



POWER UP OR POWER DOWN? THE ROLE OF SNG IN DELIVERING GOVERNANCE OF SUB-NATIONAL ECONOMIC DEVELOPMENT AND POLICY IN THE UK IN A POST BREXIT WORLD?

Gill Bentley, Honorary Fellow, University of Birmingham and Visiting Fellow at
Birmingham City University, Centre for Brexit Studies

Professor John Shutt, Northumbria University and CURDS Visiting Professor

Work in
progress

*Regional Studies Association
Conference, London 2018*

Structure

- ESIF and Place-based approach
- Governance arrangements after Brexit?
- Industrial Strategy and Shared Prosperity Fund
- Role of Meso level
- Role of Combined Authorities
- Role of LEPS
- Concluding remarks

- Theoretically underpinned; reality-narratives;
- Part of ongoing work

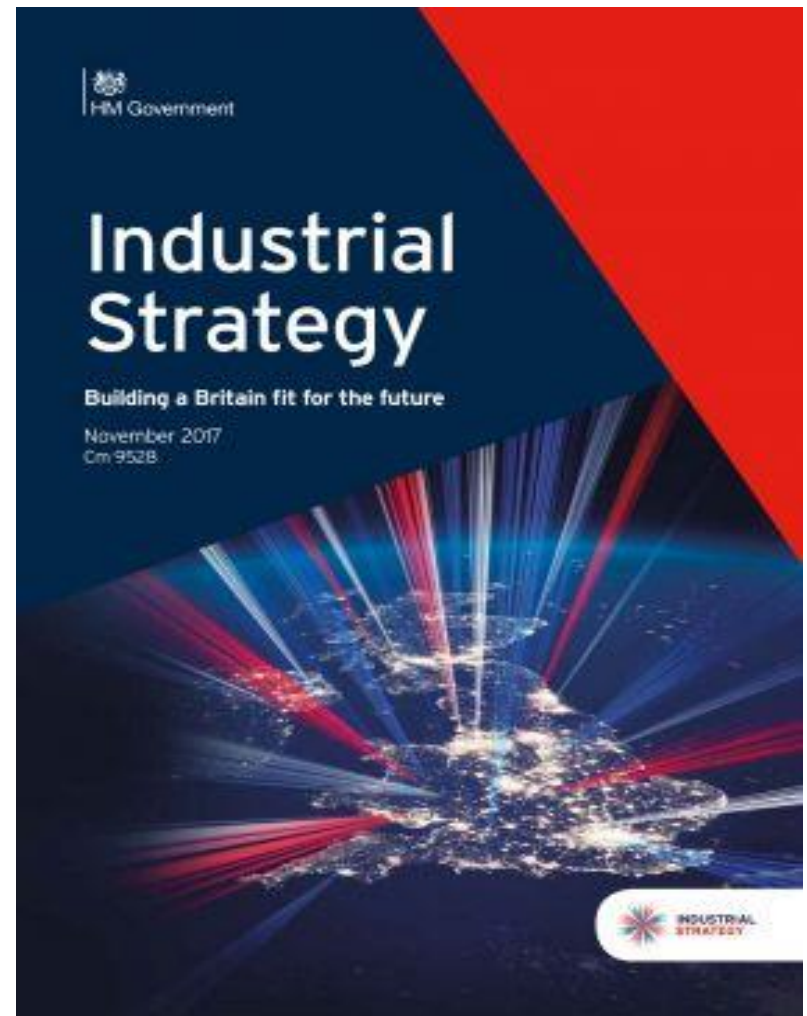
ESIF and Place-based approach

- EU framework and funds for subnational economic development
- Reflects a Place-based approach (Tomaney, 2008)
 - ▣ ...the identification and mobilisation of endogenous potential
 - ▣ aims to develop locally-owned strategies that can tap into unused economic potential in all regions ...
 - ▣ [to secure]... sustainable development and... wellbeing.
 - ▣ [requires] strong and adaptable local institutions...
 - ▣ the involvement of a wide range of stakeholders and mechanisms for identifying assets in the local economy that can be the basis for local growth strategies.

