

The Involvement of Colleges in Local Enterprise Partnerships

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Foreword

This report explores the changing role of Colleges in local economies. With new Local Enterprise Partnerships (LEPs) being set up, and the continuing emphasis to rebuild the UK's economy after the downturn, now is the right time to look afresh at how Colleges support their host economies and what they can bring to the new LEPs.

Colleges have always been at the heart of their local communities and economies, reflecting their origins in the technician and craft movement from which many of England's 351 Colleges were established. Since then, Colleges have adapted and changed their curricula and services, responding (and in many cases anticipating) changing economic circumstances, seeking to provide the skills and development opportunities to support learners and industry.

Today, Colleges educate and train over 2.5 million adults every year, provide 41% of all vocational qualifications and employ 265,000 people in their own right. It's also worth remembering that Colleges typically provide the majority of intermediate and higher-level skills training for a local area with most universities having a national or international focus.

The new Local Enterprise Partnerships provide a fresh opportunity to examine what more can be done to support growth and job creation in an area. Skills was the most frequently cited priority in the first wave of LEP proposals submitted to Government last autumn, and the AoC supports and welcomes this consensus. The challenge is now to agree effective working relationships and priorities, locality by locality, to turn this strategic commitment into action.

This research and report, undertaken by Jay Hunt on secondment to AoC from the South East England Development Agency, reaches three key conclusions:

- Firstly, there needs to be greater appreciation of the role of Colleges in supporting economic growth, and that further efforts by LEPs should build on this track record.
- Secondly we need to shift the tone of the skills debate away from direction and control to one based on mutual accountability and trust between Colleges, employers and local Government. Core to this is appreciating that Colleges are strategic partners and 'co-creators' committed to supporting local economic growth.
- Thirdly, we need to create a culture of co-investment in skills. Government is clear that it expects employers and individuals to contribute to deliver workforce development and training solutions at Level 3 and above. To achieve this, Colleges need the support of their LEPs in driving up employer ambition and investment in skills.

The interviews, case studies and survey results detailed in this report were conducted in January 2011 and paint a mixed picture of College engagement with the new LEPs. Most strikingly, 86% of Colleges responding to an AoC-commissioned survey considered their College as having a strategic role to play in their local economy, yet only 9% of respondents felt fully engaged in their LEP.

I'm pleased to report that since that survey was undertaken, progress has been made with several further LEPs inviting FE onto their main board, but there's still a way to go. I do hope this report spurs further consideration of the role of FE in supporting local economies leading to closer, trusted working relationships across all localities.

Martin Doel, Chief Executive



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1 Executive Summary

This research report provides an initial assessment of College engagement in the establishment and development of LEPs to date, and seeks to capture the value Colleges bring to their local economies as co-creators of economic growth.

Nearly all LEPs have identified skills as a strategic priority in their bids to Government, and AoC's survey of its members demonstrates that Colleges want to work with their LEP and have a strong commitment to supporting economic growth. This points to strong synergies between the evolving network of LEPs and the College sector.

However, the research has also uncovered a range of issues that may prevent productive working relationships developing between LEPs and Colleges, in particular:

- Patchy engagement between Colleges and the evolving LEPs.
- In some areas a misunderstanding of the nature and extent of contribution FE can make to economic growth, combined with outdated views on how Colleges determine their curriculum and engage with employers.
- Insufficient recognition of existing programmes and services provided by Colleges to meet the skills needs of the locality.

This report also identifies a 'false start' in the development of LEPs with respect to skills, with local stakeholders developing their proposals to Government before the new National Skills Strategy was published. This resulted in some local authorities through their LEP proposals seeking commissioning powers over skills budgets.

In moving forward, AoC recommends that Colleges need to be recognised by LEP partners as a strategic partner, with a remit and ethos that goes significantly beyond simply being a training provider. Colleges are significant assets to local economies and should be viewed as strategic partners and co-creators committed to supporting economic success.

The report identifies the following five potential areas for collaborative working between Colleges and LEPs:

- **Joint working on labour market intelligence (LMI)** - Colleges and LEPs should work together to review what gaps there are in local LMI and agree an action plan to address them.
- **Raising employer ambition and investment in skills** - Colleges and LEPs should work together to raise employer investment and ambition on skills, potentially through the facilitation of compacts between FE/HE and the business community to deliver agreed learning outcomes.
- **Working together to define and deliver transformational outcomes** - LEPs should fully consult and work with FE in defining priorities, particularly with regard to Regional Growth Fund submissions, to maximise the value of skills as an enabler to economic growth and job creation.
- **Aligning respective local leadership roles** - Colleges and LEPs should agree terms of engagement and capitalise on respective leadership experience and abilities. FE should hold a seat on each of the LEP Boards.
- **The alignment of local services to business and joining up the 'employer offer'** - LEPs should work with Colleges to discuss the potential of Colleges to operate as 'local business support hubs' providing a route to market to SMEs.



2 Introduction

2.1 Context

In June 2010, Government invited business leaders and local authority leaders to submit proposals on how they sought to take control of future economic development in their locality through the establishment of Local Enterprise Partnerships (LEPs). The invitation anticipated that LEPs *“will want to work closely with universities and further education colleges, in view of their importance to local economies.”*¹

On 28 October 2010, the Government announced the first round of LEPs. 24 out of the 62 localities submitting proposals were asked to proceed with establishment of their Boards and ‘get to work’, and a further six localities have subsequently been approved.

This research project provides an initial assessment of College engagement in the establishment and development of LEPs to date, and seeks to capture the value Colleges bring to their local economies as co-creators of economic growth.

2.2 Aims and methodology

The research focused on:

- Assessing the extent of College engagement in the formulation and establishment of LEPs.
- Defining what Colleges can contribute to, and gain from, engagement with LEPs.
- Arriving at recommendations on how best to further strengthen College engagement with LEPs.

The methodology for the research followed four stages:

- Undertaking a contextual literature review and reviewing the 27 LEP proposals given the ‘green light’ by Government to provide a mapping of LEP skills priorities and initial assessment of College engagement in the development of LEP proposals.
- Undertaking an electronic survey of Colleges across England to ascertain the extent and nature of their involvement in LEPs to date, and the drivers behind this engagement.
- Working with Colleges in four case study areas (Staffordshire and Stoke-on-Trent, Solent, West of England and Greater Lincolnshire) to understand their specific involvement in the evolving LEP agenda and their role in economic development more generally. The case study areas were chosen in consultation with AoC Regional Directors to reflect different types of rural and urban localities and economies.
- To test research findings and recommendations at a series of events co-sponsored by the AoC and Local Government Association (LGA).

AoC thanks the many Colleges and partners that contributed to this research.

AoC welcomes comments and debate on the findings of this research report. To discuss further please contact Teresa Frith, Senior Skills Policy Manager at AoC.

¹ Letter from the Secretary of State for Business, Innovation and Skills and the Secretary of State for Communities and Local Government to local authorities and local business leaders dated 29 June 2010



2.3 About the author

Jay Hunt undertook this research on secondment to the AoC. Jay heads up the Skills and Employment team at the South East England Development Agency (SEEDA), supporting the economic development of this world-class region. Jay has worked in the learning and skills sector for the past ten years. He has significant experience in developing skills policy and partnerships, in particular working with Colleges on business development and employer engagement.

Jay joined SEEDA in 2001 and has led a range of SEEDA's initiatives and support programmes. In 2009 he took up the role of Acting Area Director, overseeing SEEDA's programmes across Hampshire and Isle of Wight, and chaired a redundancy taskforce in response to the closure of Linde MH's manufacturing facility in Basingstoke.

In 2007 Jay led development of the ESF South East Framework for 2008-13 and in 2005 he managed development and roll-out of the 'Action for Business Colleges' standard in partnership with the LSC.

Prior to joining SEEDA, Jay helped set up Higher Education South East, the regional association for universities, and authored a study investigating the contribution of higher education to the South East economy.



