ACHIEVING LEVELLING-UP
Appendix 1: Additional Evidence for England

Introduction

This appendix to *Achieving Levelling Up: The Structures and Processes Needed* provides additional evidence to support the key claims of the report and elaborate on its findings. The data is drawn from a 64 stakeholder interviews with political leaders and commentators from 8 case-study regions in the UK, conducted in June and July 2020. The material has been produced through a systematic analysis of the interview data according to key themes and regional comparisons. This supplementary document covers four themes that were central to the original report: 'accountability', 'capabilities', 'inclusivity', and 'power and resources'. Within each theme, selected extracts from the original report are linked to further evidence from our interview analysis.

Contents

Accountability

The importance of accountability

Chapter 3 of the Report identifies 'accountability' as a prerequisite for successful interventions.

The Report says:

- 3.8 | There is a strong case for local democratic accountability: because it is right in itself, because it could be a driver of more effective performance by policymakers and because citizens are not simply passive recipients of policy but decision makers themselves.

Further supporting evidence:

It is important for local institutions to be accountable to local people

- *"I think more emphasis should be put on local accountability, on the people who are affected by a decision. Any decisions that we do take, regardless of whether it's regeneration-based or anything else, should be swayed by the response from the local people." (Tees Valley)*
- *"The opportunity for LEPs is more about how you get a co-ordinated, commercial and private sector voice. And that doesn't have to be around funding. And, I think, that's where it gets quite confusing because you pass on power to people who are ultimately not accountable for the outcomes, whereas the local authorities are. So, I think that needs reconciling really." (North East)*
- *"You probably need some sort of flex in terms of maybe there is also a way of engaging the community in some of these plans. Instead of them feeling like it's a kind of top-down government strategy that then you get a pot of money and then you deliver that top-down strategy. There's got to be a bit of, well actually, these are the things that are really important to this community." (Worcestershire)*

Central government should not undermine local accountability

- *"The central government should have an eye on what's happening right across the country and should look at best practice and say if I were you I would have a look at what's going on there. I would not impose. Imposing things from central government is the destruction of accountability. If the imposition has been made on the centre, is the centre then going to be ultimately accountable? Of course it isn't." (Humber)*
- *"I think the main gain for the government from LEPs is they've got instruments that do what they're told by BEIS. I think if you really want devolution, then you want economic development that's responsible to your local leadership." (EM3)*
- *"intermediary layers of government are really, really important because from the principle of subsidiarity the closer you are to the people who the decisions are going to affect, the more likely it is that it will serve those interests" (Humber)*

This is particularly important if local institutions take on more power and responsibility

- *"The answer is to decentralise and to give the resources to those local institutions and make them accountable." (Humber)*
- *"you would need to make sure that the governance of LEPs was looked at at the same time as that, so how are they representative of the region? How are the decisions open and transparent etc? And as long as that was done, then yeah I think that sort of block grant approach could work well." (Humber)*

- *"If you're promising to bring 2,500 jobs to an area and you bring 25 then somebody needs to answer for that. There needs to be somebody that's fully accountable for that. We've sometimes seen money paid into areas get frittered away and just disappear." (Tees Valley)*

Accountability as a key problem

Chapter 4 of the Report identifies 'lack of local visibility and accountability' as one of the seven key problems with the existing system.

The report says:

- 4.26 | The work of LEPs and CAs is largely invisible, making real accountability to the public impossible.

Further supporting evidence:

There is currently acknowledged to be a major democratic deficit, especially in LEPs, but in CAs also

- *"I would go as far as to say, certainly in the West Midlands, there's a democratic deficit" (Black Country)*
- *"I think there's an inherent challenge there in terms of LEPs not being democratically accountable and thinking about what that means for the handing down of powers." (Black Country)*
- *"[LEPs] are not democratically accountable because who are they accountable to? They're not accountable to anyone, so it's a genuine argument to say they're not democratically accountable and they should be abolished. I've got no problems with abolishing them. I think that the combined authorities could probably do their work and spend the money just as easily with better democratic oversight" (North East)*
- *'So, the fact that they were supposed to be largely represented by the private sector, but actually all the accountability was on the public sector probably didn't help them…' (North East)*
- *"I think they [LEPs] are... undemocratic... although local enterprise partnerships have local representatives from the local authorities, it tends to be business-led." (West Midlands)*
- *"... it's a voluntary role, so no-one in the LEP is paid. So actually, you've got a whole bunch of people who are giving up their time for free because they believe in what we're all trying to do. To hold everyone to account, it's quite difficult, I mean to say you're sacked, well that's okay fine because you're not paying me anyway. So, accountability is really difficult and I think the only way to do it is to have mechanisms in place which ensure that the outcomes are monitored, that the delivery that one sets out at the beginning is monitored." (West Midlands)*
- *'You've actually not got that democratic piece ingrained still. I'm not sure you could get to a point where you voted on the chair [of the LEP], because then that feels like: 'Why aren't you voting for a Mayor?' (Worcestershire)*

