

**NEW LABOURS REGIONAL POLICY AND ITS IMPACT ON THE
EAST MIDLANDS**

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Abstract

This thesis sets out to examine the regional policies pursued by the Labour Governments of 1997 – 2010. In particular it looks at how the institutions and networks set up as part of these policies worked in the East Midlands region. Drawing on the theories of New Regionalism the research examined the attempts by the East Midlands Development Agency (EMDA) to set up a governance network. The thesis has three central research questions relating to regional governance and the use of the theories of New Regionalism in an area without a strong regional identity. The research found that while EMDA was able to have a positive impact on the region's economy it struggled to attract significant private sector involvement in governance networks outside of their Nottingham base. Conversely efforts to set up public-private collaboration in Leicestershire by the City and County Councils had much more success in attracting meaningful contributions from the private sector. Two factors emerged from the research that help to explain the different outcomes found within the region, both of which have implications for regional studies and policy. Firstly the role of local government in attracting private sector involvement in the new Economic Development Company was seen as key as it gave the new venture an air of democratic legitimacy that the quango led regional structures did not have. Secondly this research shows that regional policy makers must seek to ensure that they are working at the most appropriate scale in order to gain the buy-in of local actors. Participants in this research from both the public and private sector did not see the East Midlands as a meaningful region to which they had any attachment or loyalty. Attempts to stimulate economic growth at the county or city-region scale had much more success in attracting business involvement in their networks.

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List of Acronyms

ASEAN – Association of South East Asian Nations
AWM – Advantage West Midlands
BBC – British Broadcasting Corporation
BERR – Department for Business Enterprise and Regulatory Reform
BNP – British National Party
BSSP – Business Support Simplification Plan
CDA – Civil Defence Areas
CLG – Communities and Local Government
CLMS – Centre for Labour Market Studies
CIPD – Chartered Institute for Personnel Development
CITER – Centro Informazione Tessile Emilia-Romagna
DETR – Department for the Environment, Transport and the Regions
DfEE – Department for Education and Employment
EDC – Economic Development Company
EMBC – East Midlands Business Council
EMDA – East Midlands Development Agency
EMRA – East Midlands Regional Assembly
ERVET – Ente per la Valorizzazione del Territorio
EU – European Union
FDI – Foreign Direct Investment
FRESA – Framework for Regional Employment and Skills Action
GDP – Gross Domestic Product
GLC – Greater London Council
GOEM – Government Office for the East Midlands
GOR – Government Offices for the Regions
GVA – Gross Value Added
HCA – Homes and Communities Agency
ILO – International Labour Organisation
INETS – Innovation Networks

LAA – Local Area Agreements
LBV – Leicestershire Business Voice
LEPs – Local Economic Partnerships
LFR – Less Favoured Regions
LFS – Labour Force Survey
LGA – Local Government Association
LSC – Learning and Skills Council
LSEP – Leicester Shire Economic Partnership
LSP – Local Strategic Partnership
MAA – Multi Area Agreement
MCC – Mondragon Co-Operative Corporation
MKSM – Milton Keynes South Midlands Partnership
MNC – Multi National Corporations
MP – Member of Parliament
NAFTA – North American Free Trade Agreement
NAO – National Audit Office
NBA – Nottinghamshire Business Association
NDC – New Deal for Communities
NHS – National Health Service
NRF – Neighbourhood Renewal Fund
NR – New Regionalism
NSI – National Systems of Innovation
NUTS – Nomenclature of Territorial units for Statistics
OECD – Organisation for Economic Co-Operation and Development
ONE – One North East
ONS – Office of National Statistics
PR – Public Relations
PWC – Price Waterhouse Coopers
QUANGO – Quasi Autonomous Non Governmental Organisation
RDA – Regional Development Agency
REPB – Regional Economic Planning Board

REPC – Regional Economic Planning Council
RES – Regional Economic Strategy
RIS – Regional Innovation Systems
RSA – Regional Studies Association
RSI – Regional System of Innovation
R & D – Research and Development
SEEDA – South East England Development Agency
SIC – Standard Industrial Classification
SME – Small Medium Sized Enterprise
SNP – Scottish National Party
SNR – Sub National Review
SPSS – Statistical Package for Social Sciences
SOC – Standard Occupational Classification
SSP – Sub-Regional Strategic Partnership
TEC – Training and Enterprise Council
TPA – Tax Payers Alliance
UK – United Kingdom
UN – United Nations

Introduction

The Labour Government elected in 1997 oversaw a programme of constitutional reform which included ambitious plans for elected English regional government. Whilst this element of the 1997 manifesto was eventually killed off by defeat in a North East referendum in 2004, Labour did still radically alter the role of the English regions in policy planning and established Regional Development Agencies (RDAs) to strategically plan the development of the economy at the regional level. In the East Midlands this involved the setting up of the East Midlands Development Agency (EMDA) and the drawing up of an ambitious strategy to place the region in the top 20 regional economies in Europe by 2010 (EMDA 2003). Between the 1997 and 2010 General Elections, EMDA spent more than £1 billion on the economy of the East Midlands and produced three versions of its Regional Economic Strategy (RES) which was designed to move the regional economy on from its reliance on traditional, but declining, manufacturing industries, such as textiles and mining, towards a more service sector-focused economy. Meanwhile developments in the city of Leicester and the county of Leicestershire saw it become one of the first areas of the UK to agree a Multi-Area Agreement (MAA) and put in place a complex system of governance for the sub-region than involved high levels of cooperation between the public and private sectors.

This thesis sets out to examine the work of EMDA by investigating the partnerships and networks it has used to carry out its work. Related to this basic aim the thesis also examines the impact of the nature of the region being used in this research and the role of

local government in local economic development. Regional policy returned to the National agenda during the Labour Government's time in office with the creation of a regional tier of governance. While the Coalition Government has already announced the abolition of the RDAs they have not abandoned the principle of economic development initiatives being directed at the local level, although they specifically use the term 'local' rather than 'regional' which is seen to be too closely connected to New Labour (John Healy MP, Smith Institute Seminar, 30 June 2010). The new Government's plans involve the establishment of Local Economic Partnerships between local government and the private sector and therefore the findings of this research into the partnerships and networks set up by EMDA within the East Midlands will remain relevant after EMDA has ceased to exist. The lessons from the East Midlands and the Leicestershire case study show that achieving meaningful partnerships between the public and private sectors is reliant on a number of different factors including ensuring that the scale used is economically viable, that the role of local government can be key and that there is a need for a long term strategy at the heart of any partnership if it is to produce results. These findings are not restricted to the types of partnerships pursued by EMDA and the other RDAs but have wider and continuing implications for economic development at the local and regional level.

This thesis is not designed to quantitatively test the impact of the RDA on the regional economy. This task has been formally undertaken by various agencies such as the National Audit Office (NAO 2007), Price Waterhouse Coopers (PWC 2009), ECOTEC (2009), as well as the Parliamentary Regional Select Committee, while others such as the

Tax Payers Alliance (TPA 2008) and the Manufacturers Organisation (EEF 2007) have also produced assessments of the work of RDAs. Whilst these are interesting and useful pieces of work, and the results of these various reports will be presented in this thesis, the focus of this thesis is an examination of the theories that produced the policy itself and the workings of that policy in practice and this requires a more qualitative approach.

The regional policies pursued by the Labour Governments of 1997–2010 can be seen to draw from the ideas that came to be associated with the theories of New Regionalism which argued that economies are best managed at the regional tier through attempts to stimulate innovation using the implementation of new governance structures. These ideas struck a chord with the founders of New Labour, in particular the ideas that partnerships between the public and private sectors are necessary to encourage growth. This fitted in well with the intellectual basis for New Labour which was becoming associated with the work of Giddens (1998) and the ‘Third Way’.

My interest in the work of EMDA and RDAs in general began when I started work at the Centre for Labour Market Studies (CLMS), University of Leicester, as a Research Assistant in August 2001. My first task was to compile a literature review on the work of the then newly-established EMDA and to produce a statistical profile of the East Midlands economy that would eventually become the Framework for Regional Employment and Skills Action (FRESA), published by CLMS and EMDA (Felstead *et al.* 2002) and informed the first RES. Throughout my time at CLMS, EMDA have funded a number of research projects undertaken by the department (and that I was involved in

as a research assistant), as have their subsidiary bodies such as the SSPs (Felstead *et al* 2002, Goodwin *et al* 2003, Otter *et al* 2004, Beck *et al* 2008). In addition, through my work on EMDA-funded projects I became involved in the sub-regional set up in Leicestershire by sitting on the economic sub-group of the Leicester Shire Economic Partnership and its equivalent in the subsequent arrangements that followed the Sub-National Review (SNR) in 2007. This involvement gave me an insight into the workings of the partnerships that were set up in the region and gave rise to questions about their effectiveness and whether a regional-level body was really the best method for promoting economic development.

My initial interest expanded into a series of basic research questions around the topic of what EMDA was set up to do and what they actually did, and how the policy that formed them was working out in practice. In particular I was interested in how EMDA worked with its partners within the region, both from the public and the private sectors. Work by Geddes (2005, 2006) and his colleagues at the University of Warwick (Geddes *et al* 2007) suggested that the private sector did not play as full a role in governance structures as had been envisaged and that most of the members of these partnerships came from the public sector. This was also interesting to me as the local government structure in England had seen an erosion of its powers over the past two decades as increased centralisation took place. How these sectors took their place in the new governance systems was a central area of concern for my initial research.

The East Midlands is an interesting and important region to base this study on due to its unique nature. Of all the regions chosen for an RDA by the Government, it was perhaps the one that made the least sense in terms of actually being an established region. Unlike the northern regions, there is little or no history of regional identity at the level of the East Midlands and there is no clear ‘capital’ or dominant city in the region. The East Midlands, then, is an interesting site within which to test a regional policy. If it is possible to manage the economy in a regions whose basis comes from a Whitehall statistician, rather than any tangible sense of identity, then any government could implement policy at whatever regional level it chose to.

As the literature review progressed I took part in the University of Leicester’s Post-Graduate Research Festival, which involved me presenting my research to both the academic and the practitioner communities. This, combined with the literature, helped me to narrow down the research questions into specific ones dealing with the theory and policy in the chosen setting of the East Midlands. They are presented below:

1. How has the shift from government to governance played out in the East Midlands?
2. Is there an appropriate scale at which to implement the ideas of New Regionalism?
3. What does the evidence from the East Midlands tell us about the adaptability of the ideas of New Regionalism?

The data that informed the findings of this research was collected using semi-structured qualitative interviews with key stakeholders in the East Midlands. In total, 29 in-depth interviews were carried out with respondents from EMDA, the private sector, local authorities, government representatives and other regional actors.

The thesis itself is divided into eight chapters setting out the theoretical basis for the research, outlining the policy and region that is to be studied, and then presenting the results from the interviews. Chapters 1 and 2 present a discussion of the theories associated with the concept of New Regionalism which developed in the academic literature from the early/ mid-1990s onwards was based initially on research into successful regional economies in Wales, Spain, Germany, France and Italy (Storper 1997, Cooke and Morgan 1998, Scott 1998). The ideas of New Regionalism have dominated debates in regional development studies over the past two decades. In Chapter 1, the thesis charts the development of this debate including the moves to a multi-scalar understanding of regional development and the incorporation of ideas concerning city- and mega-regions. Chapter 2 then discusses some of the criticisms levelled at New Regionalism including the fact that it has been criticised for only describing successful examples of regional economic development, that it ignores the remaining influence of the nation state, and, that it hardly presents a coherent set of ideas being a ‘chaotic’ or ‘elastic’ concept (Rainnie and Grant 2005, Harrison 2006a). In addition Chapter 2 also presents an overview of the empirical evidence that has been collected by New Regionalist researchers and considers the implications for the East Midlands. The chapter

concludes by taking the ideas of New Regionalism as the theoretical basis from which to study the East Midlands and the work of the EMDA.

In Chapter 3 the thesis moves on to examine the development of regional policy in England and in the East Midlands. Described by Harvie as the ‘dog that never barked’ (Harvie 1991, p. 105), English regionalism always lagged behind that of Scottish and Welsh Nationalism in the public’s conscience and in policy debates. In fact it had sporadically appeared on the policy radar with the town planner C. B. Fawcett suggesting in 1919 that England be divided up into provinces for the implementation of policy (Fawcett 1919), and in 1939 the country was divided up into Urban Defence Areas to govern the country in the event of a German invasion. In both of these cases, however, the East Midlands was not a region – the parts of the region were either in ‘Trent’, the ‘North Midlands’ or the ‘East of England’. The East Midlands itself was first defined in 1965 (Stobart 2001) and was used as an administrative boundary by John Major’s Conservative Government when setting up Government Offices for the Regions. In the run up to the 1997 General Election, the Labour Party developed a regional policy that involved plans to devolve significant powers to the English regions and once they were elected they established the RDAs. Chapter 3 examines these policies and concludes that the regional policies pursued by Labour are indeed policies than can be seen to fit in with the ideas of New Regionalism, and thus the theoretical and policy lens through which my research questions are established by the first three chapters of the thesis. In Chapter 3, three distinct phases of regional policy development under Labour are identified and outlined. These form the starting point for the empirical research in this thesis as the

interviews and analysis later examine whether a forth, more locally involved, stage emerged following the Sub-National Review (SNR) in 2007.

Chapter 4 considers a question that is frequently ignored in the New Regionalist literature, but one which is particularly important when studying a region like the East Midlands – what is a region? Writers such as Tomaney (2009a, b) and Paasi (2001, 2009) place a great deal of importance on the idea of a regional identity and argue that in order to gain buy-in from key stakeholders, a region must exist beyond mere statistics. By any of the measures put forward by Paasi and Tomaney, or indeed others such as Cooke and Morgan (1998), Keating (2003) and Benneworth *et al.* (2006), the East Midlands struggles to meet the criteria put forward. It does not have a long established history as a region, there is little coherence between the areas either politically or economically, and the only shared institutions are those created from 1994 onwards. However, the region does meet some of the criteria put forward by Paasi (2001) for *establishing* a regional identity and could be considered a work in progress. There is a regional economy – in that there is an area about which statistical evidence can be gathered – however, as the second half of Chapter 4 discusses, the headline statistics that can be collected hide the differences at sub-regional levels.

In Chapter 5 the methodology used is outlined. My background as a quantitative researcher is discussed, as is the realisation that a qualitative approach was more appropriate for this research. The impact of my role in the region is considered and issues in researching ‘live’ public policy are discussed. The nature of the policy changed

between the collection of the data and the writing-up of the thesis with the election of a new government in 2010 and the publishing of proposals advocating the abolition of the RDAs. This does not make the data collected any less relevant, but does put a time cap on the period that I am studying. So where I asked respondents on their thoughts on the future for RDAs during my fieldwork, these responses can now be used as an early test of the popularity of the new government's policy ideas.

Chapter 6 presents the results of the main stages of my fieldwork – on EMDA and the East Midlands. Within the chapter, the aims and targets of EMDA are discussed to assess how well-known they are within the region and how appropriate key stakeholders felt the targets of the various iterations of the RES have been. Following this, the chapter examines EMDA's relationships at the sub-regional level and the related issues the problematic nature of the region itself causes and concludes that the boundaries given to the RDA have indeed hampered its work, but that EMDA themselves could have handled this better. The chapter also examines the relationship of the RDA with the region's private sector, and while it notes the largely positive reaction to EMDA's response to the recession through initiatives like 'Survive and Thrive', it also provides evidence of the degree of anger felt in Leicestershire and Northamptonshire that businesses in Nottingham seem to have far greater access to EMDA's facilities and funding than they do. The chapter concludes by considering what the future might be for EMDA post-SNR.

In Chapter 7 I outline the results from a case study I undertook in Leicestershire. It quickly became apparent that developments in Leicestershire were particularly

interesting and that the roles played by the City and County Councils were central to this. Leicestershire is one of the few areas in the UK to have a Multi-Area Agreement (MAA) in place and to have taken full advantage of the SNR to set up their own economic development structure based around collaboration between the two councils and the private sector. The case study resulted in two of the major findings from this study. Firstly, that the involvement of strong local government is a key factor in attracting private sector involvement to public-private partnerships as it adds an air of legitimacy to proceedings. In addition, the fact that the businesses in Leicestershire felt an attachment to the county itself played an important role and businesses who showed little enthusiasm or willingness to get involved with EMDA-led attempts to develop the area where more than happy to get involved at the level of the city-region. Another key finding from this chapter is the role of key individuals which links the case of Leicestershire to that of Gdansk in Poland and the work of Czepczynski (2009) as well as the work of Gibney et al (2011) in Barcelona and Birmingham, where development was taken forward by charismatic political leadership.

Finally, Chapter 8 considers the findings from my research in the light of both theory and policy and draws some conclusions. From these it suggests recommendations to be taken from the study, mainly the need for a multi-scalar approach to English regional policy, but also the need to allow policy time to bed in and work. The chapter then attempts to move New Regionalism on from description to prescription, by taking the lessons learned from the East Midlands and in particular the uneven development of a forth stage of regional policy to try and see if the process of moving from regionalisation

to regionalism might be achieved more efficiently in future. As the analysis took place it became apparent that the differing levels of engagement in the governance structures in the region were linked to three main findings, firstly the importance of the region itself, space does matter, far more so than respondents from EMDA and indeed the Labour Party were willing to acknowledge, and this has had a limiting effect on the work of EMDA. Secondly where local government played a full role in governance structures they appear to lend the process a sense of legitimacy absent elsewhere and certainly in Leicestershire this was key in attracting the involvement of the local business community. Finally the areas where strong local leadership existed had the most success in getting partnerships off the ground and help to explain why some areas of the region were able to move their policy development on post SNR and others found progress more difficult. The chapter finishes by offering some thoughts on the future for regional policy in England and a warning for the new government that all bar one respondent to my research argued that intervention at the regional tier was necessary for economic growth.

Chapter 1: New Regionalism – Theoretical Foundations

This chapter sets out to establish the theoretical basis for this thesis and the research questions that were investigated during the empirical stage of my work. There is a wealth of literature that can be seen to be connected to this study which deals with the policies of the Labour Governments of 1997–2010 and, separately, with the issue of regional governance and devolution in the UK. While these bodies of literature are both interesting and indeed relevant to this study, they do not provide the theoretical underpinnings necessary to take the work forward and are more concerned with the practical implications of the policies of New Labour. Before we turn to these writings, it is necessary to take a step back from literature concerned with the Labour Government and devolution and move on to look at the broader issue of regional development, which should place the later works on the actual policies in better context. Therefore, they will be covered in Chapter 3 of this thesis, on Regional Policy since 1997, once I have established the theoretical base of my work. For this we must turn to a series of ideas and articles that have emerged since the mid-1990s and which have come to be described using the term ‘New Regionalism’ - a new body of literature which rejects state-centred (Keynesian) and market-led (neo-liberal) approaches to economics - and instead favours an associational or ‘third way’ (Giddens 1998) approach to economic development, based on partnerships between public and private sectors to promote innovation and growth at a regional level and can be linked to the development of the Schumpeterian Workfare Regime (Jessop 2002, 2008) .

In the post-World War II period in the UK, economics and politics' have been dominated by two distinct economic theories: firstly by Keynesianism (state-led), and then by neo-liberalism or free-market (market-led) economics. Both of these systems had periods of relative success, but both were also subject to, and left behind a legacy of, relative failure. Keynesianism was seen as overtly bureaucratic and inhibiting the ability of the private sector to innovate and increase profits in good economic conditions whilst also being unable to react to and protect the economy from global pressures. Meanwhile, neo-liberalism came under criticism as it became apparent that there was little in the way of a safety net for those in society who lose out in a free market and when economic systems based on free market principals also proved unable to react to the global economic downturn of the late 1980s. The 'Third Way' of political thinking that emerged in the late 1980s, which New Regionalism has become associated with, could be seen to be an attempt to marry the relative successes of these two economic approaches together to try and allow the private sector to take advantage of the market while adding an element of social responsibility to their actions. On a theoretical level this embeds New Regionalism in the theoretical debates that emerged in the disciplines of Economics, Geography, Politics and Sociology (Cooke and Morgan 1998, Jessop 1997, Peck 1996). The next two sections briefly outline Keynesian and Neo-Liberal approaches to economic development and they set the contextual background to the debates that led to New Regionalism as academics and policy makers sought to move on from both.

Keynesian economics

Keynesian economic policy takes its name from its founding father, the British economist John Maynard Keynes, who first came to prominence in the 1920s. His economic theory was based on macroeconomics and around the idea that economies and governments need to stimulate demand for products and services in order to prosper, often by increasing state spending. These ideas were being implemented in the UK at the same time as other social democratic systems were in operation in other parts of Europe whether the more comprehensive welfare systems of Scandinavia or the less formalistic ones in middle and southern Europe (Giddens 1998). In each case the general gist of economic policy was based around state investment aimed at providing full employment while restricting the role of the free market to one extent or another (Giddens (1998)). The economic policies of the 1950s and 1960s followed Keynes' ideas with heavy state investment in the economy in an attempt to stimulate demand, protect key national interests, keep prices low and employment high (even if wages didn't necessarily grow). Many of the larger industrial sectors in the UK were nationalised (coal, steel, rail, etc.) and the Government produced a series of policies which were designed to protect these industries. As well as protecting the economy, Keynesian economic policies were also concerned with social inclusion and welfare, and therefore these periods saw the fledgling welfare state expanded and developed.

These policies were in the first instance successful, and in the UK, and indeed across the Western world, inflation and employment were stable throughout the 1950s and into the boom of the 1960s 'white heat of technology' phase. However, problems did begin to emerge as some sectors found that the excessive amount of government regulation made them uncompetitive abroad and their growth was restricted. As the 1970s began, prices were starting to rise and wages fell as Keynesian economics began to prove inflexible and unable to react to changes in the global economy. This culminated in the 1973 oil crisis, mass unemployment, and the collapse of the Western consensus on economic and social policy (Giddens 1998). In the UK, the old nationalised industries had become inefficient and unprofitable, and the state was unable to stimulate enough demand for the economy to grow out of its problems. The system and government of the day collapsed in the face of the 1978-9 winter of discontent.

Neo-liberal economics

The 1980s saw a complete change in economic policy as the new governments in both the UK and the USA subscribed to the monetarist school of economic thought, based around the ideas of Milton Friedman (1962) at Chicago University. This neo-liberal approach to economics was micro rather than macro in approach, and saw the rolling back of the state as vital to economic recovery and growth. Key changes from the Keynesian period included a wealth of deregulation legislation, wholesale privatisation of public assets, and the tacit acceptance that unemployment (and inequality) was a price

worth paying to keep inflation and taxation low (Giddens 1998). The barriers to free trade that had been established to protect key national industries were torn away and the private sector was encouraged to trade freely across the globe in the pursuit of profit. The immediate impact of this in the UK was mass unemployment and widespread strike action in the old industrial sectors in the early 1980s. But the government of Mrs Thatcher survived this initial phase, and by the mid-1980s sections of the economy were booming and rapid growth was experienced in London and the South East in particular. The boom of the 1980s was not uniformly felt however as the Northern regions of England and areas of Scotland and Wales did not experience the same levels of growth during this period.

However, as the global economic climate began a downward spiral towards the end of the 1980s it became apparent that neo-liberalism was just as incapable at responding to global pressure as Keynesian economics had been before it. The property market collapsed and the UK economy slumped into a recession. Part of the problem now was that there was little the government could do to try and protect its key sectors in a free market. Furthermore, under neo-liberalisms' mantra of competitiveness and free market, some of the older industrial regions had never felt the effects of the mid-1980s boom but were now being hit by the recession. Free-marketeeering, as a tool for economic development, had proved a disaster as finance and investment had been attracted away from the poorer areas to the wealthier areas, leaving little behind to develop. Social exclusion and deprivation were now a common factor, and a new 'class' of people were added to the traditional upper-, middle- and working-class triangle. The underclass were

politically, economically and socially adrift from the rest of society (through little or no fault of their own), and neo-liberal economics did not offer a way back in for those who had fallen off the wagon. The ‘third way’ of thinking emerged in the late 1980s as a possible answer to the failings of both Keynesianism and neo-liberalism, by promoting partnerships between the public and private sectors. The Labour Government, led by Tony Blair, developed a series of policies using the ‘third way’ philosophy, including their regional development policies. Within academic debate, the ideas of public-private partnerships were developed in the arena of regional studies into the ideas that became New Regionalism.

This first chapter will now to outline the concept of New Regionalism that has emerged in the academic literature during the past 30 years, discussing each of the main themes that ties the theory together and establishing the theoretical basis from which the New Regionalist debate grew in the literature. Chapter Two then turns to the criticisms that have been levelled at the new theory as it has developed. Most notorious of these is Lovering’s polemic critique from 1999. This was followed by more sober, but possibly more analytical, pieces by the likes of Tomaney and Ward (2000), MacLeod (2001) and Harrison (2006a). Chapter Two will then chart the empirical evidence that informed the debate’s progression from the early key texts of Storper (1997), Allen *et al.* (1998), Cooke and Morgan (1998), Keating (1998) and OECD (2001), amongst others, to the more recent debates concerning new localism and city-regions. It then concludes by linking the ideas in the chapter to this study of the East Midlands and Regional Development Agencies (RDAs).

1.1 New Regionalism

‘New Regionalism’ is a term that has been increasingly used in the last three decades to describe a series of articles and ideas around the topic of regional development. There is, however, no definitive agreed set of criteria that identifies New Regionalism, partly due to the multi- and inter-disciplinary nature of the topic with separate but related strands developing in the fields of Political Science and Economic Geography (Harrison 2006a). These different strands of thought on regional development have come together to form a loosely-connected set of themes and ideas which argue that the region is the best level to pursue economic development and which are largely critical of both Keynesian and market-based economics. Another idea that connects the various authors is that regional economic development should be driven by partnerships and collaborations between local government institutions and the private sector, thus placing the literature within the ‘third-way’ (Giddens 1998) school of public policy debate that emerged in the late 1980s and that was enthusiastically picked up by Tony Blair’s New Labour. Collectively, these ideas have been labelled in numerous different ways including New Regionalism, the associational economy, regional innovation systems, learning regions, and competitive regionalism (Cooke and Morgan 1998, Keating 1998, Boekema *et al.* 2000, Cooke 2001, OECD 2001, Spindler 2002). It is perhaps telling that one of the first key texts associated with the UK strand of the New Regionalism paradigm (if indeed it can be called a paradigm) has the title *Associational Economy* (Cooke and Morgan 1998), and that Kevin

Morgan moved on to discussions on ‘new localism’ rather than New Regionalism in his work on developing city-regions (Morgan 2007). Wheeler (2002) points out that the term ‘New Regionalism’ is not a new one; indeed the American sociologists Odum and Moore (1938) were using the term as long ago as 1938. The main growth in literature on this topic, however, has occurred since the early 1990s, with separate developments in the USA (Downs 1994), the UK (Cooke and Morgan 1998) and Europe (Soderbaum 2002), and then latterly in the Southern hemisphere (Rainnie and Grobelaar 2005).

It would be wrong, however, to completely disregard the common themes and ideas that the various authors share, although given the sometimes disparate nature of the literature, it would certainly be fair to describe New Regionalism as a ‘chaotic’ or ‘elastic’ concept (Rainnie and Grant 2005, Harrison 2006a). New Regionalist writings tend to share three key themes. Firstly, that globalisation has resulted in the ‘hollowing out’ of the state and the redistribution of powers to the supra- and sub-national arena, meaning that economic development is now more effective if concentrated at the regional level (Rainnie and Grant 2005). Secondly, they share a theoretical base in the work of Schumpeter (1934) and the theories of innovation and especially regional innovation systems. Finally, authors from the New Regionalism canon assert that this development can only happen if appropriate levels of local governance are in place, structured around institutions, to help establish collaborations between the public and private sectors based on trust and ‘untraded dependencies’ (Morgan 1997). This chapter will now outline each of these key themes of New Regionalism in more detail, starting with the impact of

globalisation, with the aim of establishing issues with the theory that can be explored in the context of the East Midlands.

