons for a preference for quantitative research is the fact that its findings are considered more accurate and generalizable. However, to make generalizations is not the purpose of this research, but instead it is to explore and develop an understanding about a specific area of interest. Dayon and Holloway (2002) argue that qualitative and quantitative methods should not be seen in opposition. Both approaches can study the

same research area to confirm, supplement of even contradict each other.

4.5.1 Recruitment and characteristics of respondents

A deliberate effort was made to interview a diverse group of respondents. The respondents interviewed were chosen because they all have perspectives and insights with the recent policy changes. The respondents, working in public and private companies, were contacted through an e-mail (see appendix) that contained information about the research and the question if they were willing to participate in a face-to-face interview. Most of the e-mail addresses were found on the Internet, or were given by other respondents. Ultimately, ten of them responded to the e-mail. All of the respondents were man and employed in public and private companies. Those who agreed to participate were then asked about a meeting possibility.

4.6 Data Analysis

All interviews were recorded in order to preserve everything that is said as accurately as possible (Daymon and Holloway, 2002) and at the same time allow the researcher to interact with the participants and give them all the attention (Seale et al, 2004). The interviews started with a brief introduction into the purpose of the study and participants were given the time to express any worries or thoughts about the topic and the process of the interview. Respondents were assured that their rights of privacy are respected. First, I offered some personal details concerning my academic situation and reasons for the choice of the particular subject as a dissertation topic. This tactic allowed a friendlier atmosphere to be created between the respondent and the interviewer.

All interviews were conducted and transcribed by myself. It offered two important advantages, it gave the opportunity to get more involved with the data and point out the important topics discussed and also relate the recorded discussions with the actual interviews and include the important hesitations and laughs in the transcripts.

4.7 Positionality, reflexivity and limitations

Most of the research was conducted in Manchester and a small part was conducted in Liverpool and in Leeds. Because to research is mainly focusing on Manchester, 80 per cent of the interviews were conducted in Manchester. However, to make comparisons and get more knowledge about how cities deal with the new government policy, interviews with people from other cities were needed. Those people could also give their opinion about how they see Manchester. The research included interviews with research institutions, development agencies, policy-makers, and academics.

Going to England to conduct fieldwork posed several dilemmas for me. The city of Manchester is quite different from the city of Groningen, where I was born, had grown up and did my studies. Although, the socio-economic context in England and the Netherlands are quite the same and the countries are close to each other, there are differences. I was an outsider, nonetheless, many commonalities- such as my nationality, gender, education- enabled me to bridge gaps in this research. People trusted me, because I am not from England and my results will not be published in England, and told me their (negative) opinions about LEPs.

People were by and large incredibly willing to talk freely and very welcoming me into their offices. However, I found that while I was conscious of differences and hierarchies before I started the interviews, I did not felt this way during the interviews. I know that the knowledges I gained during

the interviews are within the context of our intersubjectivities and the places we are at that moment. According to Sultana (2007) knowledge is always partial and representations of knowledges produced through power relations, social relations and development processes that the researcher must be aware of in undertaking research. As such the findings of this research will always be interpretive and partial, yet it interesting to hear opinions about the new policy system in England that may otherwise not be told.

According to Golafshani (2003) the term reliability is a concept used for testing or evaluating quantitative research. Reliability usually refers to how consistently the data is measured, if a research is undertaken and redo later it would get the same results (Bryman, 2008). But the question is if this study can be replicated in the same way? To replicate the research a Dutch woman from my age is needed and the same interviewees and even than the answers will be different because the situation is different. The knowledges gained from the interviews are socially constructed and may change depending on the circumstances. Golafshani (2003) calls this paradigm in qualitative research constructivism and is contingent upon human practices and being constructed in and out of interaction between human beings and their world. The aim of this research is to find deeper understandings rather than examining surface features, but to improve the analysis and understanding triangulation is used in this research. Bryman (2008) argues that triangulation is a step taken by researchers to involve several investigators or peer researchers interpretation of the data at different time or location. Greater Manchester is the case in this research, and the interviewees in Manchester were very positive about the Greater Manchester LEP. However, interviewees in Liverpool and Leeds were asked if the Greater Manchester LEP is better than the other LEPs to be sure.

CHAPTER 5: THE PLACE MANCHESTER

5.1 Introduction

Manchester, a city in the North West of England, made some important changes in the last couple of decades. The city has turned the corner from a leading industrial city to a post-industrial and cosmopolitan one. Manchester is recognized for its heritage of leadership in science, technology and industry and for recent progress in revitalization following industrial restructuring in the 1970s and 1980s (Peck & Ward, 2002). The rebuilding of the Manchester city centre, MediaCityUK and the expansion of the Manchester Airport are some examples of the major economic development projects that have been initiated.

This chapter provides a descriptive profile of Greater Manchester in which the research was undertaken. This profile provides a background to understand the research findings. Subsection 5.2 introduces the economic geography of Manchester followed by subsection 5.3 that describes the economic history of Manchester. Subsequently, subsection 5.4 provides an analysis of the big contrast in Manchester.

5.2 The economic geography of Manchester

Greater Manchester represents the largest functional economic area outside London. It has a population of 2.6 million people and at the heart of a travel to work area of 7 million people. Despite operating as a single functional economic geography, Greater Manchester is a diverse conurbation with significant disparities in productivity, connectivity and relative levels of wealth and deprivation; this is presenting significant challenges in supporting continued sustainable economic growth (Economic Advisory Panel, 2011).



Figure 5.1: Greater Manchester (Economic Advisory Panel, 2011).

Greater Manchester (see figure 5.1) is a single functional economic geography; the largest in the North of England accounting for over 40% of the North West's total economic output. It is the UK's largest city in both population and economic terms after the capital, London. Following strong growth over the past decade, the conurbation generated around £46 billion per annum of total Gross Value Added (GVA) in 2010, almost a fifth of the total economic output of the North of England (ONS, 2009). Manchester has also performed strongly in a European context being within the top 20% largest economies, by GVA, in the European Union (Economic Advisory Panel, 2011).

Over the last decade, growth has been led by the service sector, particularly financial and professional services, which have driven employment and output (GVA) growth. The structure of Manchester's economy has changed markedly in this period with a rapid decline in manufacturing employment (37.3% fall in employment) and other industrial sectors, and service sector employment rising rapidly in its place. Business Services is the largest sector in the city, accounting for 19.3% of employment and with an impressive growth of 28.9% over the last 10 years. This growth has resulted in becoming a centre for financial & professional services of national importance.

Manchester's history means the city still retains strengths in manufacturing and logistics. Manufacturing has seen employment decline by more than a third over the last decade, as manufacturers have become more capital intensive and concentrated upon related activities. Despite the decline of the Manufacturing sector it remains a large employer across Manchester and is still accounting for over one-in-ten employees.

Retail and health are the second and third largest employment sectors in Manchester, which is in line with national trends. Although the majority of health employment and growth is within the public sector, the specialist and high-value biotechnology and life sciences sub-sectors have also seen strong growth. Whilst these are currently small in employment terms, they are highly productive; with the highest GVA per employee of any sector in Manchester. The universities of Manchester are another key employment sector. They produce knowledge and innovation (Economic Advisory Panel, 2011).

Manchester has also developed its creative & digital industries to the stage where they represent the UK's biggest centre for the industries outside the Greater Southeast. This specialization is forecast to increase over the coming decade as MediaCityUK and other assets develop and agglomeration economies increase (Economic Advisory Panel, 2011). MediaCityUK (figure 5.2) has a vision to become a leading international hub for the creative and digital sectors; they already made a big move with welcoming five departments of The BBC to Salford (BBC, 2012).



Figure 5.2: Mediacity, the new home of the BBC at Salford Quays (Thomond, 2011)

Following The BBC website moving to the North is:

“... one of the most ambitious projects in our history and will create a new centre of excellence outside London for production, technology development, training and digital media. The BBC needs to better reflect the breadth and depth of our culture and be representative of all those who fund it. BBC North will help meet the commitment to our audiences to get as close to them as possible.”

The move facilitates the creation of new partnerships with organizations including independent producers, cutting edge digital companies and universities across the North of England (BBC, 2012).

Greater Manchester has made progress in narrowing gaps in certain areas, such as skills, but has performed weakly on innovation output indicators like knowledge-based employment. Greater Manchester's skills attainment level is higher than in the metropolitan areas of Birmingham or Leeds, but increasingly lags the London city region. Also the level of enterprise start up is higher than the metropolitan areas of Birmingham and Leeds, although lower than for London. The growth rate of knowledge-based employment increased by 9.9% in the period 2003-2008, but this growth rate was below that of London, Bristol, Glasgow and Leeds city regions. The Manchester Independent Economic Review (2009) emphasized that there is a need to tackle the levels of innovation to address the underperformance of Greater Manchester. They found that there is a lack of internal networks between firms compared to strong external links. This lack of internal networks is identified as a weakness limiting innovation.

In the 'Stimulating Business Innovation' report of Sadiq et al. (2011) a series of projects and programmes to enhance innovation is provided to show the diversity of the approaches, as shown in box 5.1. The projects are diverse and facilitate innovation in different ways, like development or mentoring and advising, university-industry linkages and financial support.

Box 5.1 Innovation projects and programmes in Greater Manchester.

1. The provision of business advisory support, including services to embed innovation and develop innovative ideas.
2. The continuing development of university services and outreach targeted to business by Greater Manchester's universities (the University of Manchester, Manchester Metropolitan University, the University of Salford, and Bolton University).
3. The emergence of a variety of private and professional organisations and networks.
4. Manchester Science Parks, which has expanded its network of incubator facilities across the city and been at the forefront of supporting high-technology enterprises within the Manchester innovation system.
5. The Sharp Project in East Manchester, which seeks to build a digital media hub and technology platform alongside an integrated producer chain to advance creative and digital industries in Manchester.
6. Place-based or area clustering initiatives, such as MediaCityUK and the Oxford Road Corridor.
7. The establishment of sector and mission organisations such as the Manchester Digital Development Agency (MDDA) which fosters digital.

The examples illustrate the extensiveness of innovation related organisations and activities, it is important to mention that everything is subject to change. This is because the Regional Development Agency of the North West disappeared in March 2012 to make place for Local Enterprise Partnerships (see chapter 6), this has led to the reduction in scale and abolishing of several business support programmes related to innovation because of the lower level of funds. On the other hand, some new initiatives to facilitate innovation are under development and the Government established a new Regional Growth Fund of £1.4bn (Sadiq, 2011).

In 2002 the Manchester Knowledge Capital (MKC) has been set up together with the Innovation Sub-Group of the New Economy board of Manchester to drive innovation. Also the Association of Greater Manchester Authorities (AGMA) undertook efforts to stimulate innovation in Greater Manchester. In 2010 these two boards merged to become the Manchester Innovation Group (MIG) and in 2011 the MIG was designated as a subgroup of the Greater Manchester Local Enterprise Partnership. This group is made up of 21 members, from the public and private sector, and the role of the MIG is to

provide ongoing strategic leadership across the innovation agenda (Sadiq, 2011). Because of the constraints of reduced public funding there is a big challenge of facilitating innovation. However, this can result in creative new approaches and new roles of Greater Manchester to generate innovation.

5.3 The economic history of Manchester

Manchester has always been a city of extremes, a city of hard edges and always on the move (Peck & Ward, 2002). Manchester is a relatively new city; born of the Industrial Revolution, it took the lead in the world's textile manufacture and production in the late 18th century, a position it held until its decline (Aiken, 1965). The twentieth century was a hard one for Manchester.

The first industrial city was the first to experience large-scale deindustrialisation from the 1960s onwards. Industry has not only been a source of jobs but also of cultural identity for a city that had long prided itself on the tradition of no-nonsense pursuit of economic advantage and moneymaking. In 1959, well over half of the Greater Manchester workforce was employed in manufacturing. Today, less than one in ten of the conurbation's workforce is employed in factories (Peck & Ward, 2002). The deindustrialization of the latter twentieth century hit the regional economy hard, as it did in much of the UK's industrial north. Some parts of the city were particularly affected - East Manchester, a former centre for heavy engineering and chemicals, experienced 24,000 job losses between 1974 and 1984 alone— but the entire region suffered from the loss of economic activity (Manchester City Council, 1995).

Manchester is a different kind of city from the one it once was. The place has been changing, and in ways which fundamentally challenge its political economic role and cultural self-perception. So Manchester having 'turned the corner' from deindustrialisation and decline to a new era of post-industrial/cosmopolitan revival as shown in figure 5.3.



Figure 5.3: Castlefield, birthplace of the Industrial Revolution (O'Keefe, 2010).

Old meets new, the building on the front, the Castefield building, is the birthplace of the industrial Revolution (O'Keefe, 2010). The new building (completed in 2006 at a cost of £150 million) in the background, called the Beetham Tower, is a combination of luxury apartments and the Hilton Hotel (Beetham Tower, 2009). Following Peck and Ward (2002) it is certain that:

“Twenty-first-century Manchester will be both more cosmopolitan and heterogeneous and more unequal and divided than before”

5.4 A big contrast

Following the Manchester Independent Economic Review (2009a) Manchester is probably the UK city outside London most likely to be able to increase its long-term growth rate, to access international networks and enjoy strong connections to the rest of the world. However, it is currently punching below its weight given its size (Peck & Ward, 2002). There is a contrast between the north and south of the city-region. This is based on differential experiences of economic restructuring, variation of educational attainments and skills and access to labor and housing markets. There are people who have benefited most from structural economic change, and those, concentrated in the inner metropolitan area's poorer quality areas, who have gained least. The south contains the commercial center, higher-level public service functions, three major universities and the airport. The north is less connected and is still struggling with the transition from a relatively low-value manufacturing economy to one dominated by higher value knowledge-based industries (MIER, 2009a).

Many Manchester residents derived only limited benefits from the economic boom that took place around them. Much of the northern and eastern part of Manchester, along with other inner areas and the poorer quality residential areas of peripheral townships, continued to be characterized by high levels of deprivation and a concentration of poor, workless, etc. household characteristics on which even 15 years of economic growth had only a modest impact (MIER, 2009b).