Addressing the accountability problem

Chapter 5 of the Report outlines a series of recommendations for addressing the problem of 'weak accountability'.

The Report says:

- 5.19 | Steps are needed to engage the public to complement improvements to the national-local government relationship. The entire process is much more likely to work if there is public pressure on local and national politicians to ensure that it succeeds.
- 5.20 | One aspect of this is an overall brand for levelling up and devolution that creates expectations and support.
- 5.21 | MCAs, Unitaries and Counties can then improve the way they engage with citizens.
- 5.22 | The importance of accountability is a reason for retaining identity-led boundaries where possible (even where there may be economic reasons for changing them).

Further supporting evidence:

There is currently a problematic lack of public engagement

- *"I don't think that people really are that enthused by it or appreciate it or really know a great deal of it because there's no, if you like, directly elected members that directly go to the combined authority, it's all via local government" (Black Country)*
- *"The problem is that when you've stripped it down to that level… The public don't really notice it's there and even business I dare say don't really notice it's there to some extent. That's a problem then, because you need some visibility of structures to give that public confidence." (North East)*
- *"... there's a level of invisibility in local enterprise partnerships, if I asked somebody in the street, what the local enterprise partnership did and who led it, I think I'd be challenged, if I asked people in the street in the West Midlands, do they know who the mayor of the West Midlands is, they'll tell you straight." (West Midlands)*
- *"I think we could definitely be held to account in more robust ways. I think public accountability mechanisms, things like citizens juries and assemblies and conventions are underused." (West Midlands)*

Elected mayors are seen to be a positive step in public engagement

- *"The elected mayor would be responsible for that money. If it wasn't spent properly they would be kicked out. There's some logic in it." (Humber)*
- *"rather than give [block funding] to the local authorities where it gets into a big muddle, the mayor is clearly accountable, and people can make up their minds whether they're doing a good job or not doing a good job" (Humber)*

Another important step is to ensure that borders align with cultural identity

- *"... is it aligned to [metropolitan] area or is it aligned to the economic geography area so nationally it appears that the defined boundaries of the met seems to meet more their view of accountability for ease of a map." (Black Country)*
- *"I think the danger is with these statutory bodies, you know, so take a combined authority, there is a sort of culture that everything then happens at that geography level." (Black Country)*

Capabilities

Capabilities as a strength

Chapter 4 of the Report identifies capabilities as one of the existing strengths of local and regional government

The Report says:

- 4.7 | While capability is universally recognised as a problem across the system as a whole (we return to this below), we were told that there were many capable people working in local government in this area, particularly in the Combined Authorities.

Further supporting evidence:

- *"I think we've got the capability, it's whether or not government believe that others have got capability equal or better to theirs." (Black Country)*
- *"... we were capable enough in their Covid19 response to pull together multi-agency, multi-partnership approaches to support our vulnerable citizens when central government couldn't... I think we have proved that we can deliver on the ground." (Black Country)*
- *"I have great faith in the leadership of our LEP in the local area and a lot of that has come about because you get to know the people who are leading it. You get to be able to talk to them, you get to understand how they're thinking and how they work." (EM3)*
- *"when I go out to people and tell them what we do in the LEP, people assume I've got a team of 60 or 70 people working for me and when I tell them that I've got a team of nine including my admin staff, people just get staggered, how the hell do you achieve all" (Humber)*

Capabilities as a problem

Because of the unevenness of capabilities, Chapter 4 of the Report identifies capabilities as a problem as well as an existing strength

The Report says:

- 4.27 | Many competent people work in the field, but we were told quality is uneven.
- 4.28 | There is no generally understood theory of change, informing the kind of interventions that are needed.
- 4.29 | Uneven competence and resource may reinforce economic inequalities.
- 5.26 | Another aspect of the capability problem is provision of data and analysis.