1.2 Globalisation

The first of the key themes of New Regionalism is that the advance of globalisation has resulted in a situation whereby the nation state is no longer the most appropriate site for economic development. It is argued that it has been overtaken in importance by supra-national organisations (e.g. the UN, the EU, multinational corporations (MNCs)) and that political decision making, economic development, social cohesions and environmental sustainability are now more effective if carried out at the sub-national or regional level (Mittleman 1996, Keating 1997, Rainnie and Grant 2005). The rise of globalisation is also seen by New Regionalist writers as being intrinsically linked with the increasing influence of the knowledge-based economy which again is better suited to a local or regional setting than to national policy edicts. In the knowledge economy, economic growth and prosperity are reliant on creating and using knowledge effectively and efficiently through localised and specialised learning and innovation. Both globalisation and the knowledge economy are not seen as compatible with traditional Keynesian or neo-liberal approaches to economic development as they rely too heavily on either the state or the market to create the conditions for growth. It is here where New Regionalism argues that effective local governance and collaborations between the public and private

sector are needed to manage and produce the conditions necessary for regional competitiveness and growth (Jones 1994, Cooke and Morgan 1998, Smyth *et al.* 2004).

Cooke and Morgan (1998) argue that the new economic order has altered the role of national state governments in economic management. They argue that as many, if not most, developed states are now members of large trade blocs (e.g. EU, NAFTA, ASEAN) based on the principles of free trade within their borders, the ability of the state to act in an interventionist manner has changed, and indeed diminished, due to the international agreements in place to protect free trade within the blocs. This means that, where in the past a government has had the scope to step in and protect key national industries from adverse market conditions, this is now more difficult for a government to achieve, as the recent example of the hostile takeover of the British company Cadburys by the American firm Kraft demonstrated (<http://news.bbc.co.uk/1/hi/business/8492572.stm>). It is, however, possible for localised effort to both protect and create conditions for key industries to grow and succeed through a series of local governance initiatives and the establishment of regional innovation systems.

Globalisation can be seen as a series of processes which impact upon the state's power to act in the economy. These powers are spread across from local to supra-national levels which causes the waning of national government influence and conversely increases the power and influence a MNC can have over a local economy and community in general. This then can cause great disparity between regions which the national state is unable to

address (Cooke and Morgan 1998, Bellamy *et al.* 2003, Wood and Valler 2004). As this process creates specific, localised problems, it is logical to assume that localised solutions will need to be sought.

As globalisation has placed so much power and influence over economic (and social) development in the hands of MNCs, it is vital that regions have the capacity to attract them. In order to do this in the knowledge economy, New Regionalism argues that the tools of effective and directed learning must be in place. These tools are best implemented at a local level and due to the differences in various locations, differing types of knowledge must be acquired by the local labour market; this suggests that while a national policy on learning and development may be implemented, there have to be local agents to apply it to their local conditions and that a one size fits all national policy will not provide a region with the necessary tools to attract MNCs and inward investment.

From the Political Science stream of New Regionalism, Keating's work on regions and regionalism starts from the premise that in the modern globalised world the national state is no longer the only or more appropriate level at which to formulate policy and that as well as supranational bodies such as the EU, the sub-national territory has emerged as an ideal site for policy development (Keating 1998, 2003, Keating et al 2009). In this his work echo's that of the strand of New Regionalism that developed in the disciplines of Sociology and Geography developed by the likes of Cooke & Morgan (1998), Scott

(1998) and Storper (1997). Keating however examines the rise of regions from a political science background and this has some subtle but important differences, which help to develop our understanding of how a region might operate. Keating deals with the scaling of state power and his work enables us to bridge the economic development focus of Cooke & Morgan (1998) to the state theory work of Jessop (2002) and others which will be discussed later in this Chapter. The crux of Keating's (1998, 2003, Keating et al 2009) argument is that for regionalism to work the political element cannot be ignored as it is political power that draws the involvement of the widest group of regional actors.

Keating (1998) starts by discussing how the region was excluded from the state building process of the 18th and 19th Centuries in Europe as issues of territory below that of the state were relegated in favour of functional policies that would operate at the level of the new nation states forming in Western Europe. He argues that these functional national arenas then added political elements (institutions, cultures, identities) and that political science as a discipline has since largely ignored the sub-national level as a site of serious interest (Keating et al 2009), particularly in the UK. In his 1998 book Keating tracks the re-invention of the regions in Europe from the 1960s onwards aligning developments with the New Regionalism arguing that as Globalisation took hold the nation state had to develop policies at a lower level in order to keep pace with, and influence, economic change. Keating (1998) identifies two types of regionalism at play here – firstly 'functional' regionalism which can be seen as largely 'top-down' efforts by the central government to develop national policies at a regional tier and secondly 'political' regionalism which is where the components of a particular sub-national territory come

together to directly influence and control regional development on a wider policy basis (Keating 1998, 2003, 2006, Keating et al 2009). Again there are links here to the work of Cook & Morgan (1998) who as I will outline in the next section argue that in order for a regional innovation system to work it is better if it is bottom up.

1.3 Theories of Innovation

Another key strand of New Regionalism is that innovation is vital to economic growth. The links to the theories of innovation are also important as they provide a theoretical base to the new regional paradigm by connecting it to the work of evolutionary political economists such as Schumpeter and Polanyi (Cooke and Morgan 1998, Rainnie and Grant 2005). New Regionalism argues that the old national systems of innovation (NSI) need to be updated and replaced by regional systems of innovation to add more flexibility to the process and also to take local differences into account (Thomas 2000, MacKinnon *et al* 2002). Regional systems of innovation merge the functional systems approach of NSI with an institutional approach. Through this, individuals within the networks and communities created can form systems of innovation that are locally, rather than nationally, embedded and thus better serve the needs of locally-based firms and institutions as well as the community as a whole. Keating et al (2009) refer to the idea of territorial policy communities which draw from a wide range of local actors to drive forward development at the local rather than the national level.

Regional Systems of Innovation (RSIs) take all the basic principles of NSI and move them to the regional or local level. As with other elements of the New Regional argument, the rationale for this is that the region is the most appropriate level at which to set these systems up, as the firms, institutions and other stakeholders in a given region will be better placed to decide what research and development (R&D) is needed to grow the particular industries in that region. One of the proposed advantages of this is that this enables the innovation to be driven from the ‘bottom up’ rather than implemented from the ‘top down’ and therefore the systems put in place will better reflect the strengths and characteristics of the local economy than a broader national system could manage. Cooke (2001) pointed out that there are a series of conditions which can influence whether a RSI has high or low potential and these are laid out in Table 1.1 below. If we consider the Labour Governments regional policy in England, we may be tempted to conclude that any regional systems set up in the East Midlands would have had lower potential than would be desired. If we take the infrastructural level to start with, it could be argued that while the East Midlands Development Agency (EMDA) had significant funds to spend within the region, it was not in complete control over how that money was spent and that it still relied entirely on Whitehall for its annual budget. This has already been the target of the new coalition government’s programme of funding cuts, with RDAs initially collectively suffering a £270 million cut in the first weeks of the new government, almost a third of its overall budget (www.publicpropertyUK.com; accessed 27 May 2010) before the subsequent announcement of their abolition by 2012. Even without this decision, it was almost inconceivable that any of the regional bodies set up since 1997 could ever have gained tax-raising powers. This lack of control over their own finances is one of the

reasons that the English regions score poorly in a series of league tables on regional authority and power produced by a recent study into the powers of various regional structures across 42 different democracies (Hooghje *et al* 2010). In Section 1.4 on Governance and Institutions the work of the Regulation Theorists is discussed in depth. They set out a series of criteria (Modes of Regulation) that Jessop (1997) argued could be used to assess the suitability of a territory as a site for governance and control over finance is one of those criteria. The implications for the East Midlands of this relative lack of financial autonomy is then explored further in Chapter Four ('What is a Region').

It is also interesting to note that while the general thrust of the New Regional argument is that regions have to become more competitive if they are to grow economically and socially, a fully productive RSI relies on the individual actors within it to adopt a more cooperative culture to achieve this. However, in other areas more progress is being made: for example, universities now see themselves as regional hubs of skills development, and there is a greater willingness to work with local businesses and local authorities. This remains more true of post-1992 universities than the more traditional institutions.

Table 1.1: Conditions for higher and lower regional innovation potential

Higher RSI potential	Lower RSI potential
<i>Infrastructural level</i>	
Autonomous taxing and spending	Decentralised spending
Regional private finance	National financial organisation
Policy influence on infrastructure	Limited influence on infrastructure
Regional university-industry strategy	Piecemeal innovation projects
<i>Super-structural level</i>	
<i>Institutional dimension</i>	
Cooperative culture	Competitive culture
Interactive learning	Individualistic
Associative consensus	Institutional dissension
<i>Organisational dimension (firms)</i>	
Harmonious labour relations	Antagonistic labour relations
Worker mentoring	Self-acquired skills
Externalisation	Internalisation
Interactive innovation	Stand-alone R&D
<i>Organisational dimension (policy)</i>	
Inclusive	Exclusive
Monitoring	Reacting
Consultative	Authoritative
Networking	Hierarchical

(Source: Cooke 2001, p. 961, Table 1)

Cooke and Morgan's arguments for an associational economy have their base in the tradition of evolutionary political economy, where the key question they try to address is how agents of innovation, change and growth, learn and become effective and therefore successful (Cooke and Morgan 1998). This tradition recognises that learning can be explained, and is not inevitable but can be affected by a range of social and cultural conventions. Schumpeter (1934), a founding father of the evolutionary political economy

tradition, saw innovation as a process that includes the introduction or invention of a new product, a new method of production which then influences the opening of a new market. These developments then lead on to the discovery of a new source of supply and new forms of industrial organisation (Schumpeter 1934, Cooke and Morgan 1998). Schumpeter was one of the first 20th Century economists to realise that capitalism is a destructive process and that innovation lay at the heart of this.

An important element that Schumpeter (1934) started to develop, and that has been built upon since his original work, is the argument that the ‘socialisation of the innovation process’ is vital. The arguments are centred on the supposition that innovation needs to be understood as a collective effort and not an individual act of heroism (Cooke and Morgan 1998). There are three key components to the innovation process - the firm, the state and systems - and all three need to collaborate or form associations in order for successful innovation to follow. In this process, the firm is seen as the ‘repository of knowledge’ and the state the ‘animateur’ who create the conditions for innovation, and between them a system is devised and growth can follow (Cooke and Morgan 1998).

The new regionalism angle on this process is that with the advance of globalisation and the increased focus on regions and locality, new regional systems of innovation are needed where firms work together with local institutions and governance to provide appropriate learning opportunities for the local labour market which can then feed into the local economy and provide firms in the locality with the necessary knowledge to

innovate and grow. Unlike national systems of innovations, which New Regionalism criticises as being too rigid and too structural, regional systems are built on trust, voice and loyalty rather than regulation and red tape (Cooke and Morgan 1998). This relies on the private sector (the firm) agreeing to work with local governance and institutions without tying them into binding agreements.

Many of the partnerships and institutional relationships prescribed by New Regionalism rely heavily on the concept of trust between the actors involved (Cooke and Morgan 1998). Trust-based relationships are used as they can be more attractive to potential partners than the heavily regulated, binding agreements that would be associated with Keynesianism. As Cooke and Morgan (1998) point out, trust relationships can vary in their nature and success, and in addition to the challenge of creating a trust relationship in the first place, policy-makers must also then develop this trust into what Fox (1974) termed a 'high-trust' relationship. He defines a high-trust relationship as one in which:

the participants share certain ends or values; bare towards each other a diffuse sense of long term obligations; offer each other spontaneous support without narrowly calculating the cost or anticipating any equivalent short term reciprocation; communicate freely and honestly; are ready to repose their fortunes in each other's hands; and give each other the benefit of any doubt that may arise with respect to goodwill or motivation.

(Fox (1974), quoted in Cooke and Morgan 1998, p. 30)

In contrast, a low-trust relationship is where:

the participants have divergent ends or values; entertain specific expectations which have to be reciprocated through a precise balanced exchange in the short term; calculate carefully the costs and anticipated the benefits of any concession; restrict and screen communications in their own separate interests; seek to minimise dependence on each other's discretion; and are quick to suspect, and invoke sanctions against, ill will or default on obligations.

(Fox (1974), quoted in Cooke and Morgan 1998, p. 30)

Clearly the benefits which may be gained from participating in a trust-based relationship would be much greater if a high-trust relationship could be established. Cooke and Morgan (1998) identify three main benefits that partners can achieve from a trust based relationship. Firstly, relationships based on trust are relatively free of red tape and administration, thus saving time and creating more space for discussions and collaborations on key economic and social issues. Secondly, relationships based on trust can be more flexible and have more ability to react to, and cope with, change and uncertainty. Finally, and crucially, these relationships offer a far greater capacity for learning due to the complex information flows that are established (Cooke and Morgan 1998). MacKinnon *et al.* (2002) argued that firms that are involved in high-trust

relationships not only benefited from the new information and knowledge they could gain, but were also regulated by a feeling of ‘obligation’ to play a full role in the process. Here, Mackinnon *et al.* cite the work of Granovetter regarding trust relationships resulting in firms becoming embedded in the process, thus helping to prevent ‘malfeasance’ (1985, cited in Mackinnon *et al.* 2002) whereby a firm might take advantage of another’s openness and willingness to share new innovations, but does not reciprocate.

Successful examples of collaboration will help to build trust and gain more buy-in to partnerships and collaborative work. The key task of the regional policy-maker is to create the conditions which allow the first collaboration to take place and this requires a constant dialogue between all parties. If these trust-based relationships can be established then there are clearly a number of benefits that both the economy and society in general can enjoy.

Moulaert and Mehmood (2010) discussed the various ways in which research into regional studies have used innovation as a lens to explain regional relationships and growth, demonstrating that innovation is at the centre of explorations into regional development, reinforcing the importance of the concept for New Regionalism. In Table 1.2, Moulaert and Mehmood (2010) show that innovation can be seen to be key to the development of regional institutions, relationships between the public and private sectors, and even to the culture of a given region.

Table 1.2: Views of innovation in territorial innovation models

Model:	<i>Milieu Innovateur</i> (innovative milieu) (MI)	Industrial District (ID)	Regional innovation systems (RIS)	New industrial spaces
Features of innovation				
Core of innovation dynamics	Capacity of a firm to innovate through the relationships with other agents of the same milieu	Capacity of actors to implement innovation in a system of com- mon values	Innovation as an interac- tive, cumulative, and specific process of research and develop- ment (path dependency)	A result of research and development and its implementation; application of new production methods (just-in-time (JIT), etc.)
Role of institutions	Very important role of institutions in the research process (uni- versity, firms, public agencies, etc.)	Institutions are 'agents' and enable social regulation, fostering innovation and development	As in the National Sys- tem of Innovation (NIS), the definitions vary according to the authors. But all authors agree that the institutions lead to a regulation of beha- viour, both inside and outside organizations	Social regulation for the coordination of inter- firm transactions and the dynamics of entrepreneurial activity
Regional development	Territorial view based on 'milieux innovateurs' and on an agent's capacity of innovating in a cooperative atmosphere	Territorial view based on spatial solidarity and the flexibility of dis- tricts. This flexibility is an element of this innovation	View of the region as a system of 'learning by interacting/and by steering regulation'	Interaction between social regulation and agglomerated production systems
Culture	Culture of trust and reciprocity links	Sharing values among ID agents – trust and reciprocity	The source of 'learning by interacting'	Culture of networking and social interaction
Types of relations among agents	The role of the support space: strategic relations between the firm, its partners, suppliers and clients	The network is a social regulation mode and a source of discipline. It enables a coexistence of both cooperation and competition	The network is an organizational mode of 'interactive learning'	Inter-firm transactions
Types of relations with the environment	Capacity of agents in modifying their beha- viour according to the changes in their environment. Very 'rich' relations: third dimension of support space	The relationships with the environment impose some con- straints and new ideas. Must be able to react to changes in the environment. 'Rich' relations. Limited spatial view of the environment	Balance between inside specific relations and environment con- straints. 'Rich' relations	The dynamics of com- munity formation and social reproduction

(Source: Moulaert and Mehmood 2010, p. 106)

1.4 Institutions & Governance

The final of the three strands that connects most New Regionalist writer's ideas together is the argument that economies are best managed through institutions and the setting up of Governance networks. This connects the ideas of New Regionalism to debates in State Theory about the future role of the state and the development of Regulation Theory which are inter-disciplinary approaches drawing on political economy, economics, geography and labour studies and involves a change in the role of the state from the old Keynesian Welfare State system to a new Schumpeterian Workfare Regime model (Jessop 1997, 2002, 2008). The Regulation Approach is a way of examining the way in which an economy works through a series of combinations between institutions (both economic and non or 'extra' economic) and flows of capital (Jessop 1997, Peck 1996).

Jessop (1997) in his review of the Regulation Approach argued that the French roots of this manner of examining the economy has at times led to a misunderstanding of the meaning of the term regulation. He points out that the term 'Regulation Approach' is translated from the French '*l'approche en terms de regulation*' (Jessop 1997 pg. 288) and that the English translation can sometimes lead to the incorrect assumption that the Regulation Approach advocates the regulation of the economy by the state. Jessop argues that the reality is more nuanced than this and that in actual fact what the Regulation Approach does is seek to identify the factors which 'regularize' or 'normalize' economic activities through networks, partnerships and governance that will lead to stable economic conditions conducive to growth. This does not mean, however, that the

Regulation Approach is an extension of neo-liberal economics and that its proponents believe the economy should be left to pure free market principals. Instead they promote the role of non or extra economic institutions which provide stability by embedding the social process into the economy – thus acknowledging that non-economic factors such as education, social norms and culture have a role in the success of an economy. Institutions set up in an economy have to reflect the social conditions in which they are formed in order to be effective.

The Regulation Approach thereby seeks to integrate the analysis of political economy with that of civil society and the state to show how they interact to normalise the capital relation. (Jessop 1997 pg. 289)

Peck (1996) agreed with this interpretation, arguing that labour market analysis needs to acknowledge the reality of the social setting as labour should not be treated as another market commodity to be used at the behest of free capital.

The key to understanding real-world labour markets is to grasp the social nature of labour and the institutional means by which it is reproduced (Peck 1996 pg. 10)

Peck's analysis of labour market theory therefore links to the Regulation Approach in that he argues that labour markets are socially regulated and that institutions have a key

role to play in this (Peck 1996). A question arises here concerning the creation of an institutionally regulated labour market – can a Government create one merely by placing institutions within the labour market?

From the work of academics associated with the Parisian *ecole de regulation* such as Aglietta, Boyer, and Lipietz (Cited in Jessop 1997) four key concepts of the Regulation Approach can be identified, the industrial paradigm, an accumulation regime, modes of regulation and finally modes of development. All are concerned with the relationship between the social and the economic in producing a functioning economy but it is the third concept – that of modes of regulation – that is of particular interest for this study as the dimensions that come together to form modes of regulation can have an impact on the success or otherwise of any attempts to produce successful governance. Jessop (1997) identified five dimensions of modes of regulation that each affect the type of governance structure that could be implemented. These are laid out in Table 1.3 below. When outlining the nature of the East Midlands economy in Chapter Four I will consider each of these dimensions in relation to the region to examine whether the East Midlands could be seen to have the necessary conditions to be a site for an economic development policy based on a regulated approach.

Table 1.3: Dimensions of Modes of Regulation

Dimension	Factors
The Wage Relation	Labour markets, wage-effort bargaining, individual and social wages, life styles
The Enterprise Form	Internal organisation, source of profits, forms of competition, ties amongst enterprises, links to banking capital
The Nature of Money	Dominant form, allocation of money capital to production, banking and credit system
The State	Institutional compromise between capital and labour, forms of state intervention
International Regimes	Trade, investment and monetary settlements and political arrangements that link the economy to the nation state and world system

Source: Text Adapted from Jessop 1997 pg. 291

Jessop (1997) then moves on to consider the implications of the Regulation Approach for the State, an issue which he returned to on a number of occasions (see Jessop 2002, 2008, 2010). Within the Regulation Approach the State can be seen to have a number of different roles to play and there are implications for the power of the state within each one. Firstly the State is responsible for establishing a national economy in which capital

can operate. Additionally, the State is responsible for the production of a supply of labour through education and training and finally it has a role to play in the relationship between global capital and the national economy. In the Keynesian Welfare State model these roles led to an increase in the power and influence of the State through legislation and attempts to directly influence the economy, and in some cases restrict the influence of global capital through protectionist measures. At the other extreme Neo-Liberal approaches to the economy rolled the State back from these roles. Jessop (1997) argued that the Regulation Approach is concerned with the role of the State in setting up a series of governance networks using institutions designed to fulfil the three roles outlined above. These require partnerships between the State and various economic and extra economic actors within the institutions reducing the role of the State from that of the Keynesian Welfare State but retaining more influence than Neo-Liberal approaches. The ideas of an institutional governance approach can be linked to the work of Amin (1998) and his concept of 'institutional thickness'. Using this approach Jessop (1997) argues that the State is being 'denationalized' or that a 'hollowing-out' of the traditional roles of the State is taking place and that other actors are moving in to take on roles formally taken by the State.

This is reflected in a growing emphasis on 'partnerships' between governmental, para-governmental and non-governmental organizations in which the state apparatus is often, formally at least, little more than *primus inter pares* (Jessop 1997 pg. 305)

Peck (1996) argues that the Regulation Approach to labour markets as a social and institutional process misses a further important element that influences the success or otherwise of an economy – that of place. If we accept that labour markets vary according to the social setting they are in, it must also follow that the location of a labour market has an impact on its characteristics. This has implications for the role of the State and in particular the idea of the State operating primarily at the national level. If labour markets are locally variable then it follows that attempts to produce economic growth through governance structures need to be done at the level of the labour market variation as a governance structure covering several different labour markets may not be as effective. Localised governance structures allow the influences of locally important actors to be taken into account whereas in a national governance structure there is the possibility that some actors would be left out as they are not important nationally. Jessop's later work acknowledges that the particular issues associated with local and regional economies require governance solutions at the sub-national scale (Jessop 2002) and here his views align with those of Peck (1996). Jessop (2002) saw this as leading to a further hollowing out of the State's powers to sub-national structures as efforts to stimulate economies at the national scale suffered what he terms 'declining effectiveness' (Jessop 2002 pg. 177)

Issues arising from Peck's (1996) and Jessop's (2002, 2008) analysis that are important for this study include questions of how to identify the 'local' labour market and at what level to establish governance structures. As Chapter Four discusses a number of different

local labour markets can be identified within the East Midlands but does it follow that a number of different governance structures are required within the region. Peck (1996) argues that the key here is the level at which power can best be deployed and so if a number of local labour markets can be formed together under a single banner it is possible to regulate them together using institutions and governance. For this study therefore two questions arise, what is the most appropriate level for labour market regulation in the UK and is the East Midlands one of them?

As the debates on Governance developed the work of Geddes and his colleagues at the University of Warwick became increasingly influential. Geddes (2005) argues that governance is needed as it has a reflexive, rather than a procedural, logic (state/local government), or competitive logic (market based), and is therefore more adaptable and flexible and able to change if circumstances demand it. The shift from the traditional bureaucratic institutions of local government to a system of local government involves, if it works, a rolling back of state influences and powers in addressing local economic *and* social issues, and redistributing them to a series of actors drawn from the state and the public, private and voluntary sector, as well as community groups. This is achieved through a range of networks and partnerships which collectively should produce ‘joined up’ government – the idea that Government policy is designed by a combination of actors from the public and private sector which should, in theory, produce a set of inter-linked policy developments across a range of policy areas (Stoker 1998, Considine 2002, Geddes 2005). It should be noted that the rise of local governance is not a UK-based phenomenon but an international one, and therefore differences do arise around the globe,

however there are similarities to be found. Hambleton *et al.* (2003, p. 12) defined the difference between the two, where government is:

...the activity of the formal government system which takes place within specific administrative boundaries, involves the exercise of particular powers, duties and public resources...under clear procedural rules involving statutory relationships between politicians, professionals and the public.

and governance is:

...a much looser process of steering localities which is multi-sectoral and in which networks, alliances and coalitions play an important part and may become formalised into structural arrangement such as partnerships.

This apparent 'hollowing out' (Jessop 1997, 2002) of the state and creation of new structures designed to produce and implement policies has been described as 'new statism' (Davies 2002), and it is clear that if these partnerships are to be a success, then they need to be formed and administered locally rather than centrally by Whitehall to ensure that they can properly address the particular needs of any given region or locality. Geddes (2005) sees the shift from government to governance as having three key features. Firstly, a reduction of the role of the public sector and subsequent increase in the

role of the private and voluntary sectors in local leadership. Secondly, a shift in policy emphasis from redistribution towards entrepreneurship and enterprise – this shift assumes that previous policy priorities, such as tackling deprivation, education and social inclusion, will be best served if the market is competitive and that the profits associated with being more competitive will have a trickle-down effect. As we will see in Chapter Two, this feature of local governance has come under attack from many on the left (Geddes 2005, 2006) as it goes against the warnings of Regulation Theorists such as Peck (1996) about the need to account for the social dynamic in any development efforts. The third and final key feature that Geddes (2005, 2006) identifies in governance is the proliferation of partnerships as the seat of local decision making. He points out that the make-up and functions of these partnerships tend to be associated with the type of government and welfare systems that they operate in, be that a social democratic region (e.g. Scandinavia), a continental welfare regime (e.g. Germany, Austria, Italy and France), a liberal welfare regime (e.g. the UK and the US), or the more rudimentary welfare systems in Southern European countries such as Spain, Greece and Portugal (Arts and Gelissen 2002, Geddes 2005).

The shift to systems of governance has seen a ‘blurring’ of the boundaries between the public and private sectors (Tomaney and Pike 2006) and the introduction of a series of new actors into the policy process. As has already been discussed it is generally argued that governance networks work best at the local or regional level and on the one hand the devolution of power, money and policy making to the regions could be seen as a move to bring government closer to the electorate but the reality has been somewhat different. The

increase in the number of partners can lead to a lack of accountability as responsibility for policy is shared out amongst different stakeholders, many of whom are unelected (Tomaney and Pike 2006) placing the decision making powers outside of the realm of the electorate. Whereas previously the populous would have had the opportunity to vote out a national or local government whose policies proved unpopular there is a danger inherent within governance that the role of the Local Government is reduced to that of 'steering networks' (Stoker 1995 quoted in Tomaney and Pike 2006) and managing partnerships rather than setting the agenda. As shall be discussed in Chapter Two the issue of leadership in local and regional development is one that has been under-theorised in the New Regionalism literature but as the number of potential actors in the process increase the leadership of that process is likely to become more important. Royles (2006) argued that three main 'societies' were encouraged to take part in governance networks under the Labour Government – the political, the economic and the civil. While there is inevitably some overlap between the three groups they differ in key ways. Political society can be seen to represent political parties and organisations, institutions and parliaments (both national and local) , economic society involved the organisation of production, individual firms and partnerships between sectors, and finally civil society includes social groups, voluntary associations and community groups (Royles 2006). One group that can be seen to fit into at least two of these categories is the Trade Union movement although as Pike et al (2006) show they have been slow to adapt to the emergence of the regional tier as a level to enter into the policy debate. Government claimed that of all the groups to be included it was civil society that stood to gain the most by being more involved in the policy process however this has rarely been the case (Royles 2006) and as Humphrey and

Shaw (2006) point out it is somewhat contradictory in any case to argue that governance is an inclusive process and then identify 'key' actors within that process.

So how do these partnerships work in the UK? As part of its modernising agenda for local government since 1997, the Labour Government set up a series of local initiatives such as Local Area Agreements (LAAs), Local Strategic Partnerships (LSPs) the Neighbourhood Renewal Fund (NRF) and New Deal for Communities (NDCs) (Coulson 1997, Mawson 1997, Mawson and Spencer 1997). For this chapter we will focus on LSPs as they have been widely set up around the country, and, unlike NDCs and NRFs, are not restricted to particularly deprived areas. An LSP is a non-statutory, non-executive body which can take strategic decisions about local renewal and regeneration while retaining direct community involvement. Their membership is drawn from local authorities, other public sector bodies, the private and voluntary sector, and community groups such as faith groups, housing associations and residents groups. In theory then, a LSP should be a fair reflection of the locality it purports to represent, however the reality is often somewhat different. Firstly, LSPs in practice tend to be quite small groups of people, most often with a membership of between 10-20 people and in only 11 per cent of cases having more than 30 people involved (Geddes 2006). The private sector is often represented by an umbrella group such as the local chamber of commerce or business link, although there are examples from around the country where individual businesses are represented. As the umbrella groups will be speaking for a number of different industries, it is difficult to see how they can claim to represent the interests of the whole

private sector. As can be seen in the table below, the make-up of these groups is dominated by local authorities and other public sector interests.