3 Policy overview

3.1 Policy background

LEPs are a key part of the Government's ambition to create the conditions for growth and rebalance the economy towards the private sector, providing a focal point for local partners to unite around key priorities to drive economic growth and create jobs. The original letter inviting local partners to submit proposals to establish LEPs anticipates that:

"LEPs will wish to provide the strategic leadership in their areas to set out local economic priorities... Partnerships will therefore want to create the right environment for business and growth in their areas, by tackling issues such as planning and housing, local transport and infrastructure priorities, employment and the transition to a low carbon economy."

The letter goes on to envisage that local partners will *"want to work closely with universities and further education colleges, in view of their importance to local economies."*²

The role of Colleges in LEPs was detailed further by the responsible Minister, Mark Prisk MP, who said in answer to a question from Margot James MP at the Business, Innovation and Skills Select Committee, on 19 October 2010:

"I would hope that the civic side of the leadership would incorporate not just local authorities but obviously FE colleges, universities and of course the trade union movement as well, because they are all part of that local economy."

The Select Committee, in its report on LEPs, made a specific recommendation on further education, which stated:

*"Further education involvement in LEPs seems to us to be particularly important to addressing skills gaps, while higher education involvement makes sense from the point of view of encouraging ideas for LEPs to use in innovation. We believe that LEPs should consider co-opting representatives of further education and higher education onto their governing bodies, either permanently or on an ad hoc basis."*³

3.2 FE and localism


It should be noted that LEPs are the latest initiative from Government to spur more effective joint working and outcomes at the local level. Many Colleges have a track record in playing a strategic role in economic development and planning of services at a local level, actively contributing to locally-driven frameworks and initiatives, including Total Place, Local and Multi-Area Agreements, Local Strategic Partnerships, and Employment and Skills Boards.

Colleges also interface with local business groupings, primarily Chambers of Commerce, and frequently run HR fora and business networks, designed to both inform College services and provide local business networking and seminar opportunities.

Typically, Colleges have tailored their approach to each of these distinct initiatives, reflecting the observation by LSIS that:

² Letter from the Secretary of State for Business, Innovation and Skills and the Secretary of State for Communities and Local Government to local authorities and local business leaders dated 29 June 2010

³ Para 73 Business, Innovation and Skills Select Committee report on Local Enterprise Partnerships, 9 December, HC434



“there is unlikely to be a single ideal model for engagement of colleges with local public and private sector partners that will fit well with these very different geographies. Each college should determine explicitly the geographic and interest communities that it serves and how it can most effectively respond to these, individually or in partnership with others.”⁴

3.3 LEPs and skills

The ‘Local Growth: realising every place’s potential’ White Paper, published in October 2010⁵ confirmed that LEPs would not gain strategy setting powers or budgets relating to education or skills. Rather it proposed that LEPs will *“develop effective working relationships with the further and higher education sector”* on a host of fronts, including:

- Business start-up and support, working with LEPs to ‘promote a more entrepreneurial culture, for example through business engagement in schools and start-up training in Further Education Colleges.’
- Alignment of strategic priorities and associated delivery across a range of partners. Specifically for skills, *“Colleges and training organisations will be encouraged to form self-organised networks so they can engage more easily with LEPs to agree skills priorities and how they can best be delivered.”*
- Raising employer skills ambitions, with a commitment to *“encourage LEPs to develop effective working relationships with the further and higher education sector... in order to agree how to generate the demand for agreed strategic priorities locally.”*

Further clarification of the role of LEPs in the skills agenda was set out in the Government’s ‘Skills for Sustainable Growth’ strategy document published in November 2010.⁶ The strategy confirms the Government’s preference for higher and Further Education institutions to work together collaboratively, through:

“self-organised networks, so that they can engage with their LEP to ensure alignment between the economic development priorities and the skills provision available locally.”

‘Skills for Sustainable Growth’ also sets out the accountability arrangements associated with this dynamic, with an expectation of LEPs and further and higher education stakeholders’ work *“on the basis of partnership and agreement”* with LEPs not having formal powers to direct or control the activity of skills providers. This is reflective of the Government policy to provide Colleges greater freedom and autonomy.

⁴ The Involvement of colleges in the Total Place pilots, July 2010 LSIS

⁵ ‘Local Growth- Realising every place’s potential’ HM Government, 28th October 2010

⁶ ‘Skills for Sustainable Growth’ Strategy Document, BIS, 16th November 2010

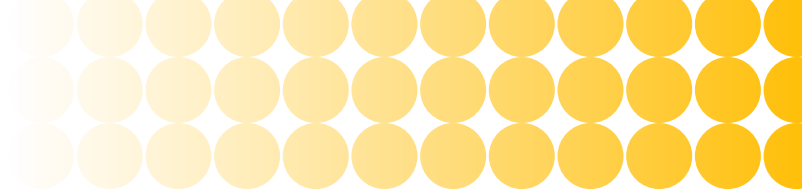
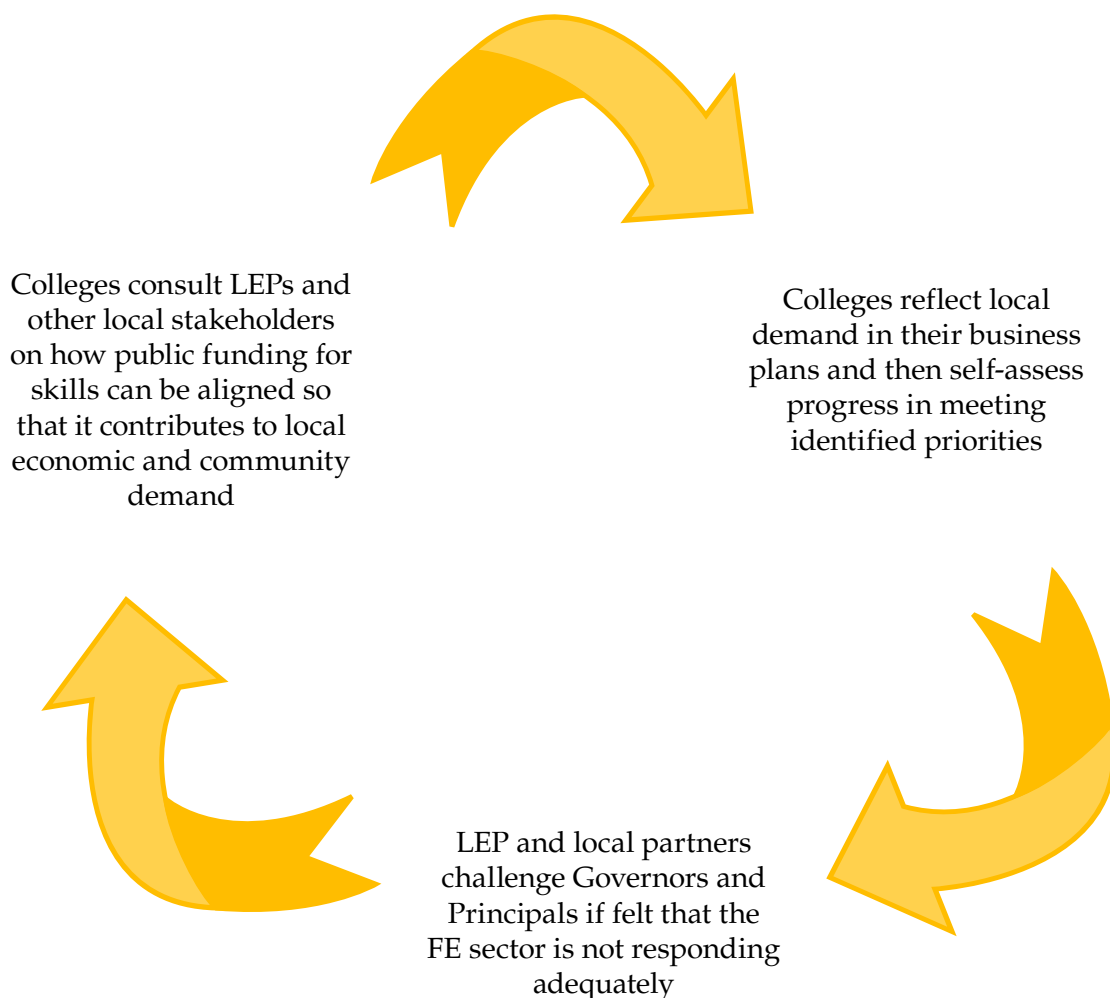


Figure 1: Accountability arrangements for LEP and local partner working with further education (adapted from 'Skills for Sustainable Growth')



To support LEPs and other local economic areas to assess the extent to which local skills provision is supporting identified aspirations, the Skills Strategy confirms that the SFA FE data Service will provide the LEPs with 'data packs'. At the time of writing, the specific content of these data packs has yet to be confirmed and will be subject to a trial initially in Greater Manchester.



