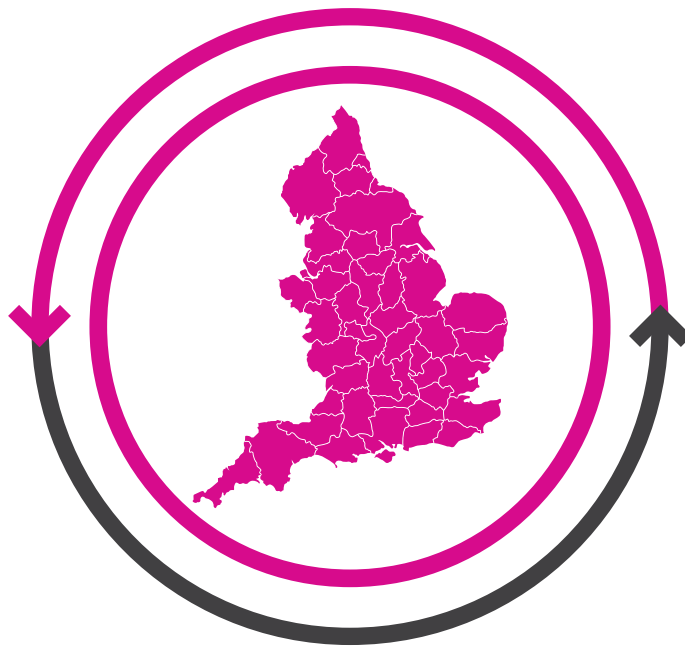


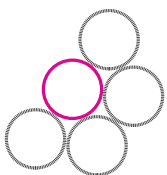


The
manufacturers'
organisation



DEVOLUTION IN ENGLAND

THE BUSINESS PLAN



**RE-ENGINEERING
POLICY**

FOREWORD

The transfer of decision-making and funding from central government to local areas in England has been a long held political aspiration, but nevertheless an aspiration that has been stuck on the drawing board.

There is a new momentum behind the principle of devolution in England. With strong political backing we are now hurtling towards new governance arrangements across England which will soon come with their own tailor made deals.

There will be a new face of accountability for local areas, but the process of devolution must not lose sight of the ultimate outcomes of stronger local economies, higher productivity and more and better jobs. These outcomes will be enabled by decisions made by local officials, but delivered by businesses.

This policy paper from EEF sets out manufacturers' initial views on the process of devolution, how it could make a difference to their local business environment and – most importantly – how they want to engage with what is set to be a fast moving policy agenda.

As different local economies have differing policy priorities and varying capabilities to deliver change there should not be a single blueprint for devolution within England.

This also means, however, that this will put additional onus on both business and local government to work together more effectively in order to identify the most pertinent barriers to growth and the remedies to overcome them. This is a process started by Local Enterprise Partnerships and one that they should continue to play an active role in leading.

While the pace of change in the short-term is set to accelerate, the journey will be long and will demand stamina and endurance to get the right results. To start with, manufacturers in England have three key messages for local decision-makers and government:

- Be ambitious about local growth, but while budgets are tight avoid duplication of programmes, frequent changes in support and adding to business costs
- Focus early action on the aspects of the local business environment which have both a strong local flavour and can demonstrate early wins for businesses and local growth – manufacturers believe this should be transport investment
- Make businesses part of the devolution process, by evolving LEPs and integrating their voice into the decision-making process of combined authorities

Businesses will also need to provide greater clarity about the aspects of the local business environment which can be improved, enhanced and reformed to boost economic growth. For businesses keen to see the right foundations put in place in their business environment, engagement with new governance structures can no longer be seen as an option.

The initial views set out here are drawn from our regional network of manufacturers around the country. EEF members and Regional Advisory Boards are standing ready to play their part in shaping the new devolved arrangements for England over the months and years ahead.

EXECUTIVE SUMMARY

Businesses are crucial to the success of devolution within England. Private sector firms are the ones who will pay the taxes, create the jobs and provide the economic growth that will deliver the ultimate outcomes of devolution in England – higher living standards and lower public sector expenditure through higher levels of productivity. Businesses want to help shape local policy decisions.

However the current debate on devolution within England has progressed at speed and from a manufacturer's point of view, has not focussed enough on growth.

In addition, due to some historical weaknesses in the relationship between local authorities and businesses, many companies do not have faith in the capacity and capability of local authorities to deliver on their expressed devolution promises.

The success of devolution in England will depend on early action to repair this weak relationship between local authorities and businesses. This will ensure confidence in the delivery of outcomes for both parties. An opportunity exists for this relationship to be repaired through devolution deals.