But then, a POST BREXIT Framework for economic development and repatriation of the Funds?

The Industrial Strategy and Shared Prosperity Fund – POST BREXIT

- The [Industrial Strategy White Paper](#) sets out a long term plan to increase productivity across the UK.
- Seeks the rebalancing of the UK economy
- ‘Regions’ to act as ‘growth engines’ for the UK and to contribute to the growth of the national economy.
- Sector Strategies
- Shared Prosperity Fund



Key policies include:

Ideas

- ▶ Raise total research and development (R&D) investment to 2.4 per cent of GDP by 2027
- ▶ Increase the rate of R&D tax credit to 12 per cent
- ▶ Invest £725m in new Industrial Strategy Challenge Fund programmes to capture the value of innovation

People

- ▶ Establish a technical education system that rivals the best in the world to stand alongside our world-class higher education system
- ▶ Invest an additional £406m in maths, digital and technical education, helping to address the shortage of science, technology, engineering and maths (STEM) skills
- ▶ Create a new National Retraining Scheme that supports people to re-skill, beginning with a £64m investment for digital and construction training

Infrastructure

- ▶ Increase the National Productivity Investment Fund to £31bn, supporting investments in transport, housing and digital infrastructure
- ▶ Support electric vehicles through £400m charging infrastructure investment and an extra £100m to extend the plug-in car grant
- ▶ Boost our digital infrastructure with over £1bn of public investment, including £176m for 5G and £200m for local areas to encourage roll out of full-fibre networks

Business Environment

- ▶ Launch and roll-out Sector Deals - partnerships between government and industry aiming to increase sector productivity. The first Sector Deals are in life sciences, construction, artificial intelligence and the automotive sector
- ▶ Drive over £20bn of investment in innovative and high potential businesses, including through establishing a new £2.5bn Investment Fund, incubated in the British Business Bank
- ▶ Launch a review of the actions that could be most effective in improving the productivity and growth of small and medium-sized businesses, including how to address what has been called the 'long tail' of lower productivity firms

Places

- ▶ Agree Local Industrial Strategies that build on local strengths and deliver on economic opportunities
- ▶ Create a new Transforming Cities fund that will provide £1.7bn for intra-city transport. This will fund projects that drive productivity by improving connections within city regions
- ▶ Provide £42m to pilot a Teacher Development Premium. This will test the impact of a £1000 budget for high-quality professional development for teachers working in areas that have fallen behind

Our five foundations align to our vision for a transformed economy



Propositions – Governance structures for Post Brexit Economic Development

- Concern with relational geographies vs territory
 - ▣ the difficulty of the organising governance structures for the development of what are complex geographies of production and consumption.
- Is not a re-territorialisation of policymaking but
 - ▣ Is not devolution but delegation of the administration of national policy to the sub-national scale
- Are SNG structures fit for purpose?
 - ▣ Devolution? For a place-based approach?

SUBNATIONAL GOVERNANCE STRUCTURES IN THE UK

- Fragmented – Gaps
- Powers/ competences – asymmetrical
- Scale – at what level do issues need to be addressed
- LEPs and Local Authorities
- Combined Authorities
- Meso level