4 Mapping of LEP skills priorities

To inform this research, a desk-based review of the LEP proposals to Government was undertaken. The review assessed the skills priorities and implications in each of the successful 27 first wave bids.⁷ This builds on an analysis of LEP proposals by consultancy firm SQW confirmed that skills as the most frequently cited priority.⁸

4.1 The emphasis LEPs place on skills

The review of successful LEP bids found that:

- All LEP proposals (to varying extents) feature skills as a priority, typically aligned to a core vision. Most frequently, skills are positioned as a key contributing factor to creating economic conditions conducive to growth of the private sector and spurring take up of new growth industries.
- Nearly all bids propose some form of workforce development activity, often allied to priority sectors/technologies or identified skills deficits.
- 63% of proposals plan activity relating to 14-19 year old education, most commonly with specific actions to improve young people's awareness of local employment opportunities, to drive up enterprise and entrepreneurship skills or build progression pathways of vocational training allied to priority sectors.
- 50% reference apprenticeships as a priority. Several bids state they will drive up the number of employers taking on apprenticeships. The most ambitious on this front is from The Marches (Shropshire and Herefordshire) who claim they will ramp up apprenticeships in local businesses *'by thousands'*.
- Some partnerships see themselves having a significant intelligence function, with 30% proposing to develop local skills statements and provide labour market intelligence to providers. Three partnerships propose to intervene on the provision of information, advice and guidance services.
- Only a few proposals identify the need to drive up employer investment in skills.
- 70% of proposals request some form of influence over skills provision and funding, typically through a commissioning arrangement. 40% of proposals seek influence over Department for Work and Pensions budgets, often requesting that Jobcentre Plus districts and commissioning areas align with their geography. Subsequently, Government Officials have briefed LEP representatives on the Government's new skills policy, and commitment to self-determination and autonomy in the FE sector precludes LEPs from having any commissioning or powers over skills budgets. Rather, in the spirit of localism, officials are encouraging local partners to work together to identify and meet skills priorities critical to economic growth and job creation.
- There is patchy evidence of genuine FE engagement in the preparation of LEP proposals. Just under half of the bids demonstrate FE buy-in and support. A further four bids demonstrate partial support. Six bids do not feature any Colleges as signatories despite listing other business names and stakeholders pledging support.

At the time of submission of proposals to Government, only one of the 27 approved LEPs firmly committed to FE being on their main board compared to 40% of bids indicating a university will hold a seat on the main board.

An assessment of the specific skills priorities of each bid can be found in Figure 2.

⁷ Subsequent to completion of this desk based review a further three areas have been given the green light to establish a LEP- London, the North East and Enterprise M3 (North Hampshire and West Surrey).

⁸ SQW: 'Local Enterprise Partnerships- a new era begins?' September 2010

4.2 Issues emerging

i) Under representation of FE in the development and establishment of LEPs

Whilst this research identified some isolated examples of strong involvement of Colleges, more generally there was a lack of evidence of genuine FE engagement in the development of LEPs, particularly at the early stages, in contrast to HE.

Despite the strong strategic commitment that LEP bids infer, FE does not feature in the proposed governance arrangements for most LEPs. Only one proposal firmly committed to FE being on the main board. Subsequently a further four LEPs have confirmed a place for FE on their main boards. Whilst this is an improvement, there remains a significant disparity of treatment of FE compared to HE. Many localities are operating an open and transparent recruitment process, which may result in further FE representation.

Some Colleges explained that they had only been approached by their Local Authority to contribute to their LEP bid after initial rejection by Government. The context to this is that some bids were rejected on the grounds of insufficient consultation.

Similarly, consultancy firm SQW commented that engagement of universities and Colleges in the first round of LEP submissions was as *“under-developed as that relating to the business community: often they appeared to be signatories but evidence of a formative input was limited.”*⁹

ii) Lack of awareness of the value FE brings to local economies

Whilst most bids acknowledge the enabling role HE can play in spurring economic growth through knowledge transfer, innovation and spin outs etc, there appears to be less awareness of how Colleges support economic growth and inclusion, and the value of a College as an important asset to a locality.

Interviews suggest that in some localities the rationale for not offering FE a seat on the main board is because a university has been asked to represent the FE/HE provider base, whilst in other areas it seems that HE is perceived to have a more significant role than FE in spurring the growth of new industry and jobs, and rebalancing the economy. Typically it is proposed that FE will engage with a sub-board, e.g. through an affiliated Employment and Skills Board (ESB).

Despite such a high proportion of proposals seeking influence over skills and employment support, most bids do not provide a detailed explanation of what they would do differently. Furthermore, in some cases, new skills programmes and activities proposed do not appear to take account or reference existing activity, risking ‘reinventing wheels’.

⁹ SQW: ‘Local Enterprise Partnerships- a new era begins?’ September 2010

Figure 2: Mapping of skills priorities in LEP proposals to Government Locality	Identified skills priorities					HE seat on LEP?*	FE seat on LEP?*	HE support for/ engagement in proposal?	FE support for/ engagement in proposal?	Strategic commitment to skills?	Provision of labour market intelligence?	Seeking Commissioning/ influence of DWP/ JCP programmes?	Skills powers/ budget sought?	Other?
	Enterprise and entrepreneurship skills	Worklessness	Workforce development	14-19	Apprenticeships									
Birmingham and Solihull with East Staffordshire, Lichfield and Tamworth	X	X	X	X	X	Yes	No	Yes	No	Yes	Yes	Yes	<ul style="list-style-type: none"> Seeking place-based commissioning Plan to run a 'schools business competition' 	
The Black Country	X	X	X	X		TBC	TBC	Yes	No	Yes	Yes	Yes	<ul style="list-style-type: none"> Also seeks to influence HEFCE funding Plans to generate economic intelligence and sectoral analyses to influence providers including schools 	
Cheshire and Warrington Local Enterprise Partnership			X			Yes	Yes	Yes	Yes	Yes	No	Yes	<ul style="list-style-type: none"> Seeks to ensure that the conditions attached to the funding of provision makes 'demand-led courses the norm' 	
Coast to Capital (Brighton & Hove, Croydon, West Sussex & Gatwick)	X	X	X	X		No	Yes	Partial	Partial	No	No	No	<ul style="list-style-type: none"> Seeks to establish an Enterprise and Export academy jointly by FE and HE FE and HE have jointly nominated the Principal of Central Sussex as their LEP representative 	
Cornwall and Isles of Scilly Enterprise Partnership			X	X		TBC	TBC	Yes	Yes	Yes	No	No	<ul style="list-style-type: none"> Local consultation placed 'co-ordination of skills development' as top priority out of 12 possible options 	
Coventry and Warwickshire Local Enterprise Partnership			X			No	No	Yes	No	Partial	Yes	Yes	<ul style="list-style-type: none"> Plans a local skills statement 	
Cumbria	X	X	X	X		TBC	Yes	Yes	Yes	Yes	No	No	<ul style="list-style-type: none"> Seeks to influence and improve IAG provision Prioritising skills to support inward investment 	
Derby, Derbyshire, Nottingham, Nottinghamshire LEP	X	X	X	X		Yes	No	Yes	Yes	Partial	Yes	Yes	<ul style="list-style-type: none"> Seeks to bridge the gap between school and adult IAG Plans a local skills statement 	

* Reflects latest known position. Some localities have initiated a public recruitment process for LEP board members which may result in further FE representation.

