Levelling Up, Local Growth and Productivity in England

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Abstract

Ahead of the publication of the Government's 'Levelling Up' white paper, this paper reviews the current role of institutions and governance structures across English regions in tackling spatial inequality and low productivity. It considers the recent history and roles of local and regional institutions and the overarching policy frameworks that oversee them as a key element of tackling spatial inequality and low productivity.

Specifically, the paper looks at the frequent changes to institutional arrangements supporting economic development and the process of allocating competitive funds to local and regional bodies. Two case studies concentrate on the changes of skills policy over the last three decades and the introduction and development of Local Enterprise Partnerships between 2010 and the present day. Although this directly relates to a promise made by the Conservative Party during the 2019 General Election, the issues of regional and local inequality, low productivity and devolution have salience for all political parties in England.

Introduction

> *'We are embarking now on a change of direction that has been long overdue in the UK economy… and that is the direction in which this country is going now - towards a high wage, high skill, high productivity - and yes, thereby low tax economy - that is what the people of this country need and deserve, in which everyone can take pride in their work and in the quality of their work. And yes, it will take time. And yes it will sometimes be difficult, but that was the change that people voted for in 2016 and that was the change they voted for again powerfully in 2019 and to deliver that change we will get on with our job of uniting and levelling up across the UK, the greatest project that any government can embark on. We have one of the most imbalanced societies and lop-sided economies of all the richer countries it is not just that there is a gap between London and the South-East and the rest of the country, there are aching gaps within the regions themselves.'*
>
> **Boris Johnson Speech to Conservative Party Conference 6th October 2021**

The Conservative Party Conference held in Manchester in early October 2021, had two overarching themes – 'levelling up' and the 'transition to a high wage, high skill, high productivity economy' – this is the new economic model that, according to the Prime Minister, people voted for in 2016 (at the EU Referendum) and 2019 (the General Election where the Conservatives won with an eighty-seat majority). While there may be a hint of post hoc justification in these objectives – together with a deliberate narrative strategy to deflect talk of crises including fuel and food shortages, energy costs and widespread price rises, the objectives are based on two essential truths. Firstly, that the UK is a country that suffers from extreme regional and local inequalities and second, that improving productivity, lies at the heart of any mission to improve wages and strengthen the economy in the aftermath of Brexit and Covid.

This insights paper considers how the configuration and powers of local and national institutions matter to these objectives - and whether the UK's governance arrangements will support our ability and capacity to meet them. The paper argues that understanding the importance of institutions and governance to improving productivity and tackling regional inequality is important – especially as we approach the publication of a 'Levelling Up' white paper from the newly created Department for Levelling Up, Housing and Communities (DLUHC), led by a newly reshuffled team of ministers. We argue that the decisions ministers make now about the local and national policy frameworks and the institutions and organisations charged with delivering them will be critical in the medium and longer term.

There is widespread consensus between economists, political scientists and policymakers that institutions are an important part of tackling both problems of widespread low productivity but with large regional differences (see for example McCann, 2016 or Coyle, 2020). However, there is further value in understanding how different institutions work, what they are tasked to do and how they relate to others also involved in pursuing these objectives.

> *'Such examples have now attained almost motherhood-and-apple-pie status among economic researchers, given the widespread acceptance that "institutions" are important for growth and development. But economists need to connect their analysis with an understanding of the political potential for change, the sociology of organisations, and the psychology of decision-making. Simply urging regions to "be more like Silicon Valley" is useless. The challenge for researchers and policymakers is to understand – in each specific context – exactly what coordination is needed to increase productivity, and what actions (and by whom) can achieve this.*
>
> **Diane Coyle (2020).**

The UK's track record – and particularly that of England - over recent decades doesn't bode particularly well for tackling spatial inequality and low productivity. As we have hypothesised in earlier work for the Institutions and Governance theme at the Productivity Institute, the British state is overly centralised compared to other countries (Pabst and Westwood, 2021). It has weak institutions locally and regionally – and perhaps a low regard for the role and importance of such institutions. The institutional framework for raising productivity across place looks fragmented and suffers from poor co-ordination between silos and different levels and it is subject to instability and short-termism – as well as extraordinary levels of policy churn (Norris and Adam, 2017). It is also telling that the three policy areas most important for boosting productivity and reducing disparities across regions are also subject to some of the greatest variabilities in arrangements including regional policy, industrial strategy and vocational education (Norris and Adam, 2017; Coyle and Muhtar, 2021 and Keep, Richmond and Silver, 2020).

If these hypotheses and analysis are correct than we have a problem. One that will hinder any attempts to 'level up' or the hoped-for transition to a 'high wage, high productivity' economy. In this paper we will discuss what the problems and challenges are and how we might address them in a more fruitful pursuit of the Government's two overriding objectives of 'levelling up' and the transition 'towards a high wage, high skill, high productivity economy.'

The paper proceeds as follows. Firstly, we consider the different definitions of institutions and why there are important in these policy contexts. Secondly, we consider the nature or regional and local inequalities in England (including the centralisation of governance) and look at what that might mean for the forthcoming 'levelling up' white paper. Thirdly, we map the current institutional arrangements in the series of English regions most relevant to the both the 'levelling up' agenda and the so-called 'red wall' ie the North-East, North-West, Yorkshire and Humber and the Midlands. Then we consider two specific case studies – Local Enterprise Partnerships and the English VET system before offering some concluding thoughts and policy recommendations.

The most important conclusions in the paper are that we should aim for a local and regional institutional framework that remains stable over the longer term. Government should prioritise better co-ordination between institutions (within localities and regions as well as between them and national organisations). This is particularly important for policy areas such as transport and infrastructure, Education and Research & Development.

A long-term plan for tackling spatial inequalities and improving productivity should also involve a clear devolution and decentralisation strategy with enhanced powers and resources at the city region and local levels. As far as possible these local arrangements should follow the same geographical boundaries. Finally, while restoring civic pride and rebuilding social infrastructure is important, government should resist a 'thousand flowers blooming' approach as well as use of centrally designed and awarded competitions that often support them.

What do we mean by institutions and why are they important?

To begin we must first define what we mean when we talk about institutions – either nationally or locally as definitions vary across the social sciences and in policymaking. The US economist Elinor Ostrom (1986) pointed out that 'little agreement exists on what the term 'institution' means'. Douglass North (1992) describes institutions as 'the rules of the game in a society' and 'humanly devised constraints that shape human interaction'. But as other economists do, he distinguishes between 'institutions' and 'organisations' in the same way that in sport, 'the rules are different from the teams or the players'. Both political scientists and policymakers tend to think of institutions and organisations as much more similar and interchangeable. In 'Why Nations Fail', Daron Acemoglu and

James Robinson (2012) see them as the 'order' and the 'rules' but also the institutions of government such as parliaments, central banks and departments that oversee enforcement, infrastructure or trade. They make the difference between economies and societies that succeed or fail.

Giles Wilkes (2020), a former economic adviser to both the Coalition and Conservative Governments, points out the pitfalls: *'in normal parlance, an institution is an organisation tasked with some function. For economists, it means something slightly different'*. He explains that policy 'must involve choices' and that 'politics is an inescapable part of it'. Nobel Laureate Joseph Stiglitz (2019) agrees, *'because the rules of the game and so many other aspects of our economy and society depend on the government, what the government does is vital; politics and economics cannot be separated*'.

Taking 'levelling up' – success will depend on different layers of government ('multi-level governance' in the political science literature) from delivery departments in Whitehall to local and regional authorities and also organisations in the public, private and voluntary sectors across England too (Rhodes, 1997). However, compared to other countries, most power and resource in the UK remains centralised and concentrated in Westminster and Whitehall with institutions at the regional and sub regional level left weak, fragmented and subject to frequent 'policy churn'.

Policy change will depend on the actions and impact of other institutions too. For example, it will impact universities carrying out and applying research and colleges educating students for work in firms and public services. But so too, local firms and social or civic bodies will also be affected. Mike Kenny and Tom Kelsey (2021) of the Bennett Institute at Cambridge have described the value and importance of social and local institutions. Likewise, Andy Haldane of the Bank of England described the importance of 'reweaving the social fabric' after the pandemic (Haldane, 2020). This further broadens our thinking about institutions but also in our understanding of infrastructure too.

So how Governments choose to define, configure and oversee their institutions, how they reform existing organisations and how they fund and direct them will all matter – from 'machinery of government' changes to Whitehall Departments and their policy and legislative agendas to the organisations often on the receiving end of policy instructions. This is 'multi-level governance' (Rhodes, 1997) or 'multi-centric policymaking' (Cairney 2019) and it includes local and regional bodies and the devolution (including policy, powers and resources) settlements across the four UK nations and within each country, to cities, towns and local communities too.

They will be as critical locally and regionally as they are nationally – if the twin objectives of raising productivity and reducing spatial inequities are to be met. What then are the prospects for such institutions – their roles, powers and resources – how they are joined up to others – locally and nationally – and the stability of the policy environment and institutional landscape? Also which of those specific institutions or organisations will be charged with delivering skills, economic development, productivity etc. especially as a new Government Department (for Levelling Up, Housing and Communities DLUHC) is formed and a white paper imminent?

The Centralisation of Power: Westminster and Whitehall

Overcentralisation in both the UK political system and the UK economy remains a standout feature when comparing England to other countries. The UK and in particular England is an outlier in both regards (2070 Commission). Despite devolution to three of the country's four nations and to several city-regions, Britain remains a unitary state that is overcentralised (Richards and Smith, 2015).

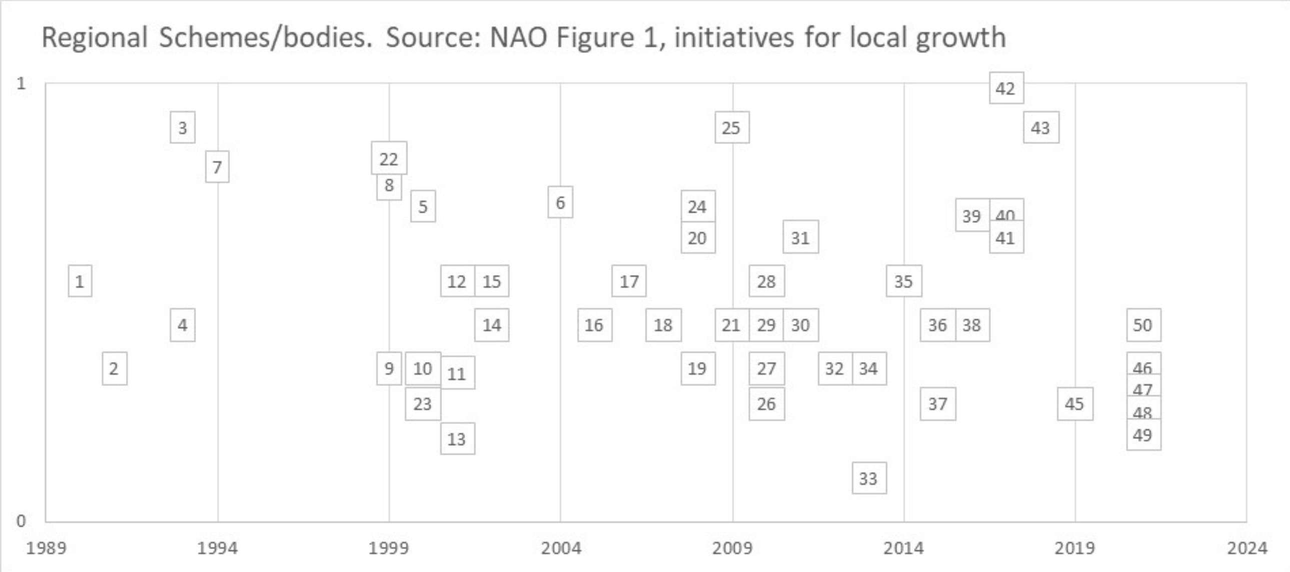
> *'The UK is one of the most centralised states in the Western World, with fewest powers decentralised to regions and communities. It is no coincidence, then, that the UK is also one of the most spatially unequal economies in the Western World, regionally and sub-regionally.*

Through the metro Mayors, some greater degree of regional autonomy is gradually being distributed. But we are still miles away from the levels of devolution present in other, less spatially unequal, countries. The current approach to devolving powers differs significantly even across Mayoral Combined Authorities. And below that level, at the hyper-local level where the real problems often reside, the picture is more patchwork and piecemeal still. The current degree of centralisation and combined with the lack of consistency and comprehensiveness in devolved practices, leads to a patchwork quilt that inhibits local design and decision-making. A fundamental rethink of devolution practices is needed, with the upcoming White Paper on levelling-up offering perhaps the opportunity.'
Andy Haldane Speech to Local Trust, July 2021

The so called 'Westminster Model' and Whitehall itself remains key to our understanding of government and its institutions (Lijphart, 2012). It is the key set of institutions in the wider policy-making arena and the complexity of governance arrangements, broadly defined, within which UK policy operates. The 'Westminster Model' and the 'Northcote-Trevelyan' paradigm is still dominant (Richards and Smith, 2015) and for now will set the terms of 'levelling up' as well as determine the powers, resources and makeup of local and regional institutions.