These deals will be a bottom up exercise outlining the case for the devolution of greater powers, financial freedoms and policy control to local authorities away from central government. They will also set out how local decision-makers intend to deliver better outcomes than central government can in these devolved areas.

For this to succeed businesses must be seen as partners in the negotiation and delivery of devolution deals. The initial focus for devolution must be on areas where tangible outcomes can be delivered in the near term, particularly transport infrastructure.

Alongside this, new governance arrangements must have businesses baked into the framework including establishing an independent business-led overview and scrutiny committee in areas that move towards combined authorities and metro mayors.

As a default, that committee should be the business-led Local Enterprise Partnership, although it is clearly right that individual combined authorities and deal areas should be able to devise their own arrangement. This is provided that it meets the criterion of being able to articulate authoritatively and effectively the business voice and hold elected Mayors and combined authorities to account for their economic decision-making.

MANUFACTURING WILL BE CENTRAL TO PRODUCTIVITY GROWTH IN ALL REGIONS

- Manufacturing is well distributed across England, a good inheritance for all areas to boost productivity
- The returns from devolution could be significant including boosting local tax revenues through growth
- The majority of manufacturers are based in non-urban areas, devolution must not be just a city based agenda

In July 2015 EEF published Regional Manufacturing Outlook, our annual report which lifted the lid on manufacturing across the UK¹. The picture was one of a geographically well dispersed sector in terms of total manufacturing output.

This is a solid inheritance to build on in every region as the UK seeks to improve its economic performance and boost productivity levels.

In the post-war period manufacturing productivity, as measured by output hour, has increased almost twice as fast as in the whole economy – 2.8% per year compared to 1.5% and many of the critical contributors to stronger productivity growth are evident in manufacturing.

These contributors include:

- A higher degree of export intensity exposes firms to competition, pushing them to be more productive and

can be a spur to improve management capability. Manufacturers are more than twice as likely to be exporters as other sectors of the economy.

- Investment in innovation leads to the development of new products, processes and services and supports the exploitation of new technologies. Manufacturers' investment in R&D is six times higher than their output share of the economy.
- Investment in modern machinery and ICT improves efficiency and accelerates the diffusion of technology. Manufacturers' investment in machinery is three times higher than their output share of the economy.
- Higher skills levels are associated with more productive sectors and firms. Between 2000 and 2013 the proportion of hours worked in manufacturing by employees with no qualifications has halved and the share worked by employees with a degree has increased by nearly 60%.

This strength goes some way to explain why the public back manufacturing. Six in ten (62 %) think that a stronger manufacturing sector will give the country more economic security and it is the sector consumers most want to see grow (48 % compared to the next closest sectors: services 15 % and construction 15 %)².

British industry therefore has a fundamental role to play in building a better-balanced and more robust economy of increased levels of productivity, investment and trade in every part of England.

DESPITE ITS STRENGTH MANUFACTURING IS NOT GROWING EVENLY ACROSS ENGLAND

In EEF's manifesto for the 2015 general election, we identified three core components of better balanced growth – increasing levels of investment, exports and productivity³. Despite manufacturing output being well dispersed, our Regional Manufacturing Outlook survey showed the variance across regions and within manufacturing across these components.

Some of this will be down to the differences in the sub-sector composition of manufacturing, demonstrating the difficulty in taking a one-size-fits-all approach. However, some of this will be down to local factors including how fertile the local business environment is for starting or attracting and growing a business. This is where devolution has a role to play.

WHAT SUCCESSFUL DEVOLUTION COULD DELIVER

Devolving power, responsibility and money to local areas in England can help to deliver some of this better-balanced growth. Devolution could help to further embed the foundations for growth through stronger local leadership, tailoring national programmes to local needs and ensuring faster and more responsive action on local barriers to growth.

If successful, the returns from devolution could be significant. The RSA City Growth Commission notes if the UK's top 15 'Metros' were to grow at the UK average between 2013 and 2030 (as opposed to below it), it is estimated they would generate an additional £79bn in growth over that period⁴.