Table 5.1 shows that change in employment within broad sector across the Manchester City Region, as a whole between 1981 and 2006, were relatively similar to those at the regional and national levels. The decline in manufacturing (-54%) was offset by growth in services, especially in banking, finance and insurance (+120%). As said earlier, there are differences between both the northern and southern parts of the Manchester City Region, as well as within district. In table 5.2 these are revealed which shows that the Northern districts (Bolton, Bury, Oldham, Rochdale and Wigan) still remain very reliant on manufacturing sectors even when suffering from heavy job losses in manufacturing during the period. The Southern districts (Congleton, Macclesfield, Manchester, Salford, Stockport, Tameside, Trafford, Vale Royal and Warrington) have benefited more from growth in services. These services typically demand higher skills and qualification levels. The net job gains achieved across Manchester City Region are due entirely to growth in the South.

	MCR			NW			UK		
	1981	2006	% change	1981	2006	% change	1981	2006	% change
Employment									
Manufacturing	407	186	-54.3%	851	408	-52.1%	6,106	3,245	-46.9%
Construction	106	118	11.3%	213	224	5.2%	1,842	2,129	15.6%
Distribution, hotels & Restaurants	310	379	22.3%	649	796	22.7%	5,340	6,993	31.0%
Transport & Communications	89	113	27.0%	194	212	9.3%	1,666	1,861	11.7%
Financial & other business services	164	361	120.1%	328	636	93.9%	3,071	6,398	108.3%
Public admin, education & health	287	379	32.1%	629	873	38.8%	5,431	7,766	43.0%
Other Services	63	94	49.2%	141	202	43.3%	1,205	1,991	65.2%
Total	1,476	1,643	11.3%	3,116	3,391	8.8%	25,908	30,987	19.6%

Table 5.1: Employment change by broad industrial sector, 1981 to 2006 (MIER, 2009a)

Employment	MRC NORTH			MRC SOUTH		
	2006	Change 1981	to 2006	2006	Change 1981	to 2006
Manufacturing	97.2	-123.9	-56.0%	89.0	-96.8	52.1%
Construction	52.5	8.9	20.4%	65.3	2.9	4.6%
Distribution, hotels & Restaurants	149.7	23.6	18.7%	228.2	44.1	24.0%
Transport & Communications	35.6	6.6	22.6%	78.3	18.1	30.0%
Financial & other business services	80.5	40.4	100.7%	280.7	156.5	125.9%
Public administration	24.6	-6.4	-20.6%	43.4	-13.2	-23.4%
Education & Health	122.6	44.8	57.5%	187.5	66.3	54.8%
Other Services	36.3	11.0	43.5%	58.5	21.0	56.1%
Total	602.6	-10.6	-1.7%	1040.8	178.5	20.7%

Table 5.2: Employment change in the north and south parts of MCR, 1981 to 2006 (MIER, 2009a)

CHAPTER 6: from RDAs to LEPs

6.1 Introduction

To support innovation and economic growth in cities in England, there is a new government policy landscape and shifts in economic and social developments. The abolition of the Regional Development Agencies (RDAs) in 2012 and the establishment of sub-regional Local Enterprise Partnerships (LEPs) and ‘city deals’ led to a re-definition and renegotiation between sub-national authorities (Sadiq et al., 2011). The policy expects much of the shifts, but recent work has begun to question the high expectations (Bentley et al., 2011).

This chapter describes the shift from RDAs towards LEPs in section 6.2. This is followed by a description of City Deals in 6.3 and the LEPs will be described in section 6.4.

6.2 Rebalancing Britain

The previous approach was based on a centrally driven target that tried to narrow the growth rates between different regions (HM Government, 2011). Bowley (2010) argues this approach missed the knowledge and expertise of the private sector, local authorities and their local communities. It is recognised that English cities have less influence over the key decisions that affect their economic competitiveness than other European cities (Bentley et al., 2011). According to HM Government (2011), the eight core cities and their surrounding areas are important hubs of economic activity. They have world-class universities, deep pools of labour, large markets and extensive transport infrastructures. These cities also have good domestic and international connections, with 50 million passengers passing through their airport each year.

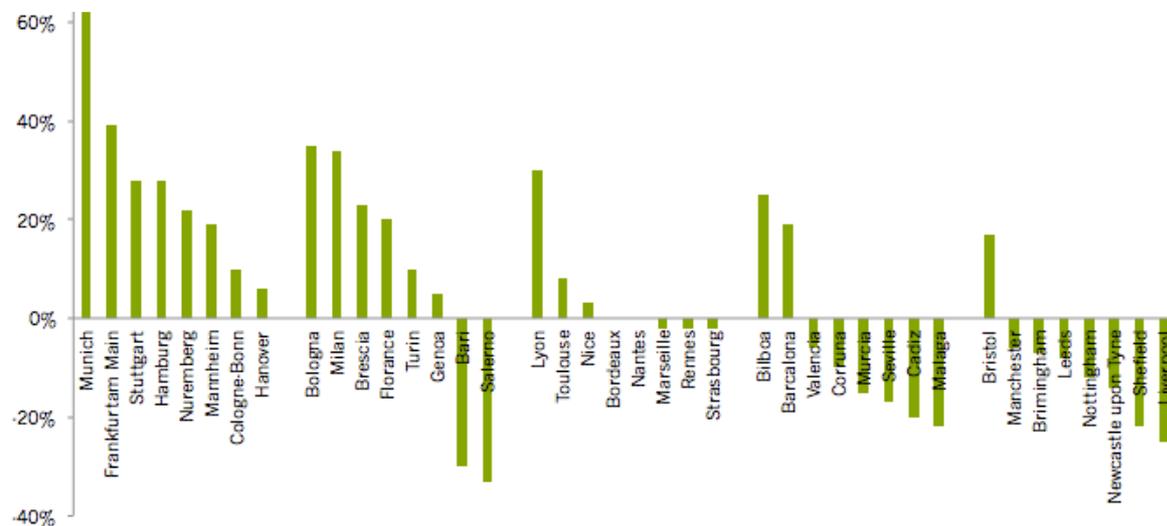


Figure 6.1: GDP per capita of the eight largest non-capital cities in England compared to the eight highest performing non-capital cities in Germany, France, Spain and Italy in 2007 (HM Government, 2011).

However, in response the HM Government (2011) argues the core cities were not punching their weight compared with their European competitor cities in both the levels of GDP per capita achieved and their performance nationally. While many of other European cities, as shown in figure 6.1, in

Germany, France and Italy achieved GDP per capita at or above their national average, the core cities in England performing below it (HM Government, 2011; Leahy, 2011).

Following HM Government (2011) knowledge intensive businesses are important to generate economic growth and are attracted to places where they have access to large markets, deep labour pools and clusters of innovative businesses. Indeed, private sector knowledge-intensive business services generated 79% of the increase in employment in the cities between 2003 and 2008. As is shown in figure 6.2, knowledge-intensive services have been resilient in the slowdown and have seen a lower increase in people claiming jobseeker’s allowance over the last four years (HM Government, 2011). Accordingly, HM Government (2010) argues this provides an opportunity for the core cities to generate further private sector growth in this area.

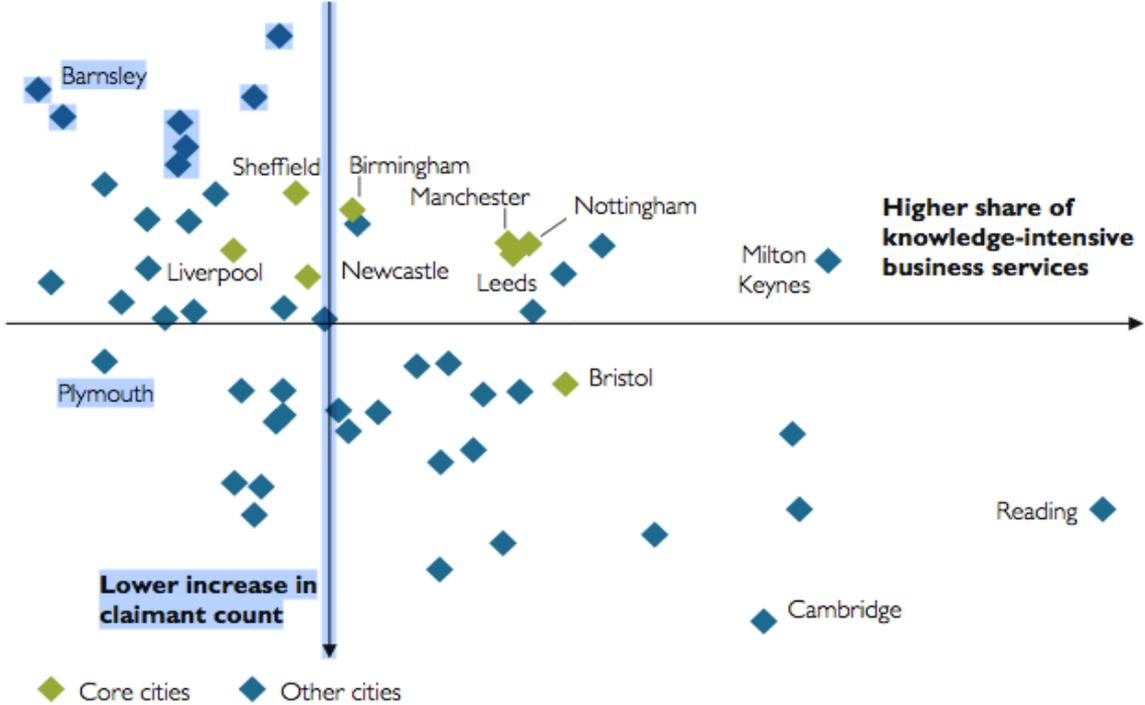


Figure 6.2: Knowledge-intensive cities resilient in slowdown (HM Government, 2011).

The core cities have a strong pool of highly skilled workers and compare well with their European rivals on the number of graduates. However, having this skills base is unlikely to produce the step change in growth needed if cities lag behind in supporting innovation, where their performance is weaker. Following HM Government (2011), when compared with their counterparts in Germany and France the cities in England are not nearly as innovative as they could be (HM Government, 2011).

The Government recognises that it cannot create private sector growth, but argues it can create the conditions that enable businesses to be successful. Over the last decade the UK’s economy became unbalanced and too reliant on public spending, unsustainable levels of debt and on one sector of the economy. Too many parts of the country became over-dependent on the public sector. Bowley (2010) suggests for economic growth to be sustainable in the medium term, it must be based on private sector investment and enterprise. According to Leahy (2011) cities and their regions require high quality leadership because cities are complex and will not grow or thrive without the right leaderships. The evidence from the US (Atlanta), Europe (Hamburg) and Britain is compelling in this regard. The

devolution to Scotland (1997), Wales (1997) and the London Mayor (2000) has worked because Britain has given powers and resources to areas that make sense. Leahy (2011) states that:

“British cities have been under-powered when compared to competitor cities in, for example, Germany and the United States. Government tightly controls what local authorities may and may not do, and, while successive government’s have attempted to empower local leaders, Whitehall lacks the confidence to devolve powers or budgets, or permit places to take risks or innovate p.37.”

The challenge now is to empower and rebalance the British city regions outside London through City Deals and LEAs, although this process is not expected to be easy. According to Alan Harding (2012) London, and the sort of ‘super region’ around London was and is much stronger than the North of England. If England was in a recession, London tended to go in a recession first, but pulled out of it first as well and if England was in economic boom times, which it was until 2007/2008 the North grew a lot slower than the South. The driving forces of this divide are cities in relation to the wider city region. Some of the northern towns and cities in Britain never really emerged from the first recession after the crash. The period of the gap growing bigger is going back to the mid 1970s. It shows no sign of reducing and the signs are there, as England begins to recover from this crisis, that the gap will grow even more.

“...it’s the differential performance of cities, that’s at the heart of it. Have cities made an adjustment to a so called knowledge economy, those that were big enough and diverse enough and well connected enough and active enough have tended to make that transition, so you can argue that Manchester has, whereas other places, particularly where they were right on a small range of industrial sectors are just really struggling., it is not a UK specific phenomenon.”

Alan Harding (2012), *face-to-face interview*, 11 June 2012.

6.3 What are city deals?

According to the HM government (2011) cities are the engines of economic growth. With their concentration of talented and enterprising people, their infrastructure and their institutions of higher education, they are well placed to create growth and jobs. The Government states that for too long decisions about the future of these cities have been taken in Westminster, constraining local leadership and stopping cities reaching their full potential. The Government argued that every city is different, and a one-size-fits-all model won’t help a city to reach its full potential. This is why the Government made a shift from a one-size-fits-all model towards Individual City Deals. By shifting power to the right levels democratic accountability and transparency can be increased (Bowley, 2010). The Government argues that cities need to be ambitious on what they will do to support private sector growth and what powers and freedoms they need to make this happen (HM Government, 2011).

The central Government will help cities to exercise their independence and take their economic destiny into their own hands. The situation will be different for each place and is likely to be particularly affected by factors such as inherent skills mix or entrepreneurial tradition of the population; business confidence; quality of infrastructure provision and proximity to markets (HM Government, 2010). In return for local leadership, the central Government is prepared to pass down unprecedented control over budgets and powers in areas, for example transport, housing skills and business support (HM Government, 2011). This is different in every city and it reflects the fact that there is no one-size-fits-all-solution.

According to Nick Clegg in HM Government (2011) no doubt is needed about the ambition of local leaders to get this right:

“I am determined that we in central Government will give cities the tools they need to grow their economies; to improve their infrastructure; and to become the best places to live and work in the whole of Europe. It is an exciting prospect. I look forward to helping our cities forge a bright future even greater than their proud histories, matching their proud heritage with a busy and prosperous future p.iii”.

Nick Clegg states that the cities in England have a crucial role to play, they account for 58% of England’s population and 61% of its jobs. When their wider commuting areas are taken into account, this rises to 74% of population and 78% of jobs. Cities are important because people are drawn to cities for their social and cultural diversity and the economic opportunities they offer. Cities drive innovation and have a brand and status that attract investment to their local and wider areas. The Individual City Deals will work only if city leaders take bold and decisive action to attract the private investment that is so critical to the urban economy. Following the HM Government (2011) cities will need:

“Strong, visible leaders who are able to articulate a convincing economic vision for their area and take the decisions necessary to make this vision a reality. They will need to think innovatively about tackling barriers to growth and act relentlessly in the pursuit of this aim. Above all, they need to lead a fundamental culture shift, looking outwards to the private sector and civil society for solutions, not up to central Government p.3”.