Politically, Westminster and Whitehall tend to centralise and hoard power even though many departments, with the notable exception of the 'Imperial Treasury', often lack power or influence over central decision-making or in the implementation of policy across the country. Britain's institutional ecology at national as well as at the local and regional level can be weak, fragmented or poorly co-ordinated particularly in its many attempts to boost productivity growth. Longstanding institutional and policy silos combined with a political process that produces a constant churn of new institutional and policy initiatives also abound (Norris and Adam, 2017). Moreover, successive British governments have a poor track record of effective cross-departmental coordination, as highlighted not just during the Covid-19 emergency but also in relation to the repeated failure to put in place a robust industrial policy (Coyle and Muhtar, 2021). New Whitehall departments have been created and renamed, and industrial strategy recalibrated with every new incumbent in No 10.

Figure 1: Regular changes in initiatives for local economic growth



1 Training and Enterprise Council
2 City Challenge
3 English Partnerships
4 Single Regeneration Budget
5 Enterprise Grant Scheme
6 Selective Finance for Investment
7 Government Offices for the Regions
8 Regional Development Agencies
9 New Deal for Communities
10 Urban Regeneration Companies
11 Neighbourhood Renewal Fund
12 Local Strategic Partnerships
13 Neighbourhood Management Pathfinders
14 Local Authority Business Growth incentive
15 Housing Market Renewal Pathfinders
16 Working Neighbourhoods Fund
17 Local Area Agreements
18 Local Enterprise Growth Initiative
19 City/Economic Development Companies
20 Multi-Area Agreements/City Region Pilots
21 Future Jobs Fund
22 National Coalfields Programme
23 Business Improvement Districts
24 Grants for Business Investment
25 Homes and Communities Agency
26 Community budgets
27 Enterprise Zones (new phase)
28 Regional Growth Fund
29 Local Enterprise Partnerships
30 Growing Places Fund
31 Combined Authorities
32 City Deals
33 Business Rates Retention
34 Tax Increment Finance
35 Devolution Deals
36 Local Growth Fund
37 Coastal Communities Fund
38 Mayoral Development Corporations (outside London)
39 Northern Powerhouse Investment Fund
40 Midland's Engine Investment Fund
41 Combined Authority Mayors
42 Industrial Strategy White Paper/ Challenge Fund
43 Strength in Places Fund
44 Towns Fund
45 Future High Street Fund
46 Levelling Up Fund
47 Freeports
48 Community Renewal Fund
49 Community Ownership Fund
50 National Skills Fund

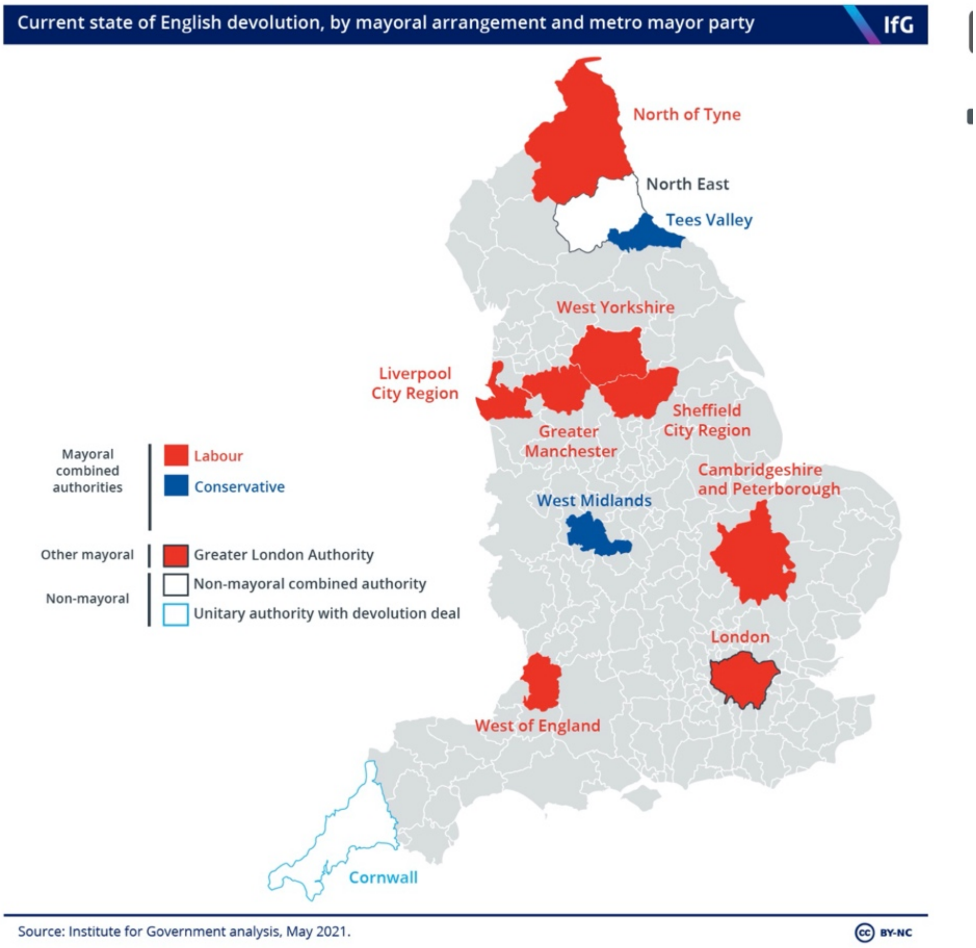
Source: Adapted from National Audit Office (2019)

One of the most egregious examples of institutional or policy 'short termism' is regional policy which has been chopped and changed by successive governments with seemingly little effect on spatial inequalities. See Figure 1 above, for a summary of initiatives from a series of different governments aimed at stimulating local growth since the late 1980s. The gaps in economic performance between different regions and local areas during that time have not suffered from a lack of policy attention or intent. In the 1980s, the Conservative government set up 'urban development corporations' to improve land and property markets in urban areas, but this further entrenched disparities in suburban, rural and coastal areas and ultimately led to '*the revenge of the places that don't matter*' (Rodríguez-Pose, 2017). New Labour tried to tackle regional inequalities by creating the National Strategy for Neighbourhood Renewal together with Regional Development Agencies (RDAs) across nine regions of England, alongside Regional Assemblies and City Mayors (both of which failed to take off outside London).

After 2010, the Coalition Government scrapped RDAs and replaced them with a series of Local Enterprise Partnerships (LEPs) which, a decade later, are now under a formal review from the current government. The Coalition Government also created a series of Mayoral Combined Authorities (see Chart 1 below) with associated 'devolution deals' covering new powers and resources. But what has been missing is a clear, consistent approach to which powers of central government should be devolved alongside both resources and accountability.

Furthermore, since 2019 there have been increasing geographical inconsistencies between programmes, powers and places leading to questions about how such arrangements might provide a sub-optimal basis for improving regional/local productivity gaps and/or 'levelling up'. By way of a brief history of regional arrangements for economic development we can see this playing out. Since 1997 the Whitehall responsibility for local and regional government has been held by the Department for The Environment, Transport and the Regions (DETR), the Department for Communities and Local Government (DCLG) and now the Department for Levelling Up, Housing and Communities (DLUHC). Alongside the Department for Trade and Industry (DTI) morphed into the Departments for Innovation, Universities and Skills (DIUS) and Business, Enterprise and Regulatory Reform, (BERR) then to Business, Innovation and Skills (BIS) and now Business, Energy and Industrial Strategy (BEIS) (noting that even here the language of industrial strategy has been ceremonially abandoned along with key institutions including the Industrial Strategy Council).

Chart 1: Mayoral Combined Authorities in England, 2021



Current state of English devolution by mayoral arrangement and metro mayor party (Updated: 21 May 2021)

Source: Institute for Government analysis, May 2021

At local/regional levels the past quarter of a century has also witnessed a shift from Training and Enterprise Councils (TECs) to Regional Development Agencies (RDAs) and Learning and Skills Councils (LSCs) and then to LEPs and from Local Area Agreements (LAAs) and Multi Area Agreements (MAAs) to Combined Authorities (CAs) and now to 'Levelling Up' and to 'Town' or 'County Deals'. There is very little institutional or policy stability within or between governments – even those nominally of the same stripe. One feature of this is the lack of spatial consistency within and between government reforms. So in England and Wales there were initially 19 Training and Enterprise Councils (TECs) created in 1990 looking after various economic and training schemes of the time. In the first term of the New Labour Government in England, these were replaced by nine RDAs and 47 Local LSCs. By 2010 both sets of organisations were abolished – partly in the name of waste – and replaced with 39 LEPs. Alongside there was the creation of several CAs (now 9 in England) as well as the 'Northern Powerhouse' and 'Midlands Engine' brands. Very few follow the same geographical boundaries, instead they represent often loosely or oddly defined areas that don't appear to follow a consistent or coherent geographical or spatial framework. Worse, they often follow different geographical boundaries to other public services or policy delivery frameworks.

Whilst the role of institutions in 'levelling up' is to be determined (possibly in the forthcoming white paper), the nature and extent of centralisation and regional and local inequalities already offer some consensus. Here policy action is required into the many obstacles faced by people, firms, and places in both acquiring and utilising the capabilities necessary to achieve higher levels of productivity. There are questions about resources, capacity, incentives and the broader coordination of productivity-enhancing policies, including industrial policy, science, innovation and human capital policies.

> *'Important culprits may be fragmented decision-making and the absence of broad, well-functioning ecosystems involving business, government and research institutions at local, regional and national level in the UK, which operate in a coherent, coordinated and long-term manner. Many policy initiatives suffer from over-centralisation, top-downism, short-termism linked to the electoral cycle, silos and the absence of effective joined-up government, as well as lack of meaningful engagement with stakeholders (both governmental and non-governmental) beyond Westminster and Whitehall, and a disjointed, constantly changing approach to both policy-making and policy-delivery'* (Jones, 2016).

Considering the best approaches at a local or regional level recalls the conceptual differences between institutions and organisations. As Wilkes notes, this will likely come down to a combination of choices made by Government and the actions (and overall co-ordination) of individual organisations and actors:

> *'Creating the right institutions in both the conventional and economic sense is going to be crucial to any ambitions of "levelling up". If we take it to mean 'raising the productivity of lagging regions', the real task will be carried out by thousands of actors, acting under their own steam and the institutional structures put about them. Decisions taken in Westminster to place funds here or there may make a difference. But – as already noted – crude fiscal reallocation cannot take this agenda very far.'* (Wilkes, 2020).

These are questions that the focus on 'levelling up' seeks to answer within and alongside an overall vision for the future of the UK's economy after Brexit and Covid. The UK's Industrial and Economic Strategy will be key as it evolves in the coming months and years. Industrial Strategy has been most recently led by the Department for Business, Energy and Industrial Strategy (BEIS) in 2017 established by then PM Theresa May. There also exist a series of Local Industrial Strategies commissioned as part of the broader approach.

This takes us to a new wave of policy formation since 2018/19 and the allocation of a range of relatively small scale centrally administered pots of funding to institutions bidding into a series of policy competitions. These include the Local Growth and Towns Funds and more recently the 'Levelling Up', 'High Street' and 'Community Ownership' Funds[1]. These build on funding processes first created during the 1980s and also more recent funds such as 'City Deals'[2]. However, it is clear that this approach is proliferating as a policy mechanism of choice and that the process itself creates problems, undermines local institutions and increases dependency on central government role for local economic strategies.

As Andy Haldane, then Chair of the Industrial Strategy Council and Chief Economist at the Bank of England (and now seconded to Cabinet Office to chair a 'Levelling Up Taskforce announced during the Cabinet Reshuffle):

> *'Centrally distributed funding pots are unlikely by themselves to be an effective or lasting solution to the 'levelling up' problem. The best laid plans are those laid locally and which build on a broad base of foundations including investment, education, skills and culture. That requires local institutions and requires them to have the holy trinity of powers, monies and people. The Plan for Growth contains too little to secure those local foundations and to develop those local institutions.'*
> **Andy Haldane at Institute for Government seminar 23rd March 2021.**[3]

The UK doesn't just offer an example of centralisation in its systems of governance and the allocation of powers and resources. It is also *'the most unbalanced and unequal country across the largest range of indicators'* (McCann 2016; Travers 2018). According to Paul Collier, spatial inequalities have been driven by '*a forty-year divergence in income, dignity, empowerment and finance between the metropolitan Southeast and other regions'*. There is widespread consensus that significant gaps in productivity follow – within and between regions and subsequently, at a national level too, with evidence showing the UK's governance system itself partly accounts for regional inequalities (McCann 2016; Carrascal-Incera et al. 2020) and that improving arrangements could *'foster stronger and more inclusive productivity growth'* (McCann, 2021).

In England in particular, the system of governance gives local and regional institutions very low levels of authority, autonomy and resource (Hooghe and Marks 2021) compared to other countries in the developed world.