This would deliver for local areas:

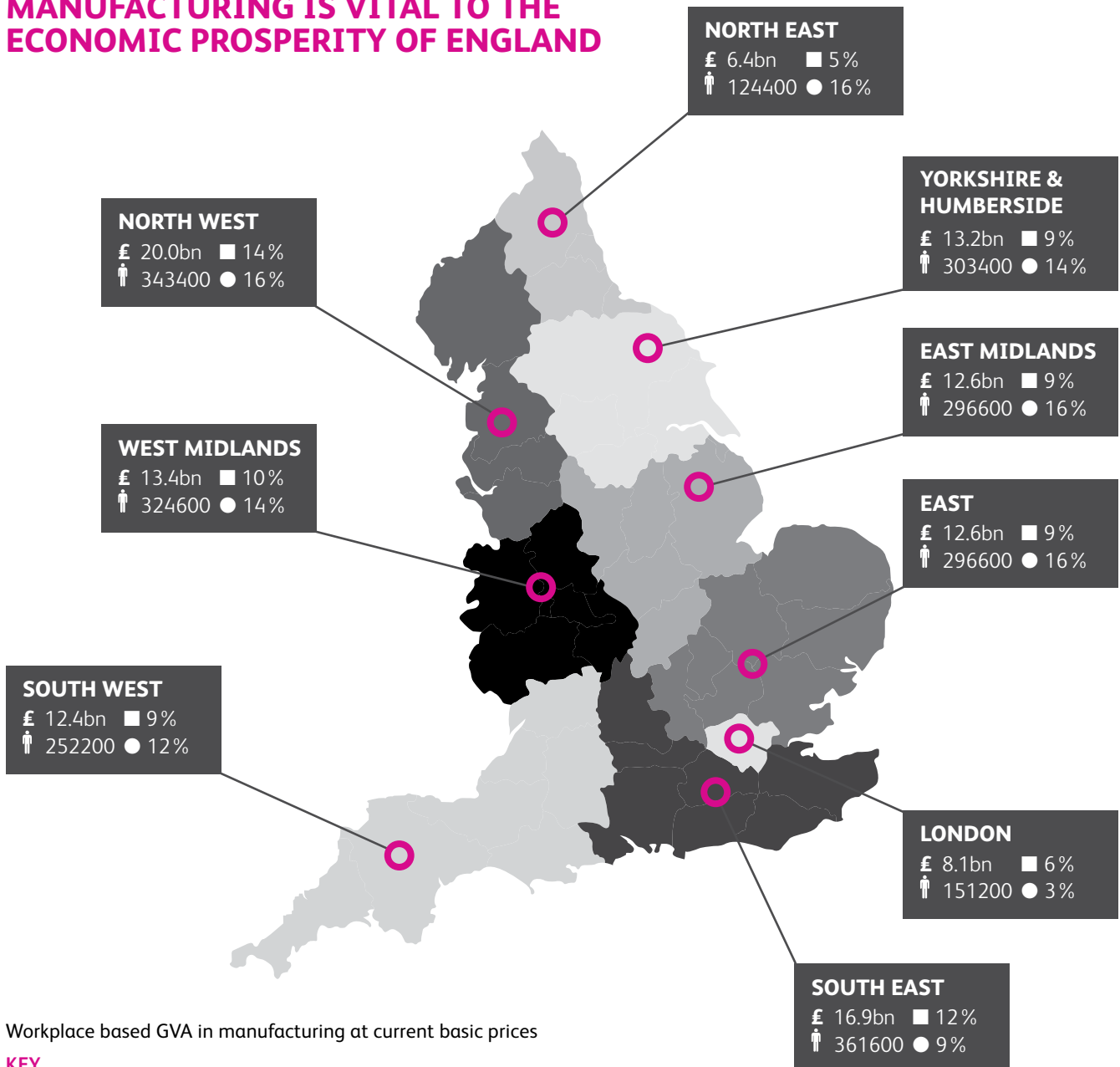
- A more equitable tax take across England, reducing the need for fiscal transfers across regions
- A more resilient business environment in all economic conditions and with it more resilient public finances and
- An increase in the tax base, leading to lower taxes overall for employees, consumers and businesses

There is no template and nor should there be for genuine devolution. This is why the government is right to pursue devolution through engagement and negotiation on priorities with local areas. This allows local areas to focus on which policy levers they will need to tackle the challenges specific to their areas.

While the initial rounds of devolution have focussed on metro areas such as Greater Manchester, it is worth remembering that the majority of manufacturers are largely based in rural areas – as the County Councils Network notes, 53 % of all jobs in manufacturing are in county council areas⁵. The potential benefits of devolution must be available to all parts of the country, ensuring no business gets left behind.

The nature of this case by case approach will ultimately lead to a diverse debate at the local level. EEF has been engaging with our members at this level to draw out specific local needs and the common themes of the devolution debate. This has allowed us to continue to represent the initial views of manufacturers at the most appropriate governance level. The next section highlights some of the most common themes, expressed by manufacturers, which are applicable across England.