Figure 2 continued	Strategic commitment to skills?	FE support for/ engagement in proposal?	HE support for/ engagement in proposal?	FE seat on LEP?*	HE seat on LEP?*	Identified skills priorities					Provision of labour market intelligence?	Seeking Commissioning/ influence of DWP/ JCP programmes?	Skills powers/ budget sought?	Other?
						Apprenticeships	14-19	Workforce development	Worklessness	Enterprise and entrepreneurship skills				
Greater Cambridge and Greater Peterborough	Yes	Yes	Yes	No	Yes		X				No	No	<ul style="list-style-type: none"> Seeks to refine skills and business support architecture 	
Greater Manchester	Yes	?	?	No	No	X	X	X		Yes	Yes	Yes	<ul style="list-style-type: none"> Seeking place-based commissioning Improving IAG is a priority 	
Hertfordshire	Yes	Yes	Yes	No	Yes						No	Yes	<ul style="list-style-type: none"> FE sat on Hertfordshire Works Board on which the LEP is based 	
Kent, Essex, East Sussex	Yes	No	Partial	Yes	Yes	X	X			Yes	No	Yes	<ul style="list-style-type: none"> Plans to establish a Strategic Skills Commission to analyse current and future skills demands 	
Leeds City Region	Yes	No	Yes	No	Yes	X	X			Yes	Yes	Yes	<ul style="list-style-type: none"> Proposes action to increase employer investment in skills 	
Leicester and Leicestershire	Yes	?	?	No	Yes						No	Yes	<ul style="list-style-type: none"> Whilst the bid references the full range of skills provision, no detailed proposals are included 	
Lincolnshire	Yes	?	?	No	Yes			X		No	No	Yes	<ul style="list-style-type: none"> Plans a 'sizeable vocational training scheme' 	
Liverpool City Region	Yes	?	?	No	Yes	X	X			Yes	Yes	Partial	<ul style="list-style-type: none"> Seeking to radically simplify and "flex up" delivery of learning and skills for local people and business 	
The Marches-Shropshire and Herefordshire	Yes	Partial	No	No	No		X			No	No	Yes	<ul style="list-style-type: none"> Will ramp up the number of apprenticeships in local businesses 'by thousands' LEP seeks to increase private investment in training 	
New Anglia	Yes	Yes	Yes	?	?					No	No	No	<ul style="list-style-type: none"> Plans to work with business to encourage them to invest in workforce development & training 	
Oxfordshire	Yes	Yes	Yes	Yes	Yes					Yes	No	Yes	<ul style="list-style-type: none"> Seek funding to produce annual statement of needs 	

* Reflects latest known position. Some localities have initiated a public recruitment process for LEP board members which may result in further FE representation.

Figure 2 continued	Identified skills priorities					HE seat on LEP?*	FE seat on LEP?*	HE support for/ engagement in proposal?	FE support for/ engagement in proposal?	Strategic commitment to skills?	Provision of labour market intelligence?	Seeking Commissioning/ influence of DWP/ JCP programmes?	Skills powers/ budget sought?	Other?
	Enterprise and entrepreneurship skills	Worklessness	Workforce development	14-19	Apprenticeships									
Sheffield City Region		X	X	X	X	Yes	No	Yes	Partial	Yes	Yes	Yes	<ul style="list-style-type: none"> Seeking for place-based commissioning Seeking to extend Advanced Manufacturing apprenticeship programme to other sectors 	
Solent		X	X	X	X	?	?	Yes		Yes	Yes	Yes	<ul style="list-style-type: none"> The bid includes a wide range of specific and detailed skills proposals including the establishment of a Solent-wide Apprenticeship Training Agency 	
South East Midlands		X	X	X	X	?	?	Yes		Yes	Yes	Yes	<ul style="list-style-type: none"> Wishes to introduce further financial incentives to encourage businesses to take apprentices 	
Stoke and Staffordshire		X	X	X	X	No	No	Yes		Yes	Yes	Yes	<ul style="list-style-type: none"> Seeks commissioning powers for adult skills, particularly with regard to supporting potential investors 	
Tees Valley		X	X	X	X	?	?	?	Partial	Yes	No	No	<ul style="list-style-type: none"> Seeks to make the case to training providers as to why they should invest in provision aligned to growth sectors 	
Thames Valley Berkshire					X	Yes	No	No		No	Partial	Partial	<ul style="list-style-type: none"> Innovation/business support focused bid from Chambers of Commerce seeking a leadership role in future skills planning for the Thames Valley 	
West of England					X	?	?	Yes		No	Yes	Yes	<ul style="list-style-type: none"> Seeks to agree a compact with FE on the provision of skills training based on identified current and future demand 	
Worcestershire					X	?	?	?		No	Yes	Yes	<ul style="list-style-type: none"> Recognises a need for a pan-LEP approach to 'Specialist skills and training' 	

* Reflects latest known position. Some localities have initiated a public recruitment process for LEP board members which may result in further FE representation.

5 Colleges' involvement in LEPs

5.1 E-survey results

AoC commissioned an electronic survey of all Colleges in England to seek their views of LEPs and their engagement to date. The survey was undertaken in January 2011, with 93 Colleges participating.

The survey demonstrated a strong commitment and desire by Colleges to work with LEPs with over three quarters of Colleges responding saying that engaging with LEPs is a priority for their College. In contrast, there was a mixed picture on the extent of College engagement, with a minority of Colleges confirming they were fully engaged.

Headline findings:

- 76% of respondents stated engaging with LEPs is a priority for their College, with a further 16% undecided.
- 86% of respondents consider their College as having a strategic role to play in their local economy beyond being a provider of training and education.
- 25% of Colleges stated they have not been involved in the development of their LEP.
- 39% of Colleges stated they had 'some engagement' with the LEP agenda, with just 9% stating they were fully engaged.
- There was a general view that LEPs would seek to engage in skills, with 85% stating their LEP had an interest in skills, 14% stating that it had yet to be decided, and 1% stating their LEP was unlikely to engage in the skills agenda.

The survey sought to establish the drivers and causes of College engagement with LEPs to date. Typical views expressed included:

- 'We want to take the opportunity to position the College sector as a major player in the LEP skills agenda'
- 'We want to get involved with the LEP from the outset to be in a position to influence and respond to the local skills needs as well as ever strengthening our links with the private sector'
- 'We see the LEP has a pivotal role in steering the skills demand in our area'
- 'Engaging with our LEP will help us understand local economic development and skills priorities'
- 'Engaging with LEPs will help us develop local accountability in the new skills market.'
- 'LEPs could help us attract more funding to area and improve utilisation of resources and alignment of services'
- 'Some funds may flow through the LEP in the future and don't want to miss out'
- 'It's a vital opportunity to extend our level and range of employer engagement with the aim of increasing employer responsive and full cost recovery work'
- 'Engagement with LEPs is important to ensure that FE is part of future relevant discussions and developments'

- 'We can provide a valuable contribution to skills development that supports economic growth'
- 'LEPs will be a key body in the development of local economic policy and strategy and as such their activity will impact on the work of FE providers'
- 'We have a role to play in supporting enterprise and economic growth'
- 'Belief in mutual benefit of our ability to tailor training offered to meet local demand/need based on robust market intelligence'
- 'The LEP will help us build on existing good relationships with both the private and public sectors in our area'

Other comments were less positive:

- 'I do not think that College's (unlike universities) are considered to be central to the success of LEPs'
- 'The Local Authority claimed they had been told not to involve Colleges!'
- 'Colleges have protested at initial lack of inclusion and involvement, unlike HE'
- 'The strategic vision for the LEP has not taken into account the role of Colleges as employers and as providers. The college has had to push hard for engagement'
- 'Although LEPs are designed to be business-led, it still feels as if the discussion is being controlled by the local authority, which has a limited and partial understanding of the skills agenda and the role of the FE sector'

5.2 Locality case studies


To provide further insight into College engagement with LEPs and economic development, four placed-based case studies were commissioned as part of this research. The four localities selected were:

- Staffordshire and Stoke-on-Trent
- Greater Lincolnshire
- West of England
- Solent (Southampton, Portsmouth, Isle of Wight and environs)

In each case, key College personnel responsible for external engagement and business development were interviewed in order to build a picture of the FE contribution and engagement to economic development.