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[1] Details on the scope of these funds (and awards) can be found here:
https://www.gov.uk/government/publications/levelling-up-fund-prospectus
https://www.gov.uk/government/publications/community-ownership-fund-prospectus
https://www.gov.uk/government/collections/towns-fund
https://www.gov.uk/government/collections/local-growth-deals

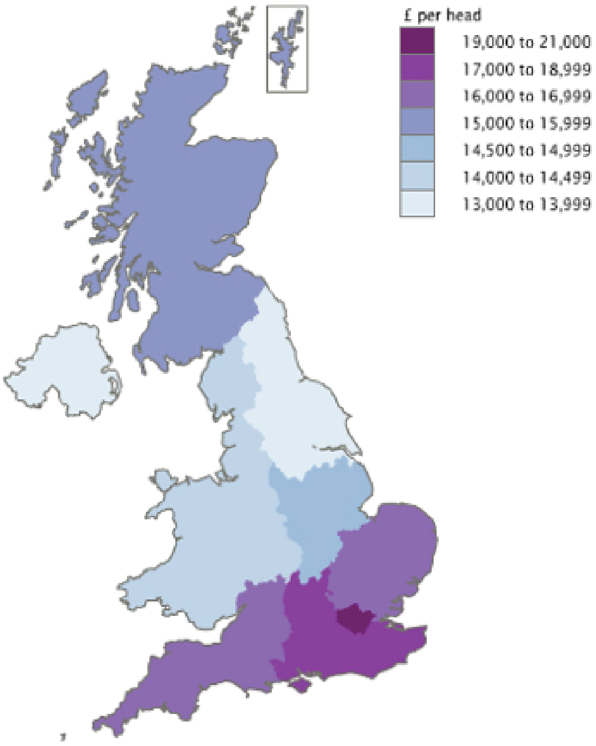
[2] City Deals were introduced during the Coalition Government 2010-2015. See here:
https://www.gov.uk/government/collections/city-deals

[3] Remarks made at Seminar launching Industrial Strategy Council Annual Report Seminar on 23rd March, 2021 - available at: https://www.youtube.com/watch?v=K4sLJKtBoVs (accessed 5th November 2021)

Chart 2: UK Regional Inequality

UK has higher level of regional inequality than any other large wealthy country

- Analysis shows UK's regional inequality worse than 28 other advanced OECD countries
- Award-winning regional scientist concerned that media proliferates misleading narratives over inequality
- Professor Philip McCann argues devolution and decentralisation will help address causes of Brexit



Source: ONS and University of Sheffield (2019)

There are also important constitutional and institutional aspects to these arrangements too. A commitment to building capacity at the local levels will be critical, but so too will be changes in the way the centre functions, especially the Treasury. Long term reforms that rebalance existing fiscal arrangements between the centre and the local level also requires deep culture change where policymakers need to be open to influence from cities, towns and regions in day-to-day policy discourse (McCann, 2021).

> *'In a country with such huge interregional inequalities as the UK, the concerns of London and its hinterland barely reflect those of the country as a whole and this architectural design problem this is a profound knowledge failure of the national governance system. It is not a market failure problem as economist might think about organisational issues, but rather a knowledge problem associated with poor institutional-design of a form very familiar to those working at the boundaries of economics, sociology and political science on governance failures.'* McCann and Ortega-Ardiles, (2021)

The fiscal question is an important one and city regions, regions and counties may need to be more circumspect when considering these issues. More fiscal autonomy (without ongoing fiscal transfers of some kind) over low levels of income and borrowing could be problematic in the same way that ideas about 'community wealth building' (CLES, various) and increasing circulation of existing levels of wealth in an economy may lock places into a downward rather than an upward spiral simply because incomes, including from taxes on people and business, are relatively low in the first place.

As McCann (2021) notes, the question of fiscal freedoms and capacity remain important ones. Economic development and wealth creation must remain the central objective from which some fiscal responsibilities and powers might follow (but the latter doesn't necessarily create the former). A further element of this will also be how we build fiscal capacity in institutions at the local and regional level.

A number of academic studies have investigated if there is a link between fiscal decentralisation and regional disparities. Lessman (2009) describes the benefits of decentralised government as bringing government closer to the people; with local officials better informed about local needs and thus better able to set the optimal mix of local policies. Some propose assigning more capacity to subnational governments in order to promote economic development and increase overall government efficiency which in turn should contribute to economic growth (see Oates, 1999). Lessman (2009) also finds that a higher degree of decentralisation is associated with lower regional disparities with poorer regions tending to benefit.

There are potential economic benefits from decentralising fiscal powers as less developed regions might offer more attractive investment conditions such as through lower tax rates or incentives for example. However, there are potential regressive effect from fiscal competition too that could widen regional disparities in that richer regions have more capacity and are able to provide more qualified human capital, closer markets and comparatively better infrastructure.

OECD studies have also investigated if there is a link between regional disparities and fiscal decentralisation of resources. Bartolini et al (2016) suggests there are two main channels through which local governments can expand their tax base. The first is competition where regions compete for resources – people, firms or financial resources – with other regions. The second is a better use of existing resources: activating an endogenous process of development, which exploits sources of development, through the implementation of business-friendly regional policies and the more efficient use of untapped sources of development such as human capital, local labour force and local amenities (Blöchliger, Bartolini and Stossberg, 2016).

As with other issues the choice between a model of continuing fiscal and policy control at the centre, including via competitive funding processes, and a more decentralised system where both fiscal and policy design are devolved will be key decisions in the white paper and the years that follow. Ultimately, any government committed to reducing high levels of regional inequality should consider a more optimal balance between local and national fiscal powers, with more flowing to the former.

However, it is likely that achieving this will require a period of strengthening capacity in local and regional institutions and of continuing fiscal transfer as gaps remain wide.

The 'Levelling Up' Agenda and the Forthcoming White Paper

The term 'levelling up' first emerged during the 2019 General Election campaign and has now further developed into a headline policy priority for the Conservative Government. Together with a connected objective of transitioning to a 'high wage, high productivity' economy, this is now a political and policy framework for the post-Brexit post-covid economic and political narrative. It will be formalised in a white paper from DLUHC by the end of 2021.

This white paper began life as a devolution and local government strategy (pulled during disagreements with City Mayors during the local lockdown phase of Covid handling) and then led by the Cabinet Office 'Levelling Up' Unit and MP Neil O'Brien who has written extensively on the subject examining metrics for measurement of levelling up, the effect on social fabric of communities, innovation and manufacturing in a series of Onward (2020) reports. Following the reshuffle in September 2021 and the appointment of Michael Gove and Neil O'Brien as ministers, the white paper is now being produced at the newly renamed Department for Levelling Up, Housing and Communities (DLUHC.)

There is, perhaps inevitably given the long period between the slogan's inception (2019) and the appearance of a white paper (end 2021), a range of different views about what 'levelling up' means and about the different policy objectives and actions that it might prioritise. The role of the white paper will be to at least define these for the purposes of the Government and its ensuing policy frameworks across a range of different Government departments as well as for institutions and organisations at the local and regional level.

Newman (2021) states that levelling up refers to three main areas: first the pre-existing notion of equality of opportunity through education and training; second an agenda to invest more in infrastructure, (largely in the less prosperous regions that have been neglected in earlier rounds of the HM Treasury's Green Book funding - as pointed out in Coyle and Sensier, 2020) and third a commitment to more devolved power to English regions. Newman (2021) suggests there may be resulting tensions from an approach to increase public spending, turning away from austerity with the need to increase taxes which was ruled out the 2019 Conservative Manifesto.

Improving local and regional economies that lack strong institutions as well as capital investment may require greater state planning and intervention and likely to create tensions with more traditional Conservative areas and traditions. As Jennings et al (2021) state the Conservatives are turning left on the economy and right on culture. They highlight five contradictions with the levelling up policies as follows:

1. Productivity disparities. Is it about closing the productivity gap between the regions and London and the Southeast or a more fundamental attempt to offset the forces of agglomeration that have opened up a divide between core cities and peripheral areas?
2. Enhancing mobility. Is the goal to connect lagging places with centres of growth or to make local economies more self-sufficient and resilient? Not every place can be connected so enabling people to live and work in more peripheral areas, through local economic development bottom-up approaches (like community wealth building in Preston), will strengthen local resilience of lagging behind places.
3. Hard or soft infrastructure? Does levelling up relate to investment in physical capital or human capital?

4. Devolution. Moving civil servants out of London is not devolution just moving central decision makers to regions. The key decisions are still taken in London (like the allocation of funding streams Towns Fund, Future High Street fund, Levelling up, Community renewal).
5. Tax and Spend. The Government are planning a more redistributive programme of public spending and a more interventionist state (planning decisions) but this comes after a decade of austerity.

Rodríguez-Pose links the role of institutions to the fortunes of territories. He suggests that institutions directly influence local economic growth as they affect the capacity of economic actors interacting within places to attract or repel high growth industries. Indirectly the institutional context affects every public policy that is applied and must be improved to make regions more sustainable and resilient and their inhabitants happier. The stakes are high as discontent, and resentment have been building with the failure of development policy interventions to 'level up' regions (Rodríguez-Pose, 2018).

The ESRC funded 'Local Institutions, Productivity, Sustainability and Inclusivity Trade-offs' (LIPSIT) project[4] aims to identify 'institutional and organisational arrangements at the regional level that lead to the 'good' management of policy trade-offs associated with increasing productivity'. It says this about 'levelling up' and the relationship between local/regional and national institutions:

> *'Levelling up' is a multi-level and cross-sector agenda that requires long-term and strategic interventions at the local level, often requiring close co-ordination and partnership working by government agencies and the private and third sectors. However, the UK's subnational system is geared towards short-term and fragmented interventions, with much of it controlled by central departments, often themselves poorly coordinated. In addition, there is a disjointed and unsettled system of spatial governance.*
>
> *Much of the current debate about levelling up revolves around the distracting question of whether Whitehall or local people know how best to transform local economies. But the crucial challenge remains the capacity of the UK's political institutions at all levels to implement major economic transformations effectively. For this challenge to be met, the systems and processes that link the central, regional, and local levels need to work smoothly and efficiently. Currently, they do not.'* **LIPSIT (2021)**

Thus far at least, there has also been a major element of political symbolism (Edelman, 1964) too – of announcements that reinforce a narrative of a government getting stuck into the things that people care about. This shows the importance of 'symbolic politics' or the 'political spectacle' according to Will Jennings, Lawrence McKay and Gerry Stoker (2021), but also the tensions between different spatial levels (including between cities and regions and towns):

> *'A policy focus on city growth as the engine of levelling up may only reinforce socioeconomic divides between major cities and outlying towns—failing to address the economic decline felt by more peripheral areas. If left as a regional productivity and city growth-focussed agenda, levelling up could end up reinforcing inequalities within regions, failing to counteract the 'geography of discontent'. There are many policy choices that might bring only marginal economic benefits but might carry shorter term political returns. Sometimes they might coincide – such as with a new bus or rail interchange, funding for training or for a new research facility.'* Jennings, Stoker and McKay (2021)

[4] *Local Institutions, Productivity, Sustainability and Inclusivity Trade-offs (LIPSIT)* is an Economic and Social Research Council funded collaborative project between the Universities of Birmingham, Cardiff, Surrey, Warwick and Demos: https://lipsit.ac.uk/about/

But they may also diverge – investment from 'Levelling Up' or 'Towns' funds in local institutions including on high streets, in sports clubs or in museums or cinemas – may be more politically symbolic than economically meaningful. But through building a sense of trajectory or narrative, it may also help to build support for longer term investment in other local institutions or infrastructure with more sustained, longer term economic benefits – say in human capital or R&D.

We should not then dismiss their importance in a white paper with 'restoring civic pride' as a key objective (O'Brien, 2021). Even in more traditional economic thinking there is a value to strengthening social capital and the community institutions and social fabric that bind a community together (Haldane, 2020; Kelsey and Kenny, 2021). So even though policymakers and academics are likely to disagree on the nature as well as on the type, scale and sequence of interventions that might address these issues, they are not without value. So when it comes to policy, a 'freeport' on Teesside or a 'gigafactory' in the West Midlands may have just as much – or possibly more - impact politically than economically. In the shorter term, it may be the former that matters most, demonstrating political commitment as well as reinforcing 'symbolic politics' or the 'political spectacle' (Edelman, 1970), but also the value of a smaller scale social focus on high street businesses, sports clubs or local heritage and community institutions (Westwood, 2021). In a long-term approach, such quicker, more tangible interventions – as long as they are ultimately accompanied by other structural interventions – can also help to build political trust as well as narrative and trajectory.

Andres Rodrigues Pose in *'The Revenge of the Places that Don't Matter'* (2018), describes the political impacts of ignoring towns, cities and people at the margins of economic activity and policymaking. In both Europe and North America this has seen the election of populist politicians, rejection of 'rules' and the dismantling of 'institutions'. For Rodrigues Pose, turning around these places and attitudes involves evidence of progress and attention in the short term or 'a sense of trajectory'. As Boris Johnson said in a recent interview, 'people live by narrative – human beings are creatures of the imagination' (McTague, 2021).

But, putting a dubious allocation process to one side (see Hanretty 2021), it is possible that these interventions will have political value and legitimacy, even if varying economic or productivity impact. As academics interested in policymaking, we understand all too well that there are trade-offs between different Government objectives. But we also understand that the same choices apply at different spatial levels and between different types of policy intervention too.

In an article for the Guardian in October 2021, O'Brien (now a minister at the Department for Levelling Up, Housing and Communities and partly responsible for the white paper) set out his and the Government's definition:

> *'Boris Johnson put levelling up at the heart of his conference speech today. But what is it? The objectives of levelling up are clear. To empower local leaders and communities. To grow the private sector and raise living standards – particularly where they are lower. To spread opportunity and improve public services, particularly where they are lacking. And to restore local pride, whether that is about the way your town centre feels, keeping the streets safe or backing community life. In his speech, the prime minister also set out what levelling up* isn't*. It's not about cutting down the tall poppies. Not about north v south, or city v town. There are poor places even in affluent regions like the south-east and London.'* Neil O'Brien, 6th October, The Guardian.

