

Devo South: Getting Back on Track

Report of SPC Conference – 11 May 2017

Summary

The Southern Policy Centre's conference sought to revive the discussion about devolution across central southern England. Ministers saw devolution as key to reinvigorate the underperforming economies of cities outside London. Brexit gives fresh impetus to that economic case and should spur more devolution deals. Any proposals brought forward must stand-out, with firm roots in place and identity, and a very clear and distinctive economic 'offer'. They should be shaped by economic drivers, not administrative boundaries.

The conference debate suggested that business, universities and councils share the sense of frustration that no devolution deals are in place for central southern England, and that structural reorganisation seems to have become more important. There was a recognition our communities may be missing out on investment, and a desire from many to once again see if progress could be made.

In summary, key conclusions include:

- Any future deals must begin with robust, cross-sector partnerships agreeing a way forward, they should not be solely politically driven.
- Those deals should articulate a clear, distinctive and inspiring economic vision, based on an understanding of place and identity.
- The geography of any devolution deal emerges from that vision and place.
- There is a window of opportunity to build wider cooperation across the central South on key issues such as infrastructure or science and innovation.

Background

The Southern Policy Centre held a conference on 11 May 2017 to discuss the stalled devolution process across central southern England, whether there was an appetite for continuing to pursue devolution deals and how we might move forward.

Our keynote speaker was Lord Jim O'Neill, economist and former Treasury Minister. Also speaking were Gordon Page from Dorset LEP, Tony Curtis from Winchester University Business School and Marie Tidball from Oxford City Council. The conference was sponsored by Southampton Solent University, Mott Macdonald and Arup. Graham Baldwin, Oliver Steele and Andrew Jenkins from those sponsors also spoke. The Chair was Stewart Dunn, formerly of Hampshire Chamber of Commerce.

Sixty delegates attended from businesses, academic institutions and the public sector. Local councils were represented by elected members and officers.

This report is not a verbatim record of the morning. It records the issues and ideas discussed, and suggests how matters might be moved forward.

Devolution policy

The UK is a very centralised country, both economically and politically. The economy of London and the South East dominates, and that is matched by a focus of powers in Westminster. This imbalance, more extreme than in most other nations, can give rise to economic and social inequality.

By devolving political power, decision-making and accountability to cities and city regions the Government sought to correct this perceived imbalance by stimulating local economic growth. It focused on cities which were seen to be underperforming economically because, by virtue of size, their economies had most potential to contribute to the UK's economic growth if improved. The need to improve economic performance outside London remains, and devolution in some form is likely to be part of the post-Election policy agenda.

The vote to leave the EU has added a new impetus and dimension to the devolution debate. The UK must look to establish a clear and distinct economy edge in a post-EU world, and Ministers would no doubt look positively at ways of strengthening the UK's regional economies.

Elected Mayors were introduced to provide a focal point for political accountability in cities. However, that policy inevitably raised political concerns since predominantly urban electorates may return individuals opposed to the national Conservative government. 'Political tribalism' put a real political brake on Westminster's enthusiasm for devolution, although the outcome of the 4 May Mayoral elections may change perceptions.

There is, therefore, a twin challenge of making both an economic and a political case for change facing any area seeking a devolution deal. The likelihood of success will be determined by how well both cases are drawn out.

What makes a successful deal?

Only a fraction of those bids submitted to Treasury in September 2015 have progressed to signed devolution deals, and all of those included elected mayors as part of the package (Cornwall was agreed before this bidding round). Lord O'Neill maintained there was no Government template for deals, although that was not the perception of many involved. Those which came to Ministers' attention and were progressed offered a distinctive, "stand-out" proposal which built on an unique local strength and offered Ministers a clear economic payback.

In the then Government's view, the best proposals, and those that progressed to deals, also reflected a clear sense of local identity and place. The geography of the proposal flowed from that and was not pre-determined. They also came with strong support from business and the HE/FE sector, who were a key component of the distinctiveness the proposal offered.

Driving up productivity would remain important post-Brexit, and proposals needed to present an opportunity Government could not refuse. Those seeking deals should not be supplicants, and it should not simply be about chasing additional money.