5.2.1 Stoke-on-Trent and Staffordshire case study

The Stoke-on-Trent and Staffordshire LEP has a complex economic geography, characterised by a range of distinctive market catchments, the largest being the city of Stoke-on-Trent, and its positioning between two of UK's major economic hubs - Manchester and Birmingham.



The partners setting up the LEP acknowledge the major economic challenges faced by the county. Over the past decade the area has experienced a net 17,000 job loss. This is reflected in employment rates that are significantly below the national average in all major urban conurbations with the exception of the county town of Stafford, and there is a high reliance on public sector employment. Stoke-on-Trent has the most serious economic weaknesses, with 19.1% of the population on out-of-work benefits.¹⁰

However, the county has some major assets, namely excellent access to Britain's strategic roads network, and a thriving manufacturing sector which accounts for 14.5% of jobs and nearly a fifth of economic output.¹¹

In the LEP submission, local partners recognise skills as key to growth, with proposals to secure the commitment of more companies to take on apprenticeships, develop workforce skills for the new economy and reduce worklessness.

Graham Morley, Principal of South Staffordshire College explains that the new LEP has the potential to tackle these challenges head on with the support of the six FE Colleges covering the county: 'The Staffordshire Colleges have a strong track record not only in equipping young people with the skills they need to secure employment, but also working with employers to improve the performance and productivity of their business through skills.'

A prime example of this is Burton College's long standing relationship with Toyota UK which employs circa 3,500 workers across UK sites at Burnaston (HQ), just across the Staffordshire border in Derbyshire, and in Deeside (North Wales). The College has delivered over 7,500 qualifications to employees on both sites. Most recently, the College and Toyota have worked in partnership to develop a new hybrid engineering qualification for workers assembling the new Auris hybrid electric vehicle, one of the first mainstream petrol/electric cars on sale in the UK.

Another example of FE spurring the adoption of new technology through skills is the new Foundation Degree in Waste Management that South Staffordshire College has developed in partnership with Veolia ahead of the construction of a new state-of-the-art Energy Recovery Facility (ERF) on the outskirts of Cannock which will provide forty long-term jobs.


Reflecting the high levels of unemployment in its host city, Stoke-on-Trent College focuses significant resource on pre-employment training and offers a recruitment service to local business which helps candidates into work via apprenticeships and vocational training for unemployed adults. Over the past year the service has helped 95 unemployed individuals gain employment in a range of local hospitality, care, retail and distribution workplaces. The College has also just signed a three-year training deal with construction firm Seddon to provide a national training hub. 400 people are set to get NVQ qualifications.

The Colleges also collaborate to bring EU funds to the area to tackle worklessness, and take a strategic lead in achieving consensus on skills priorities. For example, South Staffordshire College brought together local partners spanning four districts to agree a single set of Local Area Agreement skills measures and targets.

The complex economic and political geography of the area means there are no less than six LEPs bordering the Staffordshire LEP. Steve Willis, Principal of Stafford College, who currently represents the FE sector on the shadow LEP board explains the challenge this presents: 'The Staffordshire Colleges are fully committed to working closely with LEP partners to maximise the contribution skills

¹⁰ DWP benefit claimants - working age client group (August 2010)

¹¹ Staffordshire Local Economic Assessment 2010 Consultation Draft, Staffordshire County Council



can make to the local economy. However, we have finite senior management resource to engage with local stakeholders, and due to the complex economic geography of the area Colleges are being asked to become associate members of several LEPs. To target efforts effectively, going forward we need to reach agreement on the right spatial level to consider the strategic contribution skills can make to growth aspirations both within Staffordshire and also across the West Midlands.'

The LEP Board for Staffordshire and Stoke-on-Trent is currently being formulated. HE and FE have both been offered a place on the Board, however voting rights have only been extended to higher education institutions. The Colleges in the area hope that, as local partners gain a greater appreciation of what Colleges bring to the local economy, FE will become a full Board member.

5.2.2 Greater Lincolnshire case study

Lincolnshire is one of the largest and most sparsely populated areas of England with a population density of just 36% of the England average¹² and an average of only five businesses per km² compared to 17 nationally.¹³ The economy is predominately rural in nature, and interspersed with market towns and settlements.

The LEP proposal places significant emphasis on skills, with an ambition to address low skills levels resulting from industries traditionally operating as low value added producers. Much of Lincolnshire's workforce is characterised by low skill, low wage employment. The County Council estimates that if the county was able to up-skill an additional 3% of the working age population (nearly 13,000 people), to a Level 3 or higher skills category by 2015, this would add an additional £300m to the value of the county economy.

Despite the recognition of the need to raise basic and intermediate skills levels in the LEP proposal, and the active role Colleges play on the Lincolnshire and Rutland Employment and Skills Board, Further Education has not been invited to join the LEP, in contrast to the HE sector.

Sue Daley, Principal of Boston College explains the Lincolnshire Colleges are keen to play a central role in the Greater Lincolnshire LEP: 'First and foremost, we want to ensure that the LEP and County Council understand the full extent of our services and activities across the locality. We have a solid track record in working with communities and business to raise skills levels, helping people into employment and supporting the expansion of private sector business through skills. It is essential that new skills activity spurred by the LEP learns from and builds on this.'

The Colleges have the potential to provide the LEP with access to SMEs across Greater Lincolnshire. Currently, the four Colleges are working with over 1,500 Lincolnshire-based businesses, and with campuses and centres in all the key economic zones that make up the county, the Colleges provide a ready-made network the LEP could use to achieve SME engagement. Colleges also work with some of the largest employers across the county including:

- Siemens Industrial Turbomachinery (SIT) Ltd in Lincoln designs, manufactures, installs and provides life-time support for world-class gas turbines for Industrial Power Generation and the Oil and Gas Industry. 1,700 are employed at their Lincoln site. Working with Lincoln College, Siemens currently recruit on average 16 apprentices per year and in the last 15 years have recruited, trained and employed over 400 apprentices. Upon the successful completion of the Technical Certificate element of the apprenticeship currently over 40% of apprentices then go on to complete HE courses. Annually Siemens also operate a 'Females into Industry Challenge' in collaboration with Lincoln College.

¹² Prosperity through growth- the prospectus for a LEP for Greater Lincolnshire, 3rd September 2010.

¹³ Lincolnshire- a Local Economic Assessment, 2011 Lincolnshire County Council

- Boston College is working with partners to create a new food hub at the heart of the Red Lion Quarter regeneration scheme in Spalding. This will bring FE facilities to Spalding alongside a training restaurant and small business incubation units.
- New College Stamford works with Bowman, a nationally-renowned builder and part of the Kier group, specialising in quality conservation and construction, repair and renovation projects.

