

Political devolution, regional governance and tackling deprivation

Findings
Informing change

October 2007

This study assesses the impact of new and emerging governance structures on the economic and employment needs of deprived places in four English regions, Scotland and Wales.

Key points

- There is only sporadic evidence that the economic and employment needs of deprived areas are being addressed under current governance arrangements. Where interventions have successfully linked deprived areas into wider local economic and employment opportunities, this is often in spite of governance arrangements rather than because of them.
- The economic development and social inclusion agendas are split between, and ingrained within, different policy agendas and government departments in England and the devolved governments of Scotland and Wales. Achieving a more integrated approach requires a clear focus on tackling worklessness, education and training, and associated concerns relating to childcare and transport.
- A fragmented and often unaccountable governance system is hampering the co-ordination that is needed across all spatial levels to tackle the economic problems of deprived areas. Successful initiatives have a strong delivery focus that is outward-looking and client-centred, and bring together key agencies (e.g. Jobcentre Plus, Learning and Skills Councils) and local stakeholders from the voluntary and community and private sectors.
- Political devolution in Scotland, Wales and London has brought greater strategic attention to the needs of deprived areas and populations, although it remains to be seen how this will affect change on the ground. The lack of devolved power in the eight English regions outside London has constrained the pursuit of locally appropriate solutions and weakened the legitimacy of regional and sub-regional bodies.

The research

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Background

This study is concerned with the relationship between two policy agendas:

- **the devolution of power and responsibilities** to elected bodies in Scotland and Wales, the restoration of democratically elected government in London, and the decentralisation of decision-making to a regional tier of organisations – Regional Development Agencies (RDAs), Regional Assemblies (RAs) and Government Offices (GOs) – in the English regions;
- **a range of policies in England, Scotland and Wales aimed at tackling the economic problems of the most deprived neighbourhoods** in order to improve their residents' well-being, particularly focusing on tackling worklessness and promoting wider social inclusion.

The study areas

The researchers studied six areas that reflect different models of devolved governance:

- administrative decentralisation within England: East Midlands, North East, South West;
- mayor and elected assembly: London;
- devolved national assembly: Wales;
- devolved national parliament: Scotland.

The study also identified good practice in six initiatives that addressed the economic and employment needs of people in deprived areas:

- Acumen Community Enterprise Development Trust (North East) – a range of initiatives targeted at those furthest from entering the labour market;
- Camborne, Pool and Redruth (CPR) Works (South West) – an 'access to jobs' project related to the physical and economic regeneration of the area;
- Local Alchemy (East Midlands) – an innovative, community-based approach to local economic development;
- Brent into Work (London) – a series of initiatives linking the needs of unemployed people with the needs of employers;
- South Lanarkshire Routes to Inclusion (Scotland) – a jobs access service offering excluded people a route back to work;
- Want to Work (Wales) – intensive assistance to help long-term benefit claimants find and stay in work.

Strategy and delivery

Until recently, most national and regional-level economic strategies have not attempted to link related employment generation and business opportunities to the needs of deprived areas. Where interventions have succeeded, this is often in spite of strategies and governance arrangements rather than because of them.

The most recent (2006) regional economic strategies for the English regions give more attention than previous versions to deprived areas and the need to reduce intra-regional inequalities. A stronger focus on tackling worklessness has led to improved strategic co-ordination, for example in Scotland through the 'Workforce Plus' national employability strategy, and in England through some regions developing regional employability strategies and the Department of Work and Pensions (DWP) City Strategies initiative.

The six case studies demonstrate the possibilities for delivering effective, integrated and co-ordinated interventions that link deprived areas to wider economic development processes. Initiatives such as Brent into Work and South Lanarkshire's Routes to Inclusion scheme have mainly focused on interventions that enable workless people to compete for and access available jobs. These typically comprise training and pre-employment preparation for people without work, job brokerage for individuals to match them to vacancies, and support to help people overcome obstacles to employment. Initiatives to promote enterprise in deprived areas (e.g. Local Alchemy and the Acumen Trust) have been less common, although recent government policies in England, notably the Local Enterprise Growth Initiative (LEGI), have recognised the need to stimulate more enterprise activity in deprived areas.

