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?

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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

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**Our five foundations align to our vision for a transformed economy**

- **Ideas**: the world's most innovative economy
- **People**: good jobs and greater earning power for all
- **Infrastructure**: a major upgrade to the UK’s infrastructure
- **Business environment**: the best place to start and grow a business
- **Places**: prosperous communities across the UK
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
RDAs and LEPs

English Regions - 9

Local Enterprise Partnership Areas - 38

1999-2012

2010 onwards
Local Authorities

Baseline of 326
District authorities
County authorities

Not coterminous with the
Local Enterprise Partnerships
Combined Authorities

- 2011 onwards
- Legally Constituted
- Metro-Mayors’ – not all
- Metro-mayor has powers
- Devolved powers differ...
### POWERS/COMPETENCES BEING DEVOLVED

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Adapted from Sandford (2016)

Predicated on having an elected METRO MAYOR…… a contentious issue
New meso scale
Midlands Engine Territory
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

- Central Govt wrote strategy
- Northern Powerhouse Partnership – NP11
- 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??
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
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??