Table 1.4: Membership of LSPs by sector

Sector	Average number of members
Local authority	4.0
Other public sector	5.7
Private sector	1.5
Voluntary and community sector	3.0
Total membership	14.2

(Source: University of Warwick *et al.* 2003, in Geddes 2006, p. 82.)

Sandford (2006) examined the attempts to increase civic engagement in the policy process and found that this was generally done via the Regional Assemblies and Chambers that were set up alongside the RDAs. These bodies were somewhat limited in their scope and their membership was similar to that of the LSPs in Geddes (2006) work with a dominance of local government and employer umbrella bodies and a lack of community involvement. Humphrey and Shaw (2006) argue that the apparent lack of engagement in LSPs and other network bodies by social and community groups can be put down to a number of reasons such as a lack of resources in these groups to enable to them to play a full role in governance networks and a lack of clarity about exactly who should be involved. They argue that if stakeholder involvement is to be a meaningful goal of policy then more needs to be done by Central and Local Government in order to ensure that engaging with Community groups is not “left to adhoc invitation, personal contacts or goodwill” (Humphrey and Shaw 2006 page 218).

The main criticism of the shift to governance is that while some authors, such as Stoker (1998), do not attach any particular policy outcomes to their work, many others (especially Jessop 2002 and Lovering 2011) see this shift in the light of neo-liberalism. They argue that these 'new' partnerships are further proof of state deregulation for the sole purpose of appeasing the private sector and big business, and that the social and re-generational aspects of public policy are largely being ignored. This poses a serious question for proponents of New Regionalism and the 'third way' who see their work as being a rejection of *both* Keynesian and neo-liberal economics. Far from being a break with the economic policies associated with the 1980s and the governments of Thatcher and Reagan, it is possible to argue that the shift to local governance does in fact represent a 'continuum of neo-liberalisms' (Jessop 2002) and that civil society as defined by Royles (2006) has been left out. One issue that will be taken from the literature, to be examined in the East Midlands, is the extent to which the private sector in the East Midlands plays a role in regional development beyond merely enhancing their own economic success.

Sorenson and Torfing (2004) raise a further problem related to the shift to governance at the expense of local government. They argue that this shift could be seen as undemocratic as it is taking power and influence away from elected officials and placing it into the hands of largely unaccountable partnerships who may not be particularly representative of the locality they are in. Furthermore, it is noticeable that that in the case of LSPs in England, there is a conspicuous lack of political representation in the

partnerships and that while employers are represented, employees interests, through trade unions or staff associations, are not.

Therefore, the institutional structures put in place will have the flexibility to adapt to the peculiarities of a particular region. New Regionalism argues that the state should concentrate on the restructuring of local governance to support intermediary organisations, such as RDAs and chambers of commerce, which are designed to create partnerships within the region (Cooke 2005, Smyth *et al.* 2004). This moves the debate on from being concerned with the scale of state intervention in the economy to the efficiency of that intervention (Cooke 2004). Early New Regionalism writers, such as Amin (1999), based their models around what has been termed ‘institutional thickness’. This relied on a series of strong and weak ties between organisations that are overseen by intermediary institutions, built around a strong sense of place and identity (Amin 1999).

Cooke and Morgan (1998) argue for the need for cooperation between firms and the ‘wider institutional milieu’. Within this milieu they identify both hard and soft institutions (see Table 1.5) which they believe firms must work with, and be aware of, if innovation and growth are to be successful. Keating et al (2009) also argue that if policy communities are to work then they need to attract the involvement of as wide a range of sectors of society in order to gain the political decision making power necessary to act.

Table 1.5: Examples of hard and soft institutions

Hard institutions	Soft institutions
Government agencies	Social Norms
Banks	Habits
Universities	Conventions
Trade associations	
Training institutions	

(Source: Adapted from Cooke and Morgan, 1998, p. 9)

There is a need for an overarching system of governance to manage these relationships and ensure maximum efficiency and effectiveness, but it is important that this avoids the old Keynesian state-led approach as this involves too much regulation, while the neo-liberal approach is too deregulated. What is needed, therefore, is an institutional structure that acts as a facilitator rather than a regulator. Cooke and Morgan (1998) propose an associational approach which seeks to assist intermediary associations between the state and the market, and creates the conditions for innovation and therefore growth in the local market. This process involves two incidents of the state giving away economic power. The first instance involves a devolution of economic power away from the centre to the locality, whereby important economic decisions are made by institutions at the heart of the locality. The second instance of the state ceding power comes in the form of delegating roles and responsibilities, such as the provision of training over to business-led associations. Cooke and Morgan (1998, p. 23) give this process the name of ‘regulated delegation’.

1.5 Summary

In this first Chapter the theoretical basis for the New Regionalism debate has been established with its foundations in the impact of globalisation on national government's abilities to manage the economy on a national scale, the need for a more flexible system of governance networks to drive development policy and a desire to move beyond Keynesian and Neo-Liberal approaches to economic and social policy based on the principles of Innovation (particularly Schumpeter) and Regulation Theory. The next step is to examine the critical reaction to the New Regionalism debate and also the empirical evidence that has been collected in regions across the Western World since the mid 1990s, this will form the focus of Chapter Two.

Chapter 2: New Regionalism – Criticisms and Empirical Evidence

The second Chapter of this thesis sets out to discuss some of the criticisms that have been directed towards the New Regionalist debate and also to assess some of the empirical evidence that underpin the ideas and concepts outlined in Chapter One. This will enable me to produce a set of questions to be examined in the context of the East Midlands between 1997 – 2010 in the empirical stage of this thesis and identify the areas in which this study can make a contribution to knowledge in the field of regional studies.

2.1 Criticisms of New Regionalism

As has already been indicated, New Regionalism has attracted its fair share of criticism from the academic community and beyond. One of the more common initial criticisms was that insufficient empirical testing had been carried out by the authors (Lovering 1999), and that, as a result of this, many of the ideas contained within the new regional paradigm are mere hypothesis rather than rigorously tested theory. This can be largely discounted now as several studies have followed up the early work of Scott (1996), Storper (1997) and Cooke and Morgan (1998) to build the evidence base. However, one critique that does remain from the early literature is that the New Regionalism is based largely on examples from successful regions rather than a wider range of studies. There is an element of truth to this criticism in that some of the research done has been based on

regions that are notable success stories (e.g. Baden-Württemberg in Germany), however it is not a wholly accurate one as other examples, such as the Basque Country, can hardly be said to have been flourishing regions before actions were taken at the regional level.

New Regionalism does draw criticism from authors (Lovering 1999 & 2011, Tomaney and Ward 2000, MacLeod 2001, Harrison 2007) who believe that its advocates have over-simplified complex issues, such as globalisation and innovation, and in doing so have created a synthesised notion that is more descriptive than prescriptive and which is not properly grounded in either theory or in empirical evidence. Lovering (1999) in particular has been a vocal critic of New Regionalism, and especially the use of Wales as a case study to show new regionalism in action. Lovering argues that the economic recovery of Wales presented by advocates of New Regionalism at the 1998 Intelligent Region conference was grossly exaggerated and that what recovery has taken place owes more to traditional, central state intervention in a poorly performing region than to a new associational economy. In his vigorous, and at times almost vitriolic, critique, Lovering goes on to state:

We are not dealing here with the normal-science applications of a rigorously developed foundational theoretical insight but rather with a loose bundle of ideas, an accretion of notions gathered together because they seem to resonate and point to broadly similar policy implications somewhere on the horizon.

The New Regionalism is a set of stories about how *parts* of a regional

economy *might* work, placed next to a set of policy ideas which *might* just be useful in *some* cases.

(Lovering 1999, p. 384)

One of the contributions to knowledge that this thesis can offer is that it examines the regional development efforts in a region that cannot be said to have already been an unqualified success (such as Baden-Württemberg) or the recipient of significant Central and National Government funding (such as Wales). Secondly, this thesis examines the East Midlands after the implementation of a set of policies similar to those that have worked elsewhere and, given the awkward nature of the region itself (see Chapter 4 for a full discussion), this should help to respond to the final part of Lovering's quote concerning the early evidence of New Regionalism being drawn from a small number of specific cases.

The theory also draws criticism from the political left who see much of its ideas about governance as little more than the language of neo-liberalism in advocating a withdrawal of the state and the handing over of powers and economic influence to business. In a similar vein, New Regionalism is attacked for leaving less favoured regions (LFRs) to the mercy of the market and thus ignore the important policy areas of social and environmental rebuilding (Rainnie and Grant 2005). Harrison (2007) concurs with this, arguing that a mistake made by some advocates of New Regionalism and the knowledge economy is to fall into the trap of assuming everyone can 'win' if a policy is uniformly

implemented. While Pike and Tomaney (2009) argued that the way in which regionalism has been implemented in the UK has led to 'uneven' development across the country and point out that treating sub-national territories equally does not result in the struggling regions being able to close the gap to the more prosperous ones. From the point of view of those who link some of the ideas of New Regionalism to neo-liberalism, we can see how the state could in effect abandon LFRs to fend for themselves if it followed the policy recommendations of New Regionalism. Where in the past a state government may have been expected to act and intervene in a struggling local economy with a series of social and economic measures to stimulate growth, a government following a New Regionalist policy could point to the partnerships created in a more successful regional and argue that they need to be recreated in the LFR instead of providing direct action as economic growth will follow. Amin (1999) argues that one of the key challenges facing New Regionalism is to prove the link between policies designed for economic growth and those concerned with solving social exclusion.

Morgan (1997) identifies four main challenges that need to be met by LFRs if they are to succeed economically and socially. They are:

- to develop a quality institutional framework to mediate information exchange and knowledge creation,
- to create the capacity for collective action,
- to create the capacity for interactive learning, and

- to create effective voice mechanisms.

(Rainnie and Grant 2005, p. 18)

In many ways these are astonishing demands to make of an economically and socially depressed or deprived area. How a region that is struggling financially is supposed to put together the institutional and educational framework to attract inward investment and high-tech innovative firms without significant state intervention and investment is not sufficiently explained in the literature.

A further criticism is that most New Regionalist writers do not critically assess the role of the state and its ability to create the conditions for partnership, innovation and growth (see Tomaney and Ward 2000, Jones 2001, MacLeod 2001, Harrison 2007). Here the argument is that the role of the state is often underplayed or completely ignored in order to place too much emphasis on the importance of regional factors. This links the later more ‘sober’ critics of New Regionalism back to Lovering’s (1999) more explicit attack. Goodwin *et al.* (2005) take this argument further by arguing that the concept of ‘hollowing-out’ has been misconstrued as a one-off event in the changing role of the state rather than part of a political process that has actually seen the nation state ‘fill-in’ the gaps created by globalisation by transferring policy to the regional or local level, but still within the control of the centre – and if we look at RDAs in England through this lens, then Goodwin *et al.*’s point becomes clearer. New Labour didn’t cede control of regional economies to autonomous bodies, but kept a tight control on spending and decision

making from Whitehall. This is not to say that the role of the region is unimportant in this process, far from it. The transfer of the focus of policy has moved from state to region and this backs many of the arguments of New Regionalism that the region is the appropriate scale for action, but while the remaining role of the state in this process is open to debate, it certainly should not be underestimated. Jessop who earlier developed the idea of the State ‘hollowing out’ (Jessop 1997) tracked these changes over a series of articles and chapters and by 2010 agreed with Goodwin et al’s position that the States role had been altered rather than reduced but that its influence remained key (Jessop 2010a, 2010b, 2011)

This weakness in the early literature is further exacerbated by the reliance on ‘trust’ and ‘untraded dependencies’ to gain private sector buy-in to the associational economy (Morgan 1997, Cooke and Morgan 1998). Geddes (2000) identified a number of problems with the partnerships that have been created in some of the case study regions, pointing out that they tend to be dominated by the public sector and that they often exclude the very groups they are supposed to be giving a voice to (Royles 2006). As discussed earlier, Geddes (2006) found that private sector involvement in these partnerships tended to be minimal and any benefits that are derived flow in one direction only, and that was to the private sector. The extent to which this finding transfers to the East Midlands will be investigated during the empirical stage of this research.

A further criticism, and one that is crucial to this particular study on the East Midlands, is that the term 'region' is a contested one and one that often is not satisfactorily defined by researchers. The issue of what a region is will be explored in depth in Chapter 3, but as has already been eluded to earlier in this chapter, the fact that the 'region', used as a basis for many of the contributions to theory, can differ greatly from author to author must have some impact on the applicability of the findings and contributes to the 'chaotic' nature of New Regionalism (Harrison 2007). The chapter now moves onto look at some of the empirical evidence that has been collected in recent years and this point about the different scales used should become evident.

2.2 Empirical Evidence

New Regionalism is largely a theory that has been developed and debated for more than a decade since Cooke and Morgan (1998) tested their ideas in four regions around Europe: Baden-Württemberg, the Basque Country, Emilia-Romagna and Wales. Storper (1997) meanwhile used research from regions in France, Italy and the US as the basis of his work. In Australia, Smyth *et al.* (2004) looked at the impact of New Regionalism in Queensland. In each case, the authors have tested the ideas of New Regionalism and have attempted to outline how their theories are working out in practice. Furthermore, work by Wheeler (2002) amongst others has tested the American versions of New Regionalism in North America. In addition to this, the OECD's 2001 report, *Cities and Regions in the New Learning Economy*, looked at learning and innovation in five case studies based in

Jena (Germany), Vienne (France), Oresund (Denmark/ Sweden), Andalucia (Spain) and Kent Thames-side (UK). It is interesting to note that the OECD used significantly smaller regions than the research by Cooke and Morgan (1998) and also than the regions of England that the Government has chosen to work with since 1997.

Since the initial research connected to New Regionalism, a number of different studies have emerged that have examined the North West of England (Harrison 2006a, 2006b, 2007, 2008), Manchester (Mouawad 2009), Leicester (Apostolakis 2004), Gdansk (Czepcznski 2009), Randstad (Salet and Woltjer 2009), the South West of England (Bolden and Bagnall 2009), Birmingham (Bentley 2005), and a comparison of developments in Germany and England (Herschell & Newman 2000), while the Centre for Urban and Regional Development Studies in Newcastle has produced a series of research projects on the North East of England as well as other areas (see the work of Benneworth 2001, Benneworth et al 2006, Pike 2007, Pike et al 2006 & 2011, Tomaney 1999, Tomaney and Mitchell 1999, and Tomaney & Pike 2006 in particular). Most of these studies have built on and developed the three themes identified earlier in the chapter, whilst also offering some critiques of them. This chapter will make use of the findings from the work of Cooke and Morgan (1998) and the OECD (2001) in particular in order to outline the empirical foundations of New Regionalism. It will then move on to outline some of the key findings of the more recent work on city-regions and mega-regions that have built upon and expanding these earlier works.

The work of Cooke and Morgan (1998) in *The Associational Economy* is informed by the results of empirical research based on four European regions (listed above). These regions provide a useful set of case studies as they represent two of Europe's most successful regional economies in Baden-Württemberg and Emilia-Romagna, both of which were once amongst the poorest regions in their respective countries, and two 'less favoured regions' in Wales and the Basque Country. In each case, economic growth and the tackling of social deprivation is shown to have been achieved at a regional level through the setting up of a series of associations between firms and the local governance structure leading to the successful creation of the conditions for innovation and growth. Differences did emerge between the wealthier and poorer regions within this, as the poorer regions tended to rely on bottom-up initiatives to kick start growth. Furthermore, the regions chosen are especially useful as each has significant manufacturing bases and has had to face the decline of those bases and the rise of globalisation.

Baden-Württemberg is recognised as one of Europe's most successful regions with a reputation for quality and technical excellence in engineering, electronics, machine and tool engineering, and the automotive industry. However, at the turn of the 20th Century, the area we now recognise as Baden-Württemberg was one of the continent's poorest regions, being largely agricultural and suffering from a mass migration of its population to the US. Baden-Württemberg is one of the newest of the German *Länder* having only been formed in 1952 following a vote by the people to merge two smaller areas. This makes Baden-Württemberg an important case study for my work as the successful implementation of a layer of regional governance and formation of a strong associational

economy within the region lies at the heart of its regeneration and success. A string of the largest and best regarded manufacturing companies in the world are based in Baden-Württemberg, including Daimler-Benz, Robert Bosch, Bilfinger & Berger, Asea Brown Boveri and Porsche, and they play a key role in promoting and sustaining the regional economy. They have close ties with a large group of what are known in Germany as *Mittelstand* (medium size enterprises) and source much of their components from this group within the region.

The key findings for New Regionalism from the Baden-Württemberg case study are the dense institutional structure of support that is in place and the willingness of the firms in the region to work together, both with other private sector firms and with the governmental (and non-governmental) institutions that exist. This has led to a complex and comprehensive system of support being in place for firms in the region which between them provide the basis for learning and innovation and ensures that the firms have access to the necessary skill sets. Cooke and Morgan (1998) identify five main sources of support from intermediaries that are available to firms in the Baden-Württemberg region; they are: research, business associations, the unions, the chambers of commerce, and private enterprise support agencies such as the Steinbeis Foundation which plays an important role in the regions technology transfer between firms (Cooke and Morgan 1998). We can therefore see that the policy-makers, both in Germany as a whole and in the region itself, have put in place the ‘institutional thickness’ that Amin (1999) argues is necessary for regional growth. Perhaps the most crucial element to the success of this structure is that the firms themselves are willing to play a full and

committed role within the region, and it will be interesting to see how far this is replicated in the East Midlands during the empirical stage of this thesis.

Emilia-Romagna is one of Europe's top performing regions, sometimes ranking as high as second for economic performance and GDP, and seldom if ever being ranked outside the top ten. It was once, however, a very poor region and its success perhaps lies at the heart of the 'Italian enigma' which has seen some of the Northern Italian regions' economies develop at a startling rate against a backdrop of a relatively weak regional governance system and a truly chaotic national government system which saw, on average, a new government formed every year between 1945 and 1992. Emilia-Romagna's economy is based mainly around craft and textiles and manufacturing, especially automotive engineering as the region is home to Ferrari, Maserati and Lamborghini, amongst others. The success of the region's economy is a key example of proactive regional development at work with a local governance system committed to providing innovative enterprise support through agencies and programmes such as *Ente per la Valorizzazione del Territorio* (ERVET) and *Centro Informazione Tessile Emilia-Romagna* (CITER). In addition, the region has a strong network of SMEs (particularly in the craft industries) and an effective group of local intermediaries. Finally, Emilia-Romagna benefits from a culture of local firms being willing to form high-trust associations and relationships both amongst themselves and with the local government structure, leading to a transfer of knowledge across the region.

Having looked at two of the most successful regions in Europe for examples of associationalism and strong local governance, Cooke and Morgan (1998) then moved on to see how regional development might be achieved in two of the less favoured European regions: the Basque Country and Wales. Each example highlights the difficulty of producing the conditions for growth in such regions with political opposition, an overtly complex local government system, and the lack of a culture of cooperation among the reasons for this. However, in both cases there is evidence that regional development can be stimulated and that intermediaries and 'bottom-up' initiatives can, if given time, produce the conditions for learning and innovation and subsequently economic growth.

The Basque Country in Spain is a useful case study for those interested in regional development, as in many ways it is the prime example of what can go wrong. There is a very strong sense of regional identity within the region and yet this has been as much of a hindrance as a help to development in the region as although the Basque identity is strong, it is also hotly contested. It seems that the only thing everyone can agree on is that they are 'Basque', but not what this actually means. The fractious nature of Basque politics makes it difficult to achieve consensus and too often local and regional politicians fall back on turning their attentions to blaming the central government in Madrid rather than solving problems themselves. Following the collapse of Francoism and the introduction of democracy to Spain, the country went through a period of regionalisation which saw the old autonomous regions of Catalonia, Galicia and the Basque Country given wide ranging powers and complete control over the spending of 80 per cent of the revenue they received from Madrid. In the Basque Country, four separate

autonomous regional governments have been established in addition to three at provincial level and a large municipal government structure. An added complication is that there are deep political divisions within the region between the nationalists and socialists. This exceptionally complex structure (for a population of just 2.1 million) helps to explain why in the main the regions associational capacity remains unfulfilled. In spite of these problems, the regional government has tried to create the conditions for growth by setting up the development agency, the SPRI, and the EITE network. These aim to overcome the lack of a significant higher education sector in the region by encouraging technology transfer between firms, however success has so far been limited. In the private sector, the governance structure is based around chambers of commerce, employers associations and banks, but, with a couple of notable exceptions, these have failed to persuade their members of the need to cooperate.

Instead, the lessons for New Regionalism from the Basque country come from an example of bottom-up regional economic development and the success of the Mondragon Co-Operative Corporation (MCC) which in 1995 employed 26 000 people and had a turnover in excess of \$5 billion. The MCC is the holding company of around 100 smaller cooperatives which operate in industry, the finance sector and distribution, amongst others. It has a social constitution which places a great deal of emphasis on learning and values technical skills, financial autonomy and investment on R&D very highly – ‘the hallmarks of the innovative firm’ (Cooke and Morgan 1998, p. 175). The MCC has a central fund into which its members are expected to contribute around ten per cent of their profits which finances product development, and as there is a clear gain from

contributing to the fund, the firms are happy to do so. Here, therefore, we can see an example of local development taking place, despite the lack of a strong local government structure, due to a willingness of the firms within the cooperative to work together and form their own governance structures.

As with the Basque Country, we have to look to bottom-up developments to find the examples for New Regionalism in Wales. Branch plants have largely been ignored in regional development literature until recently, as authors have seen them as little more than outposts of their parent companies taking advantage perhaps of low wage and production costs in the locality, but playing little further role in either the wider business or social community. Cooke and Morgan (1998) argue that the case of Wales in the 1990s shows that branch plants do have an important role to play and indeed may be more willing to forge the necessary associations and relationships that the New Regionalism argues are necessary to stimulate growth and innovation. Firstly, branch plants bring with them large amounts of foreign direct investment (FDI) from their parent company as well as, perhaps crucially, a different cultural approach to dealing with other actors in their new locality. Through branch plants being introduced to the Welsh economy, Cooke and Morgan (1998) show how Japanese- and German-style relationships were developed in the regional supply chain which resulted in new working methods and a willingness to share ideas and technology between firms. It is through these relationships that the conditions for innovation were formed and this is at the heart of what Cooke and Morgan (1998) identify as the recovery of the Welsh economy, although I have already discussed

the extent and cause of this recovery is hotly contested (Cooke and Morgan 1998, Lovering 1999).

What we have seen from the case studies of Cooke and Morgan (1998) then is New Regionalism at work, whether through the strong examples of local governances and an understanding of the importance of inter-firm relationships in Baden-Württemberg and Emilia-Romagna, or from the importance of bottom-up development driving innovation and success in the Basque Country and the impact of globalisation bringing in FDI and a new approach to working practices and developing relationships. Each of the case studies raises interesting questions for a study of the East Midlands. How, for example, could EMDA, or any other regional body, replicate the strong institutional ties in Germany, and what can be done to overcome the problem of a private sector unwilling to form meaningful associations?

The 2001 OECD report, *Cities and Regions in the New Learning Economy*, places the region at the heart of the knowledge economy and is linked to New Regionalism through attempts to stimulate learning and innovation at the regional or local level.

The report found that secondary education had a greater impact on economic performance at the regional level than university education. It is worth pointing out that university-level education still had a positive impact at a regional level, but that it was not

as significant as its impact nationally. There are two main explanations offered for this by the OECD. Firstly, the sectoral make-up of a region or locality may mean that a university-level education is not necessary to gain employment and that those in the region who do attain a degree or above will need to move beyond their region to gain relevant employment. The second reason put forward is of more concern to policy-makers and that is that the skills gained at the tertiary level may not fit the particular needs of the region in which a university is based. This was highlighted in the report by the case of Jena, where high overall levels of educational attainment were reported but where the firms could not fill crucial skill gaps in management and marketing, as the graduates produced within the region did not possess them.

Moving onto the impact of organisational learning, the research showed a clear relationship between the extent of organisational learning taking place and economic performance. The more R&D an organisation undertakes, the more patents it registers and generally the more successful it will be. Therefore it is vital that organisations are able to turn individual's educational attainment and skills sets to their advantage to create organisational learning. This places organisational learning at the heart of any regional innovation system.

Perhaps one of the more concerning findings of the report was that the OECD found it difficult to see any link between organisational learning and social inclusion through higher local employment. What appears to be happening is that organisation learning

through R&D leads to improved economic performance for the organisation and the need to grow and attract new employees, however in areas with low educational attainment, the local labour market is unable to fill those positions due to the higher skills needed in a growing organisation. Therefore, new staff are brought in from outside the region and thus the occurrence of social exclusion has not been solved through learning and economic growth. This links to some of the criticisms levelled at New Regionalism, that not everyone can be a winner and that less favoured regions and areas may not actually benefit from implementing a policy based on New Regionalist ideas or it would seem the knowledge economy.

On the question of the impact of social capital or social norms on learning, the report found that they affect both individual and organisational learning, providing policy-makers with a challenge they need to overcome. Social norms, such as deprivation or having parents with low educational attainment, can have a negative impact on education levels in a given area. The research also found that an employee's manager or firm can have a negative impact in their individual learning if they are reluctant to train their employees or engage with outside bodies. This finding is also true of organisational learning which the report found was less likely to occur in firms which had little interaction either with other firms in their sector or with local education providers.

On the issue of path dependencies, the research suggests that it may be prudent, if not necessary, to try and stimulate growth and learning by moving away from an existing

path dependency such as the sectoral make-up of a region. This is particularly true in an area where the traditional base is in decline, and the findings here are very relevant to an area like the East Midlands where the traditionally dominant manufacturing and textiles sectors have been in decline for some 30 years.

This leads onto the final question the OECD sought to answer in their research which was concerned with the importance of regional policy-making for addressing issues of path dependency and initialising processes to encourage learning and institutional change. It is vital that policy-makers try to introduce sectors and social norms that can take advantage of the education and training available to produce individual and organisational learning, improved economic performance, and try to tackle social exclusion. They conclude by saying that:

regional policies are indeed crucial for stimulating individual and organisational learning. Because policy makers can address issues of path dependency that are beyond the attention, economic interest and ability of single agents and firms.

(OECD 2001, p. 106)

2.2.1 The Multi-Scalar Nature of New Regionalism

As the debates in regional studies moved into the new century, much attention has focused on the correct scale for regional development policy. Since the original work of Cooke and Morgan (1998) and Storper (1997), amongst others, research has tended to either focus at the smaller city regional level (see Harrison 2007, Massey 2007, Danson 2009, Herrschel 2009, Mouward 2009, Newman 2009, and the 2009 special edition of *Regional Studies* entitled 'The Future of City Regions') or, mainly but not exclusively in the American debates, applying these arguments to the concept of 'mega-regions'. These are areas which cover several cities in one 'mega-region' and tend to cover several million people working in similar 'creative' or 'knowledge' driven industries (see the work of Florida 2008, Hanson 2009, Liddle 2009, Todorovich 2009).

These developments have been concerned with finding the correct scale for regional development policy to be most effective. In many cases, the crux of the argument can be seen to be finding the economic rationale that ties together a 'region'. As mentioned above, in one strand of the research, mostly European, this has tended to focus on regions based around one economic centre or city-region, whilst others have worked on the premise of a multi-centric approach with a number of large cities or towns in a single region. In the context of this work, the English regions are more similar to the mega-regions described by Florida (although not on the same scale as the US regions in his work (Florida 2008)) as they all (with the exception of London) have at least one

economic centre and some, the East Midlands being a classic example, having no obvious dominant centre at all. It is worth stressing that while the English regions could be seen in the light of Florida's (2008) mega-regions, he himself identified a mega-region that he called 'Lon-Leed-Chester' which actually covered virtually the whole of England, so not so much a region but a country (see Florida 2008). The implications of the choice of scale, in both policy and theory terms, is a theme that will become increasingly important in this thesis and will be developed in Chapters 4 and 6 – 8, as choosing the correct scale or 'region' would seem to be vital for the success of the policy that is implemented.

Research into city- or mega-regions goes some way to answering some of the criticisms aimed at New Regionalism concerning the promotion of the 'region' over other scales of intervention, by widening the accepted geographies within which the three main strands of New Regionalism can be seen to operate. There is an acceptance in this later literature that the scale does matter and that the appropriate scale needs to be identified before governance structures can be put in place and expected to produce innovation and growth. The basic argument here is that it would be easier to gain buy-in to partnerships and trust networks if the governance structure was based on a more recognisable geography than some of the more conceptual ones used by policy-makers – particularly within the UK (Neuman and Hull 2009). A persistent critique that appears in the city-region literature is that the idea of city centric economic development is not new and that many of the criticisms of New Regionalism are still to be heeded at the lower scale – see the work of Harrison (2007), for example. Etherington and Jones (2009) warn that:

As Western European experience over the past half century has demonstrated, this 'metropolitan concept' normally follows in the wake of failed attempts to build stable 'regional units' of state intervention.