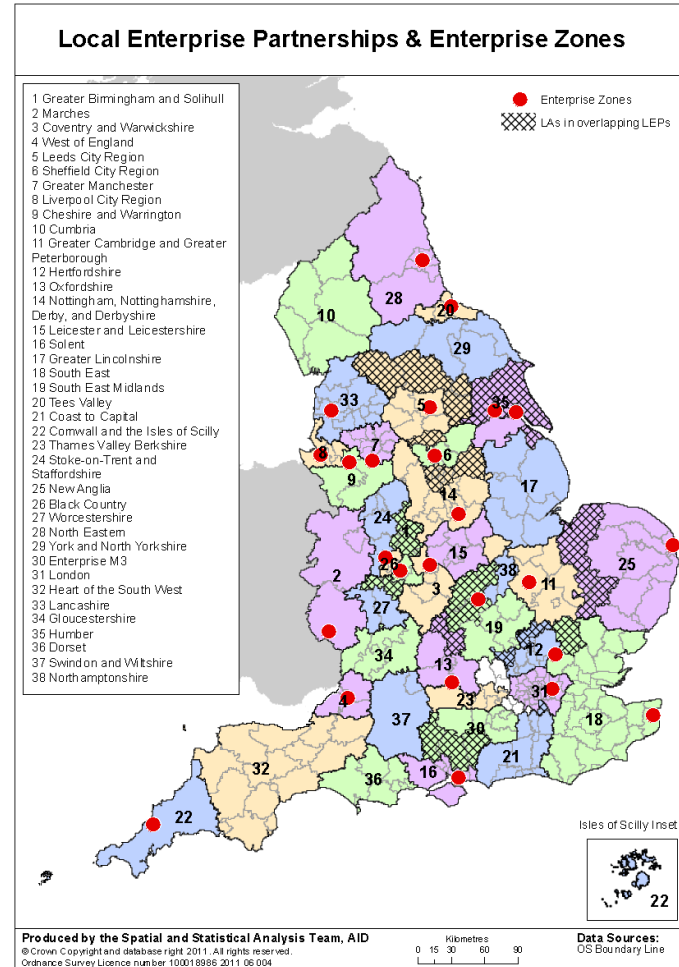
RDA and LEPs

English Regions - 9



1999-2012

Local Enterprise Partnership Areas - 38



2010 onwards

Local Authorities

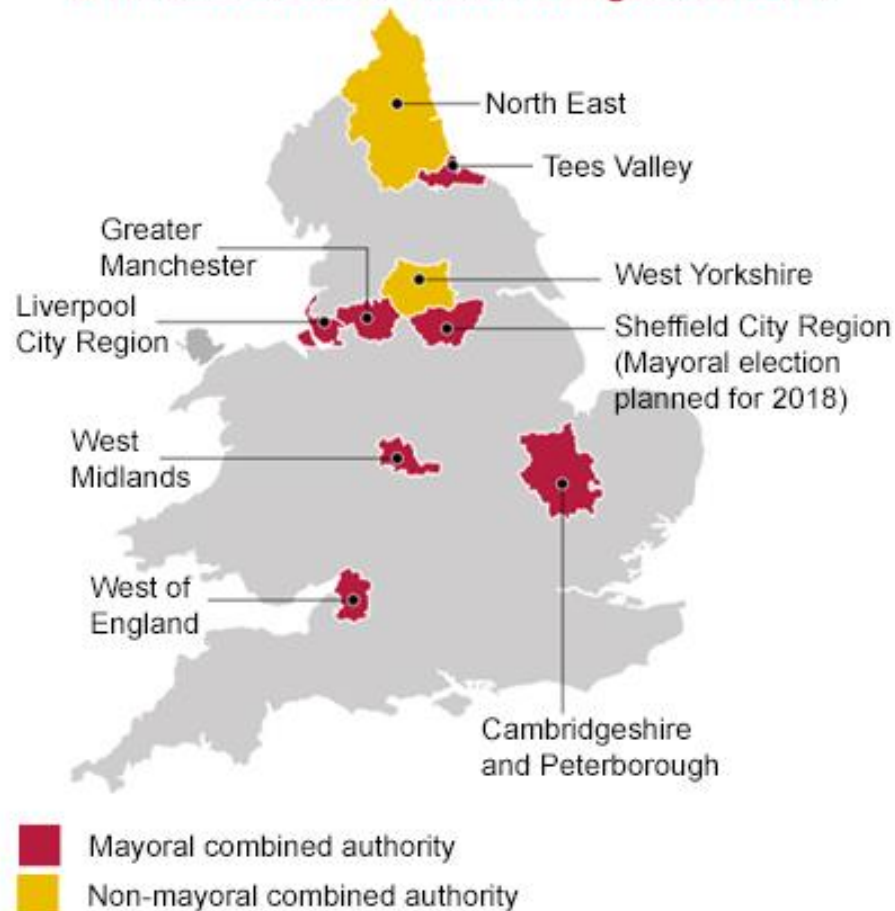


Baseline of 326
District authorities
County authorities

Not coterminous with the
Local Enterprise Partnerships

Combined Authorities

Combined authorities in England, 2017



- 2011 onwards
- Legally Constituted
- 'Metro-Mayors' – not all
- Metro-mayor has powers
- Devolved powers differ...