Going forward, the Federation of Lincolnshire Colleges has identified three key opportunities to work in partnership with the LEP:

- Successful implementation of the plan detailed in the LEP proposal for a sizeable vocational training scheme. The Colleges stress that the scheme needs to build on the extensive programmes and services currently delivered, and must be underpinned by employer funding, which they hope the LEP will stimulate.
- Making the best use of training facilities and assets such as Grantham College's Renewable Energies Centre to assist SMEs in making the transition to higher value-added products and services and New College Stamford's 'Green Technologies Centre' servicing local companies and housing a range of sustainable energy systems such as solar panels, wind turbines and fibre optic control systems.
- Bringing together the wide range of courses and services provided by further and higher education to Lincolnshire's food and agriculture cluster. A single prospectus could help drive further investment in skills and training in the sector, and stimulate further inward investment.

5.2.3 West of England case study


The West of England is a functional economic area home to the cities of Bristol and Bath and the coastal town of Weston-super-Mare. The area has a significant aerospace cluster and the largest concentration of creative industries outside London, and designated Science City status.

The LEP proposal submitted to Government included unanimous support from the four universities and five Further Education Colleges serving the vicinity. In their letter of support, the Western Principals Group state the Colleges are keen to make a full contribution to the LEP delivery plan, and envisage that direct involvement in the LEP will give them an accountability to the wider employer community and the ability to connect directly to the long-term sectoral and spatial priorities of the West of England.

Keith Elliot, Principal at City of Bristol College, explains the Colleges are adopting a proactive stance reflecting the role of FE Colleges as strategic players in the sub-region: 'The granting of greater autonomy and self-determination for the FE sector combined with the establishment of Local Enterprise Partnerships gives us a great opportunity to hard-wire the work of Colleges with the economy and community. LEPs provide the fora to consider skills as an enabler to all aspects of economic growth and regeneration.'

Accordingly, the Western Principals Group is seeking full membership of the LEP main Board. Currently there is a single place for an HE representative on the Board, but no dedicated representation for FE.

The West of England Skills and Competitiveness Board may continue as a sub-board of the main Local Enterprise Partnership. The Colleges secured £300,000 ESF funding in 2009 to support the work of the Board, which now employs a Chief Executive and support team to drive forward implementation of its programmes. The Board has led work to establish a compact between FE and the business community to deliver clear and specific skills, and training based on identified current and future demand.



The West of England Colleges work collaboratively to manage and calibrate their curricula and services to the needs of the economy. This is underpinned by comprehensive analysis of skills supply across the FE sector for the West of England's five priority sectors. Examples of College engagement with the local economy include:

- Targeted interventions to tackle worklessness - City of Bristol College established a Skills Centre in the heart of the Cabot Circus regeneration scheme. The centre opened in 2009 to provide pre-employment support and training for local residents to help them secure one of the many hundreds of new jobs created at Cabot Circus. Now the centre handles 70 referrals a week from Jobcentre Plus with 80-85% on average entering training.
- Developing state of the art training facilities in partnership with industry - City of Bath College is working with Daikin to provide training in the latest heat renewable heating technology.
- Weston College becoming the hub for the National Skills Academy for Environmental Technologies, delivering training in cutting-edge 'green' technologies including photovoltaics (PV), solar thermal, heat pumps, and water harvesting and recycling at the College's Centre for Engineering and Construction Excellence.
- City of Bristol College establishing a South West Composites Gateway with ERDF and RDA funding to work with small suppliers from across the region by offering help, support and education on the benefits of introducing advanced composite material technologies. This will assist small suppliers in moving away from traditional metal-based technologies.

5.2.4 Solent case study

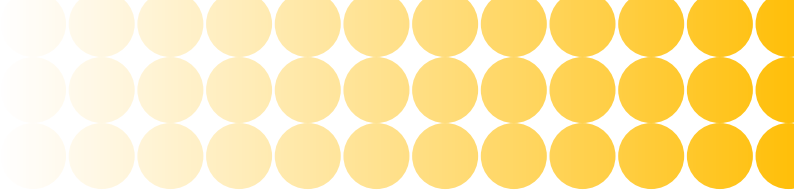
The Solent is a functional economic area anchored around the two cities of Portsmouth and Southampton, the M27 corridor, Solent waterway and the Isle of Wight. The area has core strengths in advanced manufacturing, marine and defence. Partners in the area have a strong track record of working together to drive the sub-regional economy forward through the 'Partnership for Urban South Hampshire' which was formed in 2003 and achieved Multi-Area Agreement status in 2008.

The area is highly urban in nature, with city centres, suburbs and settlements forming an interconnected functional economic area, with transport flows and services focused on major economic hubs and the movement between them. This is reflected in the FE sector too, with ten general FE and land-based Colleges serving the locality, many in close proximity to each other.

The FE Colleges across South Hampshire formally endorsed the LEP outline proposal to Government, reflecting their close working with partners in the area to determine priorities and action to drive the Solent economy forward.

A strong programme of research and analysis underpins skills and employment priorities in the Solent LEP proposal. There is recognition that skills attainment at all levels is below comparator localities and represents a major inhibitor to growth, with many industries reliant on importing labour. The Colleges are fully engaged in the strategic development of LEP skills priorities and programmes to meet these challenges. Key examples include:

- Southampton City College's marine skills centre provides industry standard bespoke training solutions and facilities, and as such plays a key role in the development of the Solent marine cluster and the UK's marine industry. The College regularly reviews its course offer in consultation with industry, and recently introduced new courses in aluminium welding.
- Highbury College provides specialist training for the aerospace sector, with a long standing relationship with Astrium.



Whilst these high profile sectors gain considerable attention, the vast majority of employment in the Solent area remains in high employment sectors such as care, retail, construction and hospitality.

Lindsey Noble, Principal of Southampton City College explains: ‘The Solent Colleges operate across the full skills spectrum. The economy not only needs world-class skills training for its growth sectors such as aerospace and marine, but it also needs concerted action to tackle low employment rates. In recent years FE Colleges have made considerable progress on both fronts, and we look forward to continuing to work with the ESB and the soon to be convened LEP to develop even closer partnerships with employers to ensure their skills needs are met and see what more we can do together to increase employment opportunities for local residents.’

The Colleges are currently seeking representation on the main LEP Board, which has yet to be convened. Stella Mbubaegbu, Principal and Chief Executive of Highbury College, who represents FE on the ESB points out: ‘Colleges in the area have a strong track record in providing strategic leadership in their localities, initiating and facilitating discussions on the future vision for the area. It is vital that Colleges are represented on the LEP Board so we can continue this work and make a full contribution to shaping and contributing to the future of the Solent area.’