MANUFACTURING IS VITAL TO THE ECONOMIC PROSPERITY OF ENGLAND



Workplace based GVA in manufacturing at current basic prices

KEY

- £ MANUFACTURING OUTPUT (£BN)
- 👤 NO. EMPLOYED IN MANUFACTURING, 000s
- % OF UK MANUFACTURING
- % OF REGIONAL OUTPUT

¹ Regional Manufacturing Outlook, EEF, July 2015

² YouGov poll for EEF, September 2014

³ EEF's 2015 Manifesto: Securing a manufacturing renaissance, EEF, February 2015

⁴ Unleashing Metro Growth – final recommendations, RSA City Growth Commission, October 2014

⁵ County Devolution – summary report, County Councils Network, March 2015

WHAT DO MANUFACTURERS THINK ABOUT THE CURRENT DEBATE ON DEVOLUTION IN ENGLAND?

- Localism policy developed in the last parliament has left a lot of positive initiatives to build on and has set economic development on a more strategic path
- However businesses need to understand local political drivers more, while local politicians need to take measures that will enable local businesses to prosper sustainably

EEF's conversations with businesses on the subject of devolution highlight a diverse picture on the developing debate across England. While clearly there will be differences of opinion – and broadly businesses can see some of the benefits of devolution – there are also some common concerns.

Manufacturers can point to positive behaviours. There are clearly several positives which back up the case for devolution and which work to support the argument for local authorities to take on additional responsibilities. The most notable, which rarely gets discussed, is that local authorities must, and do, balance their budget every year, something which has evaded central government for some time now. Devolving more to local authorities increases the range of government activity within a more structured fiscal framework – safeguarding them for the future.

BUT THE MESSAGE IS NOT GETTING THROUGH

Despite this, the message is not getting through to a significant number of manufacturers judging by the worries that have come through more strongly during our discussions with them on devolution.

Clearly differences exist across and within regions but there are some common themes which have emerged which are outlined below. This is a clear sign of the challenges that need to be overcome; business support for devolution should not be taken as granted.

WHAT MANUFACTURERS ARE WORRIED ABOUT – COMMON THEMES

A lack of clarity behind local devolution ‘asks’

- With a general feeling that this is about power and not to do with growth.

The feeling that local authority capability to deliver in broader areas of business policy is lacking

- Echoed by IPPR North in a report on business attitudes to the Northern Powerhouse “just one in four respondents thought that local government was up to the job of having more power.”⁶

A worry that this will lead to duplication and more costs for businesses.

- Manufacturers express a particular worry in the areas of innovation and adult skills funding, where duplication would create a level of confusion. This would not support business plans for investment.

THE MISSING BUSINESS VOICE

Alongside these worries there is a feeling that the business voice is absent from the debate, with the key players being almost entirely political.

Local Enterprise Partnerships (LEPs) which were set up to articulate the local business voice have seen frequent changes in their remit and the requirements placed upon them, with uncertain resources to deliver. This has resulted in limited and sometimes unstructured business engagement.

EEF’s survey of members shows the work that needs to be done by Local Enterprise Partnerships to get even closer to their local business communities. The current speed of devolution risks the potential of just engaging with those who have the time to listen or to make their voices heard - notably from our survey, larger businesses.

EEF believes that as part of the devolution process, it is crucial that LEPs remain in place, and in some instances evolve, to continue to articulate the business voice. Our survey⁷ showed the strength of recognition that is available to build on, 75 % of manufacturers could self-identify their own Local Enterprise Partnership.

A CASE OF HERE TODAY GONE TOMORROW?

Additionally there is a feeling that this will be yet another case of policy being ‘here today, gone tomorrow’ and that engaging will be wasted time as localism could fall out of favour as part of the political cycle.

Given the significant changes in local economic development policy over the last few decades, this feeling is not without merit. The National Audit Office review of local economic growth funding and structures noted: “The phase of change in place since 2010 is distinctive. It has entailed the almost complete removal of existing structures and funding for local growth, both locally and regionally, and their replacement with new structures and funding, local freedoms and responsibilities.”⁸

Diving deeper, our analysis shows that the main factor which determines whether or not businesses view devolution in a positive light is their existing relationship with their local authority. For most, this is a relationship that has been dysfunctional for some time for a number of reasons. This relationship is explored further in the next section.

⁶ Full steam ahead: Business attitudes towards the northern powerhouse, IPPR North, June 2015

⁷ EEF Business Environment Survey, October 2014

⁸ Funding and structures for local economic growth, National Audit Office, December 2013

THE RELATIONSHIP BETWEEN LOCAL AUTHORITIES AND MANUFACTURERS

- At the moment we have a problem that requires an honest assessment, the relationship between businesses and local authorities is not as strong as it should be
- By and large this relationship, where broken, is the knock on effect of rigid central government policy initiatives being delivered by local authorities
- Devolution presents an opportunity for a reengagement between local authorities and businesses

The case for devolving decision-making to England's cities and regions is not only backed by a strong economic argument but also supports democratic decision-making.