(Etherington and Jones 2009, p. 248)

Etherington and Jones (2009) stress that they are not the first to argue this point, and cite the work of Dickinson in the 1960s as an example that debates in regional studies have tended to be cyclical in their nature with regards to scale. The key here is that it is imperative that policy-makers and academics alike are aware of the history of regional policy if the mistakes of the past are to be avoided (Harrison 2007). Healy's (2009) work found that the use of city-regions or an alliance of two or three cities in a recognised territory (agglomeration economics) can be a useful means of an area joining together in networks and collaborative attempts to lobby central government. She does point out that that in her research this had occurred more naturally in the Netherlands where collaboration between different levels of government was seen as the normal thing to do, whereas this was harder (but not impossible) to establish in England which has traditionally been more centralist (Healy 2009). Turok (2009) meanwhile warns that the use of city- or mega-regions does not reduce the danger of those areas away from the centre of the defined region being ignored if the strategy is too focused on the core city.

Danson (2009) argues that while city-regions can be a useful geographical space within which to work and produce strategy, he echoes Turok (2009) in pointing out that rural areas, and those not immediately to the core of the city-region, can be left on the periphery. Danson (2009) goes further with his warning, however, and argues that while agglomeration economics can result in a city- or mega-region becoming an area of recognised success, it can also work the other way and whole areas of a country can be associated with economic decline (so, for example, the cities and larger towns of the North East share a similar reputation for high unemployment and low skill levels). Danson (2009) also argues that areas that have been able to use the city-region concept successfully have tended to have a cluster (or clusters) of industry or service sectors around which to base regeneration and growth. Building on Harrison's (2005) critique that New Regionalism falls into the trap of assuming every region can win using the same policy, Danson (2009) identifies a strain that is placed on policy where industry has failed or potential growth clusters do not yet exist. One important policy finding of Danson's is that in Scotland a key element in the regeneration of Edinburgh and Glasgow was the involvement of locally-owned businesses in the partnerships and networks that were established. Here we can see an important reminder emerge for policy-makers: although MNCs can bring vast amounts of inward investment to an area - for example, through branch plants as in the case of Wales – for clusters to emerge, local businesses have to be involved in the process and need to have a voice.

Mouawad (2009) investigated attempts to put in place a governance structure for the city-region of Manchester. This region roughly covers the old Greater Manchester

metropolitan area and would seem like an obvious example of an English city-region where the towns and local authorities surrounding the city of Manchester rely on the core city for their own economic prosperity. Two findings emerge from this study that are important to this thesis. Firstly, Mouawad (2009) shows that the governance structure in Manchester works better as a federal style system, where each of the peripheral local authorities are involved in the economic planning for the region rather than ceding control to the core city. Secondly, Mouawad points out that the main reason for the stuttering success of these efforts was that lack of a strong and coherent private sector voice in the process (Mouawad 2009). For both the East Midlands and the Leicester city-region, there are important lessons to be taken from Mouawad's work. Firstly, neither of the spatial areas investigated in this research can afford to allow the core (Nottingham in the case of the East Midlands, Leicester city in the case of Leicestershire) to dominate strategy and decision making too much – the other areas have to be involved. Secondly, it is imperative that a strong voice is given to the private sector, and, crucially, that this voice is used if clusters and key growth sectors are to be identified and encouraged.

Keating's (1998, 2003, 2006, Keating et al 2009) work differs from much of the New Regionalism literature in that it emphasises the importance of the territory chosen in attempts to develop at the sub-national level. Indeed Keating (2006) argues that the definition of territory and the importance of choosing the correct 'space' is something that New Regionalist authors miss in their work. The argument here is that the bulk of the work on Regions misses the political element in regionalism and remains at the stage of functional regionalism, which can, as shall be outlined below, Keating et al (2009) argue

is less effective than political regionalism. They also argue that the concept of multi-level governance in much of the literature does not in fact refer to territory but multiple actors and individuals in a process. Keating et al (2009) also argue that in order to increase the effectiveness of regional level actors 'territorial policy communities' need to be formed that are based on space rather than function. The idea here is that rather than form networks based around an economic or social need (which can be limited to the private sector and government institutions) a more holistic approach is needed which considers all the requirements of a given territory and involves a much wider set of actors – business, local government, trade unions, voluntary sector, community groups. This strand of New Regionalism has more links with the work of Geddes (2006) and Giddens (1998) and the concept of the 'third way' than the Cooke & Morgan (1998) school which is more concerned with economic development.

In 2009 Keating et al brought together their work of the past decade or so in the UK to examine the impact of regional and devolution policies implemented since 1997 in the four constituent states of the UK. They hypothesised that the stronger the form of political devolution the more interest groups will be involved in the process and the chances of a longer lasting, holistic, bottom up approach developing are increased. Their analysis showed this indeed to be the case and that within the UK it was in Scotland where the strongest form of political regionalism has developed. Of course one critique of this finding could be that Scotland is not a region but a state within a state and as such the political identity and consciousness of the Scots was always going to be greater. Nonetheless the findings from the study with regards to England have important

implications for this study not least because they used the North East as their sample region. Their findings showed that even in this, the supposedly strongest of the English Regions, the limited introduction of RDAs, but not political devolution, had not lead to significant bottom-up political regionalism and that regional development remained limited to economic matters.

Czepczynski (2009) carried out research in Poland's 'tri-city' area based around Gdansk - an example of an attempted agglomeration of a number of local economies through a neo-liberal governance structure. Czepczynski found that this structure was limited due to a number of key factors which have important implications for this study, some of which are repeated in the findings presented in Chapters 5–7. Firstly, Czepczynski argues that the agglomerated nature of the space (Tri-City) used in Poland actually exacerbated the differences and rivalries between the localities within the tri-city area rather than bringing them together, and that, like Geddes (2006), he found that private sector involvement in the wider regional governance networks was limited to improvements in public transport, rather than being used as high-trust relationships that allow for innovation and technology transfers to take place. The other key finding of Czepczynski (2009) that has particular resonance for this study concerns the few areas of successful partnership. Czepczynski found that these examples were heavily reliant on individual actors within the networks and their leadership abilities and personalities (Czepczynski 2009). In Chapter 7, the importance of leadership in the development of Leicester will be discussed in detail, but the findings of this study, and those of Czepczynski (2009), would suggest that the role of individuals is far more important to

the success of regional innovation than some in New Regionalism have argued and that there is still a place for ‘individual acts of heroism’. More recently the issue of leadership and place has been the subject of research based at the University of Birmingham and this forms the focus of the next section of the Chapter.

2.3 Leadership and Place

As discussed above, one area that has largely been absent from the debates on regional economic development in the literature has been the issue of leadership. Attempts to drive economic development through place based policies have met with varied success (as the debate on uneven development demonstrates) and a number of reasons have been put forward for this such as the pre-existing economic conditions, the supply of labour and skills and the boundaries chosen. All of these are linked to the regional governance arrangements put in place and their suitability for encouraging growth but as Collinge and Gibney (2011) point out, the issue of leadership within the new regional governance structures has, largely, been ignored with one or two exceptions such as Czepczynski (2009). While policy debates have focused on the ‘hard’ elements of governance such as the functionality of institutions and networks that have been established they have left out the ‘human touch’ (Collinge and Gibney 2011), which can provide vital impetus to an areas economic growth initiatives. Collinge and Gibney (2011) argue that any study into the effectiveness of governance networks cannot afford to separate out the contribution of leadership to its success or the implications and consequences of a lack of leadership.

Around the same time as the fieldwork for this study was being undertaken academics connected to the Centre for Urban and Regional Studies at the University of Birmingham carried out a range of research projects looking into the issues of leadership in areas such as Birmingham, Barcelona, Groningen, Styria, Oresund, Western Australia and Prato amongst others. The main focus here will be on the work done in Birmingham and Barcelona as there is not the space to go into detail on all these cases and the Birmingham/Barcelona case studies offer an examination of a more holistic approach to place development while others draw their (equally valid) conclusions from smaller single issue based projects such as the work of Housing Associations in Groningen for example.

Barber and Eastaway (2011) compared regeneration projects in the cities of Birmingham (Eastside) and Barcelona (22@) and argue that the regeneration attempts of the past 20 years demand a new type of leadership due to the collaborative demands of partnership working between the public and private sectors. The Eastside development of a deprived area of Birmingham involved a partnership of the local business community, the City Council and the RDA (Advantage West Midlands, AWM). The initial phase of the development saw broad plans that combined the physical regeneration of the land with social projects such as a new central library for the local people. The funding was largely provided by AWM but the lead and drive came from two individuals at the City Council – the then Council Leader and the Head of Economic Development. Through the relationship that these two individuals had built up with the local business community they were able to combine the social and economic agendas together in a single project.

However in the Local Government Elections of 2004 the political leadership of the City Council changed hands and much of the impetus for the social side of the project was lost leading to the scrapping of the proposed new library. The focus of the Eastside development became solely concentrated on the economic and physical regeneration of the area. One of the issues that arose was that the leadership role that the Council undertook prior to 2004 was never formally written into the structure of the Eastside partnership and when the two key leaders lost their position there was no-one prepared to take their place.

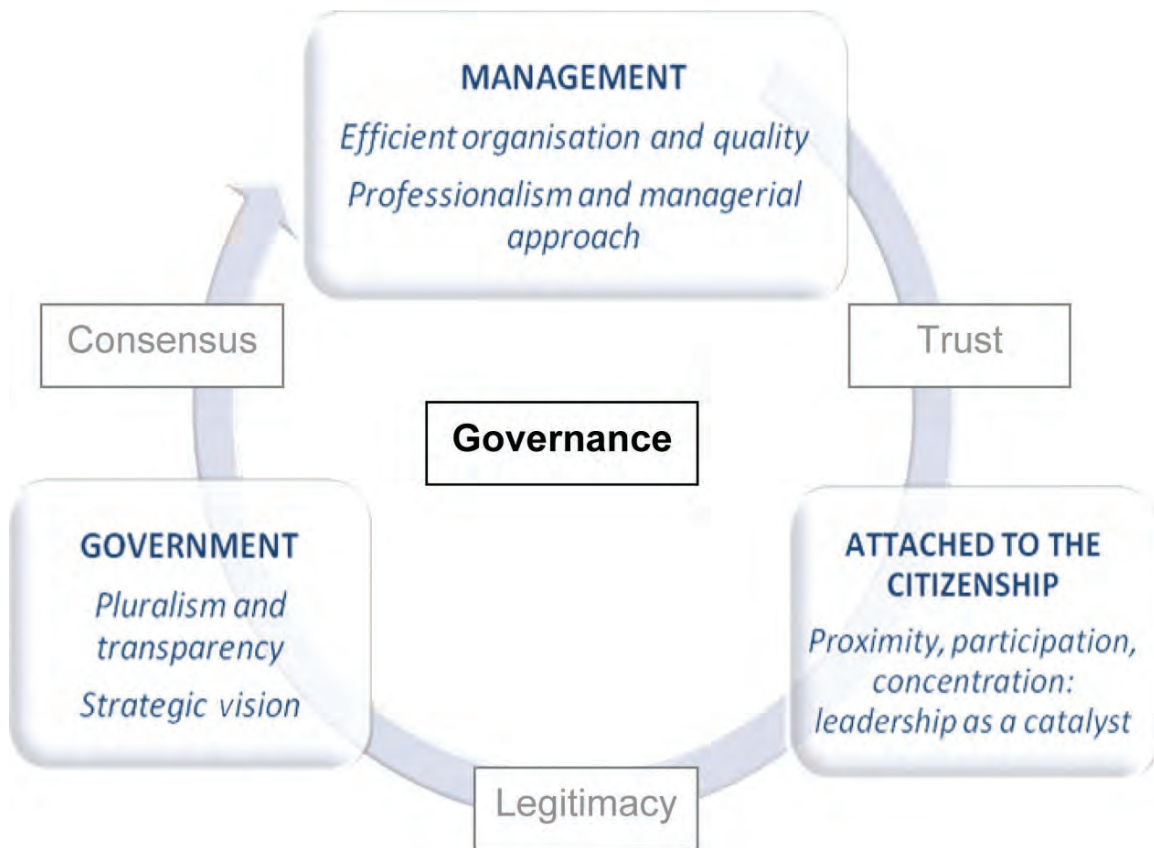
Stakeholders involved in the development of Eastside express the view that the professional quality and personal drive of these two officers were crucial in the early phase of the areas regeneration. Their departure is seen to have left a gap that has not been adequately filled. The presence of dedicated high quality leadership of the sort they provided is viewed as essential to successful place shaping in complex inner-city environments such as Eastside (Gibney & Murie 2008 in Barber and Eastaway 2011 pg 33)

The key lesson here seems to be that there is a need to establish which partner body is responsible for the strategic leadership of a development project at the outset rather than relying on one or two individuals to come forward. In addition the location (as in which partner organisation they represent) of those leaders is vital to a development project that encompasses both economic and social elements as community engagement is simply not

a priority for some stakeholders – and nor should it be expected to be of the business community. There are interesting lessons to take into the discussion of the new set up in Leicester in Chapter Seven.

Barcelona's 22@ project meanwhile had the strong strategic leadership of the City Council at its heart from the outset. Of course the City Council of Barcelona has a far more prominent role than most (if not all) Councils in the UK and in one respect it is perhaps unfair to compare their role to Birmingham's given the unique political circumstances of Barcelona as the capital of the Catalan Nation within Spain. However the initial success of the Eastside project did mirror that of 22@ and the role of the Local Government in adding legitimacy to the two projects should not be underestimated. Barber and Eastaway (2011) cite the development of the 'Barcelona Model' of Governance by Monclus as a useful method of attracting sufficient community and business involvement in a regeneration project and the role of Local Government in driving this model and providing political power and legitimacy is key. From this the project was able to gain citizen involvement and gain local business support which enabled the City to press ahead with the urban, economic and social refurbishment of the Poblenou district of the City (named 22@) (Barber and Eastaway 2011).

Figure 2.1 The Barcelona Model



Barber and Eastaway 2011 pg 36 – based on Monclus 2003

This model of Governance adds to the work of Cooke and Morgan (1998) by taking the concept of trust and the ideas of partnerships and adding a sense of legitimacy to it. The role of local government in the various stages of development in the East Midlands and Leicester covered by this study changed significantly and in Chapters Six and Seven this issue of legitimacy will be explored further.

2.4 New Regionalism and the East Midlands

The purpose of this thesis is to examine Labours regional policy since it came to power in 1997 and its particular impact on the East Midlands. The new regionalism literature set out in Chapters 1 and 2 give this thesis its theoretical base as it has been described as a ‘third way’ of policy recommendations for economic and social development, and this certainly seems an appropriate theory base for a government that gave rise to the phrase ‘third-way’. In Chapter 3, I will outline the regional policies that have been pursued since 1997 and will try to establish the extent to which the policies and institutions that have been set up in the East Midlands can be said to represent a New Regionalist policy. The kind of policy that was set up will be crucial in examining its appropriateness as a test for the ideas and theories of New Regionalism. Does the Governments policy encompass both economic and social development using high-trust relationships in the regions of England, or does it, as critics such as Jessop (2002) and Geddes (2006) point out, fall short of this and instead continue the policies of the 1980s and 1990s in rolling back the state by ‘neo-liberalism through the back door’?

A particular concern of this thesis is that the very definition of a region is confused, particularly in the UK. Chapter 4 of this thesis will look in more detail at the question of what is a region but Cooke and Morgan define it as follows:

Formalistically speaking, *region* is a territory less than its state(s) possessing significant supralocal administrative, cultural, political, or economic power and cohesiveness differentiating it from its state and other regions.

(Cooke and Morgan 1998, p. 64)

The regions held up as examples in Cooke and Morgans 1998 book, *The Associational Economy*, (Baden-Württemberg, the Basque Country, Emilia Romagna and Wales) can certainly be seen as regions using the above definition. However, it is difficult to apply this to many, if not all, of the nine English regions that the government has chosen to build its regional policy around. It is interesting to note that in the empirical evidence-based section of this chapter, the regions used by Cooke and Morgan were much bigger than those used by the OECD in their report in 2001. It could be that rather than resorting to using statistically-convenient regions, such as the nine English regions, government policy needs to be more flexible and be implemented in localities that differ in size and make-up but that are clearly established identities, an argument put forward by Morgan as ‘new localism’ (Morgan 2007). One of the criticisms of New Regionalism was that the authors were merely describing what was happening in well-established regions with strong local governance already in place, rather than producing a blueprint that could be rolled out across any region. In testing the ideas put forward by advocates of New Regionalism, I consider whether New Regionalism is applicable to all regions and

whether it can work in a region without strong social or political identities, or indeed whether it works at all.

As well as the questions already outlined, the empirical component to this piece of work has another aim. Where the links between public and private sector, or institutions and the private sector, are not working I intend to explore the question of what causes this lack of cooperation and whether there is anything that can be done to encourage public-private partnerships. Is it fair that the blame for the failure, or perceived failure, of a government policy should always lie with the policy and those who created it? In the ‘third-way’ economy (if such a thing exists), questions should also surely be asked about the role of the private sector. In an economy where deregulation has been a factor of economic life for the best part of three decades, the private sector has had an increasing influence on economic policy without having any real responsibility for subsequent success or failure. New Regionalism now asks that the private sector joins forces with local governance for the good of regional development on the basis of trust. Two questions emerge from this. Firstly, is this the fundamental flaw in the New Regionalist argument – can you really trust the private sector to do what is best for the economy as a whole? Secondly, is it now time to point the finger at the private sector and apportion some blame to it for failed economic policies?

To summarise then, the key questions arising from the exploration of New Regionalism in these first two Chapters are principally concerned with the relationships

that have been established within the East Midlands and the identification of the most appropriate scale for regional economic intervention. A particular issue with the East Midlands is that if the scale is wrong, how will this impact upon the governance structures put in place? The questions to be taken forward are as follows:

- Does the UK regional policy fit in with the new regional doctrine?
- How has the shift from government to governance played out in the East Midlands? Has leadership been a factor?
- Is there an appropriate scale at which to implement the ideas of New Regionalism?
- What does the evidence from the East Midlands tell us about the adaptability of the ideas of New Regionalism?

These questions will be answered during the empirical stages of this research, with the exception of the issue of whether the policy in the UK could be seen as a New Regionalist one which will be dealt with in Chapter 3.

Chapter 3: Regional Policy in the UK

This chapter has a number of objectives which are all related to outlining the development of regional policy in England with the aim of demonstrating that UK regional policy can be seen to fit in with the New Regionalism as outlined in Chapter 1 and 2. In order to gain a better understanding of the regional development policies pursued by the Labour governments of 1997–2010, I will first look at the history of English regionalism to see how the debates have evolved since the time of Irish home rule. The chapter will then look at the specific developments that have taken place in the East Midlands since World War II, when the area was defined and used as a Civil Defence Area in the plans drawn up for government in the event of an invasion. The discussion will then move on to look at the arguments which were prominent in the Labour Party in the run up to winning power in 1997. These were split into democratic arguments, connected to an English answer to the plans for Scottish and Welsh devolution, and economic arguments about the need to introduce a new level of regional governance to attract inward investment and European funding. Finally, this chapter will outline the actual policies that have been implemented since Labour came to power and the institutions that were formed in the East Midlands as a result of those policies such as EMDA, EMRA and the more recent Minister for the East Midlands. The awkward birth of the RDAs will be discussed, highlighting the fact that the bodies that were eventually created in 1998 were a stripped-down version of what had originally been proposed and the possible implications of this. By the end of this chapter, questions will have been

established which are taken forward to the empirical stages concerning the actual policies and the institutions implemented by Labour in the East Midlands.

3.1 In What Sense a New Regionalist Policy?

The UK government's regional policies between 1997–2010 can certainly be linked to the ideas and central themes of the New Regionalism. The policies involved setting up a new layer of governance that depended on partnerships between the public and private sectors, and placed the region at the heart of its attempts to develop and stimulate the economy. Innovation, too, played a key role in Labour's policy thinking, with the RDA website (www.englandsrdas.com accessed 21/2/2009) stating 'high performing, innovative businesses are the key to generating economic wealth'. On the one hand, then, the policies pursued by Labour during its time in power do seem to be an ideal set of policies and institutions with which to test and question the New Regionalist theories. However, it is not quite that simple. As will be discussed later in detail, the powers given to the RDAs were limited somewhat by the interference of Whitehall, and the difficult birth of the RDA project saw many key roles and powers taken away before the RDAs were formally put in place. Jones (2001) points out that it is hard to see how an agency charged with developing a region's economy can be expected to do so when so many of the key functions of good governance, that Cooke and Morgan (1998) identified as being central to a successful implementation of New Regionalism, are missing (Jones 2001, Cooke and Morgan 1998).

Additionally, we must also assess the suitability of the regions chosen as the sites for economic development in the UK. Cooke and Morgan (1998) were very clear in their descriptions of a 'region' (see Chapter 2 page 81) and it is hard to see at first glance how some of the English regions fit in with their criteria. This is something that will be discussed further in Chapter 4 and in the empirical sections of this thesis. Furthermore, in most of the areas that New Regionalism can be seen to be working, there is a long standing culture of government intervention in the market and of medium- and long-term economic planning on the part of both business and government. In the UK, the Keynesian interventionalist period of the 1960s and 1970s can, in some ways, be seen as a blip in an economic history with an emphasis on free market or *laissez faire* economics and short-term profits given more credence than long-term planning (Jones 2001, Harrison 2006b, 2007).

3.2 A Brief History of English Regionalism and Regional Policy

This section of the chapter will briefly outline the developments in both policy and debates surrounding the English regions from around the time of Irish home rule. Arguments concerning devolution for Ireland, Scotland and Wales have periodically appeared on the main political agenda within the UK over the course of the 20th Century. Conversely, arguments for devolving some form of power to the English regions have at times been described as 'the dog that never barked' (Harvie 1991, p. 105). However, this can be seen as misleading as debates concerning the economic and political structure of

the English regions have been a constant, if background, issue for many years (John and Whitehead 1997). However, it has at times appeared that policies on English regionalism have been added to proposed devolution legislation as an afterthought. Indeed, at a seminar hosted by the Smith Institute in London in June 2010 it was argued that this was one of the fundamental reasons behind the failed attempts to push through full devolution to the English regions. The point made was that, had the Government had fully-developed plans for English regions when it came to office rather than still be debating what to do with England, then the referenda could have been held at the same time as those in Scotland and Wales, with, it was argued, a much greater chance of succeeding.

The policy debate concerned with the running of the English regions has in the main concentrated on economic management and whether a region's economy can be better managed from Whitehall or whether it would be more efficient and effective if the economic agenda could be set at the local level. Indeed, much of the early debate about regionalism in England, and for that matter the UK as a whole, was based on arguments from town and regional planners (Sharpe 1997). There have been some calls for full political devolution to the English regions to incorporate elected assemblies and the transfer of power away from London. These arguments have tended to be in the background; however, two relatively well-known pressure groups in this area include the Cornish independence movement and the Campaign for the English Regions (<http://toque.co.uk/campaign-english-regions> accessed 28/10/2011).

Pre-World War II

Joseph Chamberlain first raised the issue of devolution for Scotland, Wales and England during the parliamentary debates on the first Irish Home Rule Bill of 1886 (Bradbury 1997). This debate was to some extent concluded when the Irish were given home rule and favourable economic policies were instituted for the Scots and the Welsh. During the 1880s, special House of Commons committees were created to debate Scottish bills, and from 1907 a Scottish Grand Committee was established to debate matters only relating to Scotland. While this did not completely satisfy all those campaigning for Scottish and Welsh self-rule, it did pacify sufficient numbers to quell the debate for some years to come. The apparent lack of desire for English devolution at this point saw the English regions lose out to an extent during this period, as the concessions given to the Scots and Welsh at this point to keep them in the Union would lead to significant inequality by the 1970s. One of the principal causes of this was the introduction of the Barnett Formula which allocated a greater share per head of the revenue collected from taxation to Scotland, Wales and Northern Ireland than England; this led to significant differences in the amounts of government funds available for the regions of England compared to those in other parts of the Union (Chen & Wright 2000).

The Local Government Acts of 1888-94 set up elected local authorities in England that were increasingly aligned with county and county borough boundaries. These councils were given the responsibility of running significant government services, such as housing

and education, but they were limited in the amount of autonomy they had. Pressure from Westminster to adhere to national policy and ensure an equal standard of provision across the country was commonplace. Supporters of local self-government frequently complained that the national government was too ready to impose central controls on issues of high importance (Loughlin *et al.* 1985).

The next significant development in English regional policy came in 1918 when the Labour Party developed a policy on devolution at its party conference with a declared aim of ‘separate statutory legislative assemblies for Scotland, Wales and even England with autonomous administration in matters of local concern’ (Labour Party 1918). Although this policy remained in place for some time, it was not included in the legislative programme of the 1924 Labour government led by Ramsey Macdonald.

Around this time, C.B. Fawcett, a town planner, had argued for devolution to the English regions in a book entitled *The Provinces of England: A Study in Some Geographical Aspects of Devolution* (Fawcett 1919), and an academic paper, ‘The natural divisions of England’ (Fawcett 1917). Fawcett was not advocating the development of a federal system, but saw regions as fulfilling an important role in administering functions devolved by parliament (Mawson 1997). As the 1920s progressed, calls for regional government in England, and indeed devolution for Scotland and Wales, faded as a broad consensus that would last until the 1960s set in. Debates concerning regionalism would

be played out on the sidelines of British politics amongst pressure groups, academics and town planners.

Post-World War II

The 1945 General Election in the UK saw almost 90 per cent of the votes cast go to the two main political parties of Labour and the Conservatives – both committed to preserving the Union at this point; by the 1951 General Election this share of the vote had risen to 96.8 per cent. The Liberals, who had held office during the Irish home rule debates, were almost wiped out, while the Scottish and Welsh nationalists were virtually anonymous at this time, accounting for just 0.2 per cent of the vote in 1945 (Morgan and Connelly 2001).

In the post war years, as the role of the state increased, the government came to rely on sub-national authorities to run the country effectively, but the base of power remained in Whitehall (Bradbury 1997). The immediate post war years saw regional offices of government departments and public authorities set up in areas such as the new National Health Service. Local authorities began to cooperate with each other to produce joint health and policing policies at this time – this led to the creation of region-wide police and health services.

Despite the dominance of the two main parties in Parliament during the 1940s and 1950s, or perhaps because of it, pressure for regionalism across Great Britain grew. With the increasing size of government, some commentators felt that Westminster was no longer capable of an equal distribution of economic and social development throughout the state. Support for solving this problem through the existing local government structure was thin on the ground however, and it was argued that a regional structure was more appropriate. Since the turn of the century, geographers and planners, such as Fawcett (1919, 1960) and Geddes (cited in Garside and Hebbert 1989), had argued for regional government, and in the 1960s and 1970s their voices were added to by Self (cited in Keating 1982) who argued that regional government was the best way to solve the economic planning issues that had arisen as a result of the major urban changes that had occurred post-war (Smith 1964a, 1964b, Thornhill 1972, Keating 1982, Garside and Hebbert 1989).

At this point in England, the problem of regional boundaries and identities emerged. The Scottish and Welsh territories were well defined, and the Scots and Welsh clearly identified themselves as being Scottish and Welsh, so political support for devolved power in these areas was easy to identify. This situation did not exist in England where people did identify with the boroughs or counties they lived in, but not in a wider regional context. Derek Senior proposed that regions be set up around major cities, drawing a regional map of some 40 regional cities for the 1969 *Royal Commission on Local Government* (cited in Garside and Hebbert 1989). One criticism of this proposal is that most of the city regions are too small in terms of population to have any meaningful

power base, and a clear and relatively-popular alternative was to produce regional government along the lines of Fawcett's 11 English regions which he had proposed in 1942 (cited in Cole 1947). As long as the two main parties dominated Westminster, these debates would remain on the sideline and it needed the re-emergence of Scottish and Welsh devolution to push English regionalism back onto the political agenda.