Further supporting evidence:

There are questions about leadership competence

- *"So, I'm going to be really candid with you, there are plenty of local authorities and plenty of LEPs I wouldn't give them 50p, yes, they're not competent, they're not competent." (West Midlands)*
- *"I think councils are an extremely inefficient way of managing our resources. I think it's really poor and again, that's been the case through years of mismanagement." (Tees Valley)*

Capabilities are lacking in specific policy areas

- *"we have never had a passenger transport executive. There's never been a history of that kind of level of transport planning in the region. That's a major hurdle to overcome in doing a combined authority with proper transport powers." (Humber)*
- *"One of the things that I think local government can take a lead on - because I don't think we should necessarily be delivering the skills agenda - but we should have some oversight in it and over it. But I don't think you can expect officers at my town hall or the civic centre to deliver the skills agenda because we haven't got the skillset." (North East)*

There are failings around the broader strategy of intervention

- *"I can't always see what is the strategy, what are we trying to achieve and how are we working to get there together and I think there is something about capability" (Humber)*
- *"But if I was to say, "What are you going to do specifically that is going to make innovation better in the area?" You know, that is something that they wouldn't be able to cope with." (North East)*

These policy and strategy deficiencies lead to expensive outsourcing

- *"we [at the LEP] do have a limited size of team and a limited resource and quite often we've had to outsource to bring in colleagues to support that" (Humber)*
- *"... there sometimes is a culture of them paying a lot of money to external consultants... to then rewrite things that have already been developed over the years which can be quite frustrating." (Black Country)*

Another aspect of the capability problem is provision of data and analysis.

- *"There's a need for much more analytical capacity at local level. I don't have an analyst in my team. I wouldn't be able to find many people of that kind of level to compete with the analysts available in central government either which is a real problem." (Humber)*
- *"We've got very little policy and research capacity left these days. Local authority capacity was cutback. It was one of the first things they got rid of." (Humber)*
- *"... economists in the local government areas, they tend to just photocopy what the ONS state, they don't actually rip it apart and examine what's going on." (West Midlands)*
- *"... if you look at the difference in regional information compared, say, with Germany or with America or the United States then because there's a federal solution the statistics become politically important whereas here, the people that are angling the statistics are much more prepared to accept what Whitehall says rather than say that actually there might be some problems with the data." (West Midlands)*

Unequal capabilities create further inequalities

- *"Compare us with, say, Leeds City region or Greater Manchester where they've got cheap economist units and obviously teams of dozens of people that we haven't. [We've got] one person to talk to in each authority." (Humber)*
- *"you've got some places where there's teams of people who are working on bidding or developing stuff, you've got people who've got massive teams of analysts… If you haven't got that capacity locally then you're then sort of going to be further behind" (Humber)*

Solving the capabilities problem
Chapter 5 of the Report outlines a number of important steps to solve the capabilities problem.

The Report says:

- 5.25 | This problem is entirely solvable if a programme is instituted to develop existing talent and recruit new talent. The following steps are needed:
    - Signal devolution is for real.
    - Ensure each local institution is large enough to have or recruit core leadership.
    - Then provide the resources to build out from there.
    - Set high standards and expectations.
    - Consider two-way secondments between central and local government.

Further supporting evidence:

Signal devolution is for real. To realise regional strategy regions require significant economic development funds, policy certainty, flexible powers, and social as well as economic levers.

- *"... if we're being honest, we would not say that we've had a lot of devolution in the real sense of the word... it's as restrictive as it ever was." (West Midlands)*
- *"if you've committed to that devolution effectively you're creating an instrument whereby you're creating activities which will bring in the capable people" (Humber)*
- *"We don't hold significant economic development funds within the combined authority, so it makes it very hard to realise regional economic strategy." (West Midlands)*
- *"I think that in order to really realise our strategy... creating a fairer, healthier, happier West Midlands, that probably requires greater levers around things like social policy." (West Midlands)*
- *"So I think one of the major reasons for having devolution is simply that central government can't do [some things]... And [local authorities] are not going to build up the capacity and the expertise until there's a point in having the capacity and the expertise." (EM3)*
- *"The job definition is the key thing. What is the job? If you want able people they will want a substantial job description and, at the moment, that is not the case." (Humber)*
- *"They're thankless jobs and they're not rewarded properly and the agenda they've got is very emaciated. They get messed around by central government all the time. Business people ... who want to be in public service [will] be saying, 'Christ, I don't want to do that. I'd prefer to be sitting in a nice office in London working using my intellect'... It's just all the wrong way around. We've got to change that." (Humber)*

Ensure each local institution is large enough to have or recruit core leadership.