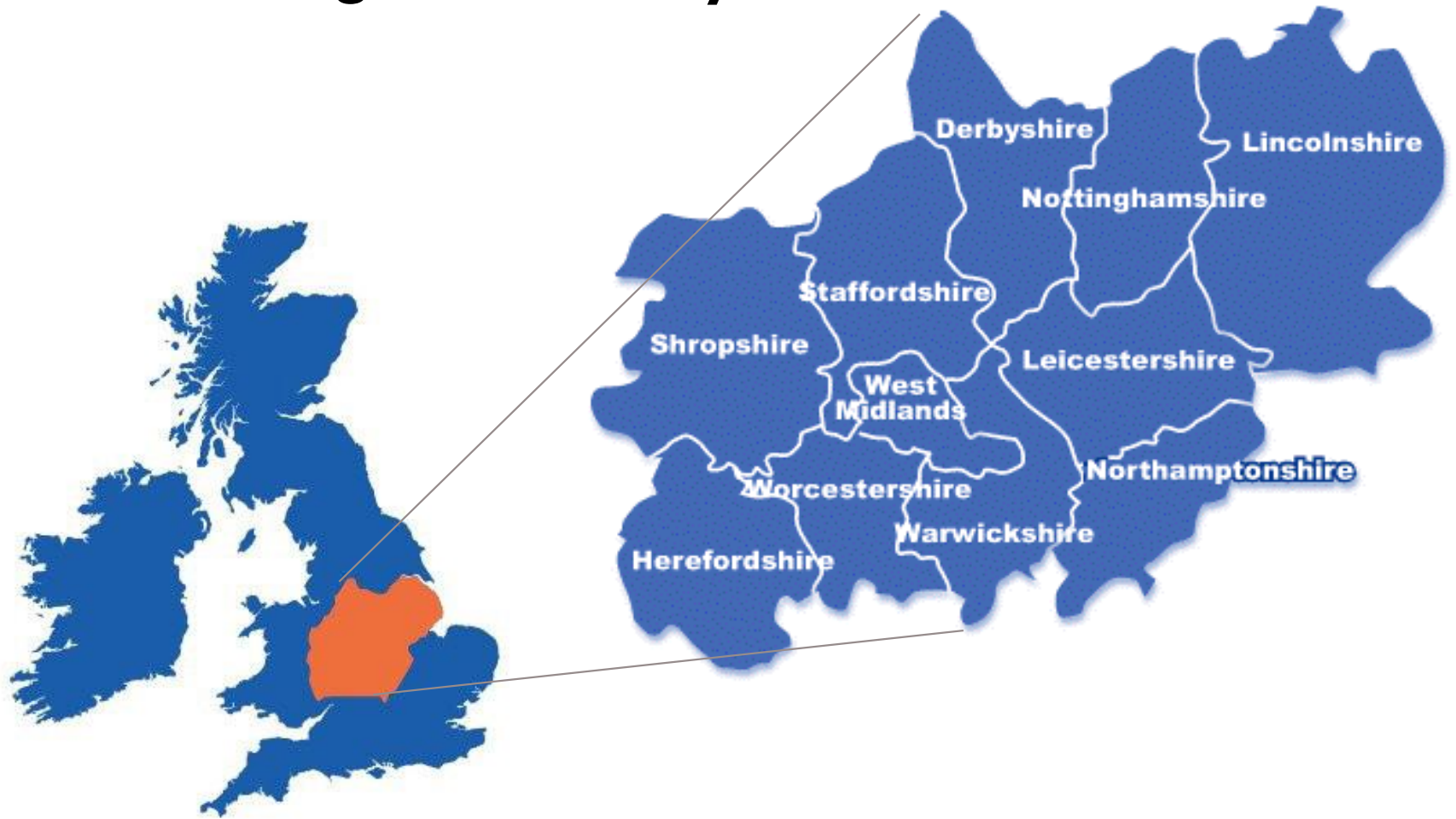
POWERS/COMPETENCES BEING DEVOLVED

		Greater Manchester	Sheffield	North-East	Tees Valley	Liverpool	West Midlands	Cornwall	West Yorks	Cambs/Pboro	Norfolk Suffolk	Greater Lincolnshire	West of England
Further Education and Skills	Re-design post-16 system												
	Apprenticeship Grant for employers												
	Adult Skills funding by 2018/19												
Transport	Devolved, consolidated transport budget												
	Bus Franchising												
	Joint working with Highways England and Network Rail												
	Local Roads Network Smart ticketing												
Business Support	Growth hub to align local and national business support services												
	Joint working with UKTI												
	Devolved approach to business support services from 2017												
Employment Support	Joint commissioning of support for harder to help claimants												
	Possible full joint commissioning from 2017												
Land and Housing	Public land commission / joint assets board												
	Housing Loan Fund												
	Compulsory purchase orders												
	Mayoral Development Corporations												
	Planning call-in powers												
	Consultation on strategic planning applications												
	Housing grant fund Spatial Strategy												