But there will also remain an important political dimension to any white paper and to the issues of long-term regional inequality. The so-called 'geography of discontent' (McCann, 2017) relates to those parts of the country (some regions, towns, cities and rural areas) that are both less productive and less wealthy than others (or compared to the UK average as a whole). These are areas that are more likely to be politically dissatisfied with existing institutions as well as economic and social opportunities and outcomes.

> *'Politicians who campaigned in the EU Referendum on a 'take back control' platform and then in December 2019 on a 'get Brexit done' platform, are in power crucially because of the many constituencies in relatively poorer areas which for the first time in the last century chose to elect a Conservative rather than Labour MP, giving Boris Johnson's government an overwhelming majority of some eighty seats. The former 'red wall' of traditionally Labour seats in the Midlands and North of England and Wales, partially crumbled, and the 'Levelling Up' agenda was intrinsically forged out of these geographical changes in voting patterns, in that the Johnson government and parliamentarians realised that responding to the needs of these constituencies is critical for both their election to, and also their survival in, government.'* McCann and Ortega-Ardiles (2021)

We do know that tackling regional and local inequalities is a priority for voters as well as for academics researching the UK's poor productivity. According to recent research from King's College and Britain in a Changing Europe, 61% of all voters saw inequality between places as the most serious facing the country (Duffy, Hewlett, Hesketh, Benson and Wager (2021). Of that 67% of Labour and 59% of Conservative voters from 2019 General Election saw the gaps between places as the most serious inequality needing to be tackled ahead of wealth, ethnicity, gender, education and age.

If these do become the major themes in the white paper, then it suggests a four-pronged approach focusing on devolution and local leadership, improving local economies and living standards, strengthening local public services and restoring civic pride by addressing amongst other things, crime, high streets and 'community life'.

Government rhetoric suggests that they can have everything both ways – that they can rebuild 'left behind' towns and build globally competitive cities in every region, or invest in high streets and social infrastructure as well as in human capital and R&D. But limited resources and political capital may suggest otherwise. As Jennings et al (2021) and others suggest, there will be tensions and trade-offs between improving productivity and growing local and regional economies and the politics of local and regional identity. This isn't just in the choices between investment, whether in high streets and the social fabric or in larger structural areas such as infrastructure or skills supply, but also in the geographical boundaries that devolution creates. Local and regional identities don't always follow in the same footprints as the most practical economic development structures and these tensions need to be acknowledged. As recognised by Michael Kenny (2021), these identities also provide prominent elements of our political discourse and although longstanding, have perhaps become more significant in local and national narratives since the 2016 EU Referendum and the 2019 General Election.

Overall Government must make choices about the level of resources and the sequence of investment that best supports their long term political and economic objectives. They must also choose the types of interventions and institutions and the spatial levels in which to prioritise them.
But long-term stability as well as improved co-ordination between different policies and activities remain important needs – and where possible, governance, policy and institutions must come together in an optimal way.

In many ways the trick will be to better balance the needs of both. Recent governments such as Labour (1997-2010) may have gone too far on the creation of more technocratic economic structures, including at local and regional levels such as through local Learning and Skills Councils and Regional

Development Agencies. The current Conservative Government may be in danger of going too far the other way, with devolution deals and investment targeted more at local social and political identities.

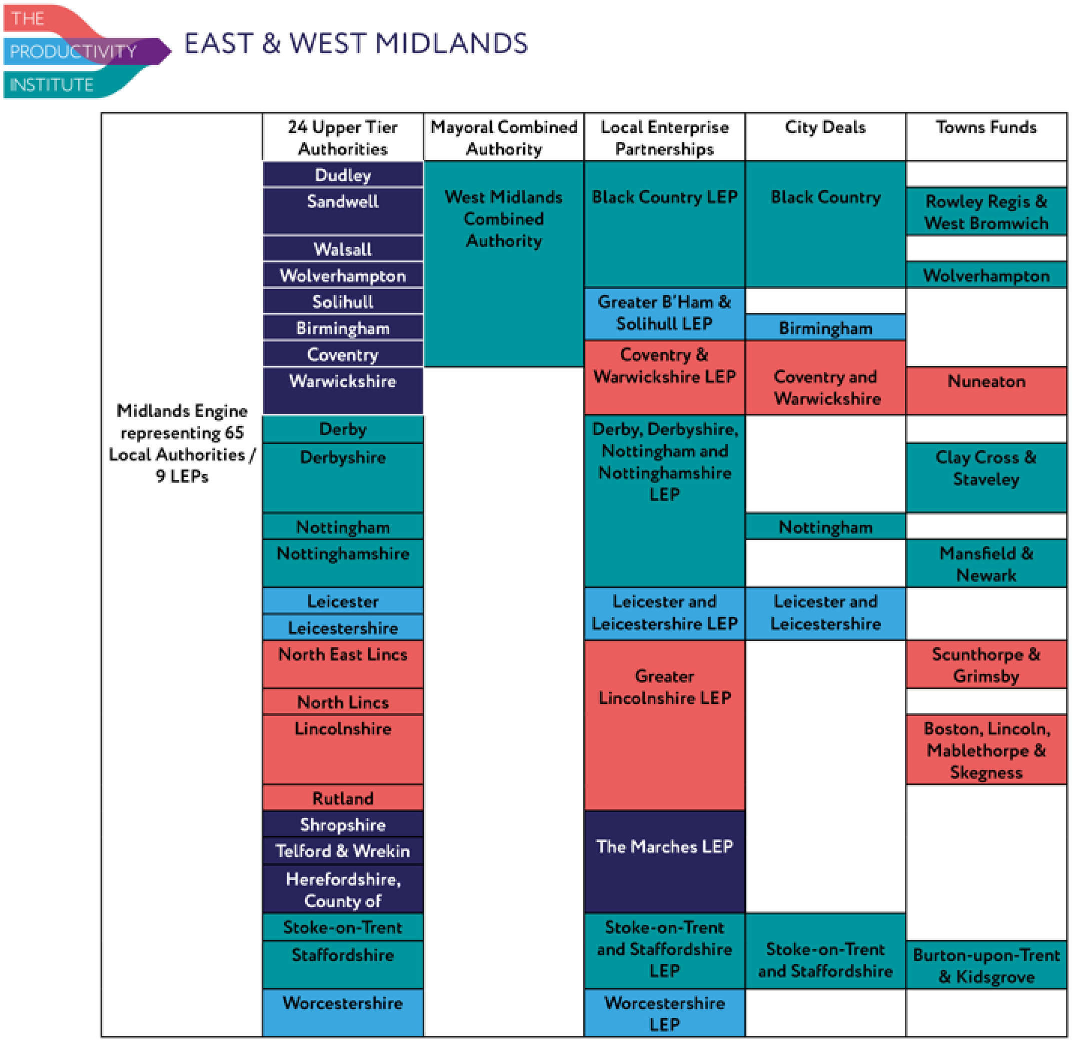
Mapping current institutional structures in regions

If addressing regional and local inequalities and improving productivity and economic growth are the two main objectives – and local/regional institutions are crucial to making both of these things happen, then what is the current state of play in our cities and regions as we approach the publication of a 'levelling up' white paper – and a strategy that addresses these issues?

We have already established that there is a lack of long-term stability in the nature, scope and geographical boundaries of local and regional institutions. To illustrate this, we address the institutions that are supposed to support economic development and local growth. Most of the institutions described below are relatively new (established within the last decade) and some specific programmes have only been introduced only in the last two years. These are snapshots of arrangements showing how the longer-term churn of institutional and policy change is currently configured in each region. It is highly probably that some of these arrangements will change again and likely soon, but for now this is how economic development and local growth is supposed to work.

For this paper we have looked at the main regions associated with 'levelling up' and the so called 'red wall' – the Midlands, the North West, the North East and Yorkshire and Humber and mapped current arrangements for economic development in each. We have selected these regions as examples rather than suggesting that these are the only regions where these issues matter (the South West as well as Wales, Scotland and Northern Ireland all have inequalities and economic challenges too – as do more prosperous regions such as London, the South East and the East of England). However, for the purpose of this paper we have concentrated on institutional arrangements in the four Northern and Midland regions in England.

Chart 3: Economic Development Institutions and Arrangements in the Midlands (West and East)



Notes:

- Cannock Chase, East Staffordshire and Tamworth (all in Staffordshire upper tier) are included in both Greater Birmingham & Solihull LEP and Stoke-on-Trent and Staffordshire LEP.
- Bromsgrove, Redditch and Wyre Forest are included in both Greater Birmingham & Solihull LEP and Worcestershire LEP.
- Rutland was previously part of Greater Peterborough Greater Cambridgeshire LEP but joined Greater Lincolnshire LEP in 2020

Source: Research by authors and The Productivity Institute Midlands Regional Productivity Forum

In the Midlands – East and West – we can see in Chart 3, that there is a mixture of upper tier and local authorities as we might find in every English region. There are longstanding issues about local authority organisation, boundaries and funding which we do not intend to explore here. But for the purposes of this paper, it is noted that these are perhaps the most stable elements of the local and regional institutional architecture.

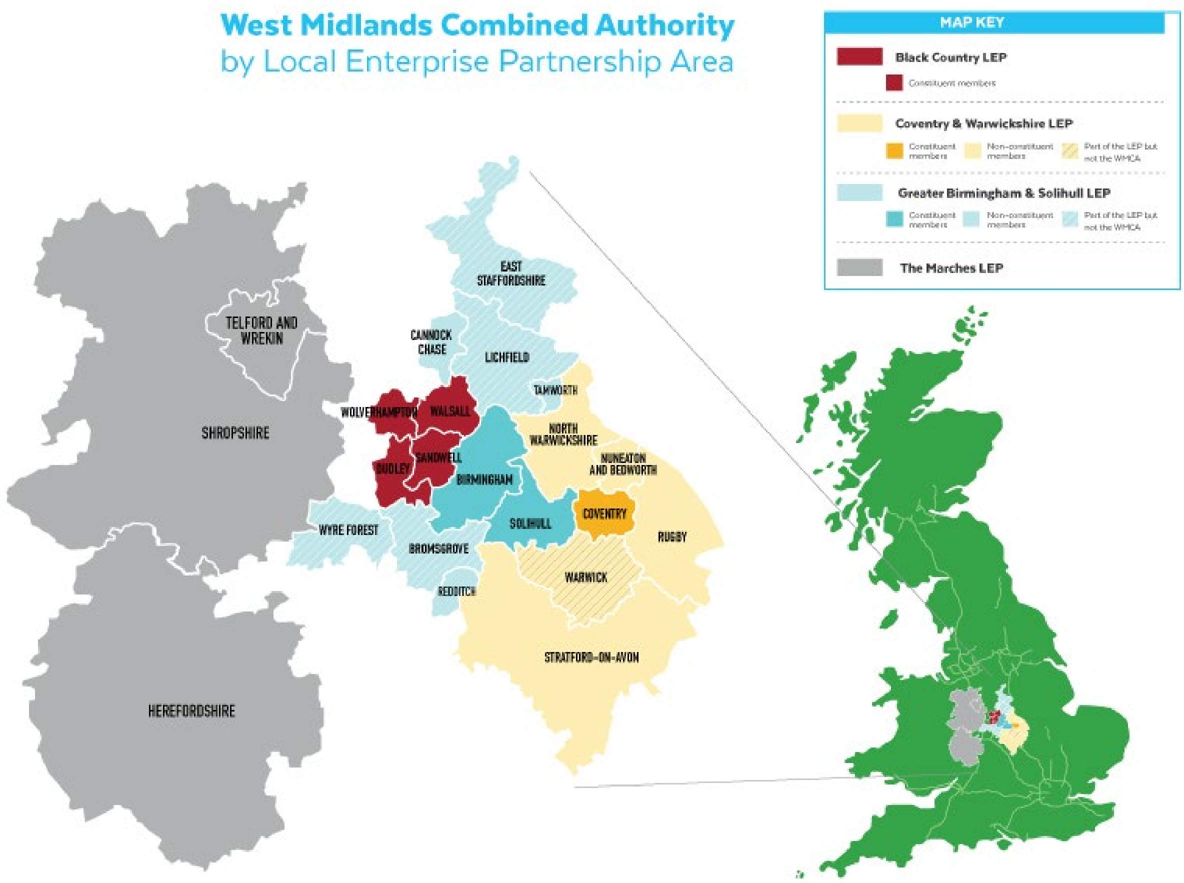
Chart 3 also shows the local authority areas that make up the West Midlands Mayoral Combined Authority consisting of Birmingham, Coventry, Wolverhampton, Dudley, Sandwell, Solihull and Walsall. This Combined Authority, or mayoral city region, enjoys some considerable new powers and resources including over adult skills, transport and some areas of economic development.

However, as both Chart 3 and Chart 4 (below) show, these boundaries are not shared with the three Local Enterprise Partnerships (LEPs) in the West Midlands. The Black Country sits wholly within the WMCA but the Greater Birmingham and Solihull LEP and the Coventry and Warwickshire LEPs both sit partly within but largely outside WMCA boundaries. In addition, the Greater Birmingham and Solihull and Worcestershire LEPs overlap, with both including towns like Redditch and parts of the Wyre Forest.