- *"Combined authorities with proper long-term budgets and powers and interesting areas of devolution policy, that's a more attractive place to work in" (Humber)*
- *"I think because of the potential of combined authorities, you're seeing quite a lot of people running towards them, good, high quality people that want to make change." (West Midlands)*
- *"when you're working with the Hull City Council and the East Riding Council and the other councils, if again a fracture happened, and unfortunately people have different stakes and interests and once you get different stakes and interests, yes, people are not coming together for the collective good" (Humber)*

Then provide the resources to build out from there. There needs to be greater investment to improve both the quantity and quality of personnel, and greater investment in the development of existing staff.

- *"I think weak capabilities stems from lack of investment in helping people improve. I think, going back to the beginning, most people in a local authority are there because they want to make a difference and they want to serve their residents better. If you tap into that, capabilities will improve, I think."* (Black Country)
- *"I think training... for both officers and politicians, is essential given that the evidence on issues is changing and developing all the time and it's really complex."* (Black Country)
- *"I serve the Humber and I have a core team of nine, nine people, that's including my admin and resources to run the LEP and do all the business and the policy and everything with nine people, absolutely not possible, you know what I mean"* (Humber)
- *"the vast majority of what we've got is people on short-term contracts to deliver particular projects. The ability to build up expertise and have continuity of approach all the time is quite challenging."* (Humber)

Set high standards and expectations.

- *"If [there] was going to be a devolved block grant to the region, you would need to absolutely beef up the leadership of the LEP ... I think you just need a different calibre of people doing that"* (Humber)
- *"Any job that I've had with a salary of £45,000 a year or above has come with monumental expectations of what you're expected to deliver. We don't have that within the local authority and that's across the country I'm afraid."* (Tees Valley)

Consider two-way secondments between central and local government.

- *"civil servants, if I may be so bold, are a little bit lazy in getting out to all the stakeholders to find out what's really going on and therefore they just receive back from the LEP themselves their own assessment of how they've done"* (Humber)
- *"In Manchester, what Howard Bernstein did there brilliantly was he got a dozen of the very brightest civil servants in Treasury to come and work alongside"* (West Midlands)
- *"I think it wouldn't be a bad idea if the chief exec role in local government was a career civil service move, so that they belonged to MHCLG and did two, three, four-year tours in different local authorities, and that way provided the conduit from local government to central government."* (Worcestershire)

Inclusivity

The inclusivity problems

Chapter 1 of the Report outlines the central problem of regional inequality, and highlights the overlooked place-based inequality *within* regions. However, the problem of inclusivity is more nuanced than this, effecting people based on gender, race, age, and other social characteristics.

The Report says:

- 1.2 | The problem is not just inequality between regions, it is also inequality between areas within regions and the existence of pockets of deprivation.

Further supporting evidence:

In left-behind areas, local people feel neglected and isolated.

- *"the economy hasn't worked for everybody and lots of people have felt left behind." (Black Country)*
- *"I think the last ten years of austerity, in particular have been really felt in the Black Country, so I think lots of people felt that their areas were neglected, that their lives were neglected and the last ten years has exacerbated some of that alienation and isolation" (Black Country)*

There are local pockets of deprivation throughout the country, both in affluent areas and areas of post-industrial decline.

- *"So, that issue around how we make sure people recognise that there are still huge poverty pockets of deprivation in the South East and the East, certainly in London, that is a huge issue for us." (EM3)*
- *"If you look at an area like Easington, once the coalmine closed there was nothing in that area and there's nothing else that's been provided in that area. That gives a feeling [that there are] left behind communities. There's nothing really substantial to have replaced those new industries." (North East)*
- *"you have got some real rural poverty pockets. If you grow up poor in Worcestershire you don't have the life opportunities. You tend to stay poor, whereas some of those more urban areas that have got perhaps a poor reputation, actually people cycle through them. So it's not just generational. I think some of that's a challenge." (Worcestershire)*