The coalition Government has already taken a number of important steps to support and empower the cities, including (HM Government, 2011):

1. Encouraging places across the country to create Local Enterprise Partnerships (LEPs) between business leaders and local authorities. LEPs have to provide vision, knowledge and strategic leadership to drive economic growth and job creation in their area.
2. Putting greater financial powers in the hands of local authorities.
3. Introducing general power of competence through the Localism Act, giving local authorities the same power to act as individuals have.
4. Introducing the Core Cities Amendment in to Localism Act, allowing local authorities to make the case for being given new powers to promote economic growth and to set their own distinct policies.
5. Injecting at least £744 million of investment in urban areas, through the Regional Growth Fund, to support growth and structural change needed to rebalance the economy.
6. Supporting critical infrastructure investment in cities and their surrounding areas with the £500 million Growing Places Fund.
7. Creating Enterprise Zones in cities and their wider Local Enterprise Partnership areas, where there will be a 100% business rate discount worth up to £275,000 over a five-year period for business that move into a zone during the course of this parliament; retention of all business rate growth within the zone for a period of at least 25 years; support to ensure that superfast broadband is rolled out in the zone; and Government and local authority help to develop simplified planning approaches in the zone.

8. Using these Enterprise Zones to launch the first wave of Tax Increment Financing to boost investment in growth, with the potential for millions of pounds to be ring fenced to the Local Enterprise Partnership for 25 years.

At the same time, the Government's wider economic growth and public service reform agendas will boost growth in the cities by supporting individuals to gain skills and get into work or start up their own business, by supporting business to secure investment to innovate in specific priority sectors, and by investing in infrastructure and places to ensure that businesses have the physical infrastructure they need, and that families are able to find decent housing and quality of life in our cities. The Government has also injected £ 1 billion into the Regional Growth Fund (RGF) to create private sector jobs and generate growth and reduce the amount of areas in England that are too dependent on the public sector. The RGF stimulates that cities will be able to back their city deals with a flexible programme to support a package of innovative projects and initiatives that stimulate growth opportunities across their economic area (HM Government, 2011).

The Government wants cities to make the most of these powers, by developing innovative solutions to their own problems through direct engagement with the private sector, public agencies, voluntary sector bodies, and local communities.

6.4 What are LEPs?

Local Enterprise Partnerships (LEPs) are joint local authority-business bodies brought forward by groups of local authorities to support local economic development across 'functional economies' (HM Government, 2010b). LEPs are at the heart of a new approach, introduced by the Government in England, which might give businesses and local communities the freedom they need to drive growth (BIS, 2012). The Conservative-Liberal Democrat Coalition Government formally introduced them in June 2010 when the Secretaries of State for Communities and Local Government (Eric Pickles) and Business, Innovation and Skills (Vince Cable) wrote to local authorities and businesses inviting them to bring forward proposals for LEPs (HM Government, 2010a). This left areas just 69 days to form proposals that would shape the geography and architecture for a new era of subnational economic development in England (Harrison, 2011).

LEPs enable business and civic leaders to find each other to drive economic growth and create good conditions for private sector job growth. The activities are driven by local economic circumstances and priorities. As of the 3 April 2012 there are now 39 LEPs, as shown in figure 6.3 they cover nearly the whole of England. The boundaries in the map are those that have been agreed by Ministers based on the proposals submitted by partnerships, which were assessed using the criteria set out in the Local Growth White Paper. It is possible to change these boundaries, but partnerships need to demonstrate to Ministers that the new boundaries still meet the criteria (BIS, 2012). An important role for cities and the LEPs is creating the right environment for business and growth in their area and support small business start-ups. To reach this, partnerships have to work together with universities, in view of their importance to local economies, and with other important stakeholders (DCLG, 2010). Table 6.1 shows the potential roles of LEPs. The LEP functions are likely to include enterprise and business support, investment in local economic infrastructure, employment and worklessness, skills, planning, housing and, possibly, tourism and the transition to a low carbon economy. Besides these functions it is envisaged that a LEP will also have a planning, housing and transport function (Marrs, 2010). In some areas, tourism will also be an important economic driver (DCLG, 2010).

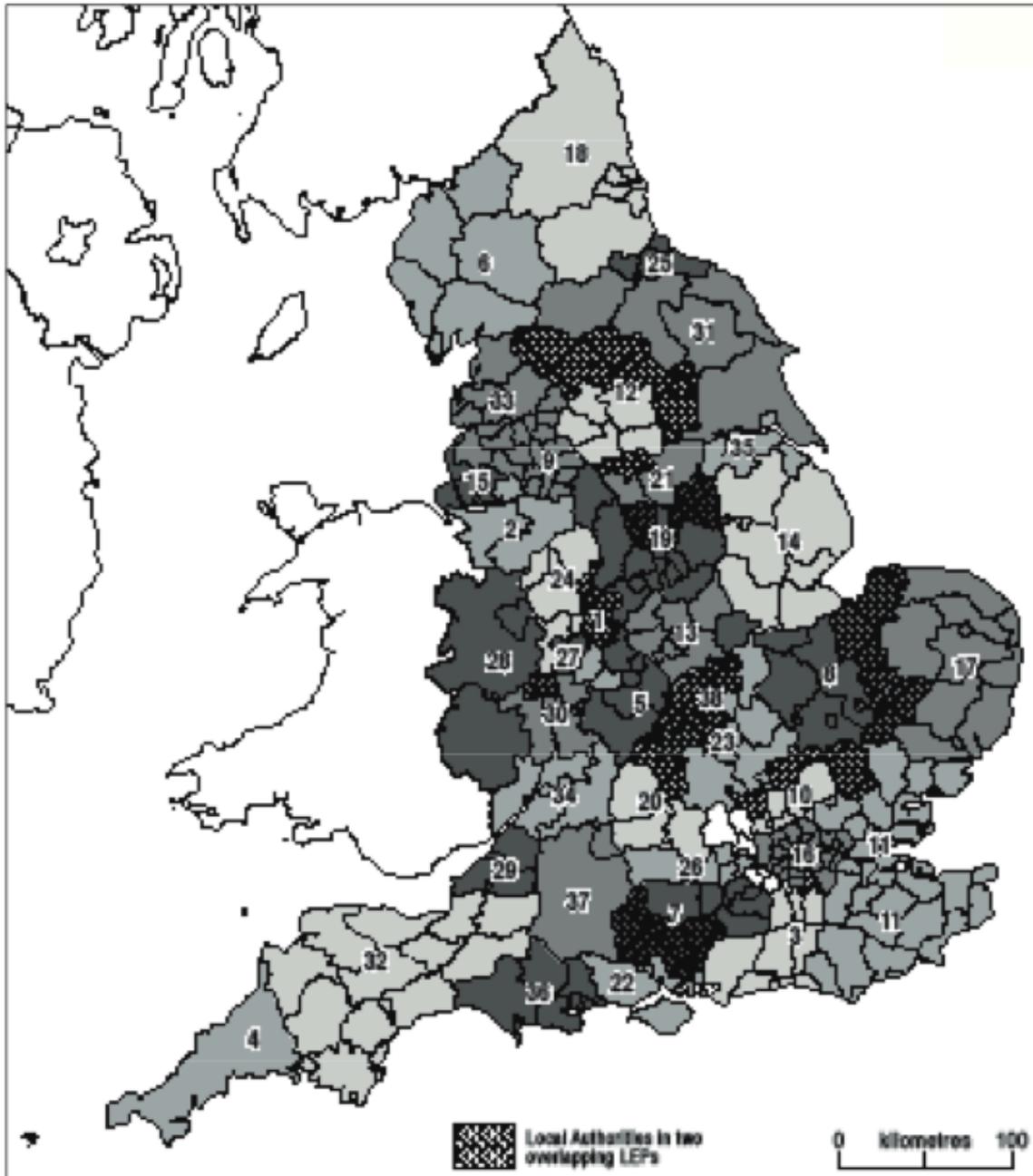


Figure 6.3: Local Enterprise Partnerships in England (BIS, 2012).

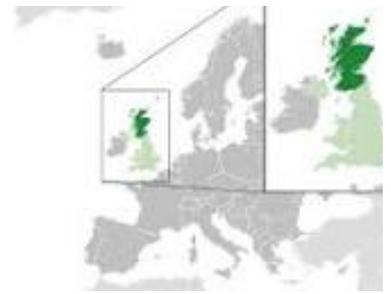
The Government is concerned that some local or regional boundaries do not reflect functional economic areas. They think that partnerships will be able to reflect and serve the natural economic geography of the areas better and cover real functional economic and travel to work areas (DLGG, 2010). Following Bentley et al. (2010) this can be seen as a criticism of the RDAs which were based on administrative and not functional regions because they did not want a long debate about boundaries to delay the inception of the RDAs. However, the letter of DLGG (2010) argues if a LEP for a functional area matches existing regional boundaries, there would be no objection to the proposal. This makes it possible to transform an RDA into a LEP (Bentley et al., 2011). In response, the Coalition argue in “Local Growth: realizing every place’s potential” that a LEP may take the form of the existing RDAs in areas (Northern England and the Midlands) where they proved popular (HM Government, 2010a).

POLICY AREAS	POTENTIAL ROLE(S) OF LEPs	CENTRAL GOVERNMENT RESPONSIBILITIES
PLANNING	-Oversight and consultee -Later potential for legislation to take on statutory planning functions, including determination of applications for strategic development and infrastructure.	- National policy in the form of a National Planning Framework Determination of infrastructure and planning decisions of national importance.
INFRASTRUCTURE	-Strategy formulation and engagement with local transport authorities on their local transport plan. -Cross-boundary co-ordination of bids to the Local Sustainable Transport Fund. -Support the delivery of national initiatives.	-Delivery of strategic transport infrastructure. -Digital connectivity led by Broadband Delivery UK
BUSINESS AND ENTERPRISE	-Brokerage and advocacy -Take actions on Issues such as promoting an entrepreneurial culture, encouraging and supporting businesses to survive and grow, encouraging networks and mentoring. -Direct delivery support and grants will be subject to local funding.	-National website and call centre.
INNOVATION	-Advocacy role largely, but some LEPs may continue the development and promotion of innovation infrastructure.	-Delivered through the Technology Strategy Board and an 'elite network' of Technology and Innovation Centres.
SECTORS	-Provide information on local niche sectors. -Feeding in local issues to any national policies.	-Leadership on sectors of national importance and the development of low carbon supply chain opportunities.
INWARD INVESTMENT	-Provide information on local offer.	-Led by UK Trade & Investment
EMPLOYMENT AND SKILLS	-Advocacy role in terms of skills development. -Work with providers to influence the delivery of Work Programme at local level.	-Led by Skills Funding Agency. -Led by Department of Work & Pensions and Jobcentre Plus.

Table 6.1: Potential role of LEPs (Pugalis & Townsend, 2012).

According to Bentley et al. (2010) LEPs are expected to bid to the Government for funds for specific projects, rather than handling the multi-million pound budgets that were currently given to RDAs. They will operate on a 'task and finish' basis, have to raise their own funds and will not receive any national government support towards running costs (BIS, 2012). However, to help the LEPs to understand the issues facing businesses in their areas and to allow them to develop and prioritize action plans, the Department for Business Innovation and Skills (BIS) has made available a £4 million capacity fund (BIS, 2011). But following Bentley et al. (2010) LEPs will not have the necessary power or resources to carry out the tasks set for them. Once it was announced that LEPs are self-financing and that the strategic physical and business assets accumulated by RDAs over the best part of a decade will not be transferred to them, the hope of the formation of a new generation of streamlined, more business friendly RDAs disappeared. LEPs are not mini RDAs, but economic leadership groupings operating at sub-regional geographies, but more people question if they will have enough capacity and power (Pugalis & Townsend, 2012). Pugalis & Townsend (2012) argue that administrative areas do not reflect the spatial logic of the society of functional economic flows and that the groupings of local authorities, formed under the umbrella of a LEP, can necessarily do so either. They hope that the majority of LEPs will not be remembered as 'toothless tigers'. Also Bailey (2010) questions the power of the LEPs:

"While local authorities scrabble around looking for partners for the LEP dance, I'm left wondering what real powers any of them will really have when the music really starts p.1."



6.5 Case study: LECs in Scotland¹

6.5.1 Introduction

People are wondering what real powers LEPs have and what they will do for England. Unfortunately, it is too early to say how they are performing because they are a work in progress. However, for the next years they are the only vehicles for economic development between central Government and local authorities. In 1991 Scotland started with Local Enterprise Companies, abbreviated as LECs (McQuaid, 1994). The LECs lasted for 17 years, and since the LEPs are quite similar to the LECs it is interesting to find out how Scotland experienced the LECs.

6.5.2 Local Enterprise Companies (LECs)

In 1991 Scotland started with Local Enterprise Companies, abbreviated as LECs. The LECs varied in size with most covered between a quarter and a half million people (McQuaid, 1994). Scottish Enterprise (SE) was established on 1 April 1991 under the Enterprise and New Towns Act 1990 (Scottish Enterprise, 2012). SE provided strategic direction and funding for the LECs, as well as monitoring and controlling them (McQuaid, 1994). Prior to the restructuring in April 2008, the Scottish Enterprise Network consisted of 12 LECs (figure 6.5), which had their own publication scheme and were limited by guarantee (Scottish Enterprise, 2011). It was set up to support economic development in Lowland Scotland (McQuaid, 1994). There were three broad goals: generate wealth/create jobs; improve access to jobs; and develop the environment. It was within this framework that the LECs operate, and generally their policies followed similar lines as the Scottish Enterprise Strategy, although with a different emphasis in each LEC area (Scottish Enterprise, 2012). Just like the LEPs, the LECs raised part of their budget from other sources than the Government. Albeit, LECs were mainly funded by the Government and LEPs have to raise most of the money themselves (Scottish Enterprise, 2011).

Scottish Enterprise's annual budget was around £450 million, and it was responsible for a full package of economic development interventions: support for new starts and SME growth; attraction of FDI; workforce development; and urban regeneration (Scottish Enterprise, 2012). McQuaid (1994) argues that the LECs were subject to considerable 'external' control by Scottish Enterprise, through their contractual obligations when they received their funding. Also, Scottish Enterprise exercised considerable control over LECs through determining their funding for LECs as they: provided the vast majority of a LEC's funds, approved the LEC's annual plans for future activities and approved any individual project costing more than £0.25 million.

Just like the LEPs each LEC had its own board, chaired by a local businessperson and with a majority of private sector representatives. The overall structure therefore comprised a national agency, Scottish Enterprise, which did hold the overall budget and was accountable to the Scottish Executive devolved Government, and subsidiary companies that drew from the national budget to deliver services in their local areas. The LECs had to commit to agreed contributions to national targets, had to work consistently within nationally agreed priorities and service standards, while they had to tailor their services to the particular needs of their local area (Pike, 2007).