To make matters more complicated the 'Midlands Engine', established under the Coalition Government in 2017, provides an even larger geographical focus including the East Midlands and five more LEPs (see Chart 5 below). Amongst other policy resources and responsibilities, the 'Midlands Engine' holds an Investment Fund, an Observatory and 'Midlands Connect' a regional transport partnership.

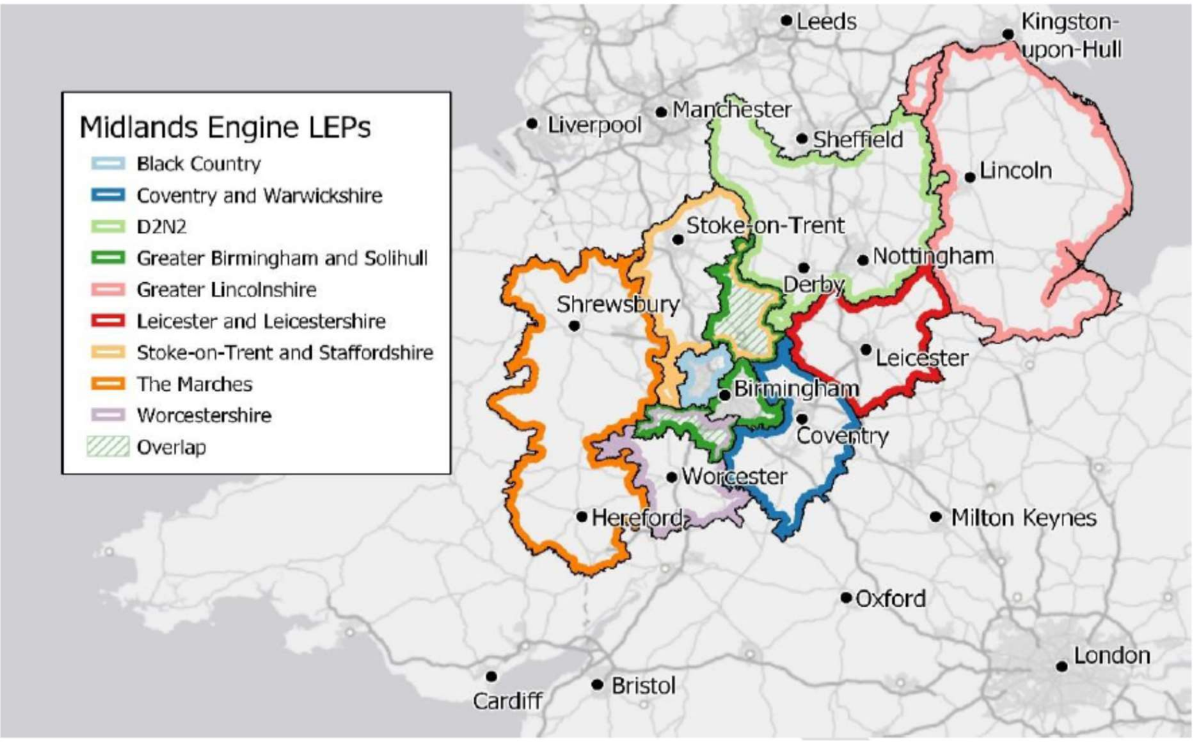
Then along new geographical boundaries, the Coalition and subsequent Conservative Governments have also launched a series of additional 'deals' and projects focused on economic development. These have included several waves of 'city deals' and 'towns fund' deals and most recently, 'levelling up' funds and community ownership funds.

Chart 4: LEPs in West Midlands and WMCA boundaries.



Source: The Business Desk (2018)

Chart 5: The Midlands Engine and Constituent LEPs



As Chart 6 demonstrates, a first glance at arrangements in England's North-West suggests similar challenges with another mix of local and combined authorities, LEPs, 'Towns' and 'City Deals' in place. There are also some similar ambiguities from the status of the 'Northern Powerhouse' - an organisation and strategy (like the 'Midlands Engine') left over from the Coalition's time in office and George Osborne's time as Chancellor of the Exchequer (2010-2016). Like the 'Midlands Engine' this also stretches across regions, from the North-West to the Yorkshire and Humber and North-East regions.

But at another level there are some clear differences with the Midlands. That is the city region LEPs (Greater Manchester and Merseyside) and Combined Authorities are coterminous and are run along the same geographical boundaries. This makes co-ordination significantly simpler in each city region, especially between different organisations that are tasked with improving productivity and increasing economic growth. They are also better integrated as organisations with several joint structures and processes in place in both city regions. Notably, in Greater Manchester this is also aligned with the Chamber of Commerce and in various other GMCA organisations such as those overseeing health and social care.

Chart 6: Economic Development Institutions and Arrangements in the North West

THE NORTH WEST

	Cheshire and Warrington (C&W)	Cumbria	Greater Manchester (GM)	Lancashire	Liverpool City Region (LCR)
Mayoral Combined Authorities			GMCA		LCR CA
Local Enterprise Partnerships	C&W LEP	Cumbria LEP	GM LEP	Lancashire LEP	LCR LEP
Upper Tier & Unitary Authorities	Cheshire East Cheshire W & Chester Warrington	Cumbria CC	Bolton Bury Manchester Rochdale Oldham Salford Stockport Tameside Trafford Wigan	Lancashire CC Blackpool Blackburn w. Darwen	Halton Knowsley Liverpool Sefton St. Helens Wirral
Lower Tier Authorities		Allerdale Barrow Carlisle Copeland Eden South Lakeland		Burnley Chorley Fylde Hyndburn Lancaster Pendle Preston Ribble Valley Rossendale South Ribble West Lancashire Wyre	
Growth Deal Boards		Borderlands Partnership°			
Towns Deal Boards	Crewe Runcorn Warrington	Barrow-in-Furness Carlisle Cleator Moor Workington	Bolton Cheadle Oldham Rochdale	Blackpool Darwen Leyland Nelson Preston	Birkenhead Southport St. Helens

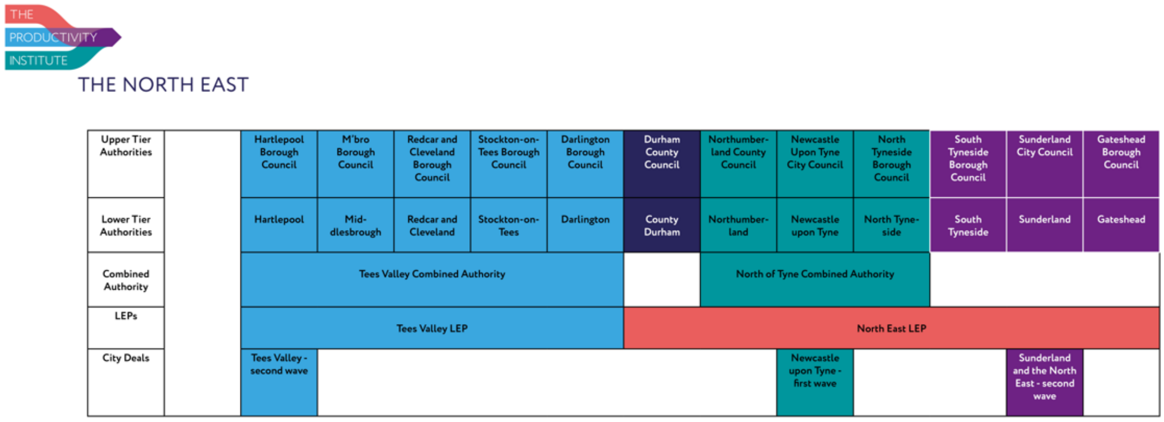
° The Borderlands Partnership, created in March 2021, include Cumbria County Council and Carlisle Council in north-west England, Northumberland County Council in north-east England, and the Scottish Borders Council and Dumfries and Galloway Council in southern Scotland.

Charts 7 and 8 set out arrangements in the North-East and Yorkshire and Humber regions. In both we can see some similarities with both the North West and the West Midlands. In the Tees Valley the Tees Valley Combined Authority (TVCA) and the Tees Valley LEP are nearly coterminous but for County Durham which is in the LEP but not the Combined Authority. There are also Towns Fund and City Deal allocations at a lower spatial level.

However, the North of Tyne Combined Authority (NoTCA) – as its name suggests – only draws in local authorities on one side of the river – and the North East LEP occupies a much larger footprint in and beyond the Newcastle City Region (including County Durham, Gateshead, South Tyneside and Sunderland as well as Newcastle, Northumberland and North Tyneside). Chart 7 also shows that County Durham, Gateshead, South Tyneside and Sunderland all sit between the two Mayoral Combined Authorities but without – so far at least – any of the devolved powers or resources that authorities withinin the two Combined Authorities enjoy. This makes little sense in either governance or economic geography terms. Co-ordinating policies between different organisations will be challenging as will the different arrangements and processes offered to businesses in order to grow any parts of the local and regional economy.

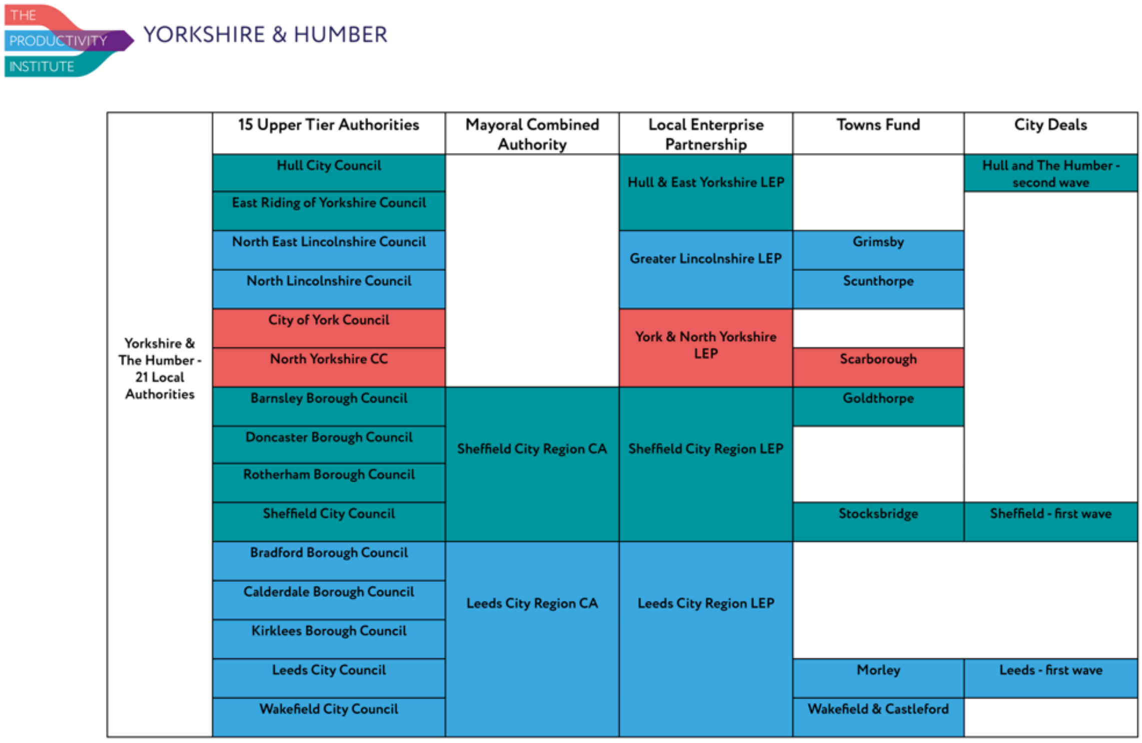
In the Yorkshire and Humber region (Chart 8 below), the LEPS and Mayoral Combined Authorities (in South Yorkshire and West Yorkshire) are also run on the same geographical boundaries as the Sheffield City Region and the Leeds City Region LEPs. Though in both the Yorkshire and Humber and North East regions there are also a range of 'Towns' (Grimsby, Scunthorpe, Scarborough, Goldthorpe, Stocksbridge, Morley, Wakefield and Castleford) and 'City Deals' (Hull and the Humber, Leeds and Sheffield) in place at lower spatial levels as well as the overarching reach of the Northern Powerhouse described earlier.

Chart 7: Economic Development Institutions and Arrangements in the North East



Source: Research by authors and The Productivity Institute Yorkshire, Humber & North East Regional Productivity Forum

Chart 8: Economic Development Institutions and Arrangements in Yorkshire and Humber



Case Study: The Creation and Evolution of Local Enterprise Partnerships (LEPs) 2009-2021

Local Enterprise Partnerships were first created following the 2010 General Election as voluntary partnerships between local authorities and business. The idea of 'local enterprise partnerships' had first appeared in the Conservative Party's 2009 Green Paper on decentralisation, as part of a promise to abolish the 'unaccountable, remote Regional Development Agencies (RDAs) (Pike et al, 2013).