Local accountability not only closes the democratic deficit, it allows decisions about investment and resources to be taken in response to local economic conditions rather than being driven by national policy objectives.

However, newly-empowered local decision-makers will only be as effective as their understanding of the requirements of local businesses allows them to be. This implies a close conversation between city and county government, and the businesses it serves.

Manufacturers' experience of local economic development activity to date has however been very different and this needs to be addressed. The ambition should be to move from a largely transactional and short-term relationship towards a genuine partnership.

A TRANSACTIONAL RELATIONSHIP

Too often, the relationship between local authorities and businesses has been merely transactional. A small number of business leaders may be closely engaged in strategy development, but for the majority of firms, contact with the council would be on either a regulatory issue (e.g. planning application or environmental health), for financial payment (business rates), or as a consumer of services (e.g. using local roads).

In addition, EEF members have long felt that, because of a top down relationship with central government, local authorities have struggled to develop a sustained approach to economic development, with frequent changes of approach in response to changing national policies.

BASED ON MANUFACTURERS' RESPONSES TO THE QUESTION: HOW WOULD YOU DESCRIBE YOUR COMPANY'S CURRENT RELATIONSHIP WITH YOUR LOCAL AUTHORITY?

Minimal You get out what you put in as a business **Adequate but passive** Limited contact
Pretty good **Practically non-existent** **Ok for low level issues but they definitely do not think big enough to deal with big issues** Somewhat random and rather non-existent
Extremely poor/non-existent **OK but nothing special** **Non-existent - we pay our rates that's it!** **Almost non-existent** **Distant** Very good **They provide no support, information, communication** **Positive engagement on a number of issues** **Transactional**
Non-existent **Recognise when assistance can be targeted but still too uncoordinated and subject to changing political agenda** **Very good relationship** **Cooperative and productive** **Distant** **Non-existent** **Could be improved** **Distant to non-existent**

Local authorities have historically had to contend with annual budget allocations – subject to central government formulas and ring fences, including in more recent years unpredictable reductions in central government grants.

A SHORT-TERM FOCUS

In addition to a fleeting relationship, central government policy initiatives to tackle economic or social challenges have often been implemented in a blunt way at the local level with little opportunity for local tailoring. These schemes have also been subject to frequent changes or cancellation.

This short-termism is a particular concern for the manufacturing sector, which competes at a global level and where investment and employment decisions will be taken based on long-term considerations.

This focus on the short-term, be it budgeting, decision-making or political cycles of local authorities, has inhibited trust building and effective communication with local authorities.

In recent years central government has sought to change this by removing budget ring fences and incentivising growth through the business rates retention scheme. However, even here businesses have expressed frustrations at the tactics used to maximise the levels of retained business rates income by local authorities.

This is one reason why businesses are largely against the idea of full fiscal devolution to English regions. It also points even more to the need for a focus on tangible positive outcomes to the local business environment to regain the trust of businesses.

WITH GREATER POWERS COME GREATER RESPONSIBILITY FOR ENGAGEMENT

Businesses are crucial to the success of devolution in England, they are the ones who will pay the taxes, create the jobs and provide the economic growth that will deliver the ultimate outcomes of devolution in England – higher living standards and lower public sector expenditure through higher levels of productivity.

Local authorities will need to work with them to ensure the maximum return on investment from policy interventions, which will include greater tax receipts or lower social and other expenditure. Government recognises the importance of businesses to this debate and have included support from local businesses as one of their three ‘checks’ on devolution asks submitted by local areas.

In the event of local programmes failing to deliver on their outcomes, this could help to build the evidence base for a return to centralisation, weakening public and business support and setting back progress on devolution for decades. The ultimate prize is a local business community side-by-side with local authorities making the case in the future for even greater levels of devolution. This will come about through a good relationship and successful outcomes from this current round of devolution.

Additionally, tax retention should help to incentivise local areas to increase the size and value of their tax base through growth, while also devolving some risk.

There are models of strong business engagement around limited local tax and spending decisions such as the creation of Business Improvement Districts. But it would take a step-change in the quality of the conversation between councils and firms, and a much higher degree of trust than currently exists, for manufacturers to be comfortable with systematic devolution of tax decisions.

