

Levelling up: local and regional structures and the delivery of economic growth

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This submission relates to the following key issues outlined in the terms of reference

- 1. Evidence base, and**
- 2. Local Structures**

1. Evidence and value for money – the regional and local tiers of government

The Operational Programme for 2014 to 2020 of the European Regional Development Fund in England is the responsibility of Ministry of Housing Communities and Local Government.

The **regional structure** for the delivery of growth and economic development more generally in England is Local Enterprise Partnerships (LEPs). They replaced previous structures and funding for local growth, (both locally and regionally).

LEPs were established in 2011 as strategic partnerships between the private sector and local authorities. There are 38 LEPs in England as local and regional economic development has been devolved to Scotland, Wales, and Northern Ireland. The LEPs operate across functional economic areas that reflect labour markets and are intended to offer economies of scale. They generally cross administrative boundaries, covering more than one local authority.

The principal source of evidence on their effectiveness are their own publications and two independent reports from the NAO in 2016, and 2019. In 2018, the Department tied the future of LEPs to the development of local industrial strategies for their areas, stating that this is a prerequisite to LEPs accessing future funding after 2020-21. The Department also set its expectations for LEPs and all combined authorities to develop and publish agreements over their respective roles and remits within their local areas. It also expected all LEPs to register as legal entities by April 2019.

The principle mechanism for tackling LEP underperformance or non-compliance is the withholding of grant. MHCLG expects LEPs to self-correct any shortfalls in the conduct of any of its board members and it set out other mechanisms to intervene where it has detected ongoing failure. This includes ministers writing to the LEP board to express a loss of confidence in its leadership. These interventions are acknowledged to be weaker than those available to the Department in the case of failing local authorities because LEPs are not statutory bodies.

The previous delivery structure for regional economic development prior to 2011, was based on Regional Development Agencies operating on standardised regional areas. This geography also reflected the geography of other regional governance and delivery agencies and coterminous boundaries such as the Regional Government Offices, Regional Planning Assemblies, NHS Strategic Health Authorities, Regional Resilience Forums etc. They were able to collect and co-ordinate evidence across the regional tier and were commensurate with business development assistance and support from the EU. Data and information (including real time publicly accessible information) was increasingly made available on Regional Observatories as well as in regular public reporting. They reported into central government, were monitored via the Government's Regional Offices network. In addition to regular departmental and programme auditing and reporting their performance was

evaluated through peer-based independent external performance assessments. The intention was to design and implement policies at multiple levels of government across public services that were mutually reinforcing towards agreed common objectives with policy development, service delivery and public assurance aligned around the same national regional and local objectives. A generic model for these types of performance regimes including inter-dependencies and inter-relationships is illustrated in Murphy *et al.* (2020).

The local evidence base was primarily collected by local delivery agents most notably local authorities and their key stakeholders, although all financial data is collected by Chartered Institute of Public Finance and Accounting.

Since 2010 the most comprehensive data collected across all local authority areas are in Joint Strategic Needs Assessments which were introduced in 2007. At that time, they complimented and formed the information base for a country-wide series of Local Area Agreements between Local Strategic Partnerships and central government. This information also complimented the information collected for statutory forward planning purposes and the information that education authorities collected for school place planning exercises. In terms of economic development all types of local authorities (County, District, Unitary, or London Boroughs also collected more specific data and intelligence on their local economy and local development initiatives.

All Local Area Agreements had four 'blocks' of targets and agreements and economic development tended to be the focus of one of those 'blocks' (the others being Children Services, Health, and the Criminal Justice Services). Authorities and local public service delivery organisations were encouraged to collect, store, and make evidence publicly accessible electronically via local portals and the former Audit Commission and other external regulators provided external scrutiny as did the other tiers of government.

The other single repository sources of information and intelligence available before 2010 was in the local and national reports undertaken by the former Audit Commission and by the former Improvement and Development Agency of the Local Government Association. Although the national reports (of which there were 23 on economic development and planning, 28 on Asset Management 18 on Best Value/Value for Money, 60 on financial management and 78 on the Use of Information) are still available, individual inspection reports of individual local authorities from this time are no longer available in a single public repository.

Since 2010 Joint Strategic Needs Assessments have been maintained although repurposed to serve Health and Wellbeing Boards. In some parts of the country they continue as Information repositories, but these are now very variable because of declining support and resources during the period of austerity 2010-2019.

There have also been a number of ad hoc changes to the numbers and types of local authorities and their governance structures, all of which have been enabled to contribute or have regard to the development or wellbeing of their areas. This has tended to fragment the 'evidence base' as obligations or requirements to keep other stakeholders informed are variable. Figure 1 of the NAO report (2019) lists the various initiatives for promoting local growth. These would generally (but not exclusively) relied on a specific be-spoke evidence base, collected for the purpose of the initiative. The other primary evidence repository, the Audit Commission was closed in March 2015 but effectively stopped individual authority inspections in 2010.