During the 1960s and 1970s, support for the Scottish National Party and Plaid Cymru grew along with the Liberal Party as disillusionment with the two big parties increased. The Scottish National Party (SNP) won its first seat at a by-election in 1967 and won its first seats at a General Election in 1970; by the October 1974 General Election the SNP polled 30.4 per cent of the vote in Scotland. Plaid Cymru won its first parliamentary seat at a by-election in 1966 and polled 11.5 per cent of the Welsh vote in the 1970 General Election, but then had to wait until the February 1974 General Election for its first seats at a General Election (Morgan and Connelly 2001). These developments put devolution for Scotland and Wales firmly on the map, and with it English regionalism returned to national attention, albeit without the same electoral impact as the issue of Scottish and Welsh devolution.

By the 1974 General Elections, the two main parties were polling a little over three quarters of the vote cast – a drop of 20 per cent on the 1951 result. The 1974-79 Labour government had no majority for much of the life of the parliament and relied on the support of the SNP and Plaid Cymru to get legislation through parliament. Referendums

were held in Scotland and Wales on home rule and both were defeated. This brought the devolution movement to a standstill for the time being. However, the proposed legislation had highlighted a number of issues key to the English regional debate.

By 1974, Scotland was over-represented in the House of Commons by more than 20 per cent; this was a result of a decision in 1922 to grant the Scottish a higher allocation of seats than they should have had if the English ratio of votes to seats had been applied. This was done at the time in an attempt to appease Scottish MPs who had seen the Irish granted home rule and were pressing for full devolution for Scotland. The Welsh were also given extra seats in the Commons in 1922 and by 1974 were over-represented by 17 per cent (McLean 1995). The English regional debate was reborn around this time, in part as a result of the perceived unfairness of the over-representation of Scotland and Wales in parliament, but also as a result of the devolution legislation proposed during the 1974-79 parliament which led to Tam Dayell asking his now infamous West Lothian question (outlined in section 2.3.1) concerning the rights of Scottish and Welsh MPs to vote on matters only effecting England.

The local government structure of England was given a major restructuring in 1974 when county boundaries were re-drawn (a move which still causes upset to this day) and six 'greater' councils were established based around major cities and conurbations, such as the new Greater Manchester Council and the Greater London Council (GLC). While

these moves did not answer the ‘English Question’, they did allow greater freedom and autonomy in the areas that had been created.

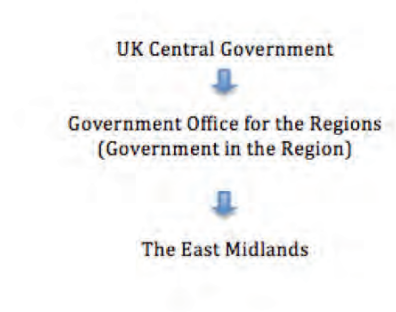
The 1979 General Election saw the Conservatives returned to power under the leadership of Margaret Thatcher. The Thatcher governments pursued a centralist policy and the devolution debate was pushed to the back burner as the influence the SNP and Plaid Cymru enjoyed in parliament in the late 1970s disappeared. Support at the ballot box for the two nationalist parties was reduced as their share of the vote halved during the 1980s (Morgan and Connelly 2001). Thatcher abolished the GLC and six greater councils, and took power away from local authorities by setting up a series of quangos and selling off the assets of local councils such as council houses. Throughout this period, the Labour party manifestos remained committed to devolution for the Scots and Welsh and some form of regional policy for England (Labour Party 1991).

1990s Onwards

The devolution and regionalism debates returned to the mainstream political agenda as the 1990s wore on. This was due to two main factors. Firstly, the methods used by the European Union of distributing funds to the regions of Europe demanded some form of regional government (discussed in more detail in section 3.3.3). The second factor here was the weak position of the Major government after the 1992 General Election. By the

end of the parliament, Major's majority in the Commons had evaporated and, although he avoided having to rely on SNP and Plaid Cymru votes to push through legislation by making alliances with Irish MPs, it was clear that a change of government was imminent. It seemed obvious in the run-up to the 1997 General Election that a Labour government would be returned to power for the first time since 1979 and the party had promised to hold referendums on devolution in both Scotland and Wales if they were elected (Labour Party 1997). At the same time, its policy think tanks were coming up with two separate regional policies for England, one headed by Jack Straw and the other by John Prescott. The Major Government introduced the Government Offices for the Regions (GOR) in 1994 but as can be seen in Figure 3.1 below the direction of travel of power and influence was very much top down with the function of the GOR's being largely a voice for Government Policy within the regions rather than as a voice for the regions in Government.

Figure 3.1 Government Policy Pre-1997



The 1997 General Election duly saw Labour elected with a huge majority of 179 and they quickly set about arranging referendums in Wales and Scotland that were both

ultimately successful. The granting of devolved powers to the Scots and Welsh renewed interest in the ‘English Question’, and for a short period the Leader of the Opposition, William Hague, advocated the setting up of an English Parliament at Westminster and a new pressure group, the Campaign for the English Regions, was established (Chen and Wright 2000, Hazell 2006). The new government, meanwhile, had to choose between the two policy strands that had developed in the run-up to the 1997 election. One policy involved setting up Regional Chambers which would control the spending of treasury funds in the English regions and would eventually be elected, while the second proposals were of a more economic format – using the existing quango structure to set up Regional Development Agencies (RDAs) with huge budgets administered by central government to implement national economic planning at the local level. These RDAs would be better placed to attract the EU funding that was vital for regeneration.

The broad arguments that regional intervention was necessary were accepted and the new RDAs were created by the 1998 Regional Development Agency Act, moving policy on from the system outlined in Figure 3.1 to a second stage outlined in Figure 3.2 below. The government’s policy did include a vague commitment to hold referendums in each region on the issue of an elected assembly, but during the first parliament of Blair’s Government this did not return to the agenda at Whitehall (Lynch 1999). In a separate development, the Government restored the old GLC in the guise of the Greater London Assembly and elected mayors were put in place in some towns and cities where demand was sufficient. The results of mayoral elections have subsequently been somewhat unpredictable, with voters moving away from the two main parties. Londoners elected the

independent far left candidate Ken Livingstone, and other towns such as Hartlepool (where the election was won by the local football teams mascot Hanger the monkey) and Stoke (where the gay far left candidate was elected in part due to the second preference votes of BNP voters) choosing Mayors outside of the dominant political parties.

At this stage a diagram comparing the new regional policy with the pre-1997 set up would not, at first glance, show many differences in the structure (see Figure 3.2). However the scope within this set up was for a development of policies and strategies to be developed from the bottom up via the powers and, perhaps more importantly, funds that were made available to the new RDAs. While on the one hand they were still dictated to by Central Government they did, in the beginning at least, have far greater autonomy than the GOR's and a much larger budget.

Figure 3.2 Implementation of the RDAs



By 2003, it was beginning to look as though political devolution to the English regions may be a possibility. Prescott had taken over a large remit including regions following

the 2001 General Election and won the argument within the Party that referenda should be held in the English regions on the question of having elected regional assemblies. At this point he had the support of the Treasury as Gordon Brown recognised the need for economic action at the local and regional level, however he was less forthcoming with support for full political devolution (Adams *et al* 2003). Blair, meanwhile, stayed silent but was known to be less keen on a regional agenda (Tomaney and Hetherington 2003). The proposals put forward for the referenda included elected regional assemblies which would then take over the running of the RDAs and thus add a political dimension to what had, up to that point, been a largely economic policy. It was thought that the best chances of success came in the Northern regions, and the North East was chosen for the first referendum in 2003, despite arguments from the North West that they were in a better position to win a referenda at that point. The ballot in the North East included the proviso that a 'yes' vote would not only result in the establishment of an elected regional assembly, but also the abolition of the County Councils of Durham and Northumberland. This was in part due to a concern that adding an additional tier of Government would prove unpopular, but it did make the choice before the electorate more complex and the proposals were defeated in a low turnout (Tomaney and Hetherington 2003, Bradbury 2008). This defeat signalled the end of the idea of political devolution to the English regions under Labour, and the debate returned to the periphery of politics.

Following the 'no' vote in the referendum held in the North East, the focus of the Government's regional policy was entirely economical. A key weakness of this policy was that the term 'region' was both left undefined and undeveloped (as we shall discuss

in Chapter 4), and that the scale of the Government's interventions changed. Firstly, the Government announced that economic growth would be centred on a number of core cities around England and nine were identified, including Nottingham in the East Midlands. The rationale for the choice of some of these cities was unclear, and some seemed to be included purely to try and include each RDA region in the strategy rather than picking the eight biggest city economies. As discussed in Chapter 1, the move to core cities or 'city-regions' was taking place across Europe at this point. However, the management of these strategies was left at the local levels to the RDAs and so their remit was altered once again.

In 2007, the Government carried out a sub-national review of economic development and regeneration (SNR) to assess the impacts of the regional policies to date. This report argued that the local government structure had been underused up until this point, and that local government needed to be brought back into the discussions on economic planning at the local and regional level (HM Treasury 2007). Again, the scales used here are inconsistent as local government in England is based either on county, city or district boundaries rather than regional ones, and so this move required the RDAs to involve a number of new partners in their discussions. The results of this move saw responsibility for planning shift first to the Assemblies and then back to the RDA and Local Government, eventually ending with the abolition of the Regional Assemblies in 2010. As I shall outline in Chapter 7, the post-SNR agreements gave local authorities the opportunity to claim funding from the RDAs, and in Leicestershire this was taken on by

the City and County Councils. The post-SNR settlements in the East Midlands form the backdrop to the empirical research carried out for this study.

Following the 2010 General Election, the new Coalition Government first announced a £270 million cut in the budgets of the RDAs before then announcing that the RDA project was to be scrapped by 2012 and replaced by Local Economic Partnerships. At this point it is unclear exactly how this new arrangement will work, but the new Partnerships will not have anything like the funding or powers of the RDAs. With a leaked government memo banning the use of the term 'region' from policy documents due to its association with the previous government, the future of regional policy in England looks very uncertain (John Healy MP, Smith Institute Seminar, 30 June 2010). In Chapter 8 of this thesis, I will discuss the policy implications of the findings from my research in the East Midlands and how the findings from the private sector suggested that broad support for a regional economic policy remained strong heading into the General Election of 2010.

3.3 Background Debates in the Labour Party in the Run-up to 1997

In this section of Chapter 3 I will outline the various debates that were going on within the Labour Party in the run up to 1997, and the influence they had on the eventual policy outcomes. This debate is important for my work because, if the policy was either ill thought out or sections of the Government were not fully committed to the idea of regional development, then the policy would not have as good a chance of succeeding as

it might otherwise have done. In addition these debates continued to inform policy throughout Labour's time in office and are still relevant to the development of the new Local Economic Partnerships proposed by the new Government. As Tomaney and Hetherington (2003) point out, there were two distinct strands of thought in the Labour Party concerning regional policy: one which argued the case for full regional government and one which was more concerned with economic development and left discussions about scale and political devolution out of the equation. We start with a look at the various arguments for and against government intervention at a regional level in England. This will involve cutting across a range of materials and arguments that may not at first seem to be related, but in fact are necessary to understand the context in which the Government formed its policy for the English regions. The possible extent of intervention at the meso-level in England could have ranged from supporting the existing local government and quango set-up, to full devolution for the English regions incorporating elected assemblies on the lines of those in Scotland and Wales. Instead, in 1997 the Government set up RDAs, quangos with no democratic basis and put forward proposals for elected assemblies in each of the nine government office regions. The assemblies' idea subsequently stalled as no region was able to muster sufficient public support for a new tier of elected government and the Labour Government's regional policy could therefore be viewed purely as an arm of their wider economic vision.

The structure of this section of the chapter will make use of the template set by Russell-Barter (2000) in her review of regional government literature for the Department of the Environment, Transport and the Regions in 2000. This splits the various arguments

for and against regional government for the English regions into three main categories: firstly democratic arguments for and against regional government, then economic arguments, and finally what she terms as ‘technocratic and European’ based arguments for and against regional government in England. The reason for using this template is that it neatly reflects the arguments that were prevalent in the Labour Party at the time, and the two strands of the argument identified by Tomaney and Hetherington (2003) can clearly be seen within the sections on democratic and economic arguments for and against regional policy interventions.

3.3.1 Democratic Arguments For and Against Government Intervention at Regional Level

The democratic arguments for and against regional economic policy are, in the main, concerned with the pros and cons of forming a regional tier of government for England. Whilst this study is primarily interested in the regional economic policy of the government, it is important to understand the context in which the Labour Government’s policy was formed, and as such the arguments for and against devolution in England are salient ones for this thesis. As will become apparent, the demand for devolved regional government in the English regions was not as strong or persuasive as in Scotland and Wales. This, combined with other policy issues, led the government towards a more economic approach to regional regeneration and renewal. This section will summarise the main democratic arguments for and against regional government for England and show how far, if indeed at all, the Labour Government succeeded in implementing devolution for England.

As discussed earlier, the debate surrounding regional governance for the English regions is not a new one. However, it is one that has become increasingly popular since the early 1990s. As the Labour Party reformed and improved its prospects of power under Tony Blair following his selection as leader in 1994, it became apparent that devolution for Scotland and Wales would be high on the agenda of a new Labour government. Labour proposed to hold referenda in both principalities with the aim of giving each its own elected assembly with legislative and tax raising powers. As these plans took shape, Tam Dayell's 'West Lothian' or 'English' question from a 1977 parliamentary debate on Scottish devolution returned to prominence. Dayell, MP for the Scottish constituency of West Lothian, had asked:

For how long will English constituencies and English Honourable Members tolerate not just 71 Scots, 36 Welsh and a number of Ulstermen but at least 119 Honourable Members from Scotland, Wales and Northern Ireland exercising an important, and probably often decisive, effect on English politics while they themselves have no say in the same matters in Scotland, Wales and Ireland?

(Hansard Vol. 939, Cols 122-123, 14th November 1977)

This question gives rise to two specific issues: firstly whether, in the event of devolution in Scotland and Wales, the number of representatives in Westminster should

be reduced, and secondly should those Scottish and Welsh MPs have any say or indeed vote, in a parliamentary debate concerning matters solely related to England (Pilkington 2002).

As the debate gathered pace, Labour announced plans to create new Regional Assemblies in the English regions used by the existing Government Office for the Regions. These assemblies would be subject to a majority being gained in referendums to be held in each region. In the first instance, however, the new Labour administration created RDAs for each of the English regions to administer economic policy and address specific local issues such as skill shortages.

The democratic arguments for regional government in England are centred on three main premises. First of all, adding accountability and addressing the 'democratic deficit', thus taking power away from Central Government and the existing quango structure. Secondly, it is argued that democratically-elected regional government will provide a more direct forum for expressing diverse regional identities. The final premise is that the setting-up of regional institutions to administer economic policy and regeneration requires a political mandate in order to gain momentum and kudos (Evans and Harding 1997, Dungey and Newman 2000).

The first of these arguments is centred around the idea that a democratic deficit exists in England due to the centralised nature of government in the UK and the lack of regional government such as the Federal States in America and the *Länder* in Germany. This situation has been exacerbated by devolution for Scotland and Wales and the increasing use of quangos to carry out the tasks previously done by local authorities (Coulson 1990, 1996, Jones and MacLeod 2004)). It is argued that regional government would help to bridge this deficit by adding accountability and democracy as well as increased efficiency to what has been an ad hoc and uncoordinated regional tier (Davis and Stewart 1993, Stewart 1995, Straw 1995). Because the new elected bodies would have political gravitas, the task of getting the support of the public and local businesses would be easier and it is also argued that dealings with Europe over subsidiarity would be more successful if carried out by elected bodies (Morgan and Roberts 1993).

The second premise for elected regional government is based on regional identity being strong enough to support and warrant a new tier of government. Given the size of the populations and economies of the regions of England (some much bigger than Scotland and Wales), the need for representation at this level has been an increasingly salient issue (Tomaney 1999, Mitchell 2000, Price 2000). Advocates believe that regional government would be able to focus on specific regional problems (e.g. the particular problems of the North Nottinghamshire coalfield) in a more efficient way than quangos set up in a 'one policy fits all' manner. Members of regional government would be more in tune with the issues of their region, and furthermore a regional government would be accountable if they failed to deal with these issues. Regional government could help to

address long held feelings of economic injustice which are felt particularly in the North - the idea that successive governments' economic policy has favoured the South, (Stoker *et al.* 1996, Tomaney and Ward 2000, Hadjimichalis and Hudson 2006).

The democratic arguments against regional governments in England are based on two main objections. Firstly, it is argued that the imposition of another tier of government is unnecessary and would actually reduce accountability by taking power away from local government. The second argument here is concerned with an apparent lack of regional identity in England, particularly with the regional structure being proposed, robbing the new regional institutions of a strong mandate.

Critics of the arguments for elected regional government point to the existing local government structure within England, and argue that far from increasing democracy and accountability, a further tier of government would actually exacerbate the democratic deficit by taking powers away from the local level and to a more remote regional assembly (Tindale 1996). Gerstenlauer's (1995) study reviewed the German *Länder* and concluded that federalism has actually increased the democratic deficit rather than reduced it. Jones (1988) argues that regional government would actually be a form of centralisation as it would take power away from local government and thus remove the public's closest link to government, he said 'genuine decentralisation should be to local government, not to regional government' (Jones 1988 p5).

Another critique of the argument for regional government attacks the idea that regional identity in England is strong enough to warrant and support elected regional government. Advocates, such as Tomaney, usually point to the Northern regions as examples of strong independent identities, but this argument was dealt a blow in 2004 when the North East, seen as the region with the strongest regional identity, heavily rejected the idea of an elected assembly in a referendum and the only other region with plans for a referendum is the North West where the ‘yes’ campaign faced an uphill task to convince voters, and since the 2010 General Election this is now off the agenda altogether.

A key element of the argument against regional identity is, as people such as Young *et al.* (1996) and Jones (1988) have pointed out, that regional identity in England tends to be based on county lines rather than at the regional level. This is true even in the North where people are more likely to see themselves as Lancastrian or Mancunian than as from the North West. The problem here becomes particularly acute in ‘manufactured’ regions such as the East Midlands. The people and businesses of Derbyshire, Leicestershire and Nottinghamshire are more likely to view each other as competition rather than fellow ‘East Midlanders’.

3.3.2 Economic Arguments For and Against Government Intervention at Regional Level

The economic arguments for government intervention are made in far more detail in the discussion in Chapter 1 on the New Regionalism, so this section will be kept briefer than

that on democratic arguments. The intention here is to introduce ideas that may not have been covered in Chapter 1. The economic arguments for regional intervention by government in England have been developed in recent years around the premise that regional institutions, such as RDAs, are essential in managing the growth of a region's economy. Cooke and Morgan (1998), Porter (1990), Krugman (1991) and Keating (1998) are just a few of those who have investigated the economic importance of regional units over a more centralised system which can inhibit a region's opportunities to make full use of their economic potential, while in policy circles Caborn and Murphy (1995) made the link between economic recovery and regional government in a policy paper for the Labour Party (Trade and Industry Select Committee 1995).

There is empirical evidence available to support the economic arguments for a regional approach to labour market and economic issues. Wiehler and Stumm (1995) have argued that the most centralist regions within the EU tend to be the weakest economically and Harding *et al.* (1996) provide analysis to suggest that the new institutions set up in Scotland and Wales have enabled them to deal with economic change far better than the English regions. While this strand of literature has sought to establish a link between regional economic policy and improved regional performance, the key writers have not, and indeed argue against, the idea of extending this to incorporate elected bodies such as those advocated in the democratic argument. Tindale (1996) argues that regional economic policy is best implemented by non-elected bodies that would not be a threat to local authorities but would be able to build good links with business without the problems of being accused of political bias.

McLean (2000) argued in a paper for the Fabian Society that the UK is in need of a new fiscal constitution. The financial concessions given to the Scots in 1922 to appease those annoyed at Irish home rule had resulted in more than half a century of over-spend on Scotland with a far greater proportion of government spending per head occurring north of the boarder compared to the English regions. McLean (2000) argued that the setting up of regional bodies to administer government economic policy would help to redress this imbalance.

Some critics of regional government argue that setting up regional institutions would actually exacerbate existing regional inequalities as the competition they would create would only benefit the stronger regions (Cheshire and Gordon 1998, Lever 1999, Turok 1999).

The Labour Government's policy on the English regions can be seen to most resemble this particular strand of the literature in that it has set up regional bodies to deal with EU funding and to allocate central government funds at a local level, but is has not devolved any political power to the RDAs.

3.3.3 European and Technocratic Argument

The European Union has, through the principle of subsidiarity, increasingly focused upon strengthening the role of the regions in managing their economic future (Cassese and Torcia 1993, Keating 1996). The EU set up the Committee of the Regions and the European Regional Development Fund (ERDF) as mechanisms to try and address the variations in wealth that exist between the sub-national areas of the member states. By the mid 1990s the ten most prosperous regions in the EU were three times as wealthy as the poorest regions (Nugent 1995). With national Governments focused on issues of national policy a direct line of communication between the EU and the regions was required and this enabled regional government's across Europe to compete for European funding without the involvement of their national government if necessary. With potentially huge amounts of funding available to individual regions in England, authors such as Martin and Pearce (1993) and Taylor (1995) have argued that it is necessary to develop regional institutions, or even government, to gain full access to the funding available and to be able to influence the EU's decision-making and to avoid missing out on ERDF money. Russell-Barter (2000, p. 20) points out that

...the EU has sustained interest in the regions, as demonstrated through: concern for regional disparities and the development of the EU regional assistance

structural funds programme ... [and the] creation of the Committee of the Regions.

The development of relationships between the EU and sub-national areas of the UK was largely ad-hoc initially with areas such as Birmingham and Strathclyde at the forefront of UK involvement (Martin & Pearce 1993). Not all areas were in a position to develop these relationships however, and to fully take advantage of the opportunities available a more strategic approach was needed. It is here where the addition of a formal regional governance structure including institutions that could deal with the EU directly could be beneficial. The Government Offices for the Regions set up by the Major Government were a first step in this direction but as the debate about the future of regional policy took place in New Labour's first year in office it was argued that a more comprehensive system of regional governance was needed (Russell-Barter 2000)

Those who oppose this argument point to the fact that there is no evidence available to suggest that UK regions receive less money from the structural funds than those from countries with a regional tier of government (McCafferty 1997). Furthermore, evidence from France (Le Galès and John 1997) suggests that even where regional tiers do exist, it is the regional *préfet* (central government administrators in the regions) who have most influence in the distribution of EU Structural Funds. In addition to this, it is also argued by critics that there simply is not enough funding or pressure coming from Europe to justify establishing a new tier of regional government or administration to deal with it.

In terms of ‘technocratic’ arguments, writers such as Leach (1994) and Coulson (1990) have argued that a tier of regional government is a necessary development in terms of increasing efficiency and effectiveness. A regional structure would be better placed to deal strategically with problems and issues that crop up on a regional rather than national level, and thus relieve the national government of some of the pressures it faces. Jones (1988) had earlier countered this argument by pointing out that, particularly in comparison to some other European countries, England has an existing large-scale local government system and that it is unclear quite what an additional tier of government would add to the structure in terms of positives.

3.4 Developments in the East Midlands

The area that we now recognise as the East Midlands does not have a long history of being the subject and object of regional policy. A full discussion of what constitutes a region and the concept and boundaries of an East Midlands will be provided in Chapter 4 of this thesis. The region as a coherent area has its roots in the work of C.B. Fawcett who in his book, *Provinces of England*, proposed the administrative division of England into 11 or 12 provinces (Fawcett 1919, 1960). One of these provinces was the ‘Trent’ province which today would largely be recognised as the East Midlands, although in Fawcett’s work, the boundaries did differ slightly. This area was not formally used until 1939 when it formed the ‘North Midlands’ Civil Defence Area (CDA), a military device

put in place to run the country from a series of local capitals in the event of an invasion during World War II (Stobart 2001). At the end of the war, the CDA areas were kept in place and a series of Central Government Departments and statutory boards (such as Gas, Electricity and Hospitals – see Smith (1964a) for an exhaustive list) set up regional offices in each area. However, at this stage there was no common agreement on either the boundaries or the name of the region, with parts of Peterborough, Northamptonshire and Lincolnshire being either included or excluded (Smith 1964a, Stobart 2001). At this point, the various committees and boards usually took one of the following titles to refer to the region they represented: the North Midlands, the East Midlands, Trent, and, in the case of the Hospital Board, Sheffield (Smith 1964a).

The Conservative Government of the early 1960s finally formalised the boundaries of the regions of England into the ‘Standard Regions’, and in 1965 the region was formally christened the East Midlands (Stobart 2001, Sandford 2005). The Labour Government elected in 1964 was more committed to the idea of devolution and regional economic planning than its Conservative predecessors and as part of the process that led to the Kilbrandon Report, set up Regional Economic Planning Boards and Councils (REPB and REPC) in the East Midlands (Wood 1998). The REPB did not have local representation on them, being made up of senior regional directors of Government departments, but the REPC was made up of representatives of East Midlands local government, businesses, trade unions and the universities, chosen by the Secretary of State (Sandford 2005, Keating 2006). The REPC had a range of duties and remits which included:

- to assist in formulation of a regional plan, having regard to the best use of the regions resources;
- to advise on the steps necessary for implementing the regional plan on the basis of information and assessments provided by the REPB;
- to advise on the regional implications of national economic policy.

(Cousins 1978, in Sandford 2005, p. 18)

While the REPB and in particular the REPC did, for perhaps the first time, give the East Midlands a coherent voice and did help in forming some (loose) kind of regional identity, they were not especially powerful bodies and whenever advice or recommendations strayed too far from Central Government policy they were largely, if not completely, ignored. Throughout the 1970s, the REPC continued to collect data and produce reports on the region but by the end of the decade had become almost entirely toothless, and both regional bodies in the East Midlands, and indeed the rest of the country, were abolished by the first Thatcher government at the start of the 1980s (Keating 2006).

Regional development policy then took a largely back seat until the Major Government established the Government Offices for the Regions using the old Standard Regions, thus establishing the Government Office for the East Midlands (GOEM) in 1994 (Sandford 2005, Harrison 2006a). GOEM took on the functions of the regional offices of the

Departments for Trade and Industry, Employment, Education, Transport and the Environment, giving it a seemingly wide remit and making it the first point of call for local government and business in the region. However, the role of GOEM was similar to those of the REPB and REPC as the Government's main aim, as stated in their 1992 manifesto was to 'strengthen the machinery for co-ordination in the regions' (Sandford 2005, p. 39). Therefore GOEM, far from being a policy-development body for the region, was another arm of central government ensuring that central government policy was being implemented at a local level. GOEM did, however, re-establish the concept of a region wide-body for the East Midlands, and following the election of Labour in 1997, the boundaries of GOEM were used to set up the new RDA (EMDA – for a full discussion see later in this chapter) and the East Midlands Regional Assembly (EMRA).

Soon after being formed, EMDA established seven sub-regional strategic partnerships (SSPs) to help it to implement the policies put forward in its Regional Economic Strategy at a more local level. Here, EMDA moved the development of regional policy on from a purely top-down, central government led one as outlined in Figure 3.2 in a tacit acknowledgement that they needed a vehicle to enable them to get closer to the 'bottom' tier of the region's economy. The SSPs did not strictly follow the boundaries of the counties within the region and some areas (for example, Rutland and the North Notts Coal Field) were covered by more than one SSP. These new bodies had spending powers but were reliant on EMDA for their funds, hence although Figure 3.3 below now shows an extra, local, tier in the development of regional policy it is still being driven from the top-down rather than the bottom-up. The aim was to enable EMDA to gain a better

understanding of the needs of business at the more local level, and the boards of the SSPs were made up of local business interests and other local actors such as the voluntary community and local authorities.