Inclusivity is not just a place-based issue. It is heavily tied to social characteristics

- *"from an inclusivity perspective we know that probably generally our workforces don't always reflect the communities around them… When you have got areas of deprivation like the West Midlands we want to make sure that the businesses are opening these opportunities up for ethnic minorities and people from working class backgrounds, and I think that is really important." (Black Country)*
- *"There is still a woeful amount of women in our top businesses across the area, the glass ceiling, the glass ceiling is absolutely apparent everywhere. LGBT rights aren't dealt with properly in the workforce. You know, the ethnicity of our shop floors doesn't look right at all, particularly on a board level. All we are doing is actually excluding huge skillsets of our society away from important jobs." (Black Country)*
- *"we have a high level of people, especially young people and young women, employed in hospitality, catering, retail, care work, logistics, all zero hours contract, really precarious work, high level of turnover, you never get to your two years' service where you acquire your employment rights and people, and the companies treat them awfully and you just have to see that" (Humber)*
- *"in our region, you're starting to see those demands about racial justice and gender equality in the workplace really filtering through to those core workplace demands because they've just been absent for so long." (Humber)*

Inclusivity and intervention strategies

Chapter 2 of the Report identifies a number of components to a successful intervention strategy to stimulate *inclusive* growth.

The Report says:

- Identify firms and sectors with the potential to create good jobs

- 2.2 | There is a need to go beyond 'growth firms' and winning sectors which often constitute a small percentage of local employment.
- Conduct focussed inward investment activities.
- 2.4 | This analysis then makes possible inward investment initiatives focussed on firms that raise skill demand. These are not necessarily those at the technological frontier or with the highest productivity themselves.
- Unfocussed subsidy schemes, like Enterprise Zones (at least those not linked to universities) or the Regional Growth Fund, are relatively ineffective, in part due to displacement.
- 2.15 | We need to make it possible for those living in relatively deprived neighbourhoods to access jobs being created in other areas

Further supporting evidence:

Good quality jobs need to come from a broader range of sectors, with a better spatial distribution.

- *"I think there are trade-offs, I think locally I guess we're trying to move away from GDP as the main success criteria of our economy, so personally inclusive growth is very important" (Black Country)*
- *"It's important that we also have the additional jobs that those who don't aspire to our core industries around here can do well in. That really is where the green agenda can come in" (EM3)*
- *There are "vast areas of rural and coastal areas that have got relatively few job opportunities and those that are there tend to be quite seasonal and low-skilled" (Humber)*

There is a need for enhanced data capabilities that can help deliver inclusive growth (e.g. good jobs).

- *"... that's where the data helps because it's not just jobs at any price, it's jobs that hopefully our local residents can tap into." (Black Country)*
- *"... we have a problem that if we measure productivity by wages and salaries, you're driven more towards an unequal society at whatever level... whereas if we looked at it in terms of inclusivity, you'd have a narrowing of that gap... we always end up trying to shore up the bottom." (West Midlands)*

Investment needs to flow according to these measures, and not just on the basis of productivity.

- *"Productivity is fine but actually appointment is really important too and the long-term development of people and of training and of skills is really important... investing in more disadvantaged areas and other areas will not help productivity in short-term, of course it won't but what it can do is ensure we have a long-term healthy economy." (West Midlands)*
- *"until the criteria through which we are judged to get large sums of investment change - I think there was going to be some work on the green book but I don't think that has quite been done - the same old judging criteria apply and so we'll get the same old results" (Black Country)*

Existing investment systems contribute to *exclusive* growth

- *"the government's plans around free ports, we're deeply concerned about how that is going to affect employment rights in the region ... Evidence around freeports show that it doesn't create new jobs, it completely displaces jobs from other areas" (Humber)*
- *"the term shovel-ready always makes me really sad because it's a bit like that does means you're not investing in people... you don't build people with shovels... it really shows where people's priorities are" (West Midlands)*

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- *"They ended up strengthening the colleges that were already strong and leaving a string of small underperforming FE colleges in the very urban areas that most needed social inclusion and skills." (EM3)*

Transport policy is a central issue in challenging spatial inequalities.

- *"passenger transport, key issues, the reason we care about this is because it's about connectivity to job opportunities, that just doesn't exist currently and like public transport is an absolute mess in our region, it's broken" (Humber)*
- *"makes it very difficult to live your life without a car but the cost of car ownership, the cost of fuel poverty is increasing, more people going into debt through hire purchase" (Humber)*

'Social partnership' is a key mechanism to ensure that investment drives up inclusivity.