After the General Election, the Coalition Agreement in May 2010 committed to *'the creation of Local Enterprise Partnerships – joint local authority-business bodies brought forward by local authorities themselves to promote local economic development – to replace Regional Development Agencies (RDAs)*'. The June 2010 Budget formalised the government's intention to abolish RDAs and reiterated a commitment to *'Support the creation of strong Local Enterprise Partnerships, particularly those based around England's major cities and other natural economic areas, to enable improved coordination of public and private investment in transport, housing, skills, regeneration and other areas of economic development.'*

Local plans for LEPs were brought forward with 56 initial bids of which 24 were accepted. By 2012 there were 39 LEPs formally established – later reduced to 38 (after the merger of Northamptonshire into Southeast Midlands LEP). Local authorities and LEPs were allowed to overlap – and local authorities could be members of more than one LEP (eg Derbyshire is in both the Sheffield City Region LEP and the D2N2 LEP) and the precise or functional geographies could vary according to the needs of each locality.

At a national level they were initially overseen by the Departments for Business, Innovation and Skills (BIS) and Department for Communities and Local Government (CLG) – now the Department for Business, Energy and Industrial Strategy (BEIS) and the newly renamed Department for Levelling Up, Housing and Communities (DLUHC).

From their introduction and formation, LEPs have been predominantly charged with delivering economic growth in their respective areas. This has included increases in jobs, businesses and in key sectors. In both better and less well-off locations, LEPs have been expected to focus on key elements of improving productivity including on infrastructure, skills and innovation. But since 2014, these responsibilities have at least been partly shared with Mayoral Combined Authorities via the various devolution deals each has pursued. Chart 9 shows how these different local and regional arrangements come together.

After the formation of BEIS in 2017 and the production of a UK Industrial Strategy, the LEP role in delivery was enhanced and either on their own or together with Mayoral Combined Authorities, they were charged with developing Local Industrial Strategies as well as playing their parts in UK wide challenges and 'missions' (LEP Network, 2017-2019).

Even though the UK Industrial Strategy has now been abandoned nationally (Coyle and Muhtar, 2021), many Local Industrial Strategies including in Mayoral Combined Authorities in Greater Manchester and the West Midlands have remained in place, supported and/or co-authored by their relevant LEP(s). In other areas, alongside Local Industrial Strategies, there have been audits commissioned on local and regional productivity such as that by the Leeds City Region LEP covering West and North Yorkshire (Green, 2019).

Chart 9: Regional Governance in England & Wales (including Local Enterprise Partnerships (LEPs) [5]

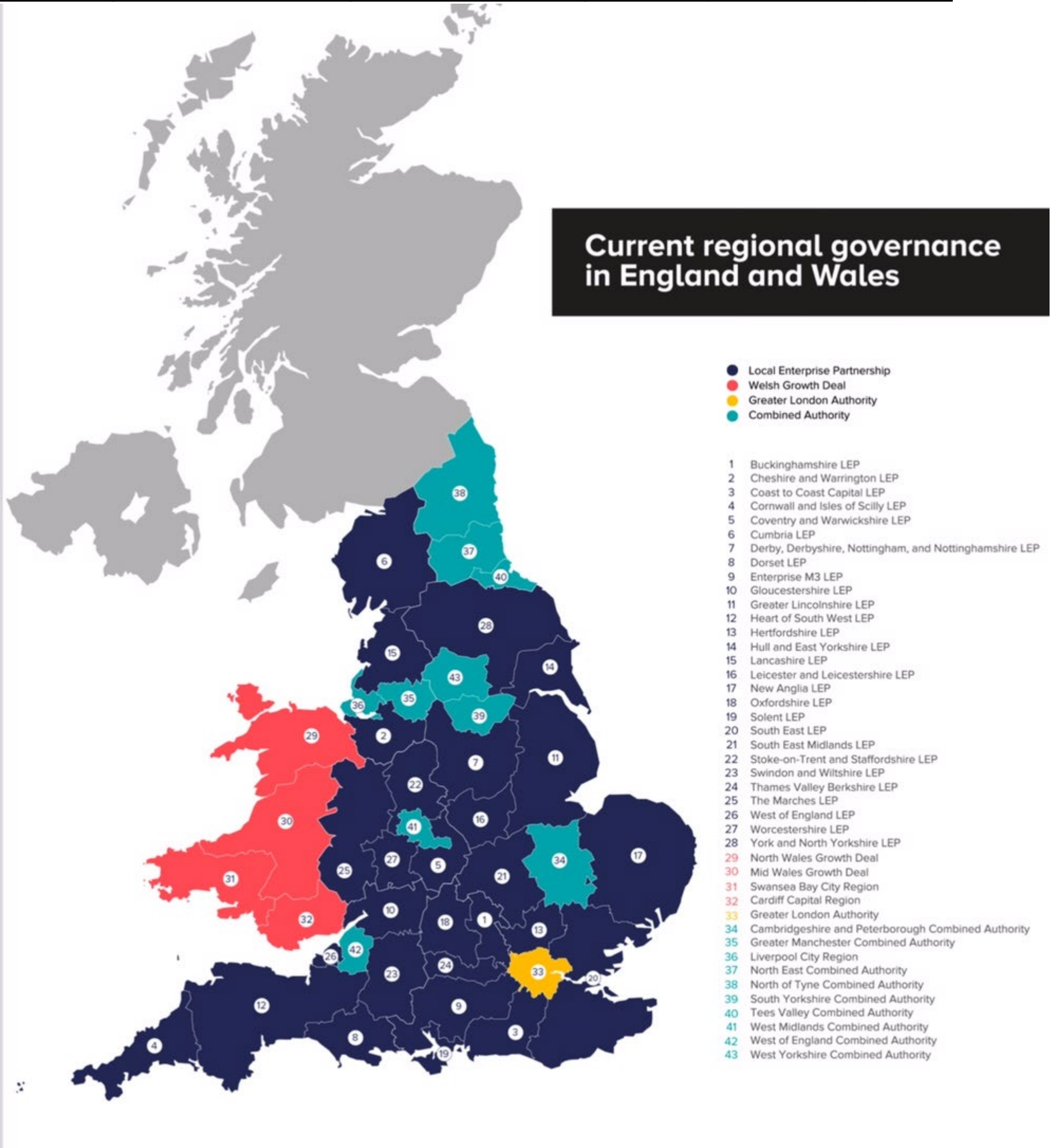


Figure 2: Map of Current Regional Governance in England and Wales (Newman et al 2021)

Source: LIPSIT 'Delivering Levelling Up' (2021)

In 2012 Lord Heseltine in his review of arrangements for local economic growth ('No Stone Unturned' 2012) recommended a much stronger role for LEPs with the delegation of local growth funds and some EU Structural funds to them. LEPs were formally reviewed under Theresa May's Government in 2017-18 with Mary Ney (a non-executive director at MHCLG) reviewing LEP governance and transparency

[5] From LIPSIT 'Delivering Levelling Up' September 2021

and a policy paper 'Strengthening Local Enterprise Partnerships' (2018)[6] recommending closer links to the 2017 Industrial Strategy and a LEP role in the production and delivery of 'local industrial strategies.'

> *'One of the great strengths of Local Enterprise Partnerships is their ability to bring together business and civic leaders across local administrative boundaries and provide strategic direction for a functional economic area. This will remain central to the success of Local Enterprise Partnerships; however, it is right to review the current geographic boundaries to ensure that they are fit for purpose for the expanded role we are proposing here.'*
> **'Strengthening Local Enterprise Partnerships', 2018**

However, the purpose and responsibilities – as well as their resources and capacity – have often been uncertain and the subject of frequent policy change. In 2015-16 the Government committed £12 billion to local areas of which over £9 billion has been allocated through 'Local Growth Deals' negotiated through LEPs. But the exact responsibilities and level of resources and powers of LEPs haven't always been clear. Nor has central government's confidence in their performance.

By 2021, with Boris Johnson succeeding Theresa May as Prime Minister and with a promise to 'level up' economic performance across the country at the 2019 General Election, LEPs are one more subject to a central government review. In early 2021, a new review of LEPs was initiated and led by the Cities and Local Growth Unit, which reports jointly into the Department for Business, Energy & Industrial Strategy and the Ministry of Housing, Communities and Local Government.

> *'…we are conscious of the need for an evolution of the way we support local economic growth so it can best support levelling up for the long term. The UK government will work with local partners throughout 2021 to develop an approach that delivers the infrastructure and regeneration priorities local leaders want to see in their area. We will also be working with local businesses on the future role of Local Enterprise Partnerships. We want to ensure local businesses have clear representation and support in their area, in order to drive the recovery. We will work with Local Enterprise Partnerships over the coming months, with a view to announcing more detailed plans ahead of summer recess. This will also include consideration of Local Enterprise Partnership geographies.'*
> **'New Levelling Up and Community Investments' (Spring Budget: MHCLG & HMT, March, 2021)[7]**

According to the Local Government Chronicle[8] (Hill, 2021) the review was commissioned earlier this year after LEPs' role in allocating funding pots was curtailed, with the £4bn 'Levelling Up' Fund, the £220m Community Renewal Fund (a pilot for the UK shared prosperity fund) and the Community Ownership Fund all being administered by local councils. However, as recently as August 2020, LEPs had been the lead bidding organisations for the £1.3bn 'Getting Building Fund' (MHCLG, 2020 [9]).
Other Whitehall departments have also ignored LEPs as well as existing local and combined authorities. In 2021, LEPs and Mayoral CAs were bypassed in the Department for Education's white

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[6] 'Strengthened Local Enterprise Partnerships' (BEIS, 2018) Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/728058/Strengthened_Local_Enterprise_Partnerships.pdf
[7] Budget Documents 3rd March 2021: https://www.gov.uk/government/collections/new-levelling-up-and-community-investments
[8] Hill J, (14th June 2021)'Revealed: Government thinking on future role of LEPs', Local Government Chronicle: https://www.lgcplus.com/politics/devolution-and-economic-growth/revealed-government-thinking-on-future-role-of-leps-14-06-2021/
[9] 'Getting Building Fund', 4th August, 2020: https://www.gov.uk/government/news/1-3-billion-investment-to-deliver-homes-infrastructure-and-jobs

paper (Skills for Jobs, DFE, 2021). This proposed that new Local Skills Improvement Plans (LSIPs) were to be created instead with employer representative bodies, particularly local Chambers of Commerce.

The LEP Review was initially overseen by Paul Scully, Minister of State at BEIS and by Kwasi Kwarteng and Robert Jenrick, Secretaries of State at BEIS and MHCLG and intended to report in the summer of 2021. After the delayed Cabinet Reshuffle in September 2021, MHCLG has been renamed the Department for Levelling Up, Housing and Communities and is led by Michael Gove as Secretary of State. We will wait to see the outcome of the LEP Review, but it is possible that it might be part of the forthcoming 'Levelling Up' white paper promised by the end of 2021.

In the Budget and Spending Review held on 27th October 2021, neither the Chancellor's speech nor the accompanying Budget 'red book' made any mention of LEPs or the Government Review[10].

Case Study: Skills Policy and Institutions at the Local/Regional Level

There is widespread agreement that skills and human capital are a key part of the productivity mix and that long term deficiencies and failures in skills policy in England have been a key element of England and the UK's productivity puzzle. This can be attributed to many things including failures in policy design and delivery as well as to low demand and utilisation of skills in firms and the broader economy (Finegold and Soskice, 1984, Keep and Mayhew, 1999).

However, as is central to the hypothesis in this paper, there are also specific problems in English skills and vocational education and training (VET) policy relating to fragmentation, poor co-ordination and 'policy churn'. According to the Institute for Government in 2017, there had been some twenty-eight major pieces of legislation relating to skills or further education since the late 1980s (the introduction of 'T Levels' that year would be the 29th) and that no institution or organisation had survived longer than a decade (Norris and Adam (2017). Since the 1992 Further and Higher Education Act, there have been seven more Acts, fifteen Government commissioned reviews and at least fourteen major strategies (Keep, Richmond and Silver (2021). This level of policy change has been described as the 'worst failure of domestic British public policy since the Second World War' (Collins, 2017).

Arrangements at the local and regional level have been equally turbulent. Since the early 1990s FE Colleges and training programmes have been overseen by Local Authorities, Training and Enterprise Councils, Local Learning and Skills Councils, Regional Development Agencies, Local Enterprise Partnerships, Combined Authorities and nationally by the Further Education Funding Council, the Learning and Skills Council, the Skills Funding Agency and the Education and Skills Funding Agency. In Whitehall, FE colleges and VET policy has been the domain of the Department for Education and Employment (DFEE), the Department for Education and Skills (DFES), the Departments for Innovation, Universities and Skills (DIUS) and the Department for Children, Schools and Families (DCSF), the Department for Business, Innovation and Skills (BIS) and now the Department for Education (DFE) although the Departments for Work and Pensions (DWP) and Levelling Up, Housing and Communities (DLUHC) retain key interests alongside HM Treasury.