BUSINESSES NEED TO STEP UP TOO

Any conversation is a two-way street. Changes in the last parliament, notably the requirement for strategic economic plans and multi-annual financial settlements, have changed the nature of how local authorities will be working in the future and given them good reasons to engage better with business.

Businesses for their part also need to be clear on what their priorities are and communicate these effectively with local authorities and Local Enterprise Partnerships, explaining what policy initiatives are needed in the local business environment, while robustly challenging changes which may lead to duplication with little added value.

There are benefits to engaging, particularly as devolution will be locally driven. Local partnerships between businesses and local authorities which can identify local barriers and marry these with local policy initiatives will reap the benefits.

Areas that do not, will be left behind – including businesses in these areas. To repair the relationship between local authorities and businesses will require strongly defined and focussed devolution asks and a stronger framework for business engagement. The next section outlines what manufacturers currently think would be a good fit.

FISCAL DEVOLUTION

Where action is taken at the local level to support growth, it is right that the payback for that should be felt at the local level as well. Tax retention schemes ensure that there is a clear link between taking action to invest for growth at the local level and keeping the financial benefits of that growth for future investment.

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COMMENTS FROM MANUFACTURERS ON DEVOLVING THE ABILITY TO SET LEVEL OF BUSINESS RATES

“Local authorities may see this as an easy way of generating income.” “Need to ensure a level playing field.” **“Should be centralised to ensure fairness across the UK.”** **“Too much disparity between regions could create big swings in rates.”** “I want to be paying the same as an equivalent company in South Yorkshire, just 5 miles away.” “I have very low confidence that the local authority will use the income for any level of support for manufacturing and engineering. Their focus is on agriculture, services, tourism, low paid work and the elderly.” **“Increased costs, work could move to other areas with cheaper business rates.”** **“Need to ensure local councils don’t use business rates as the easy option to raise income to support excessive expenditure.”** “We would need to be sure we have the political balance right otherwise we run the risk of the business rate becoming a political levy, using business as a source of funding to plug gaps in public sector budgets.” **“Too worried that business is an easy target to source revenue - we don’t vote.”** **“Needs to be a level playing field across the UK.”** **“Needs further debate on what that could look like.”**

WHERE DO MANUFACTURERS THINK DEVOLUTION COULD ADD VALUE?

- Manufacturers want an early down payment from local decision makers on transport investment
- Local authorities need to be more specific on what they feel the outcomes of devolution ‘asks’ will be for businesses

TRANSPORT INFRASTRUCTURE

Transport is an economic enabler not just in terms of allowing people to get the jobs they want and businesses to access wider talent pools, but also in terms of enabling future support for devolution from the business community through tangible and visible improvements in local transport networks.

Infrastructure, particularly transport, is central to productivity and is the bedrock of the local business environment. Beyond supporting economic activity to take place it enables and boosts the productivity of people and capital. Infrastructure also has a natural locally driven dimension.

Manufacturers place a high stock in infrastructure availability and quality. Placing it fourth on the list of factors determining where they will locate their next global investment according to EEF’s surveys⁹.

Despite the importance of infrastructure, the UK has underinvested for decades. The OECD notes that annual infrastructure investment of around 3.5 % of GDP is necessary in developed economies to avoid “implications for living standards and quality of life”. Current government expenditure puts public sector infrastructure investment at around 1.5 % and falling as a share of GDP to 2019/20.¹⁰

Devolution of transport power is also important as it provides access to the public transport fare box, which could be borrowed against for additional infrastructure investment. Businesses are also more likely to support additional taxes, such as a supplementary business rate levy, where they know funding will be driven straight into an infrastructure investment programme.

It is therefore unsurprising that manufacturers are strongly supportive of transport being an initial focus of devolution in England, our previous surveys have shown this to be the main challenge in local business environments.

COMMENTS FROM MANUFACTURERS ON DEVOLVING LOCAL TRANSPORT AND INFRASTRUCTURE POLICY

“It’s in the local interest to invest, develop and promote local transport.”

“As investment nationally has been centred on the South East, the North East is left out.”