¹ Figure 6.4. Source map Scotland Wikipedia (2012)



- | | |
|--|-------------------------------------|
| 1. Moray, Badenoch and Strathspey Enterprise | 8. Dumfries and Galloway Enterprise |
| 2. Grampian Enterprise | 9. Ayrshire Enterprise |
| 3. Scottish Enterprise Tayside | 10. Glasgow Development Agency |
| 4. Five Enterprise | 11. Renfrewshire Enterprise |
| 5. Lothian and Edinburgh Enterprise | 12. Forth Valley Enterprise |
| 6. Scottish Borders Enterprise | 13. Dunbartonshire Enterprise |
| 7. Lanarkshire Development Agency | |

Fig 6.5: Local Enterprise Companies areas (Rogerson & Boyle, 2000).

In addition, each region of Scotland had other local agencies that delivered services relevant to economic development. These included the local authorities, Chambers of Commerce, and private sector agencies. It was common for the LECs to contract with local agencies to deliver certain of their services. There was therefore an additional, local dimension of interaction between different agencies (Pike, 2007).

In the early stages of Scottish Enterprise, the LECs had a large degree of autonomy, although less than the LEPs. This brought a number of benefits: clear identification of local needs and priorities, partnership working with other local agencies, strong visibility within their regions, making contact and access to services relatively easy and, ability to focus on projects and activities of most relevance to their area. Some disadvantages were also evident, however, including difficulties in agreeing the right balance between national and regional priorities, development of duplicating and overlapping services in each region, causing confusion for the businesses being supported, inconsistent quality and terms of service, inefficiencies in administration budgets and tensions between national and local management (Pike, 2007). Another difficulty of the LECs, it was difficult to recruit local business people to join their boards, particularly those who could operate effectively in a non-executive capacity. It was challenging to recruit staff of a consistently high quality across all regions, with the larger cities and regions proving more attractive. Building local partnerships also proved difficult in some areas, with many local authorities mistrusting what they perceived to be unelected and unaccountable agencies. This problem was found in most regions, and continued to be evident even 15-16 years on from SE establishment. In the later years, with the shift to more central control and direction, the process of change was hindered in many regions by political disputes over control and responsibility (McQuaid, 1994).

From around 1999 onwards, more control began to be exercised from Scottish Enterprise nationally. The LECs became subsidiaries of Scottish Enterprise, rather than separate companies. Their budgets were allocated centrally, rather than negotiated annually. Performance targets and measures were set by Scottish Enterprise nationally, and common standards enforced for organisational structure, products and services, and branding. Shared administrative services were established. On the positive side, this led to a more strategic, national approach. Less positively, the change reduced local innovation and sensitivity, reduced the influence of LECs (and therefore economic development) in local partnerships (Pike, 2007). The scale of change in itself became a major bureaucratic exercise, and diverted considerable time and resource from service delivery. This demonstrates the risks of allowing too inflexible and entrenched an approach to delivery to become established, as the timescale and cost of change detract from the core purpose of supporting economic growth and can alienate the business community that is seeking support (McQuaid, 1994).

While nearly all LECs covered relatively large rural geographical areas, their populations were concentrated in urban areas. Policies therefore tended to have an urban focus. There appeared to be a tendency both at Scottish National level and at the level of individual LECs to concentrate aid on where they had the biggest impact, which was generally be seen as the urban areas (McQuaid, 1994).

According to McQuaid (1994) and Pike (2007) the Scottish experience suggests that no single, fixed model is appropriate when determining the correct balance between national, regional and local delivery. However, they argue it is advantageous to have a clear national strategy, which each region takes responsibility for making a contribution to. It is also beneficial to have consistent services to business at a national level, so that SMEs and others know what to expect and that competition across regions is avoided. Accordingly, actual delivery of SME services tends to be more effective when

driven at the local level. It results in: knowledge of local businesses and their needs will be better, access for SMEs will be easier, and the building of the partnerships needed with other local agencies will be more effective. The LECs taught Scotland to combine the best of national strategy and consistency with local delivery and accountability, within structures flexible enough not to require disruptive change when adjustments are necessary, is a challenging objective but a potentially powerful approach to SME support (Pike, 2007).

6.6 EZs and LEPs

According to the Enterprise Zone (EZ) report of the London Chamber of Commerce and Industry (2012) LEPs have an important coordinating role in integrating EZ areas within the wider sub region and ensuring that they have sufficient resources. The success of the EZs depends on their ability to become integrated into the economic and social landscape of their area. Therefore, LEPs need to facilitate effective cooperation between their constituent local authorities and a wide range of stakeholders. Since LEPs do not have many resources it seems odd that LEPs should ensure, together with the local authorities, that EZ have sufficient resources to make them viable in the longer term, which will cost £100m over four years. The EZs are set in place to boost economic growth. Cutting business taxes, easing planning restrictions and giving businesses the tools they need to invest and expand are the steps that are taken to make the EZs a success. Ministers said 30,000 new jobs will be created by 2015 because of the EZs (Hawkins, 2011).

They have been criticised by some because they compare the new EZs with similar initiatives in the 1980s and 1990s (Hawkins, 2011). Thirty-eight zones were established between 1981 and 1996. The most famous was the Isle of Dogs in London (BBC, 2011b). The high towers and highly paid workers there seem to make the case for the zones but the BBC (2011b) argues this is misleading. They argue that the EZs will not create jobs but displace them from other areas, they simply move jobs over the boundaries into the EZ rather than increasing the total (Hawkins, 2011). Eighty per cent of jobs created in EZs are displaced from other places and each job created costs £23,000 to create (BBC, 2011b). 25 per cent of jobs were displaced from within the same town, to 8 per cent of firms relocations within the same country (Sissons & Brown, 2011). People argue that the net new jobs that will be created will be a lot less than the claimed 30,000. However, Erik Pickles argues that the new EZs have the same name but it has got a slightly different purpose: “*These are about specific sites against specific industries*” (Hawkins, 2011).



Figure 6.6: The Isle of Dogs in London (Panoramio, 2012)

Sissons & Brown 2011 argue that the EZs have more weaknesses besides that they are hugely expensive and displace jobs. Accordingly, EZs do little to promote lasting economic prosperity. Most EZs create a short-term boom, followed by a long-term reversal back into depression. In response, they argue that a better strategy is to focus on the underlying drivers of growth, they should be improved more generally and not just relaxed in a limited area. The aim is to attract businesses and investment to deprived areas by offering a range of temporary incentives to companies locating within the zones (Hawkins, 2011). However, following Sissons & Brown (2011) this reasoning underestimates the scale of the challenge in the UK's most deprived areas. Evidence from past EZs in the UK and in the rest of the world, suggests that their success has been mixed. Other evidence suggests that firms pay more to locate in certain locations as they gain from doing so, because they locate in economically inefficient locations.

It is challenging for the EZs to harness the short-term boost that EZs provide to make the area more competitive as a place to do business. They can help areas to boost their longer-term prospects if they incubate businesses and attract skilled workers (BBC, 2011b). However, according to Sissons & Brown (2011) achieving this is hard and needs infrastructure investment and skills support. In response, questions about rent, skilled workers and access to markets are likely to be more significant for smaller businesses than cutting business taxes. People also question the focus of the EZs since the UK's economic growth is primarily driven by the knowledge economy. The EZs are generally designed to stimulate investment in physical assets and do not promote knowledge-intensive growth.

It is obvious that EZs are questioned and that people think they will lead to mixed results at best. The UK Government hopes that the zones boost areas and economic growth. However, it is questioned how long this boom period will last and if it really creates new jobs. It is an advantage that the EZs attract business investment into a depressed area quickly but it displaces large number of jobs from other areas, and sometimes from within the same town. According to the Hawkins (2011) and Sissons & Brown (2011) the EZs are not the answer, instead, the Government should focus on the long-term drivers of economic growth: innovation, trade, skills, infrastructure and entrepreneurship. Schmuecker (Phillips, 2011) argues that it is going to be a real test for LEPs to see whether they can agree what is their shared priority area.

CHAPTER 7: RDAs Scrapped: a pity or reasonable?

7.1 Introduction

All of England's nine regional development agencies are abolished and replaced by sub-regional economic development partnerships, called LEPs, based around cities and sub-regions to drive forward economic development. The RDAs were set up by the labour Government, to deal with the over centralization of the UK and to deal with the gap between the Southeast and the rest of the country. The regions were kind of arbitrary since every region is different and the Government had the feeling that this policy was not the right one to generate economic growth and innovation. Vince Cable and Eric Pickles do not talk about abolition but about replacing them with LEPs (Shaffer, 2011). What do people in the former RDA 'The North West' think about this replacement? Do they think it is a positive or a negative change?

This chapter presents the opinions of the interviewees about the abolishment of the RDAs. In section 7.2 the opinions about the RDAs are given, section 7.3 describes some ideas about the abolishment of the RDAs, before concluding in section 7.4.

7.2 Regional Development Agencies

In the general election of May 2010 the idea of LEPs was first floated and led to a fervent discussion by the coalition Government. Thirteen years of work to establish a comprehensive system of regional development for the country, the nine regional development agencies (set out in 1997), has been abolished to replace them with the new LEPs, a 'Maoist moment' according to Vince Cable (Shutt et al., 2012).

"Getting rid of the RDAs and bringing in LEPs has perhaps been a little Maoist and chaotic, but overall we're giving back to councils and local authorities the powers and incentives they need to see a resurgence in civic pride."

Vince Cable, quoted in *Financial Times*, 12 November 2010

The global economic crisis led to a focus on deficit reduction to rebalance the economy of England meaning a shift away from a concentration on financial services in London and the South East, a shift of output and employment from the public to the private sector, and lastly a shift from consumption to production and exports. According to the coalition Government the RDAs were not regarded appropriate to reach this goal and were abolished, even in regions where they were successful and popular and commanded wide support (Tomaney, 2012).

One of the changes that took place is the reduction in public expenditure (Bentley et al., 2011). According to the interviewees the LEPs are poor compared to the well-funded RDAs. But it is questioned if the RDAs spend their money well and effectively and if they were not too big with too much expensive staff. According to Chris Barry (2012) the RDAs were '*very costly organisations to run and had a big staff*'. The Taxpayers Alliance agrees with Barry that the RDAs were very costly organizations to run, however, the Taxpayers Alliance describes the agencies as an '*unnecessary and expensive layer of bureaucracy that stifle genuine private enterprise*' while Barry thinks that the good points outweighs the negative points (BBC, 2010). Following Barry (2012), there were genuine regrets in the North West amongst the business community that the RDA is abolished, because the North West RDA had 'good' people and tried to find a coherent strategy for the divers North West.

According to Barry (2012), Mike Blackburn (2012) and Alan Harding (2012) the RDA had a holistic view, which made it hard to spend the money well. The RDA tried to distribute the money fairly between the different places in the North West. However, this was a hard job because Manchester and Liverpool were the powerhouse cities of the region and they have always been the magnets for investment (Blackburn, 2012). The economic potential of the North West is based around Greater Manchester and in the way in which Manchester connects with Leeds, a city in the former Yorkshire and the Humber RDA, and Liverpool that has important infrastructure (Harding, 2012). According to respondent X (2012), distributing the money was a hard job for the RDA, because the geography of the North West was difficult containing the strong economy Manchester. Manchester generated 40-50 per cent of GDA of the region and population and thought it deserved most of the money of the RDA. The other areas were holding the reigns on that because they thought they needed it more badly than Manchester that already had a strong economy. Following X (2012) this made it hard to manage the area and keep all cities satisfied. Harding (2012) argues that it is just an age-old argument:

“The RDAs were subject to lobbying from everywhere, so people from the periphery of the northwest would say ‘Manchester is fine, why would you invest in Manchester any further, this should be about developing the areas which have got the problems, rather than the areas that got the potential’. Its just, its an age-old argument.”

Alan Harding, *face-to-face interview*, 11 June 2012

For X (2012) the RDA of the North West was a ‘flawed construction’. X argues the money was pumped into the North West without any democratic accountability and the RDA did not work effectively. According to Blackburn (2012) the RDA was not democratically countable, nobody in Manchester elected them so nobody could tell the RDA what to do. This made the RDA weak on the local scale and the Government thought a reconstruction of the system was needed (X, 2012 & Shapira, 2012).

Following Richard Leese (2012) it is understandable that the Government went for smaller structures. It is easier for the smaller structures to engage with the ‘different needs of the different bits’ of the country without dealing with all the institutions. Respondent Y (2012) agrees with this but Y thinks it is a pity that together with the RDA other mechanisms has gone as well, like the democratic voice that represented the local authorities within the region. All that survives is a very small presence of national Government, which is now called BIS (department for Business Innovation & Skills)(Y, 2012). It is probably less than a tenth of the people who used to work in regional government offices; the other ones lost their jobs. Y (2012) argues it is hard for people in the national Government to get any descent understanding about the region, because they used to have regional reports about statistics, which were prepared by the RDAs and no longer exists. This is a big structural change (Shapira, 2012), from a situation with a number of RDAs -which had a large amount of funding used for several kinds of projects: infrastructure, development, housing, transportation, innovation and economic development- to a situation with ‘poor’ LEPs. Y (2012) thinks that the RDA resources were very useful:

“I think the RDA resources were very useful. There was an element of local in the RDA that you don’t get in London, and it was a really useful way of chandelling the European funding, and match them with national Government funding and addressing regional priorities. I think RDAs varies in terms of their effectiveness. They generated and weren’t risk takers. They use the LEPs as an excuse for saving money.”

Respondent Y, *face-to-face interview*, 28 June 2012

Blackburn (2012) agrees that LEPs are poor in the sense that the North West RDA probably had 5-7 hundred million pounds and the LEPs don't have that fund. However, Blackburn (2012) argues that the local focus of the LEPs make them work better on the local scale than RDAs:

“LEPs have a very local focus and direct their own money and spend it on things that Manchester thinks is important not because the RDA is telling Manchester what to do”.

Mike Blackburn, *face-to-face interview*, 25 June 2012

7.3 From RDAs to LEPs: the abolishment of a regional scale

The new policy regime involves not simply reductions in public expenditure but also different political choices. It is the question if the implications will be even for cities and regions (Tomaney, 2012). The RDAs had powers and much of the decisions were made in the region itself, but with the abolition of RDAs several activities developed by RDAs, such as business support, innovation, access to finance and adult skills provision, have gone to Whitehall (Bailey & Bentley, 2012 & Tomaney, 2012). According to Bailey & Bentley (2012) a key problem is that many of the rebalancing and restructuring issues in England require a coordinated and holistic approach involving multiple layers of government. There is a local level and a national level in England, but no regional level anymore. Bailey & Bentley (2012) argue that at some point an intermediate scale will have to be back on the agenda to support region-wide issues like clusters, innovation and accessing EU funds.