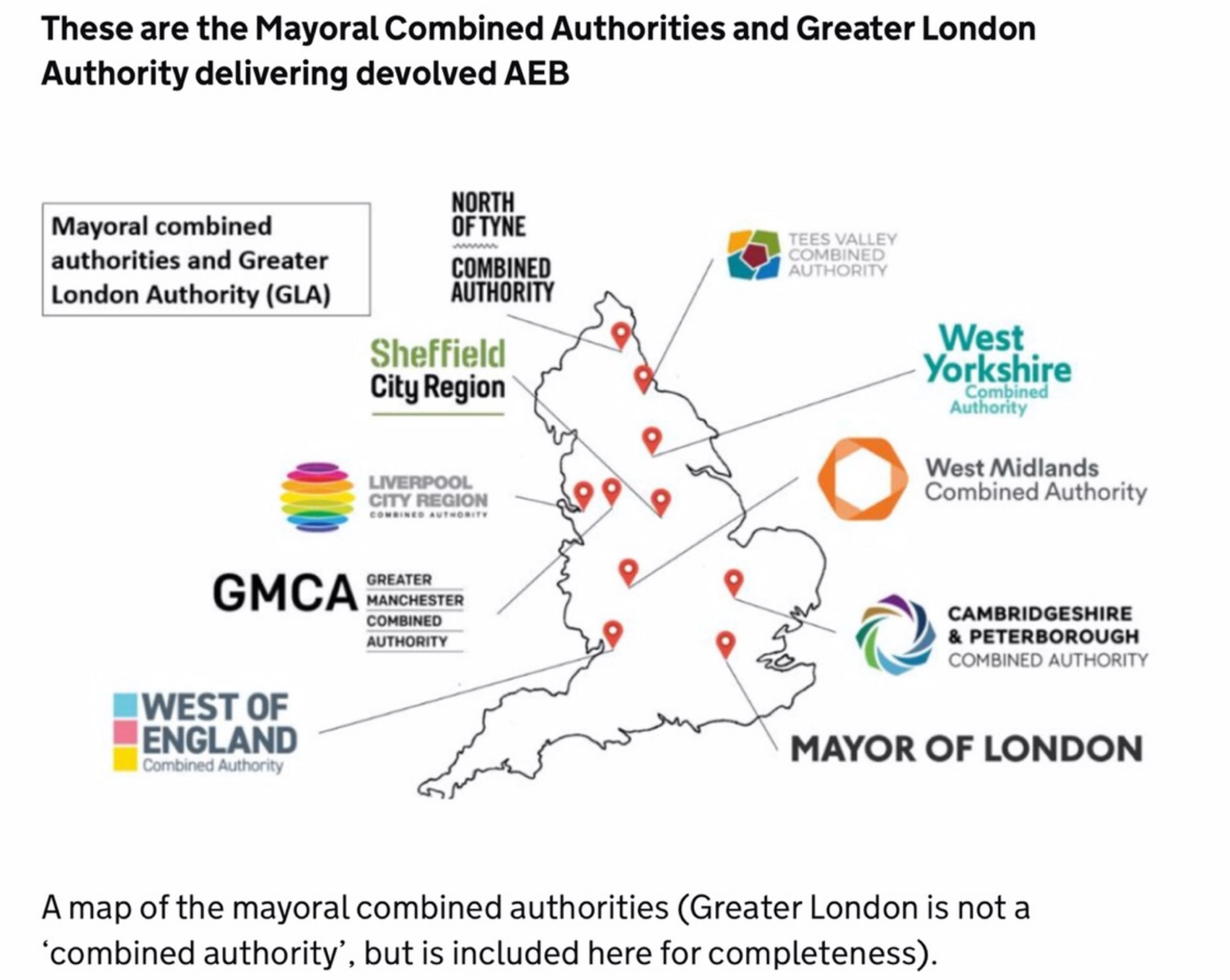
At various stages the arrangements for organisations such as colleges and universities and private training providers have also been in flux. There have been many institutional mergers – especially in FE – some driven by the market and some by active government intervention such as through Local and Strategic Area Reviews. Some providers in FE and HE have disappeared – and so too have many locations for provision (campuses, centres etc). Place, geography or local and regional economies have

[10] HM Treasury Budget and Spending Review 2021: 'A Stronger Economy for the British People' https://www.gov.uk/government/publications/autumn-budget-and-spending-review-2021-documents

not been considered high priorities in either the FE or HE funding regimes in England since 2010 (Civic Universities Commission 2019).

Currently there are a mix of local arrangements in place or in the pipeline. The Mayoral Combined Authorities in England have control over Adult Education Budgets (see Chart 10 below). These budgets represent a relatively small part of overall FE and Skills spending even though these arrangements are estimated now to cover over 50% of the population in England (AoC, 2018).

Chart 10: Mayoral Combined Authorities with Devolved Adult Skills Budgets



Source: FE Week (2020)

The Skills for Jobs White Paper (DFE, 2021) brings the latest phase with plans for Local Skills Improvement Plans (LSIPs) and within these, the idea of 'College Business Centres' promoting partnerships with local employers. The white paper opts for the involvement of 'employer representative bodies' (ERBs) – such as local Chambers of Commerce – rather than Mayoral Combined Authorities or LEPs as the key local partners in this process, adding another set of organisations into the local institutional mix and in many areas likely to be functioning on different – typically smaller - geographical boundaries.

The first wave of trailblazers[11] announced by DFE include the Doncaster Chamber of Commerce working with Barnsley College, the Business West Chamber of Commerce working with Weston

[11] A full list is available at: https://www.gov.uk/government/publications/skills-accelerator-trailblazers-and-pilots

College and the North and Western Chamber of Commerce working with Myerscough College in Lancashire. These trailblazers are then already operating at different sub national levels to other institutions and schemes currently in place and charged with other aspects of skills policy or economic development.

When considering the skills system in England and particularly the frequent changes in policy and institutional oversight, it is difficult to share Government's confidence that the latest set of reforms including those for LSIPs, Institutes of Technology and T Levels are a) likely to stay intact for very long or b) make much difference to our productivity performance. In associated areas – even within DFE's direct control – there appears to be little strategic thinking about the system as a whole. For example, the Government is still to respond to the Augar Review some two and a half years after its publication in 2018. The House of Lords Economic Affairs Committee (Lords Economic Affairs Committee, 2018), reached similar conclusions in its 2017-2018 Inquiry into Post 18 Education. Giving evidence, Lord MacPherson, the former Permanent Secretary of the Treasury stated:

> *'The one lesson we haven't learned is about training and skills. Every Government notes that the skills system is hopeless and claims it is going to reform it. It rearranges the deckchairs and the problems with skills remain precisely the same.'*
> **Lord MacPherson in evidence to House of Lords Economic Affairs Committee, 2018**

Competitions, Deals and 'Levelling Up'

Since Boris Johnson became PM in July 2019, a period that encompasses the recent Skills white paper, the current review of LEPs and the government wide commitment to 'levelling up', we have seen a new set of policy approaches that add to the complexity of governance in local and regional areas. This has involved a series of commitment to infrastructure projects but also a series of competitive bidding processes targeting towns, cities and rural areas. These have included the 'Towns Fund' and the 'Future High Street Fund' as well as 'Levelling Up' and 'Local Growth' Deals.

Mainly allocated to one-off projects these have come in all shapes and sizes – in terms of governance and geography – and have included funding for projects ranging from R&D and skills to museums, buses and castles. There has been controversy in the classification of local area eligibility for some funding schemes as well as the awarding of projects (see Hanretty 2021 and Williams, 2020) with apparent correlation to Conservative constituencies and especially those seats won in the Midlands and the North from Labour as part of the so called 'Red Wall'.

But there are other problems with these approaches. Firstly, it applies another set of often random boundaries and eligibility on top of an already crowded and complex landscape. Secondly, it often replicates activities that well-funded local institutions such as councils or colleges might have been expected to undertake in normal times. Thirdly the amounts offered compare poorly to the amounts such institutions have seen cut from their budgets during the 2010-2019 period of austerity. The National Infrastructure Commission, in its recent study 'Infrastructure, Towns and Regeneration' (NIC, 2021), summarises the problems with such a fragmented approach:

> *'The current fragmented funding for local government has left authorities unable to plan for the long term as the total funding available is uncertain with much funding dependent on bids subject to a patchwork of competitive processes. This way of funding is a substantial impediment to achieving the levelling up goals of government. Local government needs to be given the responsibility and funding that it needs to develop and implement effective infrastructure strategies and wider town plans. The Commission therefore recommends that the government provides: certainty over funding by consolidating the current funding streams into devolved five-year budgets for county and unitary authorities; targeted funding for the*

places where infrastructure can support transformational opportunities and expert support and advice to help build capacity and capability in local authorities.'
National Infrastructure Commission (2021)

Whilst the process of allocating multiple pots of funding for different purposes is not new to this Government (the practice dates back to at least the 1980s and the Heseltine-Thatcher approach to local regeneration), it is certainly accelerating as more and more funds are being announced and allocated in this way (see Table 1 below). The announcements have also been increasingly made during major fiscal events eg at Budgets or during the Spending Review (see for example the announcement of the first wave of 'levelling up' funding projects at the Budget and Spending Review in October 2021[12], with the precise allocation and implementation to be worked out at a later time.

As has been observed by researchers and commentators (see Webber, 2020; Bounds and Smith, 2021) there are issues in the allocation process as well as in the design and purpose of these projects. Although they do not make up for reductions in local authority budgets over the past decade or offer a long-term solution to challenges such as poverty or low skills, they are politically appealing at both local and national levels. On the day before the Budget and Spending Review in October 2021, the Conservative Leader of Stoke on Trent Council, Cllr Abi Brown said:

'If you really want to level up places like this city, it won't be achieved by a succession of beauty parades for small pots of cash for centrally-directed pet projects. It will be secured by one joined up conversation, a commitment to long-term partnership, to a shared vision of what Stoke-on-Trent could become and the resolve and funding to see it through.'
Cllr Abi Brown, Leader of Stoke-on-Trent Council[13]

The next day in the Budget (27th October 2021), it was announced that Stoke-on-Trent had succeeded in three of its bids to the 'Levelling Up' Fund, totalling £56 million. The City Council described it as the largest investment in Stoke since 1998[14]. Between 2010 and 2019 it is estimated that the Council had budget cuts totalling £194 million[15] and earlier this year proposed a 4.99% increase in council tax together with £14.4 million of additional budget cuts for 2021-22.[16]

[12] A full list is available here including projects as diverse as restoring the canal towpath in Kidderminster, supporting Twycross Zoo and Bury Market and building new university facilities in Peterborough: https://www.gov.uk/government/publications/levelling-up-fund-first-round-successful-bidders
[13] In Centre for Cities 'What Urban Leaders Want from the Levelling Up' White Paper (26th October 2021): https://www.centreforcities.org/publication/what-urban-leaders-want-from-levelling-up-white-paper/
[14] The schemes are for improvements to the Good Yard area near the station, the former pottery sites of Spode and on the old library and baths in Tunstall. A fourth scheme to improve the local bus network for £17.5 million was unsuccessful: https://www.bbc.co.uk/news/uk-england-stoke-staffordshire-59066181
[15] https://www.itv.com/news/central/2019-08-12/stoke-on-trent-city-council-set-to-cut-nearly-250-jobs
[16] https://www.stokesentinel.co.uk/news/stoke-on-trent-news/stoke-trent-city-council-reveals-4853442

Table 1: Regional and Local Spending Schemes in England/UK

Scheme	Total Fund Amount	Timeframe	Places/Institutions targeted by scheme
Towns Fund	£2.6 billion	2019-	100 Towns mostly in North/Midlands
Future High Streets	£1 billion	2019-	Towns and Cities in England
Transforming Cities Fund	£2.45 billion	2018-23	18 City Regions in England
Levelling Up Fund	£4.8 billion	2021-	UK wide
Community Ownership Funds	£150 million	2021-	UK wide voluntary and community organisations
Local Growth Deals	£9.1 billion	2014-2020	LEPs
Getting Building Fund	£1.3 billion	2020-	England – LEP and CA areas facing 'biggest economic challenges'
Coastal Communities Fund	£229 million	2012-20	Coastal Towns in England
Community Renewal Fund	£220 million	2021-22	UK wide scheme

Alongside the profusion of new funding schemes and competitions we are seeing different local institutions and actors involved and – as explained above – some existing organisations bypassed. Furthermore, there are invitations and plans for new institutions at local and regional level to add to the already complex and changing picture. In the PM's 'Levelling Up' speech from July 2021, he identified the need for more devolution and more deals but to new geographical areas outside of the larger city regions.

