

## **Post-pandemic economic growth: Levelling up - local and regional structures and the delivery of economic growth**

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Submission to BEIS Select Committee

**Chartered Institute of Personnel and Development (CIPD)**

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## **Background**

The CIPD is the professional body for HR and people development. The not-for-profit organisation champions better work and working lives and has been setting the benchmark for excellence in people and organisation development for more than 100 years. It has 155,000 members across the world, provides thought leadership through independent research on the world of work, and offers professional training and accreditation for those working in HR and learning and development.

Our membership base is wide, with 60% of our members working in private sector services and manufacturing, 33% working in the public sector and 7% in the not-for-profit sector. In addition, 76% of the FTSE 100 companies have CIPD members at director level.

Public policy at the CIPD draws on our extensive research and thought leadership, practical advice and guidance, along with the experience and expertise of our diverse membership, to inform and shape debate, government policy and legislation for the benefit of employees and employers, to improve best practice in the workplace, to promote high standards of work and to represent the interests of our members at the highest level.

## Introduction

The OECD have long advocated a 'local ecosystem' approach to addressing issues related to growth, jobs and skills. In 2019 we conducted a systematic review of all LEP growth and skills plans and carried a series of interviews with 15 Local Enterprise Partnerships to assess the extent to which local areas had recognised, and prioritised developing, an ecosystem approach to addressing local skills and productivity challenges.

While the research itself was focused predominately on skills supply, demand and skills use, the research identified several challenges that are relevant to this inquiry.

[https://www.cipd.co.uk/Images/productivity-and-place-the-role-of-leps-v2\\_tcm18-54430.pdf](https://www.cipd.co.uk/Images/productivity-and-place-the-role-of-leps-v2_tcm18-54430.pdf)

## **Evidence base – capacity constraints**

***What evidence have regional and local leaders based their local or regional industrial strategies on, and what forms of stakeholder engagement were included in the drafting of priorities?***

The research identified that there was widescale variation in the capacity of LEPs to undertake sophisticated analysis of local economies and identify local priorities. A small number of LEPs had teams of data analysts and undertook sophisticated analyses of national and regional datasets and conducted relatively large local surveys, while others relied on more on ad hoc and anecdotal approaches to gaining local intelligence, often through networks, forums and other local infrastructure. There was thus a tendency to rely on local intelligence, of various degrees of robustness, and indeed a questioning of the usefulness of available data sources.

## **Local structures and - complex governance structures and policy silos**

***Local structures: what structures exists across the country and how does this compare across different regions? How do these different tiers work together to deliver local growth?***

***Where should government focus its post-Covid-19 levelling up policy to best support regional growth: English regions, core-cities, towns, Growth Hubs and LEPs?***

The research noted that while variation in local approaches is appropriate given the diversity of local contexts this was often accompanied by complex governance structures which in some cases led to fragmentation and policy silos. For example, while most LEPs had Growth Hubs there were substantial differences in how these operated and were integrated into the LEPs and in many instances, there was limited knowledge of and interaction with those with differing remits. This was particularly the case in larger LEP areas.

In terms of the geographic focus on post-Covid-19 levelling up policy, the government should be flexible in its approach. Our research has highlighted that there is considerable variation in capacity and capability of local stakeholders and institutions to support local growth. In some areas there is a historic legacy of local economic development at city region and/or LEP level, while in other areas local authorities have played and continue to play a key role. As discussed below, like LEPs the capacity of Growth Hubs to deliver local growth priorities and programmes is mixed.

## **Stakeholder engagement - difficulties in strategically engaging SMEs and sector variations**

***Stakeholder engagement: how does each tier of regional or local government engage with delivery stakeholders (such as businesses, education providers, etc)?***

LEPs acknowledged that they had difficulties of involving SMEs, largely because of their resource pressures, and many used intermediary organisations instead (such as the FSB). Some LEPs had attempted to overcome this by developing additional mechanism to support SME engagement that were less of a time commitment but still offered a route to influence, such as networks and forums. The research also found that sector engagement was patchy, with substantial involvement from digital, high-end engineering and construction firms but less from sectors such as social care and hospitality/retail.

The research also evidenced the widescale variation in the ability of Growth Hubs to support and engage with the local business community. Much Growth Hub activity is EU-funded and targeted in the main at SMEs, unlike the strategic LEP level activity where SMEs are typically under-represented (as discussed above). This does, however, mean that Growth Hub programmes are likely to have limited influence on larger employers that adopt low-value approaches. A small number of LEPs were able to offer business support which provided access specialist advisors – legal, HR, employment lawyers – however many were constrained by lack of resources leading some to only offer advice online, which raises challenges around engaging small businesses in particular.

The devolution of the Adult Education Budget (AEB) has increased engagement with education providers, predominately engagement was through Local Employment and Skills Boards (ESBs) where they existed. In most ESBs a range of stakeholders, including providers and employers, meet to discuss skills provision, influence the curriculum and commission skills delivery to ensure that local provision met local demand, especially where there are skills shortages (for example digital skill). However, in most that in most instances, employer demand was taken at face value, with limited attempts to influence. The main stakeholders engaged in skills provision were FE colleges, with increasing contributions from schools and universities. Interestingly, only of the LEPs interviewed made reference to independent providers. While the devolution of AEB was welcomed some suggested that creating the required management infrastructure was challenging for smaller LEPs

## **Regional Funding - calls for less bureaucratic and more flexible funding**

***Regional funding: how should the UK Shared Prosperity Fund be specifically targeted to replace EU Funding and address regional inequality?***

Widespread recognition that EU funding had been core to developing the local growth and skills agenda and expressed concerns around their ability to retain their influence post-Brexit in the absence of assured funding, particularly where they were not part of devolution deals. However, while reliant on EU funding it was viewed as bureaucratic and its requirement for matched funding could be problematic. LEPs interviewed called for the Shared Prosperity Fund to be less bureaucratic and allow for greater creativity and flexibility.