- *"with a social partnership agreement there's a compromise to be had, I think, in terms of yes we do want the productivity, yes we do want well-paid jobs and in there is some kind of compromise about working less hours and that is kind of only possible where you've got a meaningful social partnership" (Humber)*

Powers and Resources

Problems with the current system

Chapter 4 of the report identifies a number of problems with the existing system of control and distribution.

The Report says:

- 4.1 | Our argument depends on the premise that those operating a system 'on the ground' are likely to understand its defects, and that their views should be taken seriously"

Further supporting evidence:

- *"What can be challenging is when Central Government doesn't realise... because they are distant from the region, some of the nuances of our local economy and some of the specifics of the challenges that we have in the area" (Tees Valley)*
- *"I think there's a genuine belief that central government feel they could do it better. But, I think, fundamentally they work to a set of national level rules that don't work at a local level" (North East)*
- *"I believe that government should have confidence that local authorities are best placed to make the best decisions for the people of the area" (Black Country)*
- *"You can't make a set of decisions from Whitehall that would equally impact the entirety of the country, you can't do it, it doesn't matter what you do." (Tees Valley)*

The Report says:

- Processes are wasteful
- 4.9 | A great deal of senior level time and energy is spent bidding for funds and then attempting to stitch together the proceeds

Further supporting evidence:

The failures of the bidding process is highlighted across all regions as the main problem with the existing system.

- *"the main inefficiency at the moment is trying to guess what government might want, so you spend an awful lot of time thinking through a particular project and working up business cases" (West Midlands)*
- *"A lot of LEP time I think is spent, in my experience, bidding into those streams and trying to get the best allocation possible" (North East)*
- *"I find it just really unproductive, having to scramble for things and sometimes they're just such insultingly small amounts of money" (West Midlands)*
- *"all other areas in the country were travelling up and down to London to get these small amounts of grant" (Humber)*
- *"The funding is a mess. Still the principle is competitive bidding which I think is totally wrong ... This was the idea that somehow you could set one local authority against the other ... It's a complete nonsense" (Humber)*
- *"We have to bid against each other, it's a competitive process, I mean that's a waste of time and energy." (Black Country)*
- *"I think there was some analysis that said, each funding bid costs the local authority about £30,000 on average and that doesn't feel like a very sustainable solution." (Black Country)*
- *"It's not even a real competition because if you look at how the government allocates money at the end of the competition, they give just about as much money to each area as they would have intended to if they'd done it by formula beforehand" (EM3)*

The Report says:

- Funds are not spent on what places need
- 4.12 | LEPs and local authorities do not bid for what they think is needed but for what they think central government will approve

Further supporting evidence:

Money is not being spent where it is needed

- *"the rules around the way in which investment comes with drivers and measures from government, from different levels of government, mean that quite often you can't do the right thing because of the wrong reasons" (Humber)*
- *"So, they go where the money goes, and when the money changes to something else, they change to that as well" (North East)*
- *"if we did get money right now... the government would be like, well get it spent and then you're like, okay, even if it's not the right thing" (West Midlands)*
- *"We can only fund what we're given by government to fund, we really have to get permission to do that." (EM3)*

There is a feeling that funding is driven by short term agendas in central government.

- *"... bids are written around the central government's flavour of the month and those are the bids that are pushed, that might not actually be what you really want to do on the ground but actually what we want is the money." (Black Country)*
- *"... you're on a constant sort of hamster wheel I would say of following whichever direction government goes that week." (West Midlands)*

A more stable funding system would solve these problems

- *"we often have to bid into specific pots for specific projects, whereas a block grant would allow us to have much more flexibility and choose what we invest in and measure that against outcomes" (West Midlands)*

The Report says:

- Strategy and long-term planning is difficult
- 4.14 | This is partly because funding cycles are short-term
- 4.15 | Longer term cycles would make private sector partnerships easier
- 4.17 | This is made worse by the way multiple Whitehall departments are involved

Further supporting evidence:

Short-term funding cycles makes transformational investment impossible

- *"... the frustration now is it's very short-term and funding across government is piecemeal, it's in small pots" (Black Country)*
- *There needs to be "longer term budgets, major budgets that span either ten or fifteen years that we can plan against, we can lend against." (Black Country)*
- *"the longer-term position requires heavy investments, long-term thinking, and investment in technology, investment in people and that we have been losing out on." (Humber)*
- *"To support the recovery of the region, to provide ... high quality ... jobs and to genuinely lead us to a low carbon transition, ... the work has got to be transformational and instead it is piecemeal and experimental and very slow moving" (Humber)*
- *"the fundamental challenge for local authorities which has been one for decades is that lack of certainty: lack of certainty on what funding will be available from central government and lack of certainty as to whether, through a competitive process, you will be successful" (North East)*
- *"... we're bidding for really small pots of money regularly and we can barely have a one year plan, let alone a three or a five year plan with any confidence" (West Midlands)*

Short-term funding cycles undermine partnerships with the private sector

- *"we've got a fantastically supportive business community but you've got to feel for them when they do get on board and they do start something then all of a sudden the grant that supports these activities just disappear overnight and they don't understand why it's happened" (Humber)*
- *"we need fiscal certainty, so that might mean local revenue raising powers or it might mean single investment pots over a long period of time and the certainty there is both so we can make plans but also so we can borrow and we can give the private sector confidence" (West Midlands)*
- *The current funding system "becomes very frustrating for the individuals, often for businesses, if businesses are contributing because they're going: 'Why the hell are we having to do [all of] this when we only need this?'" (Worcestershire)*
- *"... having a longer term, sustainable funding solution for local authorities, will then help give greater understanding of what we're doing, how we're going to fund it." (Black Country)*

Huge complexity is created by the involvement of multiple Whitehall departments

- *"when you're drawing down funding... you're beholden to the various different bits of the Whitehall monster." (West Midlands)*

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- *"You have got different stakeholders reporting into different government departments. For example, the DfE isn't always that connected with the BEIS agenda, and the routes of funding that are channelled through those departments aren't always talking to each other. So where you are driven by national programmes it makes it more challenging to co-ordinate at a local level." (Tees Valley)*
- *"one of central government's big challenges is, it's so big and it isn't joined up. It's very, very, difficult for us to have an institutional relationship with them" (North East)*
- *"I think there needs to be much more clarity as to who they're dealing with at government... I'd like to see some real genuine connection with government" (North East)*

The possible ways forward

In Chapter 5, the Report outlines possible ways forward, arguing that piecemeal reform will fail to address the underlying problems

The Report says:

- 5.1 | With fine grained improvements to the rules and structures, you are not addressing the underlying problem. Instead, you may well reinforce cynicism.

Further supporting evidence:

There are a number of warnings against a continuation of the current system

- *"So, it does fill me with dread, thinking about what the funding regime will be, going forward because [if] it's a continuation of the current regime, it's very much driven by central government, departmental-basis, rather than thinking more holistically about the outcomes we want to achieve locally" (Black Country)*
- *"If it's going to be devolution, it's got to be proper devolution, not a half-hearted national approach" (Tees Valley)*
- *"I think in terms of real devolution there's still very little. It's very much bid for a package, get a package, deliver a package because it's not devolution" (West Midlands)*
- *"devolution, which frankly is money and power has been constrained and slowed down and where it has been accepted, it's been done on a very conditional specific point" (West Midlands)*

The cynicism surrounding fine-grained improvements is already widespread.

- *"the concern is that this is just going to pay lip service to devolution and to old habits die hard, don't they in that we are one of the most centralised nations and I don't think we've seen any change to that" (Black Country)*
- *"I think that the devolution is an easier way for the government to increase its centralisation. I can't really see why the Treasury would let go of very precious resources and put them in the hands of local authorities which it has never shown any particular indication that they trust." (EM3)*
- *"But I think we have tinkered around with devolution in the English setting such that unless something radical happens, I don't really think there is going to be an awful lot of change in the right kind of direction." (North East)*
- *"I don't think, if we're being honest, we would say that we've had a lot of devolution in the real sense of the word" (West Midlands)*

- *"I don't really think there is a national agenda regarding devolution at the moment. I think on the 'to do' list, it's fallen right off"* (West Midlands)
- *"the fundamental flaw with the model of devolution that we've pursued so far is, it just seems really capricious and it doesn't make a lot of sense and it seems very politically driven by which minister can bare the idea of letting go an aspect of their power"* (West Midlands)

Creating a new system

In Chapter 5, the Report outlines a model for a new relationship between the centre and subnational governments.