> *'Levelling up can only be achieved with a strong and dynamic wealth creating economy. There has got to be a catalytic role for government, and government is there to provide a strategic lead but that requires consistency from government – not chopping and changing - in the last 40 years we have had 40 different schemes or bodies to boost local or regional growth- we had the Abercrombie plan in London, the new towns, the economic development committees, the urban regeneration corporations, the new deal for communities, the regional development agencies, and yet none of these initiatives have been powerful enough to deal with the long term secular trends- de-industrialisation or the decline of coastal resorts and that basic half-heartedness has been coupled with an unspoken assumption by policy makers that investment should always follow success- so that to use a football metaphor the approach has always been to hang around the goal mouth rather than being the playmaker.'* **Boris Johnson, Levelling Up Speech, July 2021**

Whilst the diagnosis of churn and short termism – as well as some of the specific problems of industrial and structural economic change is clear, so too is a commitment to tackling local and regional inequality, albeit potentially through new spatial and government forms and 'a new more flexible approach to devolution in England':

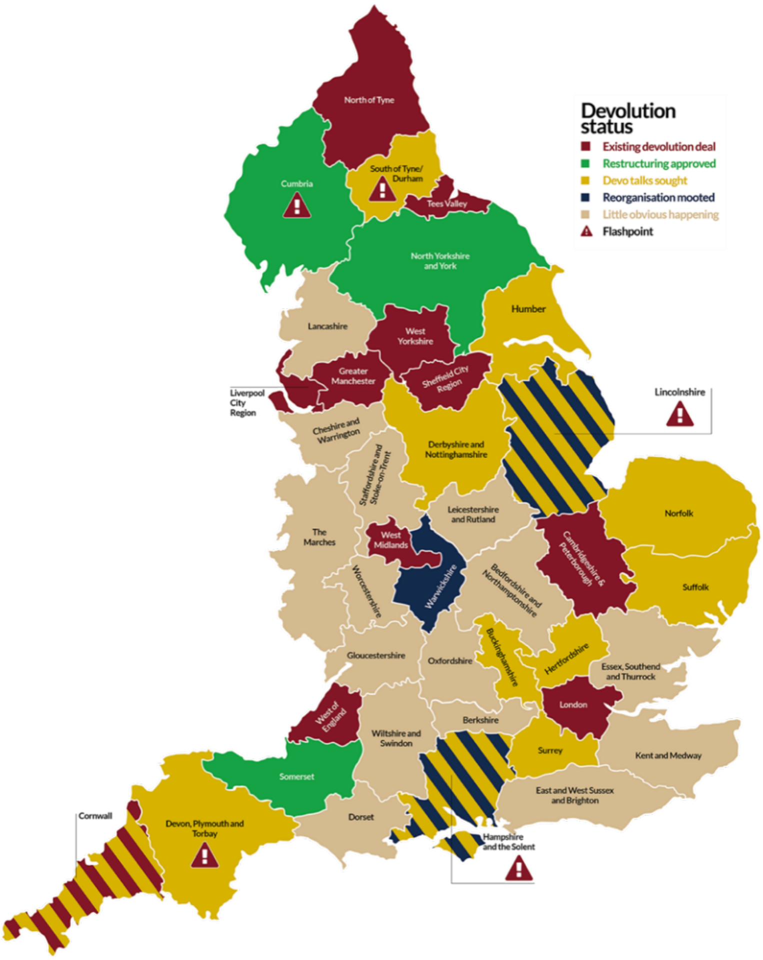
> *'It is not just that this country is the most economically imbalanced – it is the most centralised. That's because for many decades we relentlessly crushed local leadership… Now, with some notable exceptions that argument is now over and most of the big metro mayors know that private sector investment is crucial. They know that one of their jobs – for which they will be attacked in their local media – is to get on a plane and go to the big trade and property fairs and hustle for their hometown and today we want to go a step further, because if the big cities are beginning to catch up it is the rest of the country, those historic towns, our shires where*

local leaders now need to be given the tools to make things happen for their communities and to do that we must now take a more flexible approach to devolution in England.

We need to re-write the rulebook, with new deals for the counties. There is no reason why our great counties cannot benefit from the same powers we have devolved to city leaders so that they can take charge of levelling up local infrastructure like the bypass they desperately want to end congestion and pollution and to unlock new job or new bus routes plied by clean green buses because they get the chance to control the bus routes. Or they can level up the skills of the people in their area because they know what local business needs.'
Boris Johnson Speech on 'Levelling Up' July 2021

According to the Local Government Chronicle (see Chart 11 below) this invitation is likely to bring forward new devolution proposals from a number of new areas, including Buckinghamshire, Essex, Cornwall, Derbyshire and Nottinghamshire, Devon, Plymouth and Torbay, Humber, North Yorkshire and York, Surrey and Cumbria.[17] This suggests a number of overlaps and potential flashpoints with exiting devolution deals and structures as well as a much more diverse and varied landscape overall.

Chart 11: Possible County Devolution Deals alongside existing Arrangements (LGC 2021)



Source: Local Government Chronicle (2021) LGC Map Reveals Emerging Devolution Plans, 21st September 2021: https://www.lgcplus.com/politics/governance-and-structure/opening-pandoras-box-emerging-devolution-plans-revealed-14-09-2021/

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[17] LGC Map Reveals Emerging Devolution Plans, 21st September 2021: https://www.lgcplus.com/politics/governance-and-structure/opening-pandoras-box-emerging-devolution-plans-revealed-14-09-2021/

Could new institutions be created for 'levelling up?'

There is an immediate question here given the history of chopping and changing of institutional arrangements over time and whether we should throw everything up in the air again? Evidence from the last three decades suggests that this is both likely and unlikely to be the last of such institutional reforms. So even if ministers believe that one last set of changes will make a difference and/or be permanent, the likelihood of either is probably small.

With a review of LEPs in train and the prospect of new devolution deals and arrangements welcomed by the PM in his 'Levelling Up' speech in July 2021 (see above) more deals, arrangements and overlapping geographies looks likely. Furthermore, it may also be that this is combined with a continuation of centrally designed funding competitions targeted at particularly activities such as high streets, 'towns' or the broader objective of 'restoring civic pride.'

All of this is unlikely to create a stable institutional landscape – critical to productivity - over the short, medium or longer term. As suggested by the LIPSIT project[18], local and regional institutions would be better with *'long-term stability, sufficient budgets and enhanced powers (which can) attract talented and capable people, creating a virtuous circle'*. Furthermore, funding should be targeted at 'place-based inequalities' and 'via a rolling funding formula for local and regional bodies'. LIPSIT recommended the 'rationalisation of the existing multi-tier system of subnational governance', around Mayoral Combined Authorities and County Councils alongside a 'clear separation of the roles of local and regional bodies, with economic strategy led by the regional tier'.

There are clearly institutions we should keep; Mayoral Combined Authorities in our larger city regions are perhaps the most obvious example. They are still relatively new with the first Metro Mayors only elected in 2017. Overall (see discussion above), they bring together coherent city region economic geographies at a scale that can make a difference to the productivity of English regions and to the country as a whole. They are also building policymaking and delivery capacity as well as democratic accountability. These are all important parts of institution building at the regional level in England and as the experience of GMCA demonstrates, in particular through the Manchester Independent Economic Review (2008), the Independent Prosperity Review (2019) and the Inequalities Commission (2021), improved capacity and understanding can go hand in hand with devolution and political accountability.

There is also a strong argument for improved co-ordination between them and retaining LEPs (albeit with improved geographical alignment as in Greater Manchester) but it would seem counterproductive to abolish them completely. And if both are backed then we could consciously allocate new powers and resources and build capacity in them too.

There are also implications for the local organisations that also remain central to 'levelling up' such as hospitals, schools and those providing other important public services. Universities and colleges that build human and social capital as well as help to diffuse and utilise technologies. Local councils and civic infrastructure require a stronger place in our thinking – with the right resources and capacity they can identify as well as co-ordinate such efforts. These are anchor institutions providing jobs, income and know-how but also improved social capital and strengthened local democracy. For civic pride or the social fabric, we might add iconic local businesses or organisations like sports clubs, department stores (if they are still there), hotels or others that help build an area's economic and social identity. As Haldane (2020) and Kenny and Kelsey, (2021) suggest, it is worth extending our definitions of important local institutions to those that help build social and community as well as economic capital.

[18] LIPSIT (ibid)

Government should also aim to transform the relationship between institutions at the centre, such as Government departments and agencies and the management, policy direction and oversight of local institutions. The predilection for designing and running programmes and policies from the centre and allocating funds according to centrally determined criteria and objectives is likely to weaken institutions, capacity and trust at local and regional levels. This perpetuation of strong central institutions and weak, local and regional ones is a major governance and policy problem – which, as this paper explains, has a direct impact on productivity at local and regional levels.

There are then a series of specific issues relating to the two case studies in this paper – the future of Local Enterprise Partnerships (LEPs) and the design and operation of skills policy in England. Firstly, in the case of LEPS, what role should they play and what should the current Government Review conclude? It would be a shame to lose the expertise and capacity built up over the last decade and specifically the private and voluntary sector involvement in economic growth. 'Levelling Up' – if it is to be successful – will require public, private and third sectors – as well as better co-ordination between them. It would make little sense then to abandon one of the few institutions that seeks to bring them together.

But neither should LEPs be in competition with other local or regional institutions (or necessarily with each other). It would be better to seek better alignment between the objectives, powers and the spatial footprints of LEPs so that their expertise and capacity can be deployed in the same geographical areas as other public and private bodies. In the Combined Authorities this is relatively straightforward and where possible, single LEPs should cover the same areas. In other cities, urban and rural areas this is likely to be less straightforward, but geographical alignment with county/unitary councils should be an objective and a default policy principle.

For skills policy there are harder issues to solve. The answer may lie partly in the way we think about colleges as key local institutions (Francis and Westwood, 2021) rather than the immediate systems of oversight and accountability they are subject to. FE Colleges in particular need not just stability and better resources over the longer term but also the autonomy and flexibility in order to better act locally and the capacity to engage with other institutions at local and regional levels. They need to work horizontally across local and regional economies rather than a vertical command and control relationship with the centre. The answers then are unlikely to be as simple as whether responsibility for 16-19 provision is devolved to city regions or to other local or regional bodies. However, planning and funding must be better co-ordinated between DFE, its main funding agency, the Education and Skills Funding Agency (ESFA) and other local and regional bodies. But colleges themselves need the autonomy, flexibility, and capacity in order to work across local economies.

Conclusions

This paper sets out the many layers of local institutions currently operating in England. It also describes further policy and institutional or organisational fragmentation emanating from a raft of new schemes relating to economic development and 'levelling up'. Together these illustrate some of the fundamental challenges facing the Government as they try to address longstanding and deep local and regional inequalities including excessive levels of centralisation, fragmentation, and policy short-termism.

We began the paper by describing how important local and regional institutions will be to the 'levelling up' agenda and by setting out how academic disciplines sometimes define them differently. However, it is reasonably clear that current (and likely future) arrangements fall short by any definition. Not only are there problems for those organisations operating at local and regional level – whether local authorities, partnerships or those important to policy delivery such as colleges and universities – but there are also fundamental challenges when we think about institutions as the 'rules of the game' or the relationships and 'norms' within which different organisations and actors operate. In the recent, current, or emerging environment it is a Sisyphean task to understand what the rules of the game might be – because they change so frequently and because they can be so bureaucratic and opaque.

Furthermore, the levels of trust for policy delivery, levels of resource and decision-making between the centre and the local and regional appear to be low from both directions. There appears to be a reinforcement of the 'Westminster Model', with greater centralisation of powers and resources even by recent government standards. The centre – both Westminster and Whitehall - remain all powerful in both policy development and resource allocation at local levels and with little interest in local or regional institutional capacity or stability. It is notable that the Treasury – by far the strongest domestic department in Whitehall – which although initially a driver of devolution deals and political accountability via elected mayors - has only shown limited interest in decentralising fiscal powers. Its new 'Northern Campus' in Darlington (alongside other departmental relocations to places like Wolverhampton, Leeds and Salford) perhaps demonstrate a greater commitment to the symbolism of moving civil service jobs than moving powers and resources.

But any changes to this model and to our longstanding governing culture is likely to take more than through a consideration of the best arrangements for economic development at local and regional levels. However, it is also likely that the best arrangements for local and regional economic development may not be realised until our culture of centralisation changes. That is potentially a very long-term project.

There is a very practical aspect to these competing and overlapping arrangements and that is the complexity offered to businesses who might wish to access support or to collaborate or plan with public institutions. If there are based in certain parts of the country, do they know who to speak to for help? Or if they are an investor from overseas looking to establish a new base or manufacturing facility? Is it the mayor or a local authority leader? Someone from the Local Enterprise Partnership or the Chamber of Commerce? Perhaps the Combined Authority has a development company or offers business support services? Or is it a sectoral matter and enquiries should go to Innovate UK or to a local university with R&D funds for knowledge transfer? There are likely to be several 'right' answers depending on the business, its location, and the nature of its question. This is at the heart of the co-ordination challenge. But it is also a challenge for local, regional and national authorities, because they may simply walk away or not bother to try in the first place.

The forthcoming 'Levelling Up' white paper should aim for the following things. Firstly, a long-term institutional framework (at least a decade) with more stability and co-ordination between institutions (within localities and regions as well as between them and national organisations). Multi-level governance should be more rather than less than the sum of its parts. Such a long-term ambition implies at least a degree of consensus across political parties which isn't easy to achieve. But if the alternative in England is to chop and change local and regional institutional and policy arrangements every time there is a change in government (or even in Prime Minister) then we have a problem in which instability, inequality and low productivity become long term features of our political economy and that may be a worse problem.

Secondly, this should be based on a clear devolution and decentralisation strategy with enhanced powers and resources at the city region and local levels. Local and Combined Authorities are the right building blocks and 'levelling up' will be significantly more likely if they are acknowledged and supported appropriately. This should involve a clear 'direction of travel' for any new devolution deals or arrangements and a commitment to build capacity and capability as such deals are rolled out.

Thirdly, there needs to be a clear, long-term strategy to improve productivity and economic growth, encompassing institutional stability, better co-ordination between national departments such as those (amongst others) responsible for transport and other infrastructure, education and R&D especially as they relate to organisations in local areas (eg universities and colleges).

Fourthly, whilst symbolism and boosterism can help especially where civic pride, social infrastructure and social capital is improved, the government should resist a 'thousand flowers blooming' approach (as well as the centrally determined competitions that support them). They won't all work. Indeed, if some of the fundamental institutional issues aren't addressed at the same time, there is a risk – both economic and political – that very few will work at all.

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