Devolution in the central South

The current state of play in central southern England was succinctly described by one speaker as “all a bit of a mess”. There was a sense of frustration from businesses, universities and councils that progress had not been made. Some took the view that none of the bids from the area had presented a powerful, distinctive case because they had been shaped by compromise. Those bids presented had seemed too fragmented, and partners did not have a shared clarity of vision.

Future proposals needed to address the challenge of co-operation and collaboration across administrative boundaries, and be shaped more by an understanding of common economic and social geographies. That would help ensure they were built on a sense of place and identity, and not shaped by political drivers. Councils in particular would need to be sensitive to the suggestion they may be driven by political boundaries, and not open to alternative perspectives. We may not need to redraw the administrative map to address the future, but we do need to ensure it is not a barrier.

It was widely acknowledged that there remained a case for devolution in the central South to tackle patchy economic performance. The challenge of Brexit made that more important. There was an opportunity to secure ‘inclusive growth’, recognising the need for social investment and to develop human capital – and affordable housing, skills and digital connectivity were seen as key components of this. Productivity, the creation of high value jobs and graduate retention were also important to many.

To deliver a fresh model for devolution we needed to be better at building strong, cross-sectoral partnerships. Business and the HE/FE sector needed to take an active part in shaping a clear vision and distinctive proposal alongside local authorities. Local communities should be fully engaged, but should be properly informed about what is at stake and given a clear understanding of the options – this is not a matter for simple ‘yes/no’ consultation.

Delegates acknowledged the importance of articulating a clear and distinctive ‘edge’ for any devolution proposal. Most saw the central South’s distinctiveness beginning with the quality of life it offers, and noted features such as the proximity to the coast (for some part of the area) and distinctive landscapes, including two National Parks. The areas Higher Education institutions were also seen as an asset, offering in particular creativity and digital skills. There are strong sectors, ranging from knowledge industries to marine and aerospace. However, the challenge is to determine whether any of these assets can give a genuine “stand-out” appeal to any devolution proposal.

A number of opportunities were identified:

- Better, more integrated strategic planning at the level of the functional economic area
- Opportunities for improving public services through integration and transformative new delivery models
- Scope for further devolution to give local communities more say and control

- A more ‘bespoke’ local approach to housing
- Enhancing skills, including retention of skilled workers
- Improved digital and transport infrastructure

There were mixed views on elected mayors, with some seeing them as a clear focus for accountability, and a useful interlocutor with Government. But other accountability models should be explored, although again several cautioned against being driven by existing administrative structures. Models elsewhere in the UK and beyond may provide some guidance on an approach.

Next steps

The coming of a new Government provides an opportunity for central southern England to consider once more whether it wants to secure devolution deals. Early signals of intent from that Government will be important, notably on proposals for reorganisation of Dorset councils. Lord O’Neill suggested an early conversation with key figures at the heart of the new Government.

If there is an appetite to move forward that should begin by building a better, more coherent cross-sector partnership. That should be based on trust and openness, and must include strong business, HE and health sector voices. It must not be dominated by local government.

A key task for that partnership is to agree and articulate a clear, distinctive and inspiring vision. That should grow from an understanding of place and identity: in Jim O’Neill’s words, “talk about the place”. The geographic area which any devolution deal would cover emerges from that discussion, rather than being a constraint.

It was suggested that the discussion could begin with a focus on “themes” (eg. skills or innovation) or sectors, to avoid geography dictating its direction. That would have the added benefit of making the dialogue more inclusive by making it more accessible to businesses or communities. Others had taken that approach, for example the Sheffield City Region.

There will need to be honesty about identifying the distinctive strengths which are at the heart of any proposal, based on a clear analysis of strengths and weaknesses. It should not be based on wishes or slogans, but fact and evidence. Universities can provide a base of sound research to underpin ideas and build proposals.

Whilst devolution is necessarily a political process, problems in the past have arisen from the incompatible perspectives of elected individuals across the central South. There would be merit in asking a neutral ‘broker’ to convene a discussion about the best way of moving forward – as has been successfully done elsewhere by HE Institutions or LEPs.