Figure 3.3: Establishment of the SSPs



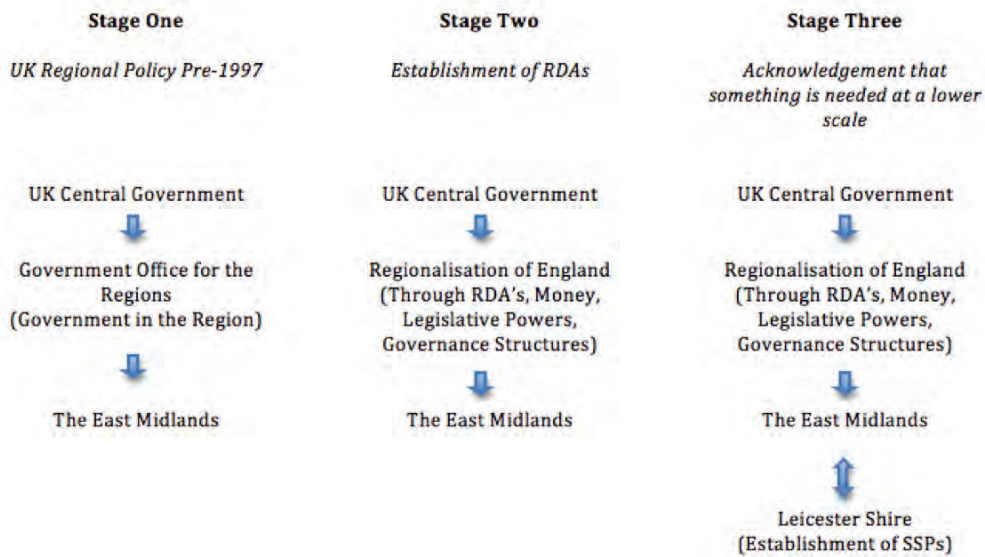
The identification of core cities (as discussed earlier in this chapter) saw Nottingham included as one of the key cities around which to base growth in the economy. This elevated the status of Nottingham in some eyes, but it has led to resentment that a city of similar size and economic power as both Derby and Leicester should be singled out for investment as a core city. As we shall see in the results chapters of this thesis, the perceived Nottingham bias of EMDA was a key factor in the lack of engagement from businesses in Leicestershire.

After the publication of the findings of the SNR, EMDA entered into discussions on how best to operate at the local or sub-regional level, and came to an agreement with

local authorities to hand over the running of the SSPs to the local authorities and the partnerships they could put together. As will be discussed in detail in Chapter 7, in Leicestershire this led to the abolition of the Leicester Shire Economic Partnership (LSEP) and the achievement of a Multi-Area Agreement (MAA) between the City and County Councils. The structure put in place in Leicester had a number of different funding pots and this reduced the role of EMDA in the Leicestershire sub-region.

At this point three distinct stages in regional policy development can be seen to have occurred between the establishment of the Government Offices of the Regions by John Major and the publication of the Sub-National Review in 2007. They have been diagrammatically introduced throughout this Chapter and are brought together in Figure 3.4 below and show that the regional and the local tiers figure increasingly in the formulation of regional economic strategies. However in 2007 even though the strategies did now take the local economy into account the drive for policy development still came from Central Government. The SNR proposed that Local Government play a far greater role in the new set up and one of the aims of the empirical stages of this research will be to examine the extent to which the new arrangements in Leicester were able to add the bottom up element to policy development that Cooke and Morgan (1998) and Keating (2003) argue is necessary for successful regional development.

Figure 3.4: Regional Policy Between 1994 – 2007



3.5 The Policy and What EMDA Does

Following their victory in the 1997 General Election, the Labour Government passed the Regional Development Agencies Act in 1998 which led to the creation of the East Midlands Development Agency (EMDA) as well as the provision for the creation of an East Midlands Regional Assembly (EMRA) to go along with the existing Government Office for the East Midlands. The RDA project promised much with each agency given an apparently wide-ranging remit to tackle the particular economic and social problems within their regions. For the first time, it appeared that the UK government was setting up regional policy institutions with the ability to formulate policy and direct spending for

specific local issues. EMDA, along with the other regions, was charged with five very specific objectives which were to be given equal importance, they were:

1. economic development and social and physical regeneration
2. business support, investment, and competitiveness
3. enhancing skills
4. promoting employment
5. sustainable development.

(DETR 1997, in Jones 2001, p. 1194)

The government gave the new agencies large budgets (£60 million for the East Midlands in 1999/2000) and promised they would have the powers to act in each of their objective areas (Jones 2001). However, cracks soon began to appear in this plan with central government departments eager to maintain their control over policy areas such as skills and employment. The agencies soon lost the ability to have serious influence on their region's economy through promoting skills and training when this role was given first to the Training and Enterprise Councils and then the new Learning and Skills Councils (LSC), whose budgets were much larger than the RDAs and also were tightly controlled by Whitehall (Jones 2001). Similarly, the Business Links would retain the final say in developing business support in the regions, although at least the RDAs would have some control over the budget. By the time the RDAs were formally launched, they had control of less than 2 per cent of regional public spending (Groom 1999, Jones and

MacLeod 1999) making them a shadow of the powerful bodies that had been proposed in the original White Paper and policy proposals (Labour Party 1995, 1996). To further cloud the issue, the RDAs' funding came from the budgets of six different government departments and a fair proportion of the money received had already been allocated to specific projects.

In each of the areas that RDAs were asked to act, they were expected to be led in their activities by local businesses, and the first chairmen appointed by the Office of the Deputy Prime Minister were key business leaders in their regions, with Derek Mapp being appointed as the first EMDA chairman (Benneworth 2001). As discussed in Chapter 1, however, the aim of having significant private sector representation has not always been easy to achieve, and the boards and committees that RDAs have put in place have tended to rely heavily on the public and voluntary sector for their membership. Over time, the RDA's roles have been altered and have been added to as they have been able to claw some influence away from the LSCs and Government Offices. As a result of the 2007 Sub-National Review of Economic Development, it was been suggested that RDAs should take on responsibility for integrating regional economic strategies with planning, transport and housing into a single regional strategy, at the same time as taking more responsibility on for skills from the reorganised LSCs (www.englandsrdas.com). A decade on from their rather difficult birth, the RDAs may have finally been about to receive the full range of powers and budget that they were originally intended to. One of the newer roles that RDAs had been tasked with was to enable their regional economy to deal with the effects of what are described as 'economic shocks'

(www.englandsrdas.com); this role was mainly envisaged in the face of recent environmental crises such as the floods of Summer 2007 and the foot and mouth outbreaks. However, given the global financial slow-down that was in full swing at the time of the interviews for this research, it was interesting to try and establish what role the EMDA had been able to play in helping their East Midlands economy and business base cope with the recession. This was a particularly crucial role in an area like the East Midlands which is still heavily reliant on manufacturing, a sector which tends to be hit hardest by economic slow-downs.

In the East Midlands, EMDA produced an ambitious regional economic strategy which aimed to raise the region's productivity and skill levels and help the region to 'flourish' as it works towards its original aims of moving into the top 20 regions in Europe (EMDA 2003, 2006). This was an extremely ambitious because, as Chapter 4 shows, the region has an economy based on a low-skill, low-wage labour market which, while unemployment remains low compared to the UK average, will need an enormous amount of investment and a change in image and attitude to achieve this lofty target. EMDA can lay claim to a number of notable achievements since its formation, with the creation or safeguarding of some 34 000 jobs being attributed to its work (NAO 2007), and the attraction of record levels of inward investment into the region alongside a number of impressive coalfield regeneration projects, such as the former Manton Colliery site which now employs more people than it did as a working mine (www.englandsrdas.com). It is a little harder, however, to take seriously the claim that EMDA was responsible for unemployment in the region being below the UK average when this is a historical

occurrence with its roots going back beyond the election of Labour in 1997. In 2007, the National Audit Office (NAO) carried out an assessment of EMDA's performance and while the results were on the whole very positive, they do raise a number of issues for further investigation. The NAO's report acknowledged that the East Midlands has a particularly low skills and qualifications base, higher than only the North East, but also stated that EMDA has one of the smallest budgets of all the RDAs (NAO 2007). Furthermore, the NAO also acknowledged the particular problems of a region with no official capital and little coherent identity, saying that as a result of this EMDA had a lower profile in its regional than some other RDAs.

3.6 Summary and Questions to be Taken Forward

The regional policy of the Labour governments since 1997 can, as has been demonstrated, be said to have its grounding in the theories of New Regionalism, but it has not necessarily been implemented in a particularly New Regionalist way, with central government retaining control over the majority of spending and decision-making. This raises a number of questions to be taken forward into the empirical section of my work related to the work of EMDA in the region and the extent to which their remit and budget serves as a help or hindrance; they can be summed up as follows:

- What impact does the range of different institutions set up in the East Midlands have on the ability of EMDA to perform?
- Does the lack of an East Midlands history or identity impact upon EMDA's ability to build partnerships within the region?
- Allowing for the problems with setting up the policy, is EMDA able to fulfil its role in the region?

Chapter 4: What is a Region? Does the East Midlands Exist?

This chapter serves two purposes. Firstly it will look at the question of ‘what is a region’ – a question that is frequently overlooked by policy-makers, yet is particularly salient when dealing with a problematic region such as the East Midlands. The study of the relationship between space and place is one that covers the disciplines of geography, economics and political science. While it is not the intention of this study to go into great detail on the debates surrounding regions and territory, it does form a useful backdrop to a study of a regional policy implemented on regions defined by Civil Service cartographers rather than based on apparent historical or political foundations. The second section of this chapter will present a profile of the East Midlands using statistics available from the Labour Force Survey, Office for National Statistics and EMDA’s own evidence base which helped to inform the Regional Economic Strategies (RES). The purpose here is to examine the extent to which an ‘East Midlands’ economy could be defined and how the various areas of the region differ. The general description of the East Midlands being a ‘low skill, low wage, high employment’ economy hides a range of skill levels and employment rates from the north to the south of the region (Felstead *et al.* 2002) and this begs the question of whether a single regional body is the best placed to formulate development policy across such a large area. The Chapter then concludes by considering the implications of the nature of the East Midlands for the prospects of successful governance networks in the light of the work of Regulation Theorists such as Peck (1996) and Jessop (1997).

4.1 What is a Region?

As Paasi (2001) points out, there are several studies both in the field of academia and policy-making that use the term ‘region’ without first establishing what they mean by the term ‘region’. The question of ‘what is a region’ is surely a vital one for any study of regional development as, if we are to accept the arguments put forward by New Regionalism that it is easier to create networks and governance at the regional level, then first we need to be able to correctly identify where those regions are. There are a number of different definitions of what constitutes a region, and over the next few paragraphs the East Midlands will be compared to some of the definitions provided by the likes of Cooke and Morgan (1998), Paasi (2009) and Tomaney (2009a, 2009b), amongst others.

In their book, *The Associational Economy*, Cooke and Morgan (1998, p. 64) define a region as follows:

Formalistically speaking, *region* is a territory less than its state(s) possessing significant supra-local administrative, cultural, political, or economic power and cohesiveness differentiating it from its state and other regions.

Broadly similar definitions of a region can be found in other academic studies such as those by Keating (2003), Benneworth *et al.* (2006) and Roberts and Baker (2006), as well as Tomaney (2009a, 2009b) and Paasi (2001). This type of definition of what constitutes a region is not a new one. In the 1930s, Sir Patrick Geddes argued that the basis of a region as a focus for policy and social action was to be found in the ‘trinity’ of place, work and folk (cited in Tomaney 2009b). Paasi (2009) also argues that a territory or region needs to be able to garner loyalty or attachment from its people and business community if it is to function. Paasi (2001) also talks of the importance of emotion in creating that loyalty, adding to the academic arguments that the concept of ‘region’ goes beyond mere borders. However, policy-makers and politicians do not necessarily agree, and Labour were content to use the existing convenient boundaries that were in place for the Government Office for the Regions, which split the country up into eight blocks (plus London) of around five million people each (House of Commons 2002). This view that a region is based on a predetermined number of people rather than any other factor was shared by some of my respondents from EMDA. The crucial point about these different opinions is whether or not a region, as defined by the academic community, is necessary for economic development to work or whether economic planning can be successful no matter how arbitrarily the territory involved is decided.

The East Midlands is a problematic region and, as outlined in Chapter 3, is a relatively new concept. While the East Midlands obviously does exist in that it is a Government defined area of England and the UK with some administrative functions and spending powers, as well as being used as an area when comparing labour market and other

statistics at the sub-national level, it does not easily fit with other definitions of what constitutes a region. Part of the purpose of this chapter is to establish the extent to which the East Midlands functions beyond mere statistics. Looking at the East Midlands from the point of view of the early policy-makers (House of Commons 2002), then obviously it fits in with the Government's description of being a region with a population of a little over four million people within its boundaries. However, if we look at the East Midlands using Cooke and Morgan's (1998) quote as a lens, then it becomes harder to justify calling it a 'region' as there seems little to hold the East Midlands together from a political, cultural or economic standpoint.

John Tomaney wrote two articles for the *International Encyclopaedia of Human Geography* in 2009, one on regionalism and one on region (2009a, 2009b). In his piece on regionalism he argued that 'regionalism pre-supposes a regional identity' (Tomaney 2009a, p. 1). A regional identity is not something that could be imposed on an area without something historical or cultural to base it on, be that a shared economic history or similar social attitudes. This links back to Cooke and Morgans (1998) quote and again assumes that a region is more than just a small area of a larger state. Tomaney (2009a) argues that the process of regionalism takes a territory and tries to marry it to the people living within that space. In order to do this, that space has to mean something to those people (and indeed the business community) in order to gain their attachment and engagement in the policy process. It is hard to see how the East Midlands could fit this criteria; as Hardill *et al.* (2006) point out there is no or very little 'regional consciousness', and that most people within the region are more likely to identify with

their county or nearest city than as an ‘East Midlander’. Dury went as far as to claim the East Midlands:

does not constitute a geographical region... [it is] the portion of Britain left over when other, more recognisable, regions – Yorkshire, Wales, South East England and so on – were filled in. Any coherence, physical, social, or economic, the East Midlands might be attributed collapsed as soon as you started serious study of any topic.

(Dury, cited in Hardill *et al.* 2006, p. 168)

In his second paper on the concept of the region, Tomaney (2009b) goes further than the idea of a regional identity and proposed that there are in fact five different types of ‘regions’ – cartographic, economic, cultural, political and ecological phenomenon – while Paasi (2009) proposed four types - social, political, cultural and cognitive. There are several overlaps between the two author’s typologies, and it could be that the East Midlands fits one of these descriptions. The next section of this chapter will now look at some of these definitions. The first of these, the ‘cartographic’ region, is perhaps the one most closely linked to policy-makers and is also referred to in the work of Painter (2008) as well as by Tomaney (2009b). Cartographic regions are borne out of the need for both states and super-national bodies, such as the UN and the EU, to collect statistical data at the sub-national level for planning and policy purposes. Within the EU, this led to the creation of the NUTS (Nomenclature of Territorial Units for Statistics) areas. There are

three levels of NUTS within each member state of the EU, with the largest being the equivalent of areas such as Scotland and Wales. In the case of England, the use of a small number of large regions, rather than the traditional county structure, has certain benefits. Firstly, it is much easier to organise statistics and planning around nine regions than it is using the 47 counties that make-up England – this is something that the Learning and Skills Councils recognised soon after being established when they added the regional tier above their initial county-level governance structure. In addition, large public bodies, such as the NHS, organise at the level of the East Midlands. Secondly, the larger regions allow for more reliable statistics based on a much larger regional population and can also take into account issues such as travel to work areas that may stretch across administrative boundaries. In addition, some counties – and in the East Midlands, Rutland is a prime example – the population is too small for reliable statistics or meaningful planning, and the influence of neighbouring counties and cities is too significant not to be included.

The East Midlands fits quite nicely with this basic definition of a region. The region itself was first put forward (as the North Midlands) by Fawcett (1919), and then first used as part of the defence plans during World War II for administrative purposes. The Major Government of the 1990s then established a Government Office for the East Midlands, partly to implement Government policy at the regional tier but also in an attempt to attract more European funding. The boundaries of the region were then adopted by Labour in 1997 when creating the RDAs. The problem with this, however, as suggested

earlier, is that using such a large region can obscure the differences that exist within it which can create problems for an agency charged with economic planning.

The next type of region identified by Tomaney (2009b) is the economic region. This is more developed than the cartographic region, and here the 'region' in question needs to have a clearly established economy that functions as a whole. Within a functioning economic region, economic development policy is easier to implement and the buy-in of the private sector should be easier to achieve as there will be obvious advantages to any business in helping to improve their region's economy. This therefore leads to two questions central to this chapter and to the study of regional development in the East Midlands in general. Firstly, can the East Midlands be described as an economic region? Secondly, is there such a thing as an East Midlands economy? The second section of this chapter will examine some of the available data on the East Midlands to see if a East Midlands economy can be identified and also to highlight the difference that exist within the region.

Within the above questions are a series of sub-questions about the connections that can be reasonably made between the success and failure of the different parts of the East Midlands. Although the three main cities have similar profiles in terms of size and industrial make-up, are they actually connected in any way other than through an administrative region? Can it really be argued or established that the economic success of Leicester depends on the rest of the region or the performance of the other two cities?

The results outlined in Chapter 7 of this study throw some doubt onto this, as the recent improvement in the economic performance of the city of Leicester through the Highcross development seems to have been achieved in direct competition with neighbouring cities rather than as part of a collaboration with them. Equally, does the success of Nottingham or Derby filter through to the other parts of the East Midlands outside of their own labour market areas and has the rest of the region benefited from Nottingham being designated as a one of the eight key English cities? It could be argued that the Government's decision regarding the status of Nottingham has actually harmed the region as it has created a certain amount of resentment, particularly amongst respondents from the Leicester business community. Outside of the three cities, the question of how connected the economies of Lincolnshire and Northamptonshire are to the three cities is relevant given their very different industrial make-up and lack of travel to work area links.

Further developing the economic region definition Tomaney (2009b, and informal discussions 2009) introduces the idea of functional labour markets. In their book analysing census information of Britain's larger cities, Champion *et al.* (2007) identified 27 functional labour markets within Great Britain – these are presented in Figure 4.1 below. Each of these areas is loosely based around a large town or city and within the boundaries of the East Midlands; Champion *et al.* (2007) identify four different labour markets (based around the cities of Derby, Leicester and Nottingham and the town of Northampton). While there are undoubtedly similarities in the make-up of these labour markets, they are not reliant on each other for success, and looking at the map in Figure 4.1 one can see how the northern sections of both Derbyshire and Nottinghamshire are

much closer geographically to the Sheffield and Manchester labour markets than they are to those of Leicester and especially Northampton. To return to the point about private sector involvement in governance and networks, it is hard to see, for example, what a business in Worksop has to gain from the development of the Northants labour market. Taking the economic region definition and applying it to the East Midlands, it would appear that a case could be made for at least four different economic regions existing within the one administrative region which surely has implications for economic planning.

Figure 4.1 Function labour markets of Great Britain



(Source: Champion *et al.*, 2007 cited in Tomaney 2009b, p. 141)

The idea of a cultural region is based on a region's people being brought together by a common set of ideals, social experiences and in some cases language or dialect (e.g. Scotland, the Basque Country) (Tomaney 2009b). Paasi (2009) defines cultural regions and cognitive regions as ones in which those living there take these shared experiences or 'collective memories' and make them the core of its identity. Tomaney (2009b) links the idea of a cultural region back to the work of the French Geographer Paul Vidal de la Blanche, whose work examined how communities made use of their space and the extent to which it was shared human characteristics (*genre de vie*, to give the idea its French name) that brought them together as much as their physical proximity. This argument can to some extent start to explain why areas and regions differ from each other even within a few short miles.

An example from within England is that a separate Geordie culture can be identified in and around Newcastle-upon-Tyne through dialect, shared economic histories and also other issues such as sport, and it is possible to make similar cases for other areas of the country such as Cornwall, Yorkshire and Merseyside. So can we describe the East Midlands as a region using the cultural definition? Certainly not as easily and readily as other areas of the country, although it is worth stressing that none of the RDA regions really fit this description, with the possible exception of Yorkshire, and it seems that the cultural ties that can be identified are more likely to emerge at a level below the region. While there may not be any obvious cultural identities within the East Midlands that are as strong as those of, for example, Merseyside, there are distinct differences between the three cities, the former coalfield areas around Derbyshire, North Nottinghamshire and

North West Leicestershire, the rural areas of Lincolnshire and the Southern-looking Northamptonshire. There is no extensive amount of collective shared memory about issues at the level of the East Midlands that could go towards forming a regional culture; however, this could simply be linked to the fact that the region is relatively new. As I shall discuss below, an earlier work by Paasi (2001) discussed ways in which regions can be formed or created and some beginnings of shared East Midlands experiences can be found.

The culmination of a region emerging as an economic and cultural entity is it becoming a political region either through gaining political powers and institutions (Tomaney 2009b) or through the willingness of its inhabitants to come together to fight for its preservation or even expansion (Paasi 2009). In Italy, political regions can also be identified in voting habits such as the block voting for the Communist Party in cities such as Bologna and Livorno, or the popularity of the *Lega Nord* in some Northern communities. In England, elected government exists at the national and local (town, city and county) levels but not the regional; the assemblies that were established are not democratically elected and the North East (which along with Yorkshire is arguably the strongest 'region') rejected the opportunity to add an elected tier of regional government in a 2004 referendum. Along with the other RDA regions, the East Midlands does exist as a political constituency in the European Parliament Elections, and there is a Government Minister for the East Midlands as well as an East Midlands Select Committee. However, these developments could be seen more as administrative ones rather than giving the region a political identity. None of the East Midlands-wide bodies have significant

powers, and in the case of the RDA, there is a recognition of the need to move down a level in order to formulate policy and engage with the population and business community. It is certainly hard to imagine the region as a political one using Paasi's (2009) definition – would the people of the East Midlands fight to preserve it if the regional tier was removed?

The academic literature on the question of 'what is a region' presents a persuasive argument that there is more to a region than the process of drawing a line around an area on a map. Some element of functionality needs to emerge if a region is to work, whether that is merely because it is easier to administer or whether significant economic, political and or cultural ties emerge. So, in the English context, has the Government made a mistake by not using existing established regions as the basis for its regional development efforts? Paasi (2001) argued that regions are not 'natural' but are always the result of human action (here we can see a link to Vidal de la Blanche's concept of *genre de vie*) and that regions can be created:

Regions are always part of this action and hence they are social constructs that are created in political, economic, cultural and administrative practices and discourses.

(Paasi 2001, p. 16)

Taking the argument that a region can be created, then the Labour Government's use of the nine English regions as the basis of policy since 1997 might not be a mistake, if those region's identities can then be developed. There is evidence of 'new' regions working successfully in Europe, Cooke and Morgan's (1998) work in Baden-Württemberg for example. Baden-Württemberg is a post-1945 creation but there are certain criteria within the region that helped to create and maintain the new region, the dominance of Stuttgart for example and the presence of large manufacturers in the region using a supply chain from within the pre-defined boundaries which helped to create the necessary links. Paasi (2001) believes that there are three steps that can be taken in 'shaping' a new region: firstly territorial shaping, secondly symbolic shaping, and finally institutional shaping.

The East Midlands has clearly been shaped as a territory with its boundaries being drawn up by Fawcett and World War II planners (Fawcett 1919, Stobart 2001). However, this territory is contested with arguments about the placing of Northampton within the region and the exclusion of areas such as Peterborough, which were recurring themes during the fieldwork for this study. The East Midlands suffers territorially in two important ways. Firstly, unlike Baden-Württemberg and many of the English RDA regions, it is not dominated by one large city but instead has several urban centres competing with each other, and secondly, the areas on the region's boundaries are as likely to look across to other, often larger, regions with cities such as London, Birmingham, Sheffield and Manchester rather than internally within their own region.

Attempts to give the region some symbolic status initially floundered. EMDA tried to create a public piece of art to be displayed on the side of the M1 that would summarise the region in the same way the Angel of the North East does in Newcastle, however this attempt failed as no one symbol could be identified and those that were put forward were county- rather than regional-based (Hardill *et al.* 2006). There are some signs of an emerging acceptance of the term 'East Midlands' however. In addition, being a recognised European Parliamentary Constituency, people within the region watch 'East Midlands Today' on the BBC and the corporation's website organises its news output using the East Midlands – however not everyone in the region actually receives the signal for the East Midlands. Then there is the airport which, when the name was changed to Nottingham a campaign was launched to revert to the previous name, East Midlands Airport. Before this incident is championed as proof that people are prepared to defend the name 'East Midlands', however the campaign included Leicestershire and Derbyshire County Councils putting up posters in arrivals welcoming people to Leicestershire and Derbyshire rather than the East Midlands, and the campaign was more about stopping the expansion of the influence of Nottingham rather than the protection of the East Midlands and elements of the local chauvinism that was sometimes detectable in the interviews could be seen to be at play here. As was discussed in the political region section, there are a handful of East Midlands-wide institutions, but they have little presence in the region and the Assembly has been disbanded, with the RDA following suit in 2012. Regardless of the decision on the future of the RDAs, the direction of travel since the Sub-National Review in 2007 has been markedly downwards towards counties and city regions, where institutions already exist.

To summarise this first section, the East Midlands clearly does exist as a cartographic region in that it is a defined area which serves a useful administrative purpose. It does not yet have much in the way of political, economic or cultural coherence, although as Paasi's (2001) work shows, this does not necessarily mean that this will never emerge. Perhaps the biggest obstacle to the development of the East Midlands as a workable region is the presence of four functional, competing labour markets within its boundaries and the influence of others from outside the region. As we shall see in the next part of this chapter, this makes it difficult to plan for developing the region as a whole as each area has different priorities.

4.2 Profile of the East Midlands

Following on from the debate on 'what is a region', we will now move onto look at the 'region' given to EMDA from a statistical point of view. This section of the chapter will therefore seek to profile the East Midlands to show the economic circumstances that EMDA were given to work with when they were formed and the differences in that regional economy by the time of the 2010 General Election. The headline statistics that can be found on the East Midlands can lead a researcher to broadly agree with the description of the region as a 'low-wage-low-skill-high-employment economy' (ONS 2000, ONS 2002a, Felstead *et al.* 2002), however, this masks a series of different economic patterns at the sub-regional and local levels which shall also be discussed. This

section of the chapter shows that while it is possible to identify an ‘East Midlands’ economy using the boundaries given to the region, the reality is somewhat different with multiple economic centres (based around the key cities and towns of the region) and different key sectors depending on which part of the region you are in. The implications here for EMDA are that while planning economic development measures based on the headline figures may be relatively straightforward, it is not necessarily the best approach (something that they recognised with the creation of the SSPs) and that a multi-scalar approach to regional development is required due to the different economic needs of the various parts of the East Midlands economy.

4.2.1 Demography

The East Midlands is the third largest region of England in terms of landmass, but it had the second smallest population at the time of the 2001 census of the UK and remains relatively sparsely populated according to latest estimates (EMDA 2009). More than 90 per cent of the region’s landmass is rural, with Derbyshire and Lincolnshire both heavily reliant on agriculture and other food related industries (Felstead *et al.* 2002). The 2001 Census recorded a population of a little under 4.2 million which is around 7 per cent of the total UK population; only the North East (2.5 million) had a smaller population. The East Midlands population has been growing at a steady rate over the last two decades and since 1981 the region has grown by nine per cent compared to a rate of six per cent for

England as a whole (DTZ Pineda Consulting 2002). The latest available estimates suggest that the population had grown to 4.4 million by 2009 (EMDA 2009).

There are three major cities in the East Midlands, although they are smaller than the major cities in other regions. Leicester, Nottingham and Derby account for less than 20 per cent of the total population with the rest living in the region's counties and market towns. Five of the six counties each have between 15-18 per cent of the East Midlands population living in them, whereas Rutland has just 38, 000 people living in it according to ONS estimates. The fact that the population of the region is thinly spread across six different counties presents a challenge for the RDA, both in terms of identity and also because of the significant differences in the economic structure of each county. In addition, the region has more borders than any of the other English regions and the pull of major cities to the North (Manchester and Sheffield), West (Birmingham) and South (London) of the region also has an impact on the economy of the East Midlands with regards to travel to work areas and retail traffic. The figures in Table 4.1 are from the last Census (2001) but are the most reliable data available at the sub-regional level.

According to EMDA, most of these figures will have grown by the release of the 2011 Census data, although the three cities are predicted to have grown at a slower rate than the rest of the region and Leicester is currently projected to see its population decline by 0.4 per cent on the 2001 Census figures (EMDA 2009).