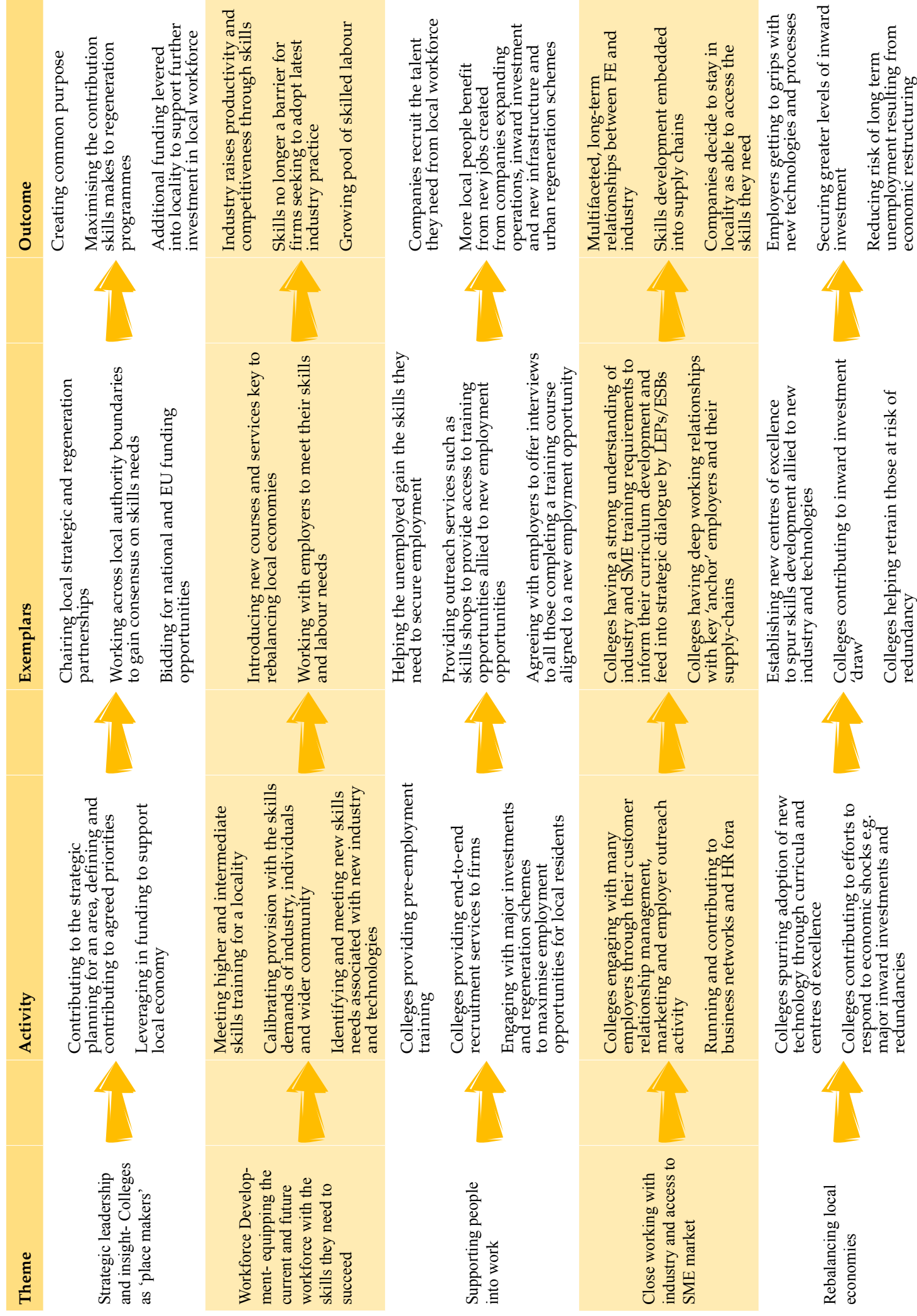
5.3 Themes emerging from case studies

The case studies demonstrate the wide ranging nature of College engagement with, and support for, their local economy. Five key themes of activity can be identified running across the case studies of particular relevance to LEPs:

- Strategic leadership and insight - colleges as ‘place makers’.
- Workforce Development - equipping the current and future workforce with the skills they need to succeed.
- Supporting people into work.
- Close working with industry and access to SME market.
- Rebalancing local economies.

Figure 3 seeks to encapsulate these themes of activity, associated exemplars and economic outcomes into a ‘five step framework’ capturing the role of Colleges in their local economies.

Figure 3: Five step framework to capture the role of Colleges in their local economies



6 Conclusions and next steps

This research points towards strong synergies between the evolving network of LEPs and the College sector. Nearly all LEPs have identified skills as a strategic priority in their bids to Government, and AoC's survey of its members demonstrate that Colleges want to work with their LEP and have a strong commitment to supporting economic growth.

As LEPs become established, it is essential that Colleges ensure they establish coherent and accessible representation for the LEP to engage with, meet with their LEP Board to ensure it appreciates the full extent of College engagement in the local economy, and agree terms of engagement. Many Colleges have already taken these steps.

6.1 Barriers to effective engagement

This research has also uncovered a range of issues that may prevent productive working relationships developing between LEPs and Colleges, in particular:

- Patchy engagement between Colleges and the evolving LEPs.
- In some areas a misunderstanding of the nature and extent of contribution FE can make to economic growth, combined with outdated views on how Colleges determine their curriculum and engage with employers.
- Insufficient recognition of existing programmes and services provided by Colleges to meet the skills needs of the locality.

The research also identifies a 'false start' in the development of LEPs with respect to skills, with local stakeholders developing their proposals to Government before the new National Skills Strategy was published. This resulted in some local authorities through their LEP proposals seeking commissioning powers over skills budgets. Subsequently the Government has stated its commitment to greater autonomy for Colleges with the recognition of Colleges themselves being best placed to identify and respond to the learning and skills needs of the locality it serves.

In the same vein there is a need to recast the relationship between local stakeholders and Colleges away from notions of top down control of Colleges to joint working relationships based on trust, mutual accountability, respect and understanding. FE, like HE needs to be recognised by LEP partners as a strategic partner, with a remit and ethos that goes significantly beyond simply being a training provider. Colleges should be viewed as strategic partners and co-creators committed to supporting economic success.

6.2 Opportunities for collaborative working

This research identified the following five potential areas for collaborative working between Colleges and LEPs:

i) Joint working on labour market intelligence (LMI)

To fulfil their respective remits, Colleges and LEPs both need a strong understanding of their labour market and wider economy. Colleges participating in this research frequently requested greater insight into skills deficiencies that might constrain future employment and economic growth, and welcome the views of LEPs on this. Similarly, Colleges frequently conduct employer skills surveys and have a detailed understanding of the skills needs of their client base through their account management and skills brokerage systems, which will be of interest to LEPs.



Colleges and LEPs should work together to review what gaps there are in local LMI and agree an action plan to address them. The recently announced LEP Capacity Fund should be targeted to address identified gaps.

ii) Raising employer ambition and investment in skills

For local economies to thrive and compete in an increasingly global market place, employers need to become ever more productive and effective, and this means optimising the talent and skills of their people. Colleges and LEPs need to work together to create a culture of co-investment in skills.

Colleges and LEPs should work together to raise employer investment and ambition on skills, potentially through the facilitation of compacts between FE/HE and the business community to deliver agreed learning outcomes, including steps to make better use of local talent, which is critical to reducing worklessness. Such activity could be resourced through the recently announced £50m Growth & Innovation Fund.

iii) Working together to define and deliver transformational outcomes

A significant number of LEPs are seeking to transform their economy through a wide variety of approaches and emphasis, e.g. inward investment, infrastructure, adoption of new technologies and revitalisation of the small business economy. Skills and people development are a core component to achieving and embedding economic value on all these fronts. For example leadership and management skills are essential to business start up and survival, and local labour agreements provide those out of work with an opportunity to up-skill and secure jobs.

LEPs should fully consult and work with FE in defining priorities, particularly with regard to Regional Growth Fund submissions, to maximise the value of skills as an enabler to economic growth and job creation.

iv) Aligning respective local leadership roles

LEPs and Colleges should work together in a coalition of effort, contributing strategically to the development and shaping of localities. Following the abolition of the Regional Development Agencies (RDAs), Colleges will increasingly look to LEPs for leadership and co-ordination in responding to economic shocks- such as inward investment, business closures or natural disasters. Similarly, LEPs should look to Colleges for advice on defining and delivering skills outcomes to support economic growth.