The case studies highlight key characteristics of initiatives that effectively address the economic and employment needs of people living in deprived places:

- a partnership approach to delivery, with 'buy in' from key agencies, particularly Jobcentre Plus and Learning and Skills Councils;
- person/client-centred methods that recognise the range of needs that residents of deprived areas have when seeking sustainable employment or developing enterprises;
- outreach activities that engage target groups and delivery by trusted organisations, particularly from the voluntary and community sector (VCS) to help broker that engagement;
- proactive engagement of employers to ensure understanding of their needs and gain their commitment to recruiting workless people;

- involvement of people who provide strong leadership, energy and commitment.

Integration of economic development and social inclusion

The dominant aim of regional economic strategies in England and national economic strategies in Scotland and Wales has been to promote economic growth and competitiveness and to create a 'knowledge economy', based on high-skilled, high value-added sectors. The underlying assumption is that benefits of economic and employment growth within the wider economy 'trickle down' to provide opportunities for those living in more deprived areas, although there is little evidence of this happening in practice.

The integration of economic development and social inclusion agendas is difficult, as governance and policy arrangements consistently split these into different policy agendas under the responsibility of different departments. Within England, there is ongoing tension between the regional economic development agenda (now the responsibility of the Department for Business, Enterprise and Regulatory Reform) and the neighbourhood renewal and social inclusion agendas (under the Department for Communities and Local Government). In Scotland and Wales, the institutions responsible for economic development mostly pre-date devolution (e.g. Scottish Enterprise), whereas those responsible for the social inclusion agenda are newer (e.g. Communities Scotland). A particular concern in Scotland has been the low priority that Scottish Enterprise has given to the Executive's goal of 'closing the opportunity gap' compared to its emphasis on improving national economic performance. It remains to be seen whether the Welsh Assembly Government's decision in 2004 to wind up a number of economic development 'quangos', including the Welsh Development Agency, and transfer their functions to its own departments, will achieve closer integration.

Within current policy agendas, tackling worklessness provides the strongest rationale for the integration of the economic and social agendas. However 'work first' approaches to tackling multiple deprivation often play down the fact that 'entry-level' jobs offer few prospects for developing skills and moving out of poverty.

Co-ordination within and across spatial levels

The co-ordination needed to tackle the economic problems of deprived areas is hampered by a fragmented and often unaccountable governance system. The introduction of new governance and

institutional structures (e.g. RDAs, RAs, GOs, Local Strategic Partnerships (LSPs), sub-regional partnerships) has contributed to a lack of clarity over the roles and responsibilities of bodies operating at different levels.

Sub-national governance arrangements remain relatively powerless in the face of wider processes of economic restructuring and labour market change within which the economic problems of deprived areas are rooted.

Regional level

The regional tier's effectiveness has been limited by its lack of strong leadership and agenda-setting powers and its lack of legitimacy with other stakeholders. In England, there remain difficulties of co-ordination between the RDAs, GOs, RAs and the regional tier of other government departments, such as the DWP, which have inhibited effective leadership. The lack of legitimacy of regional bodies in the eyes of many key stakeholders is rooted in a perceived lack of accountability, transparency and ability to deliver an effective and inclusive agenda in relation to deprived areas.

The role of the RDAs in England is constrained by their limited power, budgets and capacities, and in some cases by the lack of relationship between regional boundaries and the operation of labour markets and local/regional economies (e.g. in the South West and East Midlands). The decentralisation of Whitehall departments to the GOs has improved co-ordination across the agendas of different government departments and programmes, yet central government departments have retained control over resources, key policies and performance targets.