Table 4.1: Population estimates for the East Midlands by unitary authority and county, 2001

Areas	Numbers (‘000s)	Percentage (column %)
East Midlands	4, 234	100.0
<i>Unitary Authority (UA)</i>		
Leicester UA	302	7.1
Nottingham UA	292	6.9
Derby UA	239	5.6
Rutland UA	38	0.9
All UAs	871	20.6
<i>County</i>		
Nottinghamshire county	750	17.7
Derbyshire county	736	17.4
Lincolnshire	641	15.1
Northamptonshire	624	14.7
Leicestershire county	615	14.5
All counties	3 366	79.5

(Source: Calculations based on ONS, 2002b, Table 2.1)

According to Labour Force Survey figures from the January-March 2010 sweep, the East Midlands has a smaller proportion of ethnic minorities living within its boundaries compared to the rest of the UK. Just 8.6 per cent of the population of the East Midlands are from a non-white background, whereas 9.9 per cent of the population of the UK is

made up of people from ethnic minority backgrounds. Only the Asian/ Asian British population of the East Midlands is proportionally larger than that of the rest of the country. However, the figures for the East Midlands as a whole mask huge differences at a sub-regional level. The populations of Lincolnshire and Derbyshire have very few members from ethnic minorities. Leicestershire, and the city of Leicester in particular, have markedly different populations. Leicester is still on target to become the first city of the UK where less than 50 per cent of the population are white (first reported in *The Guardian* - see Prasad 2001). The city has a large Indian and Hindu population in particular and has been cited as an example of multiculturalism working well in the UK. More recently, the city has seen mass immigration from Somalia with some estimates claiming that up to 15, 000 Somalis have settled into the St Matthews area of the city and now account for 5 per cent of the city's total population (BBC 2008). The differences between the ethnic make-up of the counties of the East Midlands poses some questions for those trying to plan the economic development of the region as a whole. The Belgrave area of Leicester has been completely transformed by micro-businesses set up by the Indian community and the St Matthews area is now dominated by Somali run businesses. These ethnic minority business clusters have provided employment and economic growth for the local populations, but they have tended to provide low-skilled, low-wage jobs at a time when bodies such as EMDA are trying to promote a move towards a higher-skilled economy.

Table 4.2: Ethnic profile of the East Midlands, 2010

Ethnic Group	United Kingdom	East Midlands
White	90.1	91.4
Mixed	1.1	1.1
Asian or Asian British	4.9	4.7
Black or Black British	2.3	1.8
Chinese	0.4	0.4
Other	1.3	0.7

(Source: Labour Force Survey 2010, own calculations)

4.2.2 Labour Market Participation

The East Midlands has traditionally had an impressive employment record. Despite a marked decline in the manufacturing base of the region's economy, the region's employment rate has been consistently high (Felstead *et al.* 2002). This record has continued since 1997 and in that time the East Midland's economic activity rate and ILO employment rates have remained above that of the UK. During the first two parliaments of the Labour Government, both the East Midland's and the UK's labour market participation rates improved and this could present a challenge to the projected increase in the number of jobs being created in the service sector over the next decade (Institute for Employment Research 2001) as the pool of available labour in the regions is steadily declining as the numbers of economically-active working age people increases. The figures for 2010 show that both the UK and East Midlands economy have seen an

increase in unemployment since the recession began, but the East Midlands does not appear to have been disproportionately affected (Table 4.3).

Table 4.3: Labour market participation rates in the East Midlands, 1997-2010

	Working age (16-64)								
	Economically active (%)			ILO employment rate (%)			ILO unemployment rate (%)		
	1997	2006	2010	1997	2006	2010	1997	2006	2010
East Midlands	72.9	74.3	70.5	73.2	74.5	70.7	4.9	4.3	5.5
United Kingdom	69.5	72.3	69.1	69.8	72.4	69.6	5.3	4.1	5.9

(Source: Own calculations from Labour Force Survey 1997, 2006, 2010)

Within this impressive performance, sub-regional variations are evident; for example, the three cities in the region are areas where economic activity rates are at their lowest and, correspondingly, unemployment rates are at their highest. Nottingham and Leicester, in particular, stand out. Both cities have unemployment rates well above the national average (EMDA 2009). Among the counties, Nottinghamshire and Lincolnshire fare relatively poorly in terms of their employment rates, whereas Leicestershire and Derbyshire fare reasonably well. A further worry is the finding from research commissioned by EMDA that ‘hidden unemployment’ is higher in rural areas such as Lincolnshire. Beatty *et al.* (2002) point out that ONS figures on unemployment do not

include several groups of people such as the unemployed who are unable to claim benefit because they left their previous employment voluntarily, those on government schemes, and those who retire early or claim sickness benefit instead of becoming unemployed. Inclusion of these individuals in the unemployment count doubles the numbers defined as out of work in the region, with rural areas and the former coalfield areas most affected.

On the other hand, Northamptonshire traditionally has a relatively high employment rate. This is partly explained by the county's proximity to the buoyant labour markets of the South East. Indeed, one explanation for the steady expansion over the last 30 years of Northamptonshire's population is its popularity with London commuters (Hardill 1998).

4.2.3 Type of Employment

Compared to most other regions, the East Midlands has been relatively reliant on manufacturing and specifically on textiles and clothing, sectors that are characterised by low value-added activities, containing mainly low-skilled and low-paid work. These sectors have been in long-term decline and the hosiery and boot and shoe factories that dominated the employment of Nottingham and Leicester have by and large been replaced. Research by the Centre for Labour Market Studies showed that some 300,000 jobs were lost in textiles in the last quarter of the twentieth Century (Quinn 2001). As recently as 1997, more than a quarter of all jobs in the region were in manufacturing, but

by 2006 this figure had fallen to a sixth and to less than 15 per cent by 2010. This was still considerably higher than the UK as a whole, where just 10.7 per cent of all jobs are in manufacturing (see Table 4.4). The East Midlands also has a higher proportion of its workforce employed in mining and agriculture.

As the manufacturing base has declined, service sector employment has grown in the region. The three biggest growth sectors have been real estate, public administration and education. This is an area in which the RDA could have played a key role in helping people move from one type of employment to another and also helping the incoming business sectors to the region to find staff and train them. One question for this study, therefore, is the extent to which EMDA is able to influence these changes as they happen. Here, the agency has to decide whether to assist only job creation schemes which will also have an impact on other statistics such as qualification levels and GDP output, or whether to accept any opportunities of inward investment (such as those from call centres) regardless of their wider implications for the economy on the grounds that any job is better than no job.

Table 4.4: Industrial composition of employee jobs in the East Midlands, 1997-2010

Industrial sector	East Midlands (%)			United Kingdom (%)		
	1997	2006	2010	1997	2006	2010
Agriculture, Hunting, Forestry	1.8	1.5	1.3	1.7	1.2	1.5
Fishing	0.0	0.0	0.0	0.1	0.1	0.1
Mining, Quarrying	0.6	0.4	0.2	0.4	0.4	0.4
Manufacturing	25.8	18.0	14.7	19.3	13.4	10.7
Electricity, Gas, Water	0.8	0.7	0.8	0.7	0.6	0.8
Construction	7.1	8.0	6.8	7.2	8.3	7.4
Wholesale, Retail and Motor Trade	16.0	15.0	15.3	14.5	13.5	13.7
Hotels & Restaurants	3.1	3.1	4.4	4.0	3.6	4.7
Transport, Storage and Communication	6.2	7.2	6.9	6.6	7.0	6.3
Financial Intermediation	2.8	2.4	2.2	4.6	4.5	4.0
Real Estate, Renting and Business Activity	7.2	10.2	10.5	10.0	11.6	12.7
Public Administration and Defence	4.9	7.2	6.4	6.2	7.5	6.9
Education	7.9	9.4	11.5	7.8	9.6	10.7
Health and Social Work	10.7	11.9	13.8	11.4	12.9	14.1
Other Community, Social and Personal Services	4.5	4.6	4.9	5.0	5.5	5.7
Private Households with Employed Persons	0.5	0.4	0.1	0.5	0.4	0.2
Extra-territorial Organisations, Bodies	0.0	0.0	0.2	0.1	0.1	0.1

(Source: Own calculations from Labour Force Survey 1997, 2006, 2010)

The occupational structure of the East Midlands economy has been moved towards that of the rest of the UK since the turn of the century. In 2001, the East Midlands had proportionally fewer people employed in managerial and professional occupations and more in elementary and process, plant and machine operatives. Since then, however, the employment structure has changed and in 2006 and 2010 the Labour Force Survey

reported that the East Midlands now employed more managers and senior officials than the UK average, although there is still more employment in elementary occupations as well. During this time, EMDA commissioned an assessment of the amount of management and leadership training available in the region and also commission a series of interviews with businesses to find out exactly what they wanted from such training (Otter *et al.* 2004). These types of results are of importance to EMDA as the sorts of jobs that are available in the region will dictate the levels of skills and wages that the workforce has and can demand from employers.

Table 4.5: Occupational composition of employment in the East Midlands, 2001-2010

Standard occupational classification	East Midlands (%)			United Kingdom (%)		
	2001	2006	2010	2001	2006	2010
Managers and Senior Officials	13.1	16.0	15.6	14.1	15.7	15.4
Professionals	10.4	12.0	13.4	12.2	13.4	13.9
Associate Professionals and Technical	12.0	13.4	12.8	13.7	14.9	14.7
Administrative and Secretarial	12.9	11.1	10.4	13.9	12.5	11.4
Skilled Trades	13.8	12.1	10.8	12.1	11.1	10.4
Personal Services	7.1	7.9	8.8	7.4	8.0	9.1
Sales and Customer Services	6.2	6.6	7.3	6.8	6.4	7.4
Process, Plant and Machine Operatives	12.1	9.4	8.5	8.8	7.7	6.7
Elementary Occupations	12.4	11.5	12.3	11.1	10.4	11.0

(Source: Own calculations from Labour Force Survey 2001, 2006, 2010)

4.2.4 Training and Qualifications

The Labour Force Survey asks its respondents whether they have received any training related to their jobs in the three months leading up to the survey taking place. They do not

specify whether this was on-the-job training or a formal training course off-site. Given that increasing skill levels feature highly in EMDA's aims for the region, it is worth noting that incidence of job-related training in the East Midlands lagged behind that of the UK as a whole until 2006. Indeed, in the early years of EMDA's operations, the incidence of training in the East Midlands fell further behind the figure for the UK than it had been in 1997. Work by Felstead *et al.* in 2002 showed that incidence of training in the East Midlands was lower than in every other region of the UK except the North East (Felstead *et al.* 2002). By 2006, however, more people from the East Midlands reported to the Labour Force Survey that they had received job-related training in the three months before May 2006 than in the UK as a whole, suggesting a significant improvement had taken place in the regions training programmes. Although incidents of job-related training had fallen back by 2010, perhaps as a result of the recession, the fall in the East Midlands was in line with that in the UK as a whole. The question that arises is whether the efforts of EMDA to promote a higher-skilled workforce (particularly with regards to leadership and management skills) have had an impact, or whether the increases have been driven by businesses wanting to increase productivity and profit. If this is so, would this increase have happened without EMDA's input?

Table 4.6: Incidence of job-related training in previous three months, 1997-2010

	Job-related training for those in employment			
	1997	2001	2006	2010
East Midlands	24.7	26.3	29.3	26.5
United Kingdom	25.7	29.0	28.5	26.2

(Source: Own calculations from Labour Force Survey 1997, 2001, 2006, 2010)

Whilst it is true that ‘the existence of people with qualifications is not necessarily the same as availability of skills in the workplace’ (DfEE 1998, p. 27), it is generally agreed that they can be used as a key indicator of skill levels in an economy. Using qualifications as a measure of skill, we can show that the working-age population of the East Midlands is less well qualified (skilled) than the rest of the UK (Hillage *et al* 2001). Proportionally more people in the East Midlands hold no qualifications and less have a degree or equivalent qualification. The picture in 1997 was particularly stark for the region with a fifth of the working-age population holding no qualifications and just one in ten having a degree. However, since then the picture has improve somewhat, along with the rest of the country, with the proportions of working-age adults with degrees rising and those without qualifications dropping during the period 1997–2010 (see Table 4.7). The region still lags behind the rest of the UK in terms of the proportion of the workforce with a degree but has almost caught up to the UK average for those with no qualifications. The region is well served by higher education establishments with eight institutions including nationally highly-regarded universities in Leicester, Loughborough,

and Nottingham. One problem that the region needs to address is how to retain its student population once they have graduated. A survey from the University of Leicester showed that the vast majority of the graduates left the region upon graduation, with fewer than a fifth staying on to work in the East Midlands (Quinn *et al.* 2006).

Table 4.7: Highest level of qualification held in the East Midlands, 1997-2010

Highest qualification	Population of working age by highest qualification held					
	East Midlands (%)			United Kingdom (%)		
	1997	2006	2010	1997	2006	2010
Degree or equivalent	10.3	15.5	17.5	12.2	18.5	20.8
Higher education below degree	7.3	8.5	8.9	8.1	8.3	9.2
GCE A Level or equivalent	23.0	24.8	23.5	23.2	23.6	22.5
GCSE grades A*-C or equivalent	23.6	23.5	24.7	22.2	22.8	22.8
Other qualifications	15.0	13.5	12.3	15.0	12.4	12.1
No qualifications	20.1	13.5	11.9	18.9	13.7	11.7

(Source: Own calculations from Labour Force Survey 1997, 2006, & 2010)

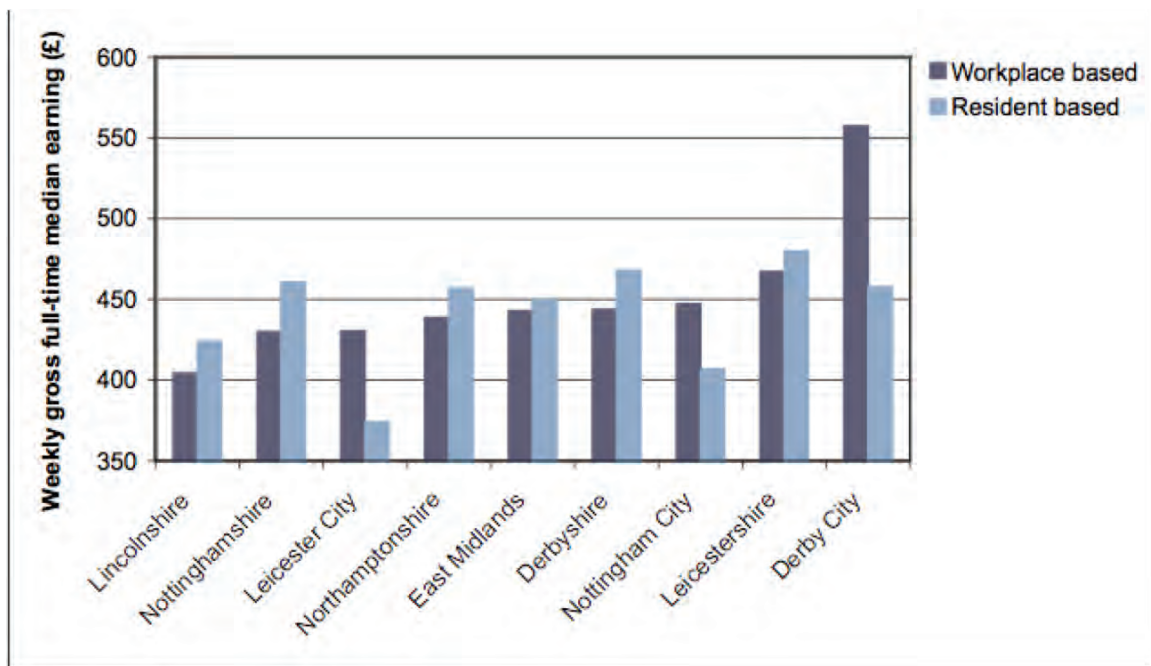
4.2.5 Wages

Reflecting both the relatively low-skill supply in the region and the relatively low-skill demand, wage levels in the East Midlands are well below average. 2008 figures from the ONS show that weekly earnings for full-time employees in the East Midlands were on average 7.5 per cent lower than the UK total at £442.80 per week compared with £478.60 per week. There is a significant difference of more than £100 per week between full-time wages for men and women in favour of men (EMDA 2009). Whilst the low levels of wages in the region reflect the characteristics outlined above and indeed the prevalence of lower-level occupations in the region (see Table 4.5), the higher-level jobs in the East Midlands also do not pay well compared with other regions. Managers and other senior occupations earn around 7.4 per cent less in the East Midlands when compared to national averages, and this can present businesses with difficulties in recruiting higher-level staff from outside of the region – it could also be linked to the poor levels of graduate retention experienced by the region. Conversely, the wages of elementary occupations in the East Midlands are slightly higher than average (EMDA 2009). Finance sector wages in the East Midlands are particularly low. In the UK, a finance sector worker can expect, on average, to earn 24.8 per cent more than the national average wage but in the East Midlands this figure is just 6.5 per cent.

Within the region, significant differences in earnings emerge between place of residence and place of work (see Table 4.8) with those who live in the cities earning less

than those who work in the cities, suggesting the higher-paying jobs within the cities are taken by those who travel to work from the counties. The situation is particularly stark in Leicester, where residents of the city earn less than £400 per week on average, a possible hangover from the cities traditional reliance on low-paid textile jobs. The relatively-high earnings for those working in Derby city is explained by the proportionally high number of people employed in highly-skilled engineering jobs in Derby (EMDA 2009) where companies like Rolls Royce and Toyota are significant sources of employment.

Table 4.8: Wages in the East Midlands by place of residence and place of work



Source: EMDA 2009 p 285 Fig 6.52

4.2.6 Sub-regional differences

As has already been alluded to, the broad statistics presented above hide the fact that there are significant differences in the sub-regional economies that form the East Midlands. This is something that EMDA have themselves acknowledged with the creation of the SSPs, and in the RES where they split the region into a number of different economic priority areas. The point here is that while the region does have an administrative logic to it, it is harder to make the case for the region existing as an economic entity when the constituent parts are so varied and, crucially, do not necessarily rely on each other for their growth and development.

The city of Derby is the smallest of the three cities of the East Midlands, with a population that accounts for 5.4 per cent of the region's total. The city has a higher reliance on traditional manufacturing than the rest of the region, with large engineering, rail and aerospace companies such as Bombardier, Rolls Royce and Toyota being key to the employment of the residents (EMDA 2009). In addition, the public sector employs some 28.5 per cent of the working population of Derby. Overall, the employment rate in Derby is lower than the rest of the East Midlands at 71.8 per cent, but this is higher than the other main cities of Nottingham and Leicester. There is a clear skills and earning gap between the residents of the city and those who travel into Derby to work (see Table 4.8, for example). The city suffers from low business start-up rates and has poor infrastructure

links between the commercial and residential areas, both of these factors are seen as priority areas for the economic development of the city (EMDA 2009).

The county of Derbyshire, meanwhile, accounts for around 17.3 per cent of the population of the East Midlands and has an older age profile than the regional and UK average. The largest industries are distribution and hotels, and there is a heavier reliance on agriculture than in the rest of the region (with the exception of Lincolnshire). Employment rates are average, but male unemployment and economic inactivity rates are high, particularly in the former coalfield areas and the decline of traditional manufacturing has left behind significant pockets of high unemployment in areas such as Bolsover (see Beck *et al.* 2008). Qualification levels vary dramatically throughout the county with differences of up to 20 per cent between areas (EMDA 2009). The labour market of Derbyshire is not as self-contained as most other areas of the region due in the main to its close proximity to cities such as Derby, Nottingham, Manchester and Sheffield.

Twenty per cent of the East Midlands population are covered by the county of Leicestershire and city of Leicester who put in place a Multi-Area Agreement (MAA) to drive forward the sub-regional economy (this will be discussed in detail in Chapter 7). The city of Leicester has a very high concentration of ethnic minority residents with some estimates suggesting that the figure of non-white residents could be over 50 per cent within the next 20 years (Prasad 2001). The area has a diverse economy that is moving

away from the traditional manufacturing and textiles base that defined it, but it remains over reliant on manufacturing compared to the rest of the country. Unemployment is higher in the city than in any other area of the region and the banking and finance sectors are particularly under-represented in the city. The city suffers from low wages and also particularly low levels of qualifications, with more than a fifth of working age adults having no qualifications (EMDA 2009). The higher wages in the county may be down to the presence of out-of-town business parks such as the Grove Park Triangle and affluent market towns such as Market Harborough. The area has a high number of business start-ups, but suffers from a poor survival rate and improving this is one of the challenges for the new MAA set up. EMDA and others have also pointed to the lack of a knowledge economy as a potential contributory factor behind this, despite the presence of three world-class universities in the sub-region – however, this work was done before the completion of the new Cultural Quarter so this may already be improving (Local Futures Group 2002, EMDA 2009).

Lincolnshire is one of the most rural counties in England and, despite being the fourth biggest in terms of landmass, it is sparsely populated. It has an ageing population and attracts a number of migrants over the ages of 45 and 65 who move to the Lincolnshire coast to retire. In addition, the migration into Lincolnshire from outside of the UK is different to that experienced by the rest of the region in that most of Lincolnshire's immigrant population comes from within the EU. The industrial profile is over reliant on food and agriculture and the county has a low GVA compared to the rest of the region and the country as whole, with a low-wage and low-skilled workforce. The economy is

also more reliant than the rest of the East Midlands on SMEs and has poor transport links (EMDA 2009). The economy of Lincolnshire has more in common with neighbouring Cambridgeshire and East Anglia than the rest of the East Midlands, which does raise the question of whether it is in the most appropriate region.

Northamptonshire, like Lincolnshire, has a very different economy to the rest of the region. However, it is vital to the headline statistics on employment rates, GDP and business start-ups. The population has grown by 10 per cent between 1996–2006 and this growth was particularly driven by young people moving in to the county (EMDA 2009). The old reliance on the Boot and Shoe industries has been replaced by distribution, hotels, finance, and, crucially, high-tech motorsport, with the majority of R&D spend from the Formula One industry being spent in and around Silverstone. As such, Northamptonshire has the highest skill and qualification levels in the East Midlands (EMDA 2009) and the highest business start-up rates. The county does, however, also have areas of significant deprivation and poor skill levels such as the town of Corby. The county is not well connected to the rest of the East Midlands, and this is something that will be discussed in more detail in Chapter 6.

Nottingham was named as a core English city by the Labour Government and is home to both the RDA and the Government Office. However, in population terms it is actually slightly smaller than Leicester and only slightly bigger than Derby. The city had a significant finance sector with the presence of major employers, such as Experian and

Capital One, but the latter recently announced that they were moving away from the city, and the only organisation willing to take on their premises were the City Council. Aside from this, the public sector provides a significant amount of jobs and the city also hosts ‘Bio-City’ which is a high-tech hub of medical science which helps to increase the skill levels and business start-up rates within the city economy. The economy of Nottingham has a relatively low reliance on manufacturing but suffers from low employment rates, and amongst the residents, skill levels are poor with a high proportion of residents having no qualifications (although not as high as Leicester). The city has some of the poorest wards in the UK with pockets of very high levels of deprivation and economic inactivity.

Three-quarters of a million people live in Nottinghamshire making it the biggest single area within the East Midlands, however population growth has been slow over the past decade (EMDA 2009). There has been a major change in the structure of the sectoral breakdown of the economy over the past quarter of a century with the collapse of traditional manufacturing and in particular the North Nottinghamshire Coalfield. This has in places been replaced by hotels and public sector work, but EMDA identified a serious socio-economic divide between the North and South of the county with the former coalfield suffering from low business start-up rates, high levels of unemployment and economic inactivity and low levels of skills.

EMDA’s response to these sub-regional differences within the East Midlands was to divide the region into five economic sub-areas – Peak, Northern, Eastern, Three Cities

and Southern - and to adapt the RES to suit the economies of each of these areas (EMDA 2006). This has its merits but it does raise the question of whether one agency should be driving economic development forward for each of these diverse areas. In addition, the Three Cities do not work together particularly well so whether that is an appropriate area is subject to question.

4.3 Summary

The answer to the question ‘Does the East Midlands exist’ is yes it does but not easily or comfortably. It has little coherence as a political, cultural or historical entity and economically is very diverse and its constituent parts do not fit together particularly well. This chapter has shown that the East Midlands enjoyed a sustained period of growth during the first two terms of Labour’s time in office, but that in many areas it remains solidly ‘average’. The region still suffers from relatively low levels of qualifications and high-level jobs and, connected to this, low wages. However does this lack of a political or historical basis for the East Midlands matter with regards to the setting up of EMDA and an East Midlands economic development plan? If Jessop (1997) and Peck (1996) are correct then it does. Peck (1996) argued that in order to be better understood and effectively regulated then labour markets need to be managed at the local level – or to link this to Tomaney (2009), the level at which they function. Within the East Midlands there are a number of different local labour markets that do not necessarily work in tandem with each other and therefore taking Peck’s analysis there is a need for a number

of different regulation systems within the East Midlands based on those labour markets and not one for the region as a whole. One question to examine is whether EMDA could establish these governance networks at the more local level while maintaining a strategy for the region as a whole.

Moving onto the work of Jessop (1997) his discussion of the 'Modes of Regulation' is particularly salient here, especially as he argues that a Foucauldian reading of the shift from government to governance could use the Modes of Regulation as the parameters within which a successful governance network could operate. If the East Midlands is an unsuitable site for the Modes of Regulation to operate then the region becomes problematic as a basis for governance. The existence of the region as a cartographic space is not in doubt but the enterprise form, flow of capital and relationships with the state (see Table 1.3 in Chapter 1) do not easily occur at the regional tier, if at all. In the empirical stage of this thesis I will be examining the ways in which the governance system of the region operated and the roles of actors at various levels will be key here. If Jessop and Peck are correct then it could be that using the East Midlands as the territorial level for governance interventions may have an adverse effect on the success of those initiatives as the many of the criteria they laid out occur at a level lower than the region.

The findings in this chapter have helped to add to the established research questions for this thesis and these can now be taken forward into the primary research section of the thesis. They are as follows:

- How do the dimensions of the modes of regulation identified by Jessop (1997) occur within the East Midlands and has this impacted upon the success of the Governance structures set up?
- To what extent does the nature of the region hamper EMDA's efforts to pursue an economic strategy for the whole region?
- Can EMDA act effectively in each of the diverse areas of the region?
- Is an overarching regional body necessary in a region like the East Midlands?

Chapter 5: Methodology

This chapter sets out the methodological approach taken during my research. The main approach used was intensive in nature focusing on case studies of the East Midlands, Leicestershire, Corby and the work of EMDA using in depth interviews. However some extensive quantitative research methods were also adopted in order to provide an overview of the economy EMDA were dealing with and this is discussed in this Chapter. The methodology for this research was developed from three sources, which came together to form the framework of my work. Firstly theories of New Regionalism gave the work a theoretical grounding and the questions that emerged from the literature demanded a qualitative approach to investigate in depth the issue of the adaptability of the ideas of New Regionalism. Secondly the focus on the work of EMDA within the region gave the research an institutional focus, which again lends itself to qualitative methods, especially those of a case study. Finally the three stages of policy development identified in Chapter 3 gave the research a starting point with regards to the analysis. By the time the interviewing process began the region could be seen to have reached the third stage of policy development (see Figure 3.4 in Chapter 3, page 117) and it is from this point and the fall out from the SNR that the interviews took place. From here an investigation of the ways in which New Regionalism has been adopted in the East Midlands and the response of EMDA to the SNR enabled the analysis of the interview data to take place and a forth stage of the regional policy diagram to be developed (see Chapters 6 – 8) and, in the process of doing this, the three central research questions were answered.

Jessop (2004) described academics and other researchers as taking an ‘institutional turn’ in making the assertion that ‘institutions matter’ in the workings of an economy and society as a whole and should not be viewed in isolation but as an integral part of policy development. This can be taken in a number of contexts but when looking from a methodological viewpoint this means accepting the influence institutions can have over an economy, country, region and/or space. Policy interventions such as the regional policies pursued by Labour between 1997 – 2010 used institutions as their way into regional economies and hoped to influence their success using RDAs and other new institutions and so it make sense to turn to the workings of those institutions as the entry point for research into policy and networks in a given region. The Labour Government promoted the idea of partnerships between the public and private sectors and charged the RDAs with the responsibility of managing those partnerships, therefore any examination of the Government’s policy in the East Midlands must make the key institution at its heart – EMDA – the focal point of its inquiry. For this research the three central research questions are all dependant on establishing how EMDA carried out its role and how the partnerships and networks it promoted worked. This requires an analysis of the powers given to EMDA (Chapters 1 – 3), the regional characteristics it had to deal with (Chapter 4), and the relationships it established with other actors in the region (Chapters 6 – 8).