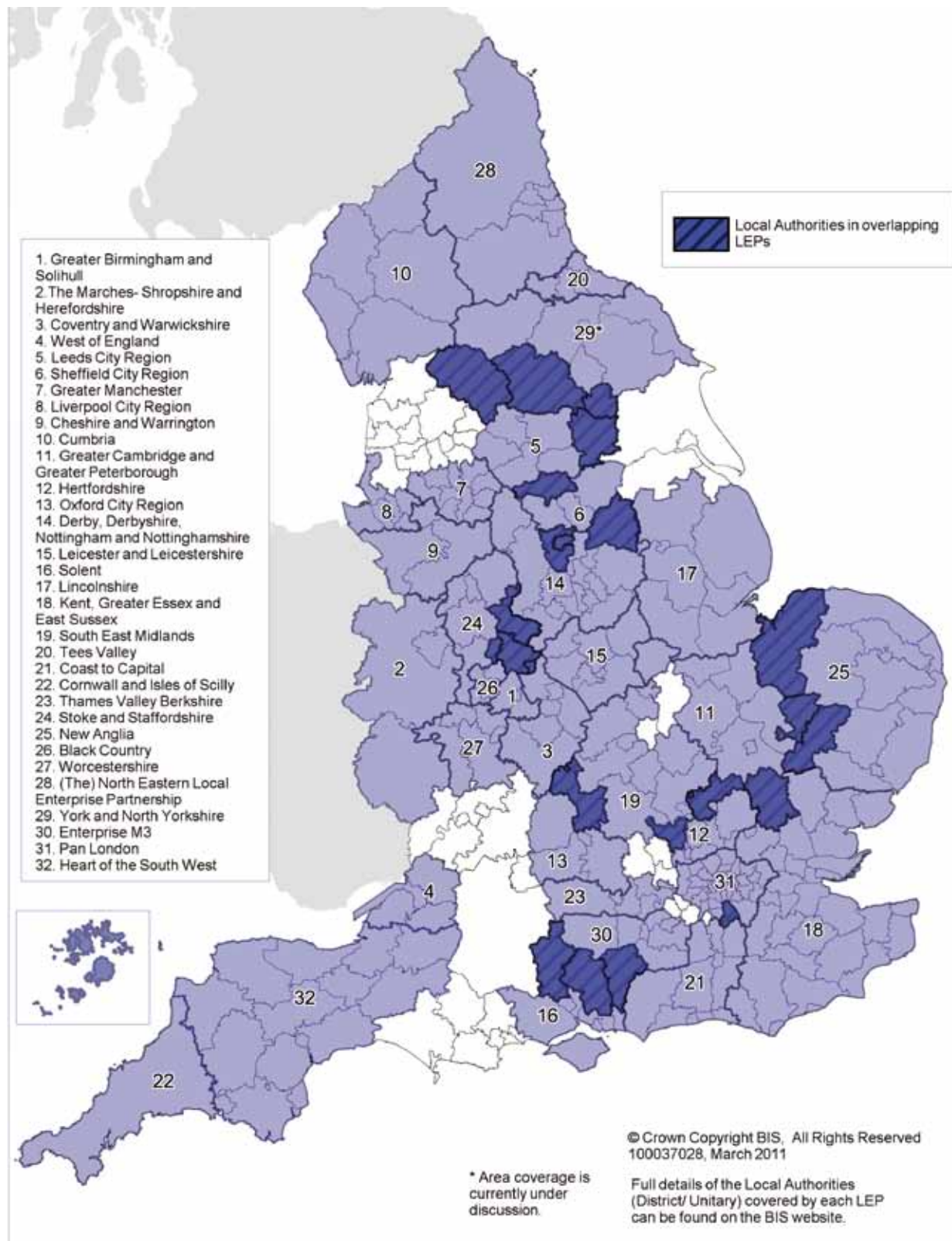
Colleges and LEPs should agree terms of engagement and capitalise on respective leadership experience and abilities. To avoid skills being placed in a silo, and in recognition of the wide-ranging role of Colleges in enabling economic growth, FE should hold a seat on each of the LEP boards.

v) The alignment of local services to business and joining up the ‘employer offer’

The success of the small business economy is vital to local economies across England. The Government has set out a substantial programme of reform in the delivery of business support services nationally and locally, including the closure of the regional Business Link service.

In defining business support and start-up priorities for a locality, LEPs should work with Colleges to discuss the potential of Colleges to operate as ‘local business support hubs’ providing a route to market to SMEs.

Appendix 1: Areas receiving the go-ahead to establish Local Enterprise Partnerships



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Appendix 2: Feedback from AoC/Local Government Association LEP events

During March 2011, AoC and the Local Government Association (LGA) jointly sponsored a series of three events seeking to explore the role of Colleges and training providers in Local Enterprise Partnerships and examine how LEPs are developing their relationship with training and education providers to best meet the needs of learners and employers.

The events were held in London, Durham and Warrington and were attended by 74 Colleges and 12 local authorities across England.

The events received three inputs - firstly from a LGA representative explaining local Government's policy and thinking regarding LEPs and skills, secondly a presentation on the preliminary findings from this research project and thirdly a presentation from the 157 Group on a related research project exploring the role of LEPs in articulating and addressing skills needs, with particular emphasis on the effective use of labour market information and flagging the characteristics of related effective practice.

These inputs were followed by a panel debate involving LEP and employer representatives, and roundtable discussions focused on establishing participant views on what value LEPs could bring to the skills agenda.

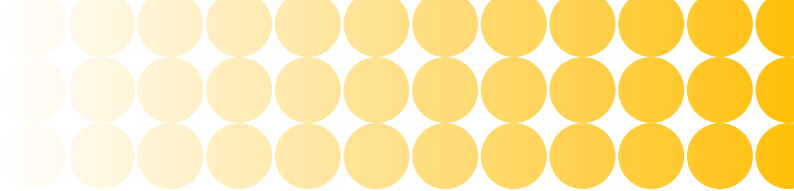
The following themes emerged through debate and discussion:

i) Feedback on preliminary findings presented by the AoC:

- Strong endorsement of the preliminary findings, in particular the sections focused on why Colleges want to engage with LEPs and what Colleges can bring to LEPs.
- A view that the research underplayed the significance of Colleges as employers in their own right.
- General consensus that Colleges should engage through Principal-level networks/federation structures.
- Mixed views concerning whether FE should sit on the main board of their LEP. Some attendees thought it essential to recognise the role of the College as a key strategic partner and facilitator, whilst others felt it important 'not to get overly focused on membership and position, rather its about making sure LEPs understand the value of FE and skills.'
- All agreed that it was essential that Colleges ensured strong, coherent representation at the sub-regional level, to enable LEPs to easily engage with FE.
- Several Colleges stated the need to do a better job of 'making the case' for FE, with one College Principal concluding 'we have a strong product to sell.'

ii) Views on how LEPs can add value to the skills agenda:

- Colleges would really appreciate the support of LEPs in raising employer awareness of what FE does on vocational training and skills and 'how much things have moved on in the last 10-15 years'.
- In response to inputs from LEP representatives, many attendees expressed the view that LEPs should focus on a few key transformational actions rather than getting 'bogged down' in detailed planning or the production of more skills strategies.

- 
- FE would very much welcome insight and ‘early market intelligence’ into forthcoming investments/economic developments to provide response lead-times.
 - FE would benefit from ‘localised’ labour market intelligence (the view being that much of the research and intelligence provided by RDAs was too high level and contextual in nature).
 - Some Colleges mentioned how much they valued the co-ordination RDAs provided in responding to major investments and redundancies, and hoped that LEPs would take on this role, recognising that it is not a good idea for a myriad of Colleges and training providers to all knock on an employer’s door.
 - One attendee countenanced caution in responding to likely requests from LEPs to increase provision in sectors and technologies where there was not yet a sign of demand from learners, particularly in the context of FE budget cuts.

iii) Views on LEPs more generally:

- LEPs must be driven by mutually-beneficial outcomes rather than self interest.
- Colleges were supportive of LEP ambitions and aspirations, but were concerned that their lack of resource and staff may mean they do not advance from being ‘talking shops’.
- That LEP boards take into account SME interests and are not dominated by large companies.
- LEPs must take a balanced approach to growth, promoting both high-end knowledge based employment but not forgetting that the vast majority of future employment will come from high-employment sectors such as care, retail and construction.
- A number of participants asked for clarity on the role of LEPs versus Sector Skills Councils in articulating employer demand for skills.

This feedback has informed the final draft of this research report.