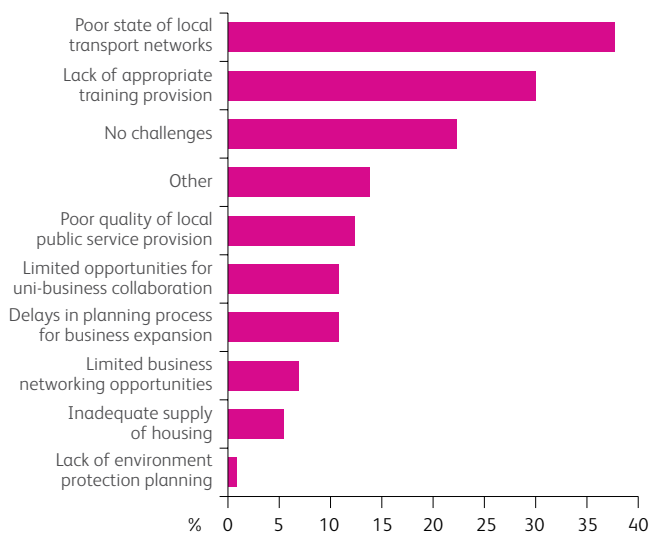
“Local authorities should be best placed to know what local needs are.” “I would expect local authorities to have better understanding of public transport requirements.”

“Maintaining local infrastructure should sit with the council, though M roads and other critical A roads should remain with Whitehall.” “Local issue so local management.” **“We need 24 hour bus access to support the shift system.”**

“Needs immediate local focus.” “A combined authority could approach the cross-borough nature of transport better than current councils or central government.”

Transport is the main challenge that needs to be addressed in the local business environment

% manufacturers citing factor as a top-two business challenge in their local area



Manufacturers believe that local authorities should prioritise the devolution of transport in their negotiations with government. Transport investment powers will boost productivity, deliver financial returns and support the rebuilding of trust with local businesses.

DELIVERY OF BUSINESS GROWTH SCHEMES INCLUDING MANUFACTURING BUSINESS SUPPORT

In other areas the devolution of policy and responsibility is less widely supported at the moment. Manufacturers believe the case is not as yet proven for devolution in areas such as innovation support, export support and control and delivery of apprenticeship funding.

In these areas manufacturers believe local authorities can add value through better signposting to existing schemes in operation, allowing business interactions to determine the success or failure of schemes.

COMMENTS FROM MANUFACTURERS ON DEVOLVING BUSINESS SUPPORT AND OTHER PROGRAMMES

“Aerospace in our context is the key sector, many of these activities are best looked at nationally to ensure a coordinated UK approach.” “Development of industrial strategy – this needs a national framework.” **On innovation:** **“Should be the same for all.”** **“Manufacturing is spread across the UK and support should be uniform.”** **“Under no circumstances.”** **Apprenticeship funding:** “National issue too important.” **“The problem with accessing support schemes is the diversity of providers and schemes, it takes good luck and effort to know what is available. The on/off erratic nature is difficult to keep up with.”** **On export support:** “Needs to be nationally administered to have sufficient clout.”

While they do not rule it out as something that could be part of the devolution process at some point in the future, the feeling is that local authorities need to make a down payment in areas such as infrastructure – where success will be tangible.

In the area of skills and employment policy, there is some frustration that ‘skills’ is used as a catch-all term, despite this area being a large, complex and critical area for businesses.

Local authorities must provide specificity on what parts of the skills system they are interested in and why. This should include what they feel the outcomes will be for businesses, in order for manufacturers to trust and support that plans are about growth and not just about control of large funding pots.

⁹ EEF’s 2012 Investment Survey

¹⁰ Briefing Paper - Infrastructure Policy, House of Commons Library, June 2015

BUSINESSES AS PARTNERS

- As strategy for economic development passes from LEPs to combined authorities, businesses risk being locked out of the debate on the priorities for devolution in England
- The government should amend the Cities and Local Government Devolution Bill to require a business-led overview and scrutiny committee

To ensure that devolved decision-making really delivers policies tailored to the needs of the local economy, the business voice needs to be a crucial partner at the local level.

This voice must guide decisions not just on what should and should not be devolved in the future but play a role in shaping how devolved powers can be put to the best use to deliver tangible and positive outcomes.

LEPs have already highlighted the declining influence in areas with combined authorities, with decisions increasingly taken ‘in house’. The Smith Institute/PWC report, *Delivering growth – where next for LEPs*,¹¹ highlighted some of this worry. They note the suggestion that some LEPs could become “completely subsumed and end up working for, rather than with, the Combined Authority.” Other LEPs interviewed for their report shared similar concerns, with one noting “The biggest threat is a power grab from local authorities”.

MANCHESTER’S APPROACH TO BUSINESS ENGAGEMENT

Manchester’s combined authority has worked both with its LEP, and with a Business Leadership Council. The chairman of the Business Leadership Council has a seat on the combined authority, and the Business Leadership Council is supported by Combined Authority staff. The commitment of the Combined Authority to work with business and to embed the business voice in its structures is something EEF members would hope to see replicated elsewhere. There is, however, an ambiguity (to outsiders at least) about which, the LEP or the Business Leadership Council, is Manchester’s business voice.