Richard Leese (2012) emphasized the need to do different things on different spatial levels -local, sub regional, regional and national- on a voluntary basis rather than being an imposed structure. Leese argues that there are issues where the regional level is too small and the national level too big. Harding (2012) states that cultural and economic regions do not make a lot of sense, but the previous governments were building on the fact that these geographies existed. According to Harding (2012) the difficulty is that in economic terms regions make very little sense and they often ignore very powerful connections, which span regional boundaries. In addition to that, Harding (2012) argues that anyone in England, apart from in London, would refer to himself or herself as the name of the region they live in:

“So if they go abroad, on their holidays, and someone ask them about where they're from, they will say I'm from near Manchester and from near Liverpool and not I'm from the North West.”

Alan Harding, *face-to-face interview*, 11 June 2012

Harding (2012) argues that a sub-regional model is a better model than a regional model. This is because it is about having an activity that operates at the right spatial level and particularly a level that equates or roughly equates a functional economic area. According to Harding (2012), Greater Manchester is an example of a functional economic area and as suggested by Harding (2012) this is the right level to operating at.

The North West used to have offices, a development agency, in the region. But according to the localism debate these were too big. As Y (2012) argues, the people that worked in the government offices in the region had gone back to the parent department in London and now work for the national department. The people are based in the North West but they are not in the North West. The idea behind the government office is that the region had representatives and staff from all different

government departments, a 'mini' government office, now what is left is a department and staff which is not established in the region. According to Y (2012) the office in the North West was an easy way to talk to the people you needed and it accelerated the decision making process.

“When I worked there, you had people for transport and for employment, you had all the different people from all the different departments all set in one place, so if you are talking about regional development you had somebody there, you just had to cross the office and had that conversation with them. Now they have to decide things for this area in London instead of being here themselves.”

Respondent Y, *face-to-face interview*, 28 June 2012

In respond, Y (2012) further argues that the departments in London do not speak to each other. The idea of the LEPs was to take the power from the RDAs to the LEPs, but according to Y (2012) the Government did not replace the policy contact, as a way of saving money. Neil McInroy (2012) agrees with Y (2012) he argues that the regions need policy contact and that England needs to have a back voice in the regions that fight for what the regions need. Y (2012) and McInroy (2012) states that England needs a regional policy and they agree with the Government that the RDAs did not work optimal, however the RDAs needed to be reformed instead of being abolished.

Neil McLean (2012) asked himself the question; what does a region mean in these terms? He states that it is almost impossible to find a policy that would work for the whole Yorkshire and the Humber, the former RDA where Leeds has been a part of, because it is diverse. McLean thinks that cities and regions have the opportunity to work together when they want to. According to McLean (2012) it is important that it makes sense to work together, instead of being obliged to work together, even if it does not make sense. It is better to create bodies that work together upwards rather than having it in pose and coming downwards. This is because it is difficult to find a strategy that covers the poorest and the most urbanized parts and the most rural and wealthy parts. He agrees with Harding (2012) that it is important to be a functional economy that has strategies. He does not think it is a pity that the RDAs are abolished, but it is a pity that there is no regional policy anymore because the Northern England does need a strategy as a whole. Potentially it would be better if the RDAs still existed and that the LEP was added to complete the policy.

Philip Shapira (2012) argues that the abolishment of the RDAs is the biggest loss of the new policy. Respondent Y (2012) thinks most aspects of the RDA were positive. Respondent Z (2012) finds it hard to say which one is better and which one is worse. According to McInroy (2012) the RDAs were a better idea than the LEPs. The RDAs were providing a decentralisation of the economy and were a great vehicle for creating a regional context development and to try to get some decentralization from the centre. Following Z (2012) and Shapira (2012) the main reason to abolish the RDAs was that they did not work affectively. They argue that the political rationale was not so much about saving public money but about representation because the RDAs were not the voice of industry and they were not driving things. According to Harding (2012) the reasons that the RDAs did not work effectively are, firstly the geographies of the RDAs were '*pretty crazy and very diverse*'. In the North West RDA the agglomeration of Manchester (2.6 million) was the biggest city, and the larger urban area of Liverpool (816 thousand) is 30 mile away, but the far north of the North-West is rural, characterized by the Lake District, tourism and sheep and areas that are still struggling with industrial decline, like Lancaster.

The second reason is the difficulty in the political territory:

“The role of the government offices in the former RDA was to deliver national policies within the region, they were also a sort of mouthpiece for the region at the centre, they had this jewel role which was always slightly uncomfortable, because the argument would be, maybe we don’t need the latest set of national policies, maybe we need something very different.”

Alan Harding, face-to-face interview, 11 June 2012

As said by Harding (2012) and Y (2012) the RDA found it difficult to be strategic because the national Government did not have a strategy either and wanted to try micro manage rather than let things happen at the right level. This is one of the reasons that respondent Z (2012) does not think it is a mistake that the RDAs have been abolished; actually he is quite happy for them to be abolished. Z (2012) argues that from a government perspective, LEPs as a replacement for RDAs was not thought out at all, LEPs needed more establishment and more thought about how they fitted into the wider economic development structure and about how they were going to be resourced.

7.4 Conclusion

RDAs are abolished, even in regions where they were successful and popular and commanded wide support. The interviewees differ in opinion about the abolishment. According to the interviewees the LEPs are poor compared to the well-funded RDAs, but it is questioned if the RDAs spent their money well and effectively, because the RDAs had a holistic view. For this reason it was hard for the RDA to manage the region and was weak on the local scale, this makes it understandably that the Government went for smaller structures.

On the other side, together with the RDAs other mechanisms has gone as well, like the regional reports that gave the national Government understanding about the region. The resources of the RDAs were helpful, but a positive point about the LEPs is that there is more money available for the city itself. But it is questioned if this money is enough; almost all interviewees think it is insufficient. The new policy regime involves not simply reductions in public expenditure but also different political choices and it is questioned if the implications will be even for cities and regions. The RDAs had powers and much of the decisions were made in the region itself, but with the abolition of RDAs several activities developed by RDAs have gone to Whitehall.

Some argue that it is a good development that the RDAs are abolished and replaced by the LEPs, because the RDAs did not work well. Others think it is the other way around and argue that the abolishment of the RDAs is the biggest loss of the new policy. However, most of the interviewees agree that the LEP is not a good replacement.

CHAPTER 8: LEPs

8.1 Introduction

The LEPs have been set up to enable economic regeneration and growth of local places. In this respect, the role of the LEPs is perhaps not too dissimilar to the RDAs they have replaced. However, a major difference is the small budgets of the LEPs, the limited powers, the global financial crisis and the scale of action (local versus regional). Collectively, these differences has raised persistent concerns leading to nicknames for LEPs like ‘toothless tigers’ and ‘talking shops’ On the other side, LEPs have more flexibility than the RDAs, implement what local partners consider best for their city, and they may bring people together which would otherwise work apart (Shutt, 2012). There are numerous opinions from journalists, politicians and bloggers but what do the people in the cities think about the LEPs?

Section 8.2 describes the opinions about the LEPs. This is followed by the question if LEPs are something new or a new name for something that already existed in section 8.3. Section 8.4 describes the opinions of the interviewees about the chances of survival, before concluding in section 8.5.

8.2 A big experiment

Manchester has to bid for money, since the cutbacks of direct funding from the Government, and already received a 100 million. Besides this money, Manchester also got the city deals. This is a deal where Manchester (and other cities) negotiated a deal with the Government to devolve power over the centre into Manchester and gives Manchester 1.2 billion pounds of extra funding over 30 years. According to Blackburn (2012) this is a positive development compared to the funding system of the RDA.

According to Shutt (2012) and Bailey & Bentley (2012) central Government funding for the LEPs through the Start-up Fund and the Capacity Fund, equating to an average of approximately £237,000 per LEP over a four-year period, is insufficient. Despite being handed a toolkit by central Government containing The Enterprise Zones (24) it will take time to generate funds and for now LEPs are dependent on investment made by nationally determined spending streams, like the Regional Growth Fund (RGF) (1.4 billion) and Growing Places Fund (500 million). The cost of closing the RDAs has been estimated at £1.5 billion – more than the value of the RGF.

The RGF is small compared with what went through the RDAs and a large number of (worthwhile) projects have been turned away. Secondly, the RGF is distributed in a top down way from London in contrast to the RDA where decisions were made in the region itself. But the funds raises questions of transparency and accountability, because places have to bid for the funds and the first round there was a fundamental disconnect between those proposals that received financial backing and subnational strategic development priorities. Thirdly, the RGF has been to slow in the first rounds to approve projects in LEPs, which means that it takes a long time before the project can start and before the money get into the economy and has results. Finally, the funds raises questions of transparency and accountability, because places have to bid for the funds and in the first round there was a fundamental disconnect between those proposals that received financial backing and subnational strategic development priorities (Bailey & Bentley, 2012, Mike Blackburn, 2012 & Y, 2012).

According to Shutt (2012) the form, functions, priorities and ambitions of LEPs are diverse, because the Government considers it unnecessary to prescribe how cities should implement the new policy. Following Alan Harding (2012), for that reason it is hard to understand what LEPs are trying to do and how. For example, some have more informal partnerships arrangements while other have formed formal partnerships that enable them to trade and hold assets. Within some LEPs the different boroughs collaborate well and have a clear view for economic development while other cities ‘fight’ to reach consensus. Most of the interviewees question if the LEPs stay for a long time and what the effect of the LEPs will be. An important role of the LEPs is to lessen the gap between the South East and the North of England, which is part of the idea of having an equal playing field. The Government already moved out companies out of London to the North West but according to Y (2012) it is nonsense and impossible to create a London in the North, instead of moving companies to the North a better transport policy is of significant importance:

“It’s more about connecting cities with each other, to connect roads in the North with London, they haven’t done that. The economic policy doesn’t connect with the transport policy, because they have no policy in the UK about what is the role of regions in the UK economy.”

Respondent Y, *face-to-face interview*, 28 June 2012

Blackburn (2012) agrees with the Government that the balance in England is wrong and that the South East is too powerful in contrast to the other parts of the country. But he states that this is a British phenomenon. As an example he mentioned different countries having more than one mayor cities, like Spain with Barcelona and Madrid and Italy with Milan and Rome. England is economically dependent on the South East and a main goal of the new policy is to make England more equal. According to the central Government, the best way to reach this goal is to focus on places that grow fast and have the biggest impact on GDP (HM Government, 2011). In response, Blackburn (2012) argues if cities like Manchester and Leeds grow with 5 per cent, the impact on the number of jobs will be enormous, compared to a 5 per cent growth in a small city. Accordingly, the Government has to focus the resources and the capacity on the biggest cities, when the LEPs in the biggest cities are settled than the smaller cities will adapt very quickly to the new policy.

In contrast with Blackburn, Harding (2012) is negative about the LEPs. He argues that the LEPs do not have powers, money, capacity and cannot act as a countable body for public funding. He has been involved in a few LEPs as an observer and he states that the LEPs are ‘talking shops’ and do not know what they are doing. According to Harding (2012) the LEP in Manchester is just a new political name for something that was already in place. Manchester already had a twenty-five-year history of local authorities working together on the Greater Manchester scale. In the previous years Greater Manchester was trying to play a sort of devolution, to pass down functions and powers from central Government. The joined authority model in Manchester was the institution that enabled the devolution to take place. Harding (2012) argues it has not take place and describes the joined authority model as a ‘shell’, the only ‘shell’ that exists outside London. However, Harding (2012) observed the LEPs and he argues that the Manchester LEP is quite clear, whereas other places are struggling to deal with the LEPs since there are no clear rules. In response, Y (2012) argues that the Government gets away with the unclear rules by saying that they do not want to be prescriptive. The Government gives cities the opportunity to design what they want. However, Y (2012) argues that the Government is passing the responsibility because LEPs need rules and regulations to become an effective policy. At this point, Y (2012) does not understand why anybody want to be part of a LEP and give up their time, when you have no control, no power, no accountability and no money. Y (2012) asks himself the question:

“What’s it for?”

The problem of LEPs, according to Fell (2012), is that there is not much money available. Although Fell argues that cities can develop relationships and new frameworks with the private sector to solve major issues of funding projects together. However, it is easier to develop relationships in some places than in others. Fell (2012) argues that the Manchester LEP is different from the LEPs in other parts of the UK since Manchester already had the connection into the combined authority. Accordingly, this connection makes the LEP process easier. Leese (2012) agrees that the LEP in Manchester is not typical because the ten local authorities and the Manchester City Council already had a close working relationship, a joined committee, which was called the AGMA (Association of Greater Manchester). Manchester had a number of commissions that worked for the city, including an economic commission where a majority of the members were private sector members and also the chair was from a private sector background. Thus, Manchester already had public-private partnerships in place that had the task to drive economic strategy for the city region. The LEP has a very similar structure. However, in the time of AGMA there was a vertical structure between the different commissions and whereas there is now an equal, horizontal line with the combined authority.

In contrast with other cities Manchester did not make the LEP from scratch, the structure was already in place for 27 years. It is a loose arrangement but Blackburn (2012) and Barry (2012) believe that it is working well. The public-private-partnerships try to reach an agreement on big issues that affects the whole of Manchester like transport, housing, economic growth and inward investment. The local authorities come together once in a while to talk about Greater Manchester and according to Blackburn they are not there for their own locality and you would not guess which local authority they are from. It is rare that different boroughs and local authorities come together and work together. The only places where it comes together like this are London (Greater London Authority) and Manchester (Greater Manchester). Blackburn (2012) states that the other places are jealous because of the fact that Manchester already had a good working structure in phase. In response, Barry (2012) argues the way that Manchester does things is a blue print for how others should do it.