Sub-regional level

The sub-regional level is particularly important to the needs of deprived areas as it is at this level that 'travel to work areas' (areas in which at least 75 per cent of the resident economically active population works in the area) are evident, and interactions between the supply and demand for labour, housing and transport can be identified. However, governance structures at the sub-regional level vary greatly in their development and effectiveness. Sub-regional and city-region partnerships that respond to economically functional areas seem likely to become more important in England following the Government's Review of Sub-national Economic Development and Regeneration (SNR), which proposes the creation of flexible, voluntary and time-limited sub-regional arrangements (e.g. Multi Area Agreements), and, in certain cases, more permanent statutory ones.

Local authority and neighbourhood levels

Although the longer-term trend has been towards a decline in the economic development functions of local authorities, changes in England (e.g. the introduction

of Local Area Agreements with funding dedicated to economic development, the rolling out of the Local Enterprise Growth Initiative (LEGI), and the proposals of the SNR) signal a shift towards a central role for local authorities within local economic development and regeneration. This raises questions about the capacities of local authorities to undertake this role, their ability to fund it, and the political priority that would be afforded to such activity.

Local authorities across Britain have been required to focus their regeneration activity on the most deprived neighbourhoods through each country's national policies, including Neighbourhood Renewal (England), the Community Regeneration Fund (Scotland) and Communities First (Wales). Although neighbourhood-level employment initiatives have demonstrated some success in terms of engaging with workless groups and personalising employment and training-related services, they are often poorly linked into the wider local economic development process.

Devolution of power

Political devolution in Scotland, Wales and London has brought greater strategic attention to the needs of people in deprived areas, because of the need to be electorally responsive, the political orientation of devolved governments and the greater capacity for leadership and agenda-setting. However, limited powers, resources and capacities continue to constrain the ability to transform priorities and strategies into effective practice.

The election results in May 2007 have provided further possibilities for significant changes in the policy agenda and greater policy divergence, particularly in Scotland through the Scottish National Party (SNP)-led minority government. In London, the Mayor has used his position to campaign successfully for increased powers in relation to key elements of the regeneration agenda (e.g. learning and skills, housing and planning).

For further information

The full report by David North, Stephen Syrett and David Etherington is published in three volumes by the Joseph Rowntree Foundation. The main study, **Devolution and regional governance: Tackling the economic needs of deprived areas** is supported by two additional volumes looking at governance arrangements in the four English regions, Scotland and Wales; and analysing the six case studies. All three are available as free downloads from www.jrf.org.uk

Published by the Joseph Rowntree Foundation, The Homestead, 40 Water End, York YO30 6WP. This project is part of the JRF's research and development programme. These findings, however, are those of the authors and not necessarily those of the Foundation. ISSN 0958-3084

The relative lack of direct public accountability of RDAs (except London) and the weakness of RAs has ensured that regional economic development activity in England is characterised by an absence of clear accountability and legitimacy. The proposal in the SNR to disband the existing RAs by 2010 has focused attention on deriving legitimacy through existing elected bodies.

Policy Implications

This study highlights a number of implications for the development of governance arrangements and policy delivery in relation to the economic needs of deprived areas. Key general principles include the importance of:

- clarity over roles and responsibilities for different agencies across different spatial levels;
- empowerment of sub-national bodies to provide local flexibility and sensitivity;
- engagement of stakeholders, particularly from the private and voluntary and community sectors to inform the delivery of effective interventions;
- development of accountability and trust to ensure greater legitimacy for action.

About the project

The study was carried out by David North, Stephen Syrett and David Etherington with the assistance of Ian Vickers, Robert Baldock, Andrea Botero and Sue Engelbert from the Centre for Enterprise and Economic Development Research, Middlesex University Business School. It comprised two stages:

- 1) interviews with senior representatives from national, regional and sub-regional organisations and a sample of local and neighbourhood-level organisations in each of the six study areas;
- 2) examination of six case study initiatives.

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