The Report says:

- 5.10 | At the moment, Whitehall exercises control over local spending and policy through a programme of funding competitions, plus central funding of some activities, and regulation of others. This is incompatible with strong local institutions, with the power to develop and implement strategy.
- 5.1 | Build stronger local institutions and therefore remove the need for the baroque architecture.
- 5.4 | Where they exist, Mayoral Combined Authorities (MCAs) can become these stronger institutions.
- 5.6 | the Government should not make formation of MCAs dependent on political roulette
- 5.9 | Whitehall should take on a leadership role, rather than a management role

Further supporting evidence:

There is widespread opposition to Whitehall's currently centralised processes

- *"I think that LEPs are agents of central government completely. We can only fund what we're given by government to fund, we really have to get permission to do that."* (EM3)
- *"an approach to devolution in which it is Whitehall decision-making, with a little bit of local trimming around the edges. It's autonomy as long as you deliver what Whitehall wants"* (EM3)
- *"The central government should have an eye on what's happening right across the country and should look at best practice and say if I were you I would have a look at what's going on there. I would not impose. Imposing things from central government is the destruction of accountability. If the imposition has been made on the centre, is the centre then going to be ultimately accountable? Of course it isn't."* (Humber)
- *"... it still seems a very centrally controlled, grant-orientated approach which means that you just haven't got that flexibility to move things around"* (Black Country)
- *"There's many times I've opened the paper to find a major investment which the government has agreed for this area and the first I know about it I read in the paper. The Department of Trade or the DIT are wonderful at keeping things to themselves."* (Humber)
- *"central government have decided we need this now or we need to do that now, and Local Authorities and LEPs to some extent, just respond to that because it follows the food chain, it follows where the money is"* (North East)
- *"we're still in that world where government thinks this is a challenge process, you know, a bidding process"* (West Midlands)
- *"in Whitehall there's a lack of trust in the capabilities of the local government sector to actually deal with things"* (West Midlands)

There is support for the Mayoral Combined Authority model, provided these institutions are strengthened with powers and resources.

- *"In other words, if you want to pursue levelling up, if you want to say: 'Well, we are not going to leave certain areas just to fall behind and waste resources that way. We need to ensure that economic development is being pursued and pursued rigorously and efficiently at all levels.' You need some kind of structure that actually makes that happen" (North East)*
- *"having those levels of local government yes, where the funding matches the responsibilities which we just don't have now at local authorities but also whatever form of devolved government you have in terms of mayoral or combined authorities are deeply important things to have." (Humber)*
- *"The Mayoral model that we have got is based on a cabinet structure, with the Local Authority leaders represented on that cabinet. So, it is something which enables different viewpoints to be tested, to be challenged by different political views, and ultimately the politicians have got that democratic accountability." (Tees Valley)*

There is an acute awareness of political gameplaying in the devolution process, especially from those who are currently benefitting.

- *"... there is a willingness, particularly with a Conservative area, a Conservative government, to give more powers there." (Black Country)*
- *"We're in a bit of a benefit locally at the moment in that we've got a Conservative government and we've got a Conservative mayor" (Tees Valley)*
- *"we have good connections with our MPs. So we've got quite influential MPs. We did have Sajid Javid for… Well, we've still got him but he's not the Chancellor anymore, but that was quite a good wheeze for a while" (Worcestershire)*

Whitehall should take on a leadership role rather than its current command and control function.

- *"... central government seems to think that command and control is the best way to deal with stuff. I think it has been proved time and again to fail, command and control does not work." (Black Country)*
- *"I think it's fundamentally and understandably about control. And, I think, central government perhaps confused the need for oversight and the need for management and delivery, and they need to distinguish those roles" (North East)*
- *"Whitehall; you take the power off us to be able to manage these institutions and these organisations within our authority and then you blame us" (Tees Valley)*
- *"everything in this country is very centralised and we tend to have to bid in to pots of money for specific things, rather than having a pot of money to distribute more as we see fit... if you want to do something at a local level, that's tested against national policy" (West Midlands)*
- *"The big challenge with devolution is, is freedom of flexibility... I'm talking particularly about fiscal powers, it would be good to have some legislative underpinning to allow devolved fiscal powers" (West Midlands)*