According to Leese (2012) the process was effectively take a structure that already existed and involving it into the new system, rather than a complete change. The boundaries of the LEP are exactly the same as the Manchester City region and the already existing Manchester New Economy has been realigned with the LEP, with some new staff and capability (Shapira, 2012). Shapira believes that Manchester is well organized and better coordinated than other cities, because the boundaries of the Manchester LEP are clear. According to Shapira (2012) it is a loss that the RDAs are vanished and consequently the disappearance of the funds. Leese (2012) agrees with Shapira that the small amount of money makes it hard for the LEPs to meet some of their running costs. Shapira (2012) argues the LEP has something good as it is bringing powerful people from the public and private sector together, which will probably improve coordination: *‘Sometimes you can get things done by bringing people together, collaborating and networking’*. He believes there is a variation across the country; some LEPs will be better than others. It depends on whether what resources will be available in a LEP. A lot of places do not have a structure that aloud them to manage the money in a good manner. Meanwhile, there are major needs for investment in infrastructure and other activities and the LEPs do not have money. The Government expects support from the private companies (HM Government, 2011). In response, Shapira (2012) argues that most of it has to come from the Government since improving the infrastructure is not a task for private companies.

According to Y (2012) the money that is available is ‘peanuts’ and ‘absolutely nothing’:

“There are a number of financial instruments that the Government borrowed from America, like taxing funding. Its where a local authority, if they put the money in, think it will grow in over ten years time, and think they can attract ten thousand new jobs, that will generate ten million pounds in terms of tax. It’s a way of attaching local accountability to investment and these ideas have been floating around by Government, RDAs and LEPs. So it is almost at the local accountability, It is required to make the lep work. Because it isn’t a political, formal construct, because there is no region, there is no legal basis on which a lep can borrow money.”

Respondent Y, face-to-face interview, 28 June 2012

Shapira (2012) suggests giving the LEPs better access to funding instead of giving the LEPs large amount of funding. Now Manchester gets 18 billion a year, which is coming from the central Government. However, Manchester has no control over how to spend it. There is money in the system but there is not much local control of the money. Shapira believes that the LEP can take some share of the money and give it more local control and a role of coordinating, because the LEP might be in better use then. Another option would be that cities be able to retain more of the revenues they generate, rather than giving the revenues to the central Government, so more decentralisation of the financial decisions.

Following Leese (2012) the Manchester LEP does not work without the combined authority, the common assessment methodology for economic development projects that allows the city to prioritize what they want to fund. In addition to the LEP, Manchester also got the city deal, which is given Manchester access to infrastructure finance and more influence over the skills agenda within the city region. Manchester is beginning to grow its own investment pot to generate their own income that they can reinvest in other areas. Leese (2012) argues Manchester made significant progress, although the LEP is only in existence for 13 months and it is working fine. Z (2012) believes that because Manchester already had a structure that already worked, the LEP functions in that. He argues that the LEPs are a bit of an alibi and distraction. He agrees that Manchester is one of the strongest LEPs in the country, however he states that Manchester did not attract the best people. He thinks it is hard to bring around the best business people in Manchester instead of them it is a case of the usual people that are willing to step up. This is because there is no incentive to be on the LEP, they do not have any money, power or mandates. Z does not believe that the LEPs are a particularly successful experiment and they will last beyond the next election.

8.3 LEPs: A New name?

Y (2012) argues the LEPs will not be here in 2016. Possibly only in cities where the LEP system is working well, although the amount of successful LEPs will be low. Neil McInroy (2012) agrees with Y that the LEPs will not work around the UK and most of the LEPs will fail. Because they do not have enough resources around, the business world does not seem them achieving anything and because some LEPs do not have the right boundaries. If the local authorities start feeling that the LEP is not achieving anything they will withdraw there support and withdraw their funding. Following McInroy (2012) all the LEPs are ‘*very, very different*’, some LEPs have got a board, some have got some staff, and some have got money and others have not. He compares the LEP with a bowl of fruits: some are bananas, some are grapes, some are oranges, some are apples, some are lychees and some are rotten tomatoes. In Manchester the board does not have a real purpose: ‘*the Government wants to talk to LEPs so it has to be there*’ and unlike the RDAs they do not have any planning powers and no strong

link to Whitehall. McInroy (2012) argues that the only positive thing about LEPs is that they give better opportunities to talk to each other, but besides that he states they are one of the weakest economic development vehicles around in the world. Accordingly, it may work in some places, however this is not due to the LEPs, it will work because it happened anyway it is just a name that is given to things that was already there.

“It’s an apple now, and its doing things, but then the Government needs something else, so they call them LEPs, so its not an apple anymore but a LEP, and its continuing the things it did anyway, its just renamed as a LEP.”

Neil McInroy, face-to-face interview, 25 May 2012

In contrast to McInroy (2012) Blackburn (2012) argues that the LEP is not a new name for something that already existed in Manchester. He believes that LEPs are new and do not replace something. He states that the aim of the LEP is to generate economic growth, prosperity and create new jobs in an economic geography. However, Blackburn (2012) agrees that it was simple to define the economic geography of Greater Manchester because Greater Manchester was already an economic geography. Before the Government agreed with the economic geography of Greater Manchester, Greater Manchester had to justify it in October 2010. According to Blackburn (2012) the process was like a business case and fortunately the LEP of Manchester was approved together with 14 other economic geographies. Later on the other 24 LEPs were approved as well.

Manchester is a phase one LEP and the board came to labour in the start of 2011. The Manchester LEP works together with the New Economy, Marketing Manchester, the Strategy board, Business Growth and the Inward Investment Board. In Manchester they call this the Manchester family. The ‘Manchester Family’ works on one business plan, and on how they all can play a part in the same plan. According to Blackburn (2012) in much cases working together to push the ball is important to generate economic growth. Another important aspect is the ‘family’ comes together and present the plans to each other every three months. The other members of the Manchester family will judge the project and the progress and tell them it is great, that they must work harder or that it is the end of the game. Blackburn (2012) states there are no other places where they have got this system. Every now and then Blackburn has meetings with the other chairs of the different LEPs and he can remember there was one LEP chair that said it was going brilliant in his LEP, because he already found one person. Manchester already had a hundred people to call on. However, the converse of that is that is might be great on one sight but on the other sight expectations therefore are much bigger and the more expectations grow the more challenge it becomes. But Blackburn thinks challenge is good and fun. Y his view of LEPs is that they are badly formed rules for addressing economic regeneration. They might work for cities and for city conurbations like Manchester, but not for places and areas like the Lake District. The LEPs have a universal coverage but according to Z (2012) this is only because they were forced to do that. Some LEPs naturally came together like Greater Manchester but a lot did not and have ‘ridiculous’ geographies.

“What do you do with areas that haven’t got their economic cloud, what’s the mechanism by which you regenerate growth and growth areas, leps don’t work.”

Z, face-to-face interview, 6 June 2012

Following Y (2012) LEPs should all be a part of a much broader framework, a part of an actual regional policy that recognizes certain places are periphery and need other solutions. A lot of countries in Europe have a proper regional policy, like Spain and Ireland that have different approaches to

regenerate different parts of geography. Y (2012) argues LEPs are not a policy, certainly not a regional policy. In response, he argues it will work when there is local willingness or local capacity like in Manchester where there is a really strong leadership to make it work, so cities that already collaborate and already have strong capacity to deal with LEPs. But in areas where there is no strong leadership and a collaboration the LEPs will make it worse, because it takes effort, time and resource.

8.4 Will all LEPs survive?

Barry (2012) believes that the LEP can help leverage economic growth and innovation even it is early days yet. He argues the signs are there certain projects will be highly significant and viable, particularly around science and innovation. England is in the early stage of the LEP cycle and all interviewees agree that it is radically different than what is done before. People see the LEP as a 'big experiment', even Erik Pickles, a minister and driver of the LEP, called it an experiment and a test, however because he put the LEPs in place he needs to make them work. Although, there is a possibility the next Government decides to abolish the LEPs.

Neil McLean (2012) suspects that not all 39 LEPs will survive because the world is not uniform and needs a different approach. Although he argues that some LEPs will work. However, others will be in the middle and some on the bottom and will say that the LEP is not the right thing for their economic area, because it is not big enough, too big or not cohesive enough. Adjacent to it, there are LEPs that will fail because of politicians that cannot be bothered. He believes LEPs cannot be successful without local authorities and businesses; they have to work together to make the LEP work. L (2012) thinks that the LEPs will last as long as the Government last because they do not cost very much. This is a big problem for the LEPs, because the LEPs are poor compared to the well-funded RDAs. The Government expects much of the private companies –the private sector has to work together with the public sector and has to support the LEP- the Government does not want to just handing out money to the public sector they want growth to come through private companies (HM Government, 2011). Leese (2012) experienced the private sector as far more bureaucratic and slow and McLean (2012) argues the private companies will not pay a lot of money for the LEP. What will happen if the private sector does not want to collaborate or does not want to spend any money to support the LEPs?

McLean (2012) argues that one aspect of the LEP is to support and allow private companies to have a vehicle by which they can speak to policy members, to Government and local Government. However, this could happen anyway through the Chamber of Commerce. In response, the work of Barry (2012) has proved that private companies have a poor knowledge about the LEPs, generally the responds from the business community has been quite poor. Barry (2012) argues that there remains still a degree of scepticism and also confusion about what LEPs are and what LEPs do, because they are different in different places. So it is an interesting question where the money comes from? If it is not from the Government and not from private companies, where is it from?

There is less money available regionally. Going back to the days of the RDAs, they had a budget of 500 million pounds just for the North West alone, whereas the LEPs have a billion pounds for everybody. If 39 LEPs have to share this amount of money we can say they are poor compared to the RDAs. In response, Barry (2012) argues that it is all about trying to leverage a certain amount of money and try to get some confidence for the private sector to invest. Manchester uses the pension funds as a means of leveraging the private sector support and also kick starting developments. Manchester created a pot of money, which is called Manchester Regeneration Game, which will be given to developers who cannot get a funding for schemes. Manchester has agreed with the

Government to earn back the extra tax revenues it generates as a result of investments in projects, which in the end will help to boost Greater Manchester (Fahy, 2012).

Beside to the money of the Manchester Regeneration Game there have been two rounds of the Regional Growth Fund. In the first one Manchester did not get a lot of money, 26 million pounds. The reason for this, according to Z (2012) is that the Government has not been very clear in the first round what it wanted. Manchester went for a big amount of money, which was investment led, Manchester would invest in businesses and the money would be recyclable. It was a strategic plan but the Government had another plan, they wanted a plan at short notice that would create jobs immediately (Blackburn, 2012). The idea was to invest in innovatory businesses, smaller businesses, high growth businesses and infrastructure, thus the long-term plan of Manchester was not accepted (Z, 2012).

“Manchester wanted 5 million pounds to create 5000 new jobs. But we didn’t know quite well on what kind of projects, but we would like to put it into a program that companies come to us for a bid, people come in, will tell us what they want to do and we allocate it like a loan. We would like it to be a recyclable fund, so a company gives us half a billion back about 2 years and we will give it to someone else and they will give it back to us in three years and so on, rather than saying, here is half a million pounds goodbye. But the Government didn’t like that in round one.”

Mike Blackburn, *face-to-face interview*, 25 June 2012

By the time England had the second round to bid for the Regional Growth Fund The Greater Manchester LEP went for a big pot for failing businesses. Z argues that that the Greater Manchester LEP tried to build in some discretion and it worked because the LEP got nearly £60 million in the second round. Most of the money is in the discretionary pot. Manchester is not allowed to spend it on infrastructure, which Manchester want to do, or property or parts of the city region e.g. the Science Park, University or City Centre. Manchester has to spend the money on parts and businesses that are struggling and Manchester has to get every single one, case by case, approved by the Government. Having said that the Regional Growth Fund bids have to be put in by the LEPs officially. The LEP has to be signed by the head of the LEP. According to Z (2012), in Greater Manchester it works very well. There are quite good people on it and MIDAS works to attract inward investment into the City Region by promoting Manchester as a leading European business location as well as a complementary proposition to the UK’s capital, London (MIDAS, 2012). Accordingly, it is all quite collegiate and works quite well in Manchester, unlike in other places where a lot of the Regional Growth Fund bids did not happen because the LEPs were not prepared to put the bid through that the Local Authority wanted.

In response, Z (2012) argues to what extent it is a discretionary pot, because Z is not sure if it is because every investment has to go through BIS and is totally drop down and micro managed.

“It is the same for everyone, they are not just picking on us”

Z (2012), *face-to-face interview*, 6 June 2012

Manchester failed in the first round but different bits of the Government, including the Treasury, did pick up what Manchester was saying and that turned into the £500m Growing Placed fund, which has three overriding objectives (DCLG, 2011):

1. To generate economic activity in the short term by addressing immediate infrastructure and site constraints and promote the delivery of jobs and housing.
2. To allow LEPs to prioritise the infrastructure they need, empowering them to deliver their economic strategies.
3. To establish sustainable revolving funds so that funding can be reinvested to unlock further development, and leverage private investment.

According to Z (2012) Manchester did quite well in this round. Also in the Regional Growth Fund Manchester did quite well compared to other cities. Manchester got a 110 million of funding, whereas the nearest other city has 70 million pounds. Following Blackburn (2012) Manchester push it hard on technology, R&D and the international plan for Greater Manchester to economically connect with other places and regions and to grow.

Y (2012) argues that there is confusion among the LEPs about what money is available for what and without money it is hard to keep up with a the initiatives and policies of the Government. Manchester has been markedly successful in saying to the Government: *“Look we’re here, we’re clear and we’re coherent and we have an idea of how the city region is going to develop. This is our strategy and we like you to help us deliver that by giving us money.”* According to Y (2012) the cash that this clear strategy brings in to support skills, training, transport, etc. give Manchester almost rival regional power compared to the other cities in the former North West RDA, this just shows how much the differences are. *“I’m sure, this will not lessen the gap between the South East and the North of England”*.

8.5 Conclusion

For most of the people and the cities in England it is hard to understand what LEPs are and how they work, because the form, functions, priorities and ambitions of LEPs are diverse. The LEPs are vague because the Government considers it unnecessary to prescribe how cities should implement the new policy. The Government argues this the right way to deal with the different needs of the different cities. However, cities feel that the Government is passing the responsibility.

It is obvious that the LEPs do not have money, power and capacity and it is questioned if the LEPs will stay for a long time and if they will be effective. Besides, successful local authorities working together are needed to make the LEP work and for cities that already had this structure in place, like Manchester, the LEP can be seen as a new name for something that already existed. But for cities that do not have this structure in place and do not work together with the private sector a LEP can develop these relationships and new frameworks. It is believed that LEPs in cities with successful local authorities and good relations with the private sector will work better than others.

A big stumbling block is the money that is available for the LEPs. The LEPs are poor compared to the RDAs and the money that is available is called peanuts and absolutely nothing. This makes it hard for the LEPs to be successful and the interviewees argue that most of the LEPs will not be existence anymore in 2016. The only LEPs that will survive are the LEPs that already had a good structure and collaboration.