Public Services	Health and social care integration												
	Planning for health and social care integration												
	Children's services												
	Offender management, probation, prison estate												
	Troubled families / Working well												
	Mayor to become Police and Crime Commissioner												
	Fire Service												
Finance	Intermediate body for EU Structural Funds												
	Investment fund (per year)	£30m	£30m	£30m	£15m	£30m	£36.5m			£20m	£25m	£15m	£30m
	Single funding pot												
	Retention of 100% business rates growth												
	Pilot retention of 100% business rates revenue												
	Mayor business rates supplement Community Infrastructure Levy												

Adapted from Sandford (2016)

Predicated on having an elected METRO MAYOR..... a contentious issue

New meso scale Midlands Engine Territory



A map of Northern England with several counties highlighted in pink. The highlighted areas include Lancashire, Greater Manchester, Yorkshire, and parts of the East of England. The rest of the map is yellow, and the sea is blue. The text 'The Northern Powerhouse' is written in large, bold, black letters to the right of the map.

The Northern Powerhouse

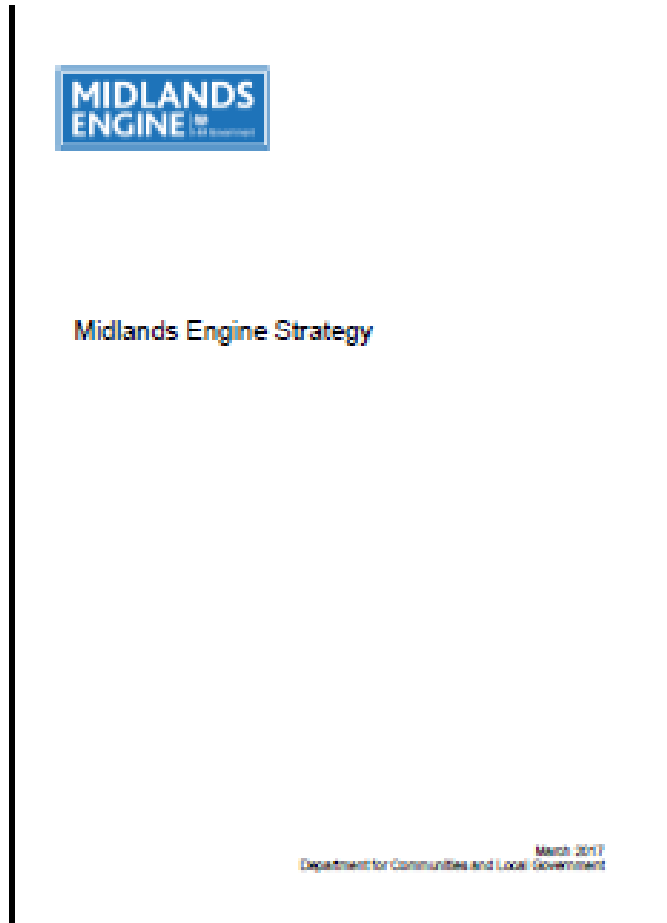
Includes "Core Cities" of
Liverpool, Manchester,
Leeds, Sheffield, Hull
and Newcastle.