Although the Local Government Association rebranded then closed its Improvement and Development Agency, the LGA remains the largest source of collective information about local

authority activities and the collective data they hold in England. A system of peer challenge and reviews replaced external Inspection of local authorities and their services in 2010. These are available to local authorities on corporate and financial issues and for some services, but the latter do not include a specific peer challenge on economic development.

2. Local structures:

All nine regions of England have a different mix of governance arrangements in each region of the country. The types of 'principal' authorities include mayoral and combined authorities (who generally but not exclusively operate on a regional or sub-regional level) while Unitary, County, Districts and London Boroughs operate to a greater or lesser extent in the nine regions. All have local development agendas (albeit that the government is currently proposing the reduction of areas with 2-tier county and district arrangements to be replaced by unitary authorities). The Local Government Chronicle provides annual interactive maps of local government structures in England usually after local elections. As well as governance and political control arrangements these also visually chart the changes in the types and boundaries of local authorities (and others). The illustrate that almost every year there are some changes.

This is different to the local structures in the devolved administrations of Scotland, Wales, and Northern Ireland where a single tier of coterminous local authorities have the power to promote economic development under the oversight and support of the devolved administration. Their geographic and demographic characteristics are similar to the nine English Regions – albeit that Wales and Northern Ireland would be at the lower end of the 'host population' scale.

There is not much hard evidence to compare the local growth agenda because objectives, priorities, structures, processes, outcomes, and boundaries all differ and are changeable over time. It is generally believed that the arrangements in the devolved administrative areas tend to work more effectively together to deliver local growth and development despite these areas having some of the greatest challenges. There are multiple good (and bad) case studies in all regions and evidence and lessons to be learnt from poor collaboration or leadership, abounds in both the academic and in the professional press.

In the period prior to 2010 when, *inter alia*, the government was encouraging local strategic partnerships, local economic social and environmental resilience and a joined-up approach between central and local government the Audit Commission both supported and assessed collaborative working and captured good practice in its national and local reporting. One of its final national series of reports and advice was entitled "Working Better Together".

The work of the Audit Commission was supplemented and complemented by repositories of case studies, leadership lessons and advice in the IDeA/LGA and in particular the LGA's Planning Advisory Service. There was also considerable knowledge and capacity in the Governments Regional Offices. Similarly, the repositories and libraries of the most relevant professional bodies such as the RTPI, RIBA, RICS, TCPA, POS, Institute of Economic Development, and the Chartered Institute of Housing. Most of these latter sources have historical repositories of good case studies although the volume of publications has reduced in the pre-Covid era of austerity.

The government should focus its post-Covid-19 levelling up policy on the areas and structures that have been most neglected over recent years and where EU support and assistance is being withdrawn. The English regions, subregions and key sectors most notably (but not limited to) the green economy, sustainable development and skills, training and innovation have all seen underinvestment when compared to European neighbours. The Northern Powerhouse/Midlands Engine/Combined

Authorities/LEPs are neither sufficiently effective nor sufficiently comprehensive for the post-Covid challenge of sustainable development and growth. Commendable regional initiatives to exchange research, knowledge and impact between the University sector have emerged particularly in Wales (Wales Centre for Public Policy in Cardiff) and in the North East (see Liddle and Shutt 2020), the scope, scale, roles, responsibilities, powers and public legitimacy are clearly inadequate without government involvement, and the scale and scope of their remits are too limited for the task of regenerating regional and local economies.

Covid-19 has illustrated the importance of local authorities to the resilience and prosperity of their local communities, but regional and sub-regional challenges and problems persist and need to be addressed strategically at a greater geographical scale than individual local authority boundaries. Current initiatives at these scales are uncoordinated and ineffective. Local Authorities are best placed to focus on the wellbeing of *local* communities, but multiple area issues and strategic opportunities as well as sectoral challenges and opportunities exist at scales between local authority boundaries and the national level. Combined authorities, LEPs and mayoral authorities have been useful in demonstrating the potential usefulness and effectiveness of sub-regional structures and organisations, but they are clearly only a partial solution.

Recommendation

Covid-19 has shown the need for integrated policy and delivery based on adequate infrastructure and long-term capacity at national, regional, and local scales. It has also clearly demonstrated the need for joined up policy and service delivery and short, medium- and long-term strategic planning and action.

England currently does not have adequate structures and organisations to effectively address and manage the increasing regional and sub-regional development issues that are generated by modern economic and environmental pressures. These will inevitably increase and become more complex as the country attempts to move to a more 'sustainable' future. Regional Structures in England were dismantled by the 2010-2015 Coalition Government and inadequately replaced in the period up to the pandemic. The pandemic continues to demonstrate the need for robust and integrated structures and organisations working in a collaborative and integrated way to meet common challenges and mutually agreed objectives. Climate change and the challenge of a sustainable future demonstrate that this need will persist.

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