Although, most of the interviewees are negative about the LEPs, but there are some interviewees that are positive and do believe that LEPs generate economic growth and prosperity. However, this positive group also questions if all LEPs can survive and see the LEPs as a big experiment.

Chapter 9: LEPs, easier for some cities than for others?

9.1 Introduction

From when the idea of LEPs was first floated in May 2010, there has been fervent discussion in the country. The intention of the LEPs is to provide local room for manoeuvre by reducing guidance and bureaucracy. However, LEPs appear to be considerably lacking in both resources and power and according to Pugalis et al. (2012) for some LEPs it is easier to deal with this than others.

In this section of the thesis the experiences of the Leeds City Region-, Greater Manchester- and the Liverpool City Region LEP are given, since it is important to know how different cities in the North of England deal with the new policy.

9.2 The greater Manchester LEP

Manchester is doing well compared to the other cities in England. Besides the interviewees in Manchester, the interviewees in Leeds and Liverpool also agree with this statement. There is a world of difference in the way the politics of the public and private sector work together in the different cities and in terms of capacity, presence and scale. This influences the LEPs. Harding (2012) argues that Manchester has done very badly out of public expenditure cutbacks, but Manchester is of sufficient scale and modernized in terms of its economy that it is more easy to deal with the decline in public expenditure than it would be in less modernized cities. It is the differential performance of cities that is at the heart of it. The period of the gap, between the South East of England and the rest is going back to the mid 1970s and shows no sign of reducing. Some of the Northern towns and cities never emerged from the first recession after the crash, and all the signs are there that the gap will grow even more. Those that were big enough, diverse enough, well connected enough, active enough and made an adjustment to a knowledge economy have tended to make the transition after the crash. Whereas other places, particularly where they were focused on a small range of industrial sectors are struggling, this is not a UK specific phenomenon.

Leese (2012) argues that there are two other reasons why the LEP is probably working better in Manchester than in a lot of other places. One is the existence of the Manchester Combined Greater Authority; this means that Manchester has a statutory authority that shares boundaries with the LEP that can act as a funding pot. It is the bank of the LEP and it operates at the same spatial level. Second, it is part of the history of Manchester that it has a number of agencies that operate, again, on the same boundaries as the LEP, like New Economy, Manchester Solution, MIDAS (Manchester's Inward Investment Agency) and Marketing Manchester. In fact Manchester already had a delivering infrastructure that supported the combined authority for 25 years and now the LEP as well (Leese, 2012). Before the LEP, Manchester had a way in which they thought about the economic management of Manchester's economy across the ten boroughs. All the different boroughs had their own economic development unit and together they did oversee the economy of Greater Manchester.

Some LEPs, like the Leeds City Region LEP, are developing similar structures. Leese (2012) and Blackburn (2012) argues that a lot of places are looking at Manchester what is happening there and develop similar models that suits there own circumstances. However, this takes time and this is why cities are way behind Manchester.

According to Y (2012) if the LEPs would have a lot of money it would be very different, because they really lack in resources to make them work. Barry (2012) argues that most of the LEPs are slow, for instance the Liverpool LEP is only just about getting its house in order, nearly 18 months after Manchester. Manchester has traditionally been ahead of the game, Manchester almost pre-empted what was going on and had a LEP chairman before everybody else in the North West. Where in for example Liverpool it seems like it does take forever to get it constitutionally in place. Barry (2012) argues that they did wait with forming the LEP in Liverpool because Robert Hough, who used to run the RDA and is exceptionally, well connected, was still tight up with the North West RDA. The last months, Robert Hough is now taking on the chair and according to Y (2012) he has brought in with him the former regional economic agency, a merging partnership, who transformed all their staff over to him which is completely different to how Manchester does it. Manchester has no full time staff, individuals giving up their time to sit in the committee and provide strategic leadership.

Z (2012) argues that LEPs work where there was already a strong existing partnership. Besides Manchester, the North East has a strong history of working together and was probably the most successful RDA because it was really working well with its communities. Thus, if cities already had good relationships and collaboration LEPs can work quite well.

9.3 Leeds City Region LEP

The LEP of Leeds is made up of eight of the 11 local authorities (Barnsley, Bradford, Calderdale, Craven, Harrogate, Kirklees, Leeds, Selby, Wakefield, York and North Yorkshire County Council), eight private business members, plus McLean as the chairman and a 3 million population. When I tell Neil McLean that last August a Guardian Leeds straw poll revealed only one out of 50 people in Leeds had even heard of Leeds City Region he smiles and says he's not surprised that '*most people haven't a clue*' about it. McLean (2012) says the main aim of the LEP is to let people across the country and farther afield know about what the region has to offer. He said:

"The Leeds City Region has a £52 billion economy, which makes us bigger than nine European countries. Most of the people who live here don't have a clue how strong we actually are and how big a player we could become. Most people outside the region don't have any idea what skills there are here, and what the opportunities to grow their businesses are. We want to tell people that the Leeds City Region is a fantastic place to be. We have to take down barriers and ensure investment is easier to make. We need to look at the planning process, skills agenda and transport to name a few."

Neil McLean, *face-to-face interview*, 26 June 2012

McLean (2012) argues that as a region, the area was proving 'pretty resilient' in the economic downturn, because people are used to the ups and downs of the economy and it stimulates people to look more critically at what they are doing. In response, McLean (2012) hopes to see people in deprived communities with better job skills and better housing as a result of the investment the LEP has brought in. Secondly, McLean (2012) argues that everyone benefits from the LEP, from the most deprived communities to the more affluent communities. However, the financial times are hard and McLean (2012) agrees that Leeds has to be realistic that Leeds will not get a million pounds for major schemes. McLean (2012) argues that Leeds cannot make everyone happy because Leeds has to make choices. Yorkshire Forward, the former RDA of Yorkshire and the Humber, was based in Leeds and had a budget of about 300 million pounds a year and a staff of about 300. McLean (2012) argues that Leeds has no real budget and no real staff and the LEP is an interesting challenge, but probably the

right place to start, because it is important to think quite differently. According to McLean (2012), Yorkshire Forward was a major organization that was tasked by central Government to do things that central Government thought was appropriate. The LEP is building from a blank piece of paper and can decide what they want to be and how they want to do it. Leeds has got a board of 17 people, small compared to the amount of people in Manchester, 8 people from the 11 local authorities, 8 private sector representatives and McLean as the independent private sector chair. Not all local authorities have people in the LEP, this is simply because the LEP is complicated, 5 of the local authorities also sit in other lep areas. It is far more complicated than the Manchester LEP. McLean (2012) argues that some of these smaller authorities that are also a part of other LEPs will probably move to the other LEPs, they probably got more focus in that area than in the Leeds City Region LEP.

The view that the Leeds LEP has chosen is that Leeds needs to set a sort of overall plan because it is such a diverse and complicated area (McLean, 2012). According to McLean Leeds (2012) has a very large economic area, an area that has not achieved its potential for a long time and that has not got itself together in the way Manchester has. Greater Manchester has worked together for 25 years, the authorities around Leeds have not done that. The LEP has to bring the authorities together. However, McLean (2012) argues Leeds is the third biggest city in the UK, Bradford that is in the Leeds area, is the fifth biggest city in the UK, and there are more powerful towns and cities like York. Expecting them to drop all their barriers and work together in the way that the AGMA authorities have done is just unrealistic, since they are too important in their own right. This is the reason that Leeds decided they need an overall strategy and a sense of direction. Leeds want to be a world leading economy, a dynamic economy and one that is willing to embrace change. A main goal is to be a low carbon economy. Leeds has a lot of manufacturing but wants to be a good city for the citizens and for the environment. Another goal is to balance economic growth and an increase in quality of life, since parts of the city region are wealthy but other parts are the poorest areas of the United Kingdom. McLean argues (2012) Leeds recognizes if they went for high growth for parts of the economy, it would not support the great mass of the inhabitants and of businesses. This is because the high growth elements are relatively small employers in the tech-oriented sector and most of the economy is not in that sector. Thus, Leeds set up a sort of overarching vision with some clear goals that all the authorities sign up to. This has to lead to economic growth. The target Leeds set up is an economic growth of 2.6 per cent a year over a period write out to 2040. In 5 years Leeds wants to go back to pre-recession levels of employment, which would mean finding 60.000 jobs. According to McLean (2012), Leeds is very clear what it is doing, Leeds has 'one direction of travel'. Instead of doing everything and achieve nothing, the Leeds LEP set up four priority areas: unlocking business growth, the employment and skills agenda, the green agenda and lastly improve the infrastructure to support growth.

In the past Leeds had a lot of activity that was not aligned between the different authorities, there was no real plan and no real sense of direction. Because of the LEP Leeds has to change this, all authorities have to point in a similar direction to unlock economic growth, employment growth and increase quality of life. But it is not a simple process. It is hugely difficult for the reason that there are pressures on all the authorities from all these voters and businesses. Under each of the four priority areas Leeds has set up panels that really focus on what is needed and what investment would create the most return, since Leeds does not have a lot of money to spent. Leeds has to gain more money in addition to the funding they get from the Government. The LEP tries to get the local authorities to put in some of their own budgets and businesses, the LEP knows they have to be far more creative. Money has to come from everywhere to deliver what is needed, so huge amount of activity is going on. Everyone in the region has promoted itself independently, if Leeds can promote itself on a more cohesive basis than McLean is sure the LEP can get more investment. Nobody knows if it will work (McLean, 2012).

McLean (2012) argues it will work if the Government carries on support, but he does not think LEPs will work around the UK. Some of the LEPs will fail, either because they do not have enough resources or the business world does not see them achieving anything. There is a risk, if the local authorities start feeling that the lep is not achieving anything they will withdraw their support and their funding.

Leeds is also talking to the Government about a better support for businesses and export, because the export performance from the city region is very low, as it is not being supported adequately in the past (McLean, 2012). McLean (2012) argues London does not know much about what is going on in the North of England. Moreover, most of the local authorities are labour and LEPs are a conservative government idea. This is the reason that some authorities are not truly committed to LEPs. McLean (2012) argues that if the LEP is making progress than the authorities will probably stick with it, but if they do not think that the LEP is making progress than they may pull back, and if the local authorities pull back the LEP will fail. However, McLean (2012) does not worry about what may happen next year or the year after that, since it is an experiment that may work well, or may not work at all. In response, he argues that at the moment the LEPs are the only regional initiatives going on, so even when the LEP only achieves 10 per cent of what the LEP would like to achieve, that is ten per cent more than if Leeds did not try to make the LEP a success.

Following McLean (2012), there were a lot of conversations going on to create a sort of ‘Super LEP’, a regional LEP. However, at the moment all cities want to focus on their own areas. Leeds already works together with some LEPs. For example Leeds and the Humber will work together very closely on the green economy agenda because they both have some specialism and it makes sense to work together. McLean (2012) argues that because of the diversity it is hard to have a ‘Super LEP’ that is valuable, because the region is so broad and diverse there. It is a difficult process to find a strategy for Leeds, but it becomes harder when the region is bigger because of the diversity. According to McLean (2012), cities and regions need to have strategies that people understand. Accordingly, LEPs can work well if they focus on an economic geography, but some do not have the right boundaries yet and may fail.

9.4 Liverpool City region LEP

The LEP of Liverpool is comprised of six local authorities (Liverpool, Knowsley, St Helens, Wirral, Sefton, Halton) each with its own political leader. At its core, the Merseyside conurbation, and what is now called Liverpool City Region, has a population of around 1.5 million, centred on the City of Liverpool. However, any success achieved within the Liverpool LEP area would have significant beneficial consequence over a much larger travel to work area. A constructive arrangement has evolved to bring together the six leaders but there is no statutory framework to support this arrangement. The success of Liverpool depends on local leadership both political and from the business community (Leahy, 2011).

At downtownliverpool.com (2012), chairman Frank McKenna has branded the proposed structure of the Liverpool’s LEP as “an absolute joke”. McKenna is amazed that the LEP will contain 52 staff, as well as being supported by other local authority personnel and is astonished that this staff-heavy organisation is being seriously suggested at a time when both the public and private sectors are facing major challenges in a time of austerity. He argues that the LEP is simply meant to be a commissioning body, and an opportunity to clear a tier of the bureaucracy that has existed in Greater Liverpool for far too long and make some much-needed efficiency savings, whilst adopting a more business-friendly

structure in the process. Instead the old problems to empire build have won. In respond, he argues that this has meant that the organisation has arguably not been able to extend influence that LEPs in other areas have been able to achieve in prioritise regional growth fund bids.

The LEP process in Liverpool has been quietly complicated by the fact that half way through establishing the LEP Liverpool decided to have a mayor, which tasks overlap with the LEP (Y, 2012). Liverpool calls this the Mayoral Investment Board that will oversee the city's economic and housing strategy, the development of Home and Communities Agency's land assets and other economic development priorities (Communities and Local Government, 2012). However, according to Y (2012) Liverpool always had a really strong traditional collaborative working and fine local authority, and before LEPs became policy the chief executive of those authorities meeting already across policy and regeneration, but also about transport and education. Thus, there was a really strong base on which to build. Y (2012) argues the problem is that politically, Liverpool has both conservative and labour authorities, so the idea how Manchester has done it to have a formal structure never happened in Liverpool. But the principal of collaborative working that is at the heart of the LEP, has always been there, setting up a formal lep structure, with the private sector involving is a bit more difficult, but according to Y (2012) a lot of that is to do with the lag of guidance from the Government about what they expected. Y (2012) argues it is a like an experiment, they work better if they give them a set of rules and regulations within they have to work.

According to Y (2012) LEPs are there to address one of the weakest things in the British political structure and that is the lack of regional politics. Britain got a national and a local policy but nothing in the middle, and Britain struggles because of this. The Government tried to come to terms with what England needs, because cities are too small and the national scale too big. The LEP is “*something in the middle*” that represents the economic geography, but because the Government did not give them power Y argues they will never work. Y argues that he does not understand why anybody wants to be a part of a LEP.

“Why would anybody want to give up their time, when you have no control, no power no accountability and no money? What’s it for? The money that’s available it’s peanuts, its nothing, absolutely nothing.”