New: Western Powerhouse; Cambridge-Milton Keynes-Oxford Corridor.

Questions

- Will the strategies of the sub-national authorities be *aligned* to the priorities of national and meso-scale strategies? Or
- Will they meet local needs / priorities?
- Issue of scale... relational geographies (of production and consumption) vs administrative geographies – cross boundary issues to deal with

Role of the Meso Scale



- Midlands Engine – Strategy written by DCLG = Power up
- Not an executive agency
- Is non-constitutional
- Implementation by lower scale

Northern Powerhouse



Northern Powerhouse strategy

- Central Govt wrote strategy
- Northern Powerhouse Partnership – NP1 1
- Private sector led
- LEPs implementation
- But ‘Tribes’
- Critical of Mancs ‘mafia’

“Tribes” Prescott: unite and form a Council of the North

The former Deputy Prime Minister urged for renewed focus in making the Northern Powerhouse work.



Role of the Combined Authorities

- Activities to drive economic growth in their area
- Have devolved powers/competences - asymmetric
- But to write new Strategies to reflect the IS;
- To address Central Government priorities?
- Co-ordinate LEP strategies
- Resources but a Deal making culture
- Mayoral authority – not all have Mayor
- Incomplete coverage of the UK
- Power down but budget control by Central government
- And, austerity

Role of LEPs in *Economic Development*

- IS makes a clear commitment to the role of LEPs - empowered
 - Power down - Review by MHCLG (2018) *Strengthened LEPs*
- Relationship with Local Authorities ??
- What will LEPs do? (Fai and Tomlinson, 2018)
 - ▣ Revise the SEP as the basis for their local industrial strategy;
 - ▣ Local Industrial Strategy will replace the SEP
 - ▣ LIS seen as being distinct from the Strategic Economic Plan
- New PM led 'Council of Local Enterprise Partnership Chairs'
 - ▣ LEP leaders to inform national policy decisions- but control on funding
- But cross boundary issues - Functional economic geographies...?
 - ▣ LEP areas too small; need larger LEPs; merge LEPs??

SHARED PROSPERITY FUND ??

- **To tackle inequalities;**
- **A simplified, integrated fund**

BUT A RECENT STATEMENT AT NP CONFERENCE

- Design principles of UKSPF
 1. Ensure places can deliver on use of funds
 2. Simplified delivery mechanisms
 3. **UK wide fund**
 4. National framework
 - Does not address inequalities
 - Not same objectives as EU

CONCLUSION

Scope to establish institutional architectures that enable
‘the vertical and horizontal coordination of
regional transformation processes
beyond administrative boundaries by state and
non-state actors’

Governance structures fit for purpose?

- Not a re-territorialisation of policymaking but
 - ▣ Is delegation of the administration of national policy to the sub-national scale
 - ▣ Meso level - provides framework for policy at lower scale
 - ▣ Combined Authorities – devolved powers but asymmetric; gaps in coverage; deal culture – HMT controls spending
 - ▣ LEPs - too small; geographies of production/consumption wider
- represents the difficulty of organising governance structures for development of complex geographies of production and consumption
- Delegation not devolution for a place-based approach

A dog's breakfast??