LONDON’S APPROACH TO BUSINESS ENGAGEMENT

London’s model has also worked reasonably effectively. With its strong focus on transport, businesses have been able to trust the Mayoral framework and GLA structures. The City of London also has its own governance arrangements including uniquely, an electorate that includes businesses. The LEP (London Enterprise Panel) in London is an advisory panel to the Mayor of London and is chaired by the Mayor and not a business leader as in other parts of the country.

EEF members have highlighted how the views of the Mayor can serve to skew the expressed view of the business members of the LEP on issues such as airport expansion. This relationship in London should not be replicated elsewhere as this would serve to undermine the voice of the local business community.

CEMENTING THE PARTNERSHIP APPROACH

EEF believes that LEPs should remain business-led not politically-led and should be made part of the governance framework to ensure that devolution delivers for local business.

The Cities and Local Government Devolution Bill should be amended to require combined authorities to have in place an independent business-led overview and scrutiny committee. This committee will continue to provide the partnership, engagement and business voice on local economic decisions being taken.

As a default, that committee should be the business-led LEP, although it is clearly right that individual combined authorities and deal areas should be able to devise their own arrangement provided it meets the criterion of being able authoritatively and effectively to articulate the business voice and hold elected Mayors and combined authorities to account for their economic decision-making.

WHAT DOES GOOD BUSINESS ENGAGEMENT LOOK LIKE?

Different organisations and sectors will have to figure out what works best, taking into account a local perspective.

From a manufacturing point of view EEF as the representative voice for manufacturing, engages closely with members and non-members on a range of issues affecting their businesses, offering organisations an ‘in’ to engage directly with manufacturers.

This engagement could take place either through one of our regular forums, such as our quarterly Regional Advisory Boards, or through working through our Regional Directors to understand the needs of manufacturers across different parts of England.

Ultimately, this engagement will need to be structured, timely and sustained. This includes clarity on what information is sought, why, when the information is needed and how those wishing to engage will follow up with businesses who have been engaged.

It will also need to start off with a realistic overview of where local authorities feel they can and should add value and where they are absolutely clear that they cannot.

¹¹ Delivering growth: Where next for Local Enterprise Partnerships?, Smith Institute/PWC, June 2015

The list of EEF's Regional Directors who can be contacted to discuss devolution priorities within their area is set out below.

Richard Halstead

Regional Director – Midlands and East
EEF
Pera Business Park
Nottingham Road
Melton Mowbray
LE13 0PB

E: rhalstead@eef.org.uk

T: 0121 456 2222

Liz Mayes

Regional Director – North East
EEF House
Queens Park
Queens Way North
Team Valley Trading Estate
Gateshead
Tyne and Wear
NE11 0NX

E: lmayes@eef.org.uk

T: 0191 497 3240

Steve Warren

Regional Director – North West
EEF
Glazebrook Lane
Glazebrook
Warrington
WA3 5BN

E: swarren@eef.org.uk

T: 0161 777 2500

Jim Davison

Regional Director – South
EEF
Station Road
Hook
Hampshire
RG27 9TL

E: jdavison@eef.org.uk

T: 01256 763 969

Andrew Tuscher

Regional Director – Yorkshire and Humber
EEF
Advantage House
Poplar Way
Catcliffe
S60 5TR

E: atuscher@eef.org.uk

T: 01709 782 930

ABOUT EEF

We are the voice of UK manufacturing and engineering and a leading provider of business support. We want manufacturing industry, and your business, to be able to thrive, innovate and compete, both locally and on a global scale.

We work with the UK's manufacturers from the largest to the smallest and because we understand manufacturing so well, policy-makers trust our advice and welcome our involvement. We work with them to create policies that are in the best interests of the sector, that encourage a high growth industry and boost the manufacturing sector's ability to make a positive contribution to the UK's economy.

Our policy work delivers real business value for our members, giving them a unique insight into the way changing legislation will affect their business. This insight, complemented by intelligence gathered through our ongoing member research and networking programmes, informs our broad portfolio of business support services which include HR & employment law, health, safety and environment and productivity improvement. We also provide a wide range of training, from engineering apprenticeships to management and leadership development.

To find out more about becoming an EEF member, contact us on 0808 168 5874 or email us at enquiries@eef.org.uk

To find out more about this report, contact:

Lee Hopley

Chief Economist
0207 654 1537
lhopley@eef.org.uk

Chris Richards

Senior Business Environment
Policy Adviser
020 7654 1512
crichards@eef.org.uk

Madeleine Scott

Senior Policy Researcher
020 7654 1502
msscott@eef.org.uk

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