Respondent Y, *face-to-face interview*, 28 June 2012

According to Y (2012), it was not the problem for the Liverpool LEP to find an economic geography, because this is the city region. One of the problems in Liverpool, as apposed to Manchester, is that although you have a large city in the middle, Manchester has got reasonably large autonomous economies like Oldham and Bary, which stand up in their own rights. All that Liverpool got is one big city, so everything is focused on Liverpool, this give a lot of tension in the other districts.

Y (2012) argues that the LEPs will not be in England about 5 years, they may survive in cities where it is working well, but not in Liverpool because there is a Mayor now and Liverpool is lacking and is way behind Manchester. Y’s (2012) personal view is that LEPs are badly formed rules for addressing economic regeneration. They might work for cities and for city conurbations like Manchester, however he does not know what England has to do with areas that have not got an economic cloud, like the Lake District. According to Y (2012) LEPs should all be a part of a much broader framework, a real regional policy. Looking at European countries they have got proper regional policies, like Spain and Ireland they have different approaches to regenerating different parts of a geography, they

recognize that certain places are periphery and set certain solutions for problems. We haven't got that regional policy framework in the UK and in the absence of that people are constitutently reinventing.

Leahy (2011) argues that The Manchester Independent Economic Review (MIER) carried out in 2009 provides a good model to learn from and could usefully be adapted to the unique needs and potential of Liverpool. The shared evidence of MIER helped the 10 local authorities of Greater Manchester form priorities for strategic investment that benefit the entire city region. It helped partners recognize that Greater Manchester is an inter-connected series of labour markets and that the 10 local authorities need to organize themselves to reflect that economic reality. The benefits of such an approach could be replicated in Liverpool. It would help partners recognize they are one economic area for all material purposes and all decisions in areas such as planning, transport, branding and inward investment should reflect this.

9.5 Conclusion

There is a huge difference in the way the politics of the public and private sector work together in the different cities. This influences the functioning of the LEPs and makes it hard for some cities to cope with the new policy. Manchester is doing well compared to the other cities in England. It is part of the history of Manchester that it has a number of agencies that operate on the same boundaries as the LEP. Some LEPs are working to develop similar structures like Manchester that suits their own circumstances, but this takes time. Manchester could adapt to the new policy quickly and had a chairman before everybody else in the North West.

Manchester is not unique anymore, since there are other places that have good partnerships and where the LEPs work well. We can conclude that if cities already had a good relationship and collaboration in place it is easier to adapt to the new policy. Otherwise, it is more complicated to keep the local authorities together and to set an overall plan.

CHAPTER 10: Conclusion and discussion

10.1 Introduction

The theory of innovation dates back to early studies on the capital system and scholars with different approaches have had significant contributions. The importance of innovation as one of the key drivers of competitiveness and economic growth has long been recognized. Social scientists and policy makers have been paying more and more attention to regions as designated sites of innovation and competitiveness over the past two decades. Also England is experimenting to find the right scale to generate innovation and economic growth with the abolishment of the RDAs, which are replaced by the LEPs. The aim of the research was to contribute to a broader understanding of the experiences and expectations of cities during the shift from RDAs toward LEPs in relation to innovation and economic growth. The Government expects much of this shift. It has to generate innovation, economic growth and has to lessen the economic gap between the South East and the rest of England. Because not enough is known on how cities experience the change from RDAs to LEPs a qualitative phase was set up. It was not the goal of this research to make generalizations, but instead it was to explore and develop an understanding about a specific area of interest. The focus of the qualitative phase was to conduct face-to-face interviews to enable a deeper understanding and to find experiences and expectations of the new government policy in England. In this final chapter, I will first briefly summarize important conclusions stemming from the previous chapters in relation to the aim of this thesis and highlight some noteworthy limitations. I will end with some recommendations for regional policy in England and for future research.

10.2 LEPs and innovation

In this research it is demonstrated that implementing the Local Enterprise Partnerships in England is stirring up mixed emotions of apprehension and hope. It became clear that most respondents regard the LEPs as poor compared to the well-funded RDAs, since one of the changes that took place is the reduction in public expenditure. Chapter 3 explored possible causes for innovation and the financial capacity -through the existence of the financial infrastructure to enable firms to gain the necessary venturing finance and invest the necessary qualities of capital to generate endogenous innovation- is an important aspect that is needed to generate innovation. It is not surprising that the respondents doubt whether the LEPs can generate innovation and economic growth with a small amount of money. In this debate, the respondents also argue about the scale of the LEPs. Some think it is understandably that the Government went for smaller structures, since it is easier for the smaller structures to engage with the different needs of the different parts of England. Chapter 2 and 3 addressed the emphasis on innovation and regions, since distance tends to decrease the frequency of interaction among individuals. An important reason for the smaller structures is the role of the regional economic and geographical proximity for the innovativeness of firms. Each region has specific characteristics, tacit knowledge and non-codified knowledge that contribute to the behaviour of firms and the form of collaboration between them. To exchange this knowledge face-to-face contacts and closeness are prerequisites. It seems understandable that the Government went for smaller structures to generate innovation since innovation is localized and a locally embedded process.

It is not a strange development because city regions have attracted considerable attention globally over the last couple of decades and are becoming increasingly regarded as the ideal scale for public policy intervention leading for innovation. City regions tended to perform better and better in economic terms and because of this a better targeting of policies to local needs is allowed. This shift from the nation or

the region to the city region entails advantages and disadvantages. The cities in England are not uniform and it is hard to expect that every city can reach its full potential itself, since there is a need to draw upon localized aspects –entrepreneurs, scientists, financiers, research universities and the willingness to work together- which are better in some cities than in others. Smaller and poorer city regions have less capacity than bigger and richer cities. Bigger and richer cities have competitive advantages that point towards the rise of territorial disparities and disparities in public wealth.

The respondents argue that it was simple to define the economic geographies of the LEPs for some cities in England because they already had a city region with boundaries. For other cities it is hard to find the right boundaries and an economic geography. In some cities it is not clear which boroughs belong to what cities and collaboration between the different parts are difficult because of this. All respondents agree that collaboration between the different boroughs is needed to make the LEPs work and that there is a huge difference in the way the politics of the public and private sector work together in the different cities. This makes it hard for some cities to cope with the new policy. It is obvious that LEPs work easier and quicker in cities where the collaboration was already in place, simply because it is easier to adapt to the new policy and set an overall plan. Not only geographic proximity but also collaboration between local actors and institutions continues to play a very important role in the process of innovation and thus in the process of making the LEPs successful. Proximity in geographic, cultural and institutional terms allows better access, better relationships, better information, powerful incentives, and other advantages that are difficult to tap from a distance. The ability of firms in the public- and private sector to generate innovation depends on their networks with other firms and actors. Since most innovative activities involve multiple actors with different knowledge and competencies. LEPs do bring actors together which may generate innovation, but the process to bring the actors together is not something that is easily to achieve. The LEPs that has to build everything up from a blank piece of paper have a long way to go according to the respondents.

Focusing mainly upon LEPs, however, several important regional phenomena that facilitate innovation processes are ignored or not observed. Innovation might not coincide with a LEP border and is influenced by many actors and factors, this can be actors or factors that are external to the LEP. LEPs can work together but the respondents argue that this is something for the future, since the LEPs are busy with starting up the LEP. Innovation is not something that exists in a determinate size and the functioning unit of innovation can change within a specific time. The Government argues that all LEPs can be innovative, but according to the existing literature there generally seem to be no more than a few innovative poles within a national community. So again will there be losers and winners? The RDAs were too big and were weak on the local scale. However LEPs are small and the respondents think they are weak on the bigger scale. However, what is the right level for England: a central and local level or does an intermediate scale has to go back on the agenda?

In the end, we can ask ourselves the question: what are LEPs for? LEPs are set in place to generate innovation and economic growth. However, it is questioned if this will be achieved in all places. According to the literature it is still unknown why innovation takes place in some places and not in others. It is known that proximity in geographic, cultural and institutional terms allow better relationships that are important to generate innovation. Collaboration is an important aspect of the LEPs and if these relationships can be developed it can support new incentives to generate innovation that can lead to economic growth. We have to keep in mind that it is not an easy process to create relationships since every borough or city part needs to be conducive. This is probably why the LEPs work prosperous in places where collaboration activities were already in place and struggle in places where they have to start from the beginning. On the one hand it can be a hard process to join forces

but on the other side it can bring results when parts of a city collaborate in times of limited resources. Collaboration is almost always a good thing but often it does not take place because cities do not have the sense of urgency. The LEPs do give this urgency and give a belief that collaboration has the potential to improve competitiveness. A disadvantage is that the LEPs are focused on one city and not on collaboration between cities, even though combined could make them more attractive in terms of international competitiveness for investment than each city acting alone. We will see if the LEPs work out with the limited resources they have.

10.3 Research limitations

The most obvious limitation of the study is the time in which the research is conducted. Three months is not enough for the researcher to observe and talk to people from all the LEPs. It would be better if the research was done in a longer time and if more people from different LEPs were asked about their experiences. Therefore, conclusions that are drawn must be interpreted with caution since the data collection was confined to only three cities of North England. The replication of the study at different cities of England would enable a better generalizability of the findings of the study.

A second limitation is the amount of interviews. Only 10 face-to-face interviews were held and this might not represent the majority of the people in public and private companies. However, it was not possible to conduct more interviews because of the time limit. It takes time to find people who want to participate in the research and too make appointments with the interviewees.

Thirdly, because I conducted the questionnaire, it is unavoidable that in this study a certain degree of subjectivity can be found.

10.4 Recommendations for further research

During this research it became clear that there are interesting further areas to explore. This research is based on a small part of England. It is interesting to collect data about LEPs in other parts of England. How are other cities experiencing the change from RDAs toward LEPs and what do they expect of the new policy? It is possible that cities in the middle or in the south of England think differently about the LEPs. At the same time, a different methodology would be a valuable contribution. A survey will be an effective way to gather feedback from a large group of people.

The right policy level for England is another area to explore. All the respondents in the research think it is a pity that there is no regional level anymore and think an intermediate scale is needed and has to go back on the agenda. Does England need an intermediate scale? Generally, the right levels for policy would be an interesting topic to do research on.

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Appendix A: interview guide

Introduction interview

Good morning/Good afternoon. Thank you for your participation. My name is Annemarie Rook and I am a Research Master student in regional studies at the University of Groningen. At the moment I write my master thesis at the University of Manchester. The research is about the shift in England from a 'One-size-fits-all model' towards 'Individual City Deals', I want to find out how Manchester experience the new government policy, because there is not known enough on how cities experience the changes and what they are expecting. I would like to talk about the Local Enterprise Partnerships.

The interview will take approximately 45 minutes, but this depends on the amount of information that you want to share with me. Is it ok that I record the interview with my mobile phone? This gives me the opportunity to listen to it again afterwards.

(If the respondent agrees with the recorder, put it on).

I will keep confidential the information of the interview. The interview records will only be available for my supervisor and me. The information that you will give me will be presented in my research and presentation. Do you want me to not use your name in my research?

Of course you can ask about questions if they are not clear to you or if you need a break.

Do you have any questions about the research or interview and do you agree to the interview?

Background information

I would like to start with some background information. Can you tell me something about yourself?

Now I would like to talk about the time before the government introduced the LEPs.

Regional Development Agencies (RDAs)

- Before the adaptation of the LEPs England worked with RDAs. Can you tell me something about your experiences with RDAs in Manchester?
- What aspects of the RDAs functioned well in Manchester?
- What aspects of the RDAs did not function well in Manchester?
- What is (are) the advantage(s) of LEPs compared to RDAs? And what is (are) the advantage(s) of RDAs compared to LEPs?

We already talked a little about the LEPs, in the next part of the interview I would like to go deeper into details.

Local Enterprise Partnerships (LEPs)

- What is your opinion about LEPs?
- Can you tell me something about the LEP process in Manchester?
- Do you think it will function well?
 - o What are the strengths of Manchester that make the LEPs work?
 - o What are the weaknesses of Manchester that will make it hard to make the LEPs work?
- The government thinks that LEPs will generate innovation and economic growth. Do you think it will generate innovation? Why?
- Do the LEPs have enough capacity and power to come up to expectations?

Funding of Local Enterprise Partnerships

- Do you think the LEPs in Manchester will work well with the few resources they receive from the government?
- Do you know how Manchester will gain resources? Can you explain it?
- What will be the role of the private sector in the LEPs?
- Do you think that the private companies partly take over the role of the central government? And of the local government? Why (not). Is this the responsibility of the private companies?
- What do you think about involving private companies?

At last

Do you want to add something we did not talk about? Or do you have a comment or recommendation?
Thank you for your time and the information you shared with me!

Appendix B: e-mail respondents

Dear,

My name is Annemarie Rook and I am a Research Master student of regional studies at the University of Groningen. I am currently writing my masters thesis at the University of Manchester. The research is about regional innovation systems and the shift in England from a 'One-size-fits-all model' towards 'Individual City Deals'.

The research explores how Manchester experiences the new government policy and the introduction of Local Enterprise Partnerships (LEPs), because not enough is known about how cities experience the changes and what they are expecting.

I am interested in your opinion and experiences about the shift and I would like to ask you some questions in a short interview, which takes about 30-45 minutes.

If you have any questions please do not hesitate to contact me. If you are happy to take part in an interview, it will be arranged at a time and a place that will best suit you.

I look forward to your response!

Kind regards,
Annemarie Rook

Appendix C: Respondents

	Name	Day and location	Company	Function	Public or private
1	Philip Shapira	May 16 2012	University of Manchester	Professor of Innovation management and policy	Public
2	Neil McInroy	May 25 2012	Centre for Local Economic Strategies (CLES)	Chief executive	Private
3.	Chris Barry	May 31 2012	TheBusinessdek.com	Editor of the North West team	Private
4.	Z	June 6 2012			
5.	Alan Harding	June 11 2012	University of Manchester	Professor of Urban and Regional Governance and Director of IPEG	Public
6.	X	June 12 2012			
7.	Richard Leese	June 20 2012	Municipality of Manchester	Leader Manchester City Council	Public
8.	Mike Blackburn	June 25 2012	LEP Manchester, BT Global services, NW board, MIDAS	Chairman LEP, Director at BT, Director at MIDAS, Non-Exec on NW board.	Public/Private
9.	Neil McLean	June 26 2012	Commission for Employment and Skills, LEP Leeds, Leeds York and North Yorkshire Chamber of Commerce, Leeds City College, DLA Piper.	UK Commissioner, Chairman LEP, Director at Leeds York and North Yorkshire Chamber of Commerce, Chair at Leeds City College, Consultant at DLA Piper	Public/Private
10.	Y	June 28 2012			