5.1 Other Research into Regional Studies and Public Policy

Policy research has, in recent years, generally moved away from extensive, quantitative approaches to more intensive, qualitative or mixed methods approaches. This has also been the case within the field of regional studies and Wheeler (2002) discussed the importance of doing this when studying regions, citing the need to overcome what can be poor, unreliable data sources at the regional level. In addition, the general criticism aimed at quantitative research about researchers not being able to explain the reasons behind their statistics is also true in regional studies. For this research, both of these criticisms ring true. It is possible to paint a picture of the East Midlands using available statistics (see Chapter 4), but there are issues with ONS data at sub-national level and particularly at county level, where the Labour Force Survey (LFS) restricts (correctly) some variables to ‘zero’ them at the lower levels of analysis to protect the anonymity of respondents. In addition, data at the regional level tends to mask the differences within the region, and this is particularly important in a region such as the East Midlands where the various counties differ significantly. This has led to the categorisation of the region as one with a ‘low-wage, low-skill, high-employment’ economy, which on the basis of the headline figures is true, but there are areas within the region which clearly do not fit these descriptions. What is required then is a method which allows the research to investigate the region in more depth and dig for the factors that lie behind the statistics, and to explore questions such as what are the differences

between the counties, towns and cities of the region, how do their economies operate, what roles can governance structures play?

One of the most common forms of investigation used by researchers from the ‘New Regionalism’ canon has been that of the case study, sometimes comparative but sometimes based on just one region (see Cooke and Morgan 1998, and OECD 2001, for examples). This approach enables the research to see how policy is working out in a particular geographical area, and to examine the networks and partnerships that have been set up between the public and private sectors to build a comprehensive set of data for analysis. Whilst this approach has been useful in generating findings and analysis of policy, it is not without its critics. Most notable perhaps is that of Lovering (as discussed in depth in Chapter 2) who wrote;

We are not dealing here with the normal-science applications of a rigorously developed foundational theoretical insight but rather with a loose bundle of ideas, an accretion of notions gathered together because they seem to resonate and point to broadly similar policy implications somewhere on the horizon. The New Regionalism is a set of stories about how *parts* of a regional economy *might* work, placed next to a set of policy ideas which *might* just be useful in *some* cases.

(Lovering 1999, p. 384)

One of Loverings criticisms which is particularly important for this chapter is that the areas chosen for investigation by early proponents of New Regionalism such as Cooke and Morgan (1998) were ones that could already be seen to be successful examples of regional government and governance, and that these case studies did not offer a valid analysis of what policy might work as other more important factors were at play in each example used. This research has used the case study approach, but the chosen region - the East Midlands - cannot be said to be a successful example of a coherent region, as the discussion in Chapter 4 points out. It does not have the political institutions of Wales or the Basque Country, nor does it have the industrial glue that held together Baden-Württemberg at the time of Cooke and Morgan's (1998) fieldwork. There is no dominant city, sector or culture in the East Midlands, and therefore it is hoped it may provide a more useful case study for analysis and also answer some of the criticisms of New Regionalism's choices of sites for investigation.

Markusen (2003) also criticised the over-reliance of regional studies on singular case studies and anecdotes based on success stories. Furthermore, she argued that regional studies has been hampered by the use of too many 'fuzzy concepts' that are hotly contested and that this has had an impact on the reliability of the results gathered from these case studies. She picks up on the use of ideas such as globalisation and sustainability and argues that the very nature of these concepts is disputed, and it is therefore difficult to compare one set of results to another, given that the authors will invariably be using different definitions of these and other terms when carrying out their analysis.

Moulaert and Mehmood (2010) reviewed several different models that have been used in regional development studies and argued that a structural realist approach is the best one to take in order to fully analyse spatial developments and to avoid some of the traps highlighted by Lovering (1999) and Markusen (2003). They also examined the different ways in which regional studies have used innovation as a lens to analyse regional economies and the different views this results in depending on the approach taken (see Figure 1.2 in Chapter 1, page 32). This research draws on Moulaert and Mehmood's (2010) work with regards to the role of institutions in creating the opportunity for innovation within the East Midlands and crucially the relationships between the actors or 'agents' within the region. In Chapters 6 and 7 I examine how important a connection to the concept of the 'region' is in creating strong relationships between agents and allowing innovation to occur.

Each of the articles on methods in regional studies show that while intensive case studies have been the dominant method of investigation within this a variety of approaches have been used and that the definitions of key terms within the field vary depending on the researchers disciplinary background and particular field of interest. This has implications for the comparability of these studies and returns us to the argument put forward by Rainnie and others that New Regionalism is a 'chaotic concept' (Rainnie and Grant 2005, Harrison 2007), both in terms of the theory researchers within the cannon put forward and in the way that they go about their research.

5.2 Intensive vs Extensive Research

Debates concerning methodological approaches in economic and political geography have been largely carried out on the periphery of the discipline in recent years (Tickell et al 2007) following the apparent triumph of the 'intensive' approach over the 'extensive' as the most commonly used method. Sayer and Morgan (1985) identified two levels of inquiry in research which enable us to identify the most appropriate methods for our research. Firstly there is a need to identify a 'competitive context' to research which takes place at the national or international scale and is largely concerned with producing comparable data on a broad scale and usually makes use of quantitative research methods. Secondly there is the local level at which policy and processes actually occur against a unique set of local conditions and at which a more qualitative, intensive, methodology is needed in order to explain the differences that occur at the local level. As Massey and Meegan (1985) point out the relationship between the national and the local, both in terms of policy relationships between institutions and network relationships between the public and private sector, rarely play out in a uniform manner from the top down and a method which can explain these differences needs to be identified.

Sayer and Morgan (1985) while promoting the use of intensive research methods for their work were careful to stress that both forms of inquiry are important and useful to the establishment of knowledge, but that it was crucial to appreciate that they establish

different types of knowledge and answer different types of questions. Intensive research, as can be seen in Table 5.1 below is concerned with investigating the factors that create processes and relationships and tends to focus on a smaller number of actors or a particular section of the economy (either in terms of a single sector or a sub-section of the whole economy in a single region). This involves an in depth study of individual actors in that setting requiring a qualitative approach, usually interviews or ethnographies, and produces a detailed explanation of the events within that setting. The nature of intensive research is that only those involved in the networks and relationships in question are involved in the research process and it is this involvement that links them together regardless of other characteristics. This does mean that in intensive research some sections of an economy can be left out altogether.

Extensive research on the other hand is concerned with producing generalisable and comparative accounts of an area or economy and is mainly produced using large-scale quantitative methods such as questionnaires. In extensive research all members of a particular sector or group will be surveyed regardless of their involvement in the local economy to produce as accurate as possible statistics that can be seen to be representative of the whole population. These methods have been criticised for their inability to answer questions on why the statistics have occurred, however Plummer (2007) and Clark (2007) expressed concern that since the Open University debate that led to the Massey and Meegan (1985) book, extensive, quantitative research has largely been ignored by economic geographers in favour of intensive case study methods and that in order to make research findings meaningful in the real world some form of quantitative methods

are still needed. It may be that an approach that can combine the two is the best way forward to make the most of both theory and practice in economic geography.

Table 5.1 Intensive Vs Extensive Research

	Intensive	Extensive
Research question	How does a process work in a particular case or a small number of cases? What <i>produces</i> a certain change? What did the agents actually <i>do</i> ?	What are the regularities, general patterns, distinguishing features of a population? How widely are certain characteristics or processes distributed or represented?
Relations	Substantial relations of connection.	Formal relations of similarity.
Types of group studied	Causal groups.	Taxonomic groups.
Type of account produced	Causal explanation of the production of certain objects or events, though not necessarily a representative one.	Descriptive, 'representative' generalizations, lacking in explanatory penetration.
Typical methods	Study of individual agents in their causal contexts, interactive interviews, ethnography. Qualitative analysis.	Large-scale survey of population or representative sample, formal questionnaires, standardized interviews. Statistical analysis.
Are the results generalizable?	Actual concrete patterns and contingent relations are unlikely to be 'representative', 'average' or generalizable. <i>Necessary</i> relations discovered will exist wherever their relata are present, e.g. causal powers of objects are generalizable to other contexts as they are necessary features of these objects.	Although representative of a whole population, they are unlikely to be generalizable to other populations at different times and places. Problem of ecological fallacy in making inferences about individuals.
Disadvantages	Problem of representativeness.	Lack of explanatory power. Ecological fallacy in making inferences about individuals.

Source: Sayer & Morgan 1985 pg 151

For the purpose of this research it would appear that a largely intensive approach is the best way to answer the specific research questions concerning the nature of the governance structures in the East Midlands. Extensive, quantitative studies into the East Midlands economy have taken place, such as the FRESA (Felstead et al 2002) and much of the work behind the RES (EMDA 2006, 2009), as well as some of the efforts to measure the economic impact of the RDAs (PWC 2009) and they are useful in painting an overall picture of the East Midlands. However there is a danger that these reports can lead to over-simplified conclusions – such as the ones which see the region as a low-wage, low-skill, high-employment economy (Felstead et al 2002). These reports do not explain the differences at the sub-regional level and do not enable us to examine the relationships between EMDA and the other actors in the region in any great or meaningful depth. In addition as the CIPD (2004, 2005) survey results showed only a small proportion of the region's business community had any knowledge of the work of EMDA and so an extensive survey on the agency would not necessarily produce informed or reliable results.

It is necessary, however, to be able to establish the context within which EMDA is working before starting to examine its relationships and for that reason extensive methods cannot be ruled out entirely. They have been used in this study to provide an overview of the regions economy, making use of the Labour Force Survey and other available government statistics and the results of this are presented in Chapter 4. They provide a useful backdrop to the work of EMDA and highlight some of the priority areas for action

within the region. The questions concerning relationships at the sub-regions and the workings of the governance structures put in place required a more intensive approach to highlight the fact that the differing areas of the region have different experiences of working with EMDA and these would not have emerged satisfactorily from a wholly extensive approach.

5.3 Chosen Method

In order to assess the regional policies implemented in the East Midlands by New Labour since 1997, it was been necessary to adopt a predominantly qualitative approach to my research, augmented with some documentary and secondary data analysis. However, this was not always the plan. Due to my background as primarily a quantitative researcher, I had planned to adopt a largely quantitative approach to make the best use of my experience in carrying out academic research using postal and internet questionnaires, large-scale datasets such as the LFS, and statistical packages such as SPSS. However, as the initial stages of my research progressed it became clear to me that a new approach would have to be adopted if I was to investigate the way in which the East Midlands had been subject to regional development during Labour's time in office in the most rigorous and rewarding way possible. This involved using a variety of research methods to establish what the East Midlands is (both statistically and theoretically) and what effect the various institutions set up in the region were able to have. Therefore, in collecting the data for this thesis I have made use of secondary data analysis, in-depth qualitative

interviews, and a comprehensive review of historical documentation concerning the region.

In addition to altering my methodological approach to my research, the focus of my central research questions also changed as the work progressed. This change was particularly influenced by the work done for Chapters 1 and 2 (New Regionalism) and Chapter 3 (UK Regional Policy), as well as my presentation at the University of Leicester's Festival of Post-graduate Research in the summer of 2008. As these pieces of work came together, it became clear that a quantitative focus on the work and impact of EMDA on the East Midlands economy was not necessarily the right approach. This is due to the fact that before EMDA can be assessed in any meaningful way, we must first take a step back to examine the theories (New Regionalism and the Third Way) and then the policies that the Labour Government used to establish Regional Development Agencies. If these starting blocks are flawed then any assessment of the impact of EMDA in the region is almost bound to lead to the conclusion that EMDA is, or has been, a failure. This may well be the case, but it is important to establish whether EMDA and the other RDAs were given a fair chance of success by the powers, roles, funding and tasks they were given.

From this work the central research questions were finalised and they are outlined below;

1. How has the shift from government to governance played out in the East Midlands?
2. Is there an appropriate scale at which to implement the ideas of New Regionalism?
3. What does the evidence from the East Midlands tell us about the adaptability of the ideas of New Regionalism?

These questions were added to by the work done in Chapters 3 and 4, but general aim of investigating the relationships that had been established, whether there is an appropriate, or optimum, scale for intervention, and the impact of the context of the region itself remain the focus of the research.

The majority of my research questions were tackled during the empirical stage of my research during which I examined the attempts to set up governance structures in the region and assess the extent to which they can be said to be successful. My initial thoughts on this stage of my research were to design and carry out a postal questionnaire aimed at the businesses of the region, with particular focus on the key sectors identified by EMDA as being crucial to the region's economy, such as the service sector and high-tech manufacturing. However, two key factors influenced my approach to this stage of my research and resulted in a change of method. Firstly, it became clear to me that using a purely quantitative approach may not be the best way to record the thoughts and opinions of people on regional development, as it is difficult to get at those thoughts using a blunt instrument such as a questionnaire with closed questions and Likert scales.

The question of whether a government policy is working is not a simple case of a yes/no answer and therefore a more sophisticated approach was required. Recorded in-depth interviews, where responses can be probed and discussed, would produce a far greater range and depth of material which will aide my discussion of the theories and policies set out in Chapters 1 – 3 (Kvale and Brinkmann 2009).

The second factor that influenced my change of approach was the realisation that limiting my research to the private sector, as I had originally intended, may not be the best focus for my research, and that I needed to cast my net wider and talk to more people. Therefore, in order to fully examine the regional policy of the Government, I needed to talk to those who were actually trying to develop the region rather than just those who were in theory the recipients of those attempts. A further influencing factor was the results of a piece of research that CLMS carried out for the Chartered Institute for Personnel Development (CIPD) in 2005, which showed that only 28 per cent of respondents had had any contact with their local RDA and only 13 per cent had contact with their local assembly. Even figures for established Business Link networks and the Chambers of Commerce were below 50 per cent (Quinn *et al.* 2005). Given these figures, any research carried out using private sector respondents must be carefully targeted to ensure that the people/ businesses involved have at least had some experience or knowledge of the Government's attempts to develop the region through policy initiatives and/or the institutions set up in the region and be able to answer the questions. This process was easier to manage using a qualitative approach rather than a randomly sent questionnaire.

In terms of the areas of the region my research focuses on, I wanted to carry out research at the regional tier (East Midlands) and then undertake two small case studies on Leicestershire and Northamptonshire. However, getting interviews in Northamptonshire proved quite difficult, and while I was able to secure four interviews (see Appendix 1) within Northamptonshire, this was not enough to justify a separate case study. The reasons for this difficulty in recruiting respondents in Northamptonshire can be linked to the problematic nature of the region and the fact that many of the potential respondents I approach in Northamptonshire did not see how the work of EMDA related to them as they did not see themselves as being part of the East Midlands. In Leicestershire, however, two factors emerged that made it the focus of the major case study within my wider East Midlands-based research. Firstly, my contacts within the region enabled me to conduct interviews with 11 people who are directly involved in the sub-regional set up in Leicestershire. Secondly, and more importantly, it became rapidly apparent that of all the counties in the region, Leicestershire was the one with the most interesting developments with regards to my research. The post-SNR settlement in Leicester is far more developed than the other sub-regions, and the increased involvement of the elected local authorities (and the co-operation between them) was of particular interest. In order to establish that the set up in Leicester was indeed a unique and important development within the East Midlands, the questionnaire was changed to include questions on Leicestershire for those respondents from outside the county to elicit their views, and also interviews were arranged with representatives from Nottinghamshire to get the view of another county. These questions and interviews confirmed that Leicestershire was indeed a particularly

interesting site for investigation for a research project looking into regional economic development policy, which links in to the questions about the most appropriate scale at which to carry out regional economic development.

5.4 Data Sources and Sample

The groups of people I needed to speak to fell roughly into three categories and these emerged from the formation of the stages of regional policy diagrams presented in Chapter 3. Firstly, government actors at a regional level, such as the RDA and regional assembly, as well as the Government Office for the East Midlands and the Minister for the East Midlands. Secondly, institutions and intermediaries at the county/local level, such as SSPs, the LSC and the local government structure. Finally, the view of the private sector was vital, as much of the Government's public policy initiatives since 1997 have been based around the principle of public-private partnerships. Within these three broad groups there are several sub-categories into which respondents could fall including the county or city they were from. The interviews themselves were largely free-flowing conversations as far as possible, although I tried to give some structure to these by having four loose themes for the interviews. These were:

1. the role and remit of the organisation I was speaking to
2. how they interacted with the other actors (specifically EMDA for non-EMDA respondents) in the region

3. the nature of the region, and
4. the role of the private sector in the East Midlands.

Some interviews covered all of these themes, whereas as some necessarily focused on fewer themes.

In total I carried out interviews with 29 people which elicited more than 27 hours of recorded data. The nature of regional policy and the organisations I interviewed meant that many of my respondents could be seen to represent more than one category of respondent (so, for example, one respondent could accurately be described as being from the private sector, Leicestershire *and* the East Midlands Government Agencies categories due to the roles they had in the region). This is reflected in Appendix 1 which shows that the 29 respondents to my research covered 64 categories between them. The first category of interviews were conducted with East Midlands-wide bodies such as EMDA, the Regional Assembly, the Government Office, and others. The purpose of these interviews was to establish how they saw their role in the region and what kind of impacts they felt they had and problems they perceived themselves as having. In addition, these interviews tried to find out what contacts they had with the business sector. Arranging interviews with people in this category was reasonably straightforward and I am very grateful, in particular to EMDA, for the access I was granted to their staff. In total I carried out 7 interviews at EMDA itself and 16 of my respondents could be said to represent the region in one way or another.

The second category of people that I targeted was those working at a sub-regional level. By the end of my empirical research, this category was dominated by those from Leicestershire. However, as outlined above, towards the end of the data collection process I added interviews with people from Nottinghamshire in order to test some of the claims being made about the success achieved in Leicestershire with opinions from outside of the county. This category included respondents from the local government sector, the old SSPs set up by EMDA, the LSC, and others. The aim here was to establish their role in the region, and how they see themselves and their localities in relation to the wider East Midlands. As already discussed, I have a wide range of contacts for the Leicestershire area through my work with the LSEP and this enabled me to arrange interviews within Leicestershire fairly easily.

The third and final category was respondents from the private sector. As I have already discussed, previous research suggested that targeting individual employers would prove difficult as few would have informed opinions on, or have working relationships with, EMDA. Instead I chose to target employer's umbrella bodies, such as Chambers of Commerce, the Institute for Directors, and the Leicestershire Business Voice - a small but significant group of key employers within Leicester. For these contacts I asked previous respondents for any recommendations on who might be worth talking to. This was very useful and seemed to get my name passed around a number of relevant people and led to 6 interviews with private sector respondents. With this group of respondents, again, an initial aim was to establish what role (if any) they felt they had in the regional economy and also to see what relationship they had with the RDA.

Although I feel that I gained a sufficient number of interviews (29) and more than enough data (more than 27 hours of taped interviews), to properly investigate my research questions there were some organisations and people I was not able to get access to. I will return to this in more detail in the reflection section of this chapter, however at the level of the East Midlands I had hoped to speak to the Minister for the East Midlands and John Prescott to get the views of the Government and those involved in formulating the policy but was unable to arrange an interview. I did, however, get to speak to the Chair of the East Midlands Parliamentary Select Committee and Mr Prescott sent me some literature that informed the original policy, so I feel that this area was covered sufficiently. The other category I would have liked to have gained more interviews in was that of the private sector. In particular, I feel that small- and medium-sized enterprises may be under-represented in my sample. I did try to arrange interviews with the East Midlands branch of the Federation for Small Business, but was unsuccessful. Thankfully they gave a series of responses to the East Midlands Parliamentary Select Committee report on EMDA and the East Midlands (House of Commons 2009) which I have been able to use in lieu of an actual interview.

In order to test out the validity of my arguments and findings, I arranged a series of informal discussions with academics in the field of regional studies over the summer of 2009 when I visited the Universities of Durham, Newcastle and Loughborough to discuss my results. This enabled me to test out ideas emerging from my data and also to compare my findings with research carried out on the North East and the North West. This gives

me the confidence to claim that my results are valid and that the context of the East Midlands is important.

The statistical profile of the region presented in Chapter 4 was compiled mainly using the spring sweeps of the LFS from 1997, 2001, 2006 and 2010. In each of the tables presented, the data comes from the same variables used in each sweep. However, in the case of the occupational and industrial breakdown of the region, the LFS themselves recoded the data back to the SIC and SOC codes used in 1997 rather than the new versions. For the sub-regional profiles I relied on statistics published by EMDA, as at the sub-regional level LFS data is too small and unreliable to be made publically available.

5.5 Ethical Issues and My Role in the Research

While my research (investigating economic policy initiatives) does not raise as many ethical issues as research into, for example, health policies or psychological studies, there were issues that required careful consideration during the course of my research. These can be divided into five broad areas, namely:

1. my prior and future relationship with the respondents
2. how the results might impact upon the respondents (both as individuals and organisations)
3. issues of anonymity
4. how to deal with confidential information in the analysis, and

5. (closely linked to 4) how to ensure that information arising from previous interviews did not enable subsequent participants to guess who else I had spoken to.

I will now deal with each of these issues in turn.

Firstly, the issue of my prior and future relationships with the respondents. Many of the contacts I had at the outset of my research have been established over a number of years working at CLMS, and I knew a number of potential interviewees at EMDA and within Leicestershire through previous research projects and my membership of the Leicester Shire Economic Partnership. What I had to ensure here was that it was very clear to my respondents that the interview is a formal recorded process rather than an off-the-record chat that frequently occurs at the end of scheduled meetings such as the LSEP sub-group. Furthermore, I have had to be careful that I did not allow my personal opinions of the respondents and their organisations to influence the final analysis and results. A further concern here was that I as an individual, and CLMS as a department, have been the recipient of a significant amount of research funding over the past decade and would have hoped to secure more in the future at the time of my interviews (this is no longer an issue given the decision to abolish the RDAs). I feel though that overall I was fully aware of these issues during the interview process and that I took the necessary steps to make my links to these organisations explicitly clear in the final analysis.

The next area is how the results might impact upon the respondents themselves. In some ways the General Election and the subsequent abolition of the RDAs has meant that

my results are less politically sensitive than they might otherwise have been. Obviously, I did not expect the future of EMDA itself to be put in jeopardy as a result of my research but government bodies like RDAs had been put under increased scrutiny in the press during the last year or so of the Labour Government (see the *Tax Payers Alliance Report* calling for them to be abolished (TPA 2008)) and it was important that my results and conclusions were as clear and unambiguous as possible to avoid them being misunderstood. More importantly in this area is the potential impact on the respondents as individuals. I needed the interviewees to be able to be as candid and frank as possible, and not feel that in doing so they might put their professional standing, and therefore employability, at risk. This leads onto the next issue I need to address which is confidentiality and anonymity. There are two sub-categories here: organisations and individuals. Taking organisations first, given that the aim of this research was to investigate the workings of regional institutions and EMDA in particular, it would be impossible to try and hide the identity of the only RDA in the East Midlands. The same goes for the other public sector bodies in the sample, be they government quangos or local councils. However, I feel there is a case for trying to protect the identity of any private sector businesses I talked to, as this would also give an extra layer of anonymity to the individuals from those businesses. For this reason only, the wider umbrella organisations have been named (Chambers of Commerce, etc.), rather than the individual businesses that the respondents came from. From an individual point of view, it should be relatively easy to hide the identities of the people at EMDA that I interviewed as I spoke to seven people and many of them had in-depth knowledge of a range of the RDA's activities and so it should not be possible to pinpoint exactly who I am referring to in the

thesis. This approach could get slightly more complex when dealing with institutions such as the Regional Assembly and Re-Generation East Midlands who have a significantly smaller number of staff. A solution here was to ask the respondents from these smaller organisations how they wish to be referred to in the analysis, and each respondent was given a copy of the transcripts for their approval before the analysis and write-up began. Within the thesis itself, it has been important to be clear about who it is that I am referring to when using quotations and deciding how to do this has been difficult as, as has already been pointed out, many respondents could be seen to represent more than one of the categories of people I spoke to. Here I have tried to give as much information as possible (location, sector, government, local government, etc.) without compromising anonymity.

The final issue I needed to contend with was how to deal with sensitive or confidential information that I gained either during the formal recorded interviews or during the more informal conversations that I have with people in the region as part of my day-to-day job. This links in with the second point about considering the potential impact on respondents, and in most cases off-the-record remarks had to remain off-the-record, apart from instances when I was able to get the same information during a recorded interview with a subsequent respondent without letting on to that respondent the source of my original information.

5.6 Data Analysis

The LFS data was analysed using SPSS and the data was split into separate UK and East Midlands datasets to allow comparisons to be made. Aside from the tables on ethnicity and population, I excluded non-working age respondents from the calculations to give as accurate a picture as possible of the labour market supply in the region.

Once the interviews were completed they were transcribed into Word documents by a professional transcriber and then analysed thematically. A number of themes emerged including the following: the aims of EMDA and public perception of them, the RES and its targets, the work of the SSPs, sub-regional relationships, the issue of the 'region' and whether it 'works', EMDA's promotion and branding, the role and involvement of the private sector, the role of local government and key individuals, and the 'success' (or otherwise) of EMDA and regional policy in general. These themes formed the basis of the structure of the three results chapters that are presented in Chapters 6, 7 and 8.

In many cases, the initial themes emerged during the compiling of my research diary which I added to in the immediate aftermath of each interview. Once I had the transcripts, I then went through each interview systematically linking themes together and highlighting particularly useful quotes. I decided not to make use of any of the qualitative data analysis computer software packages that are available as, unlike SPSS and the large quantitative data sets, the themes would still have had to be identified by me and, as such,

I felt confident that a more hands-on approach would result in a more thorough analysis of the data.

5.7 Reflections

Throughout the empirical stage of the research I kept a research diary to record how the interviews were going. This was updated when possible, within an hour of the interview taking place (usually on the train home) and this served two purposes. Firstly, I was able to note down any interesting issues that had come up during the interviews that would need further investigation, and secondly it enabled me to reflect on the things that had not gone quite so well in a given interview. The diary enabled me to make a note of the themes that were emerging and make initial connections between interviews, as well as to note down the atmosphere in which the interviews took place. In two cases respondents were clearly uncomfortable talking on tape and chose to hold the interview in noisy public areas rather than in quieter, private offices.

Overall I am pleased with the way in which the interviews went, both in terms of the amount and quality of the data elicited from them. As previously mentioned, most of my previous research experience has been as a quantitative research, designing and carrying out structured postal and online questionnaires designed to gather numeric data. I feel that the decision to use the interviews as a conversation was justified given the data gathered, however in a couple of cases a more structured approach to interviewing may have been more useful as I was unable to move one particular respondent away from an unimportant

(for my research, at least) anecdote. In addition, the lack of structure in the interviews led to me occasionally being side-tracked, in particular in the early interviews by the topic of public transport links for the East Midlands. While this is definitely an important issue within my research, it probably was allowed to dominate a little too much in a couple of interviews. Nonetheless, the flexibility allowed by the unstructured approach had more benefits than downsides and enabled me to make quick changes to the direction of interviews and hone in on key points that cropped up. In addition, using an unstructured approach meant that I was not tied to using questions in later interviews just to ensure that every respondent had been asked the same questions.

As I have already alluded to, gaining access to respondents outside of EMDA and Leicestershire proved difficult. My approach of sending an initial letter outlining my research and background worked well with EMDA itself and most of the other East Midlands respondents, and my contacts within Leicestershire certainly helped to gain a number of interviews within the county. Beyond this, however, a number of targets did not respond to letters, emails or phone calls. Within Northampton, it was suggested to me by one of the respondents that this was in part because my research letter talked about researching the East Midlands and many people and organisations within that county simply do not make the connection between Northampton and the East Midlands (for a full discussion see Chapter 6). Perhaps a better approach would have been to contact people with regards to taking part in research about economic development and leave the actual region out of the letter and only introduce that at the interview itself. With regards to more private sector interviews, I was interviewing at the height of the recession and

some targets told me that they had pulled away from involvement in partnerships and networks to concentrate on their business. A further issue with gaining access to private sector respondents may well be connected to one of the findings in Chapter 5 and the CIPD research mentioned earlier in this chapter. Many private sector businesses simply are not aware of the work of RDAs and do not necessarily make the link between the business support services they are using and the role the RDA has played in setting that up. EMDA's own branding may not have helped here, and again this is discussed in depth in Chapter 6. But if a business does not believe it has anything to do with an RDA, it is less likely to be willing to take part in research connected to them and so this is an area I could improve for the future with a more varied and flexible approach to approaching potential private sector respondents (perhaps even doing some of EMDA's advertising for them).

Finally, in this section several of my respondents were civil servants and I feel that the quality of the data elicited in some of these interviews was compromised by an unwillingness on the part of some respondents to stray too far away from the party line. There are three particular interviews which illustrate this point. In one interview the respondent was very keen to stress that any opinion he gave was his own and that he could not speak on behalf of his organisation, to the extent that he would not answer some questions until the audio recorder was turned off; the interview then suddenly became much more interesting and relevant! Another interview was delayed slightly as I arrived to find the respondent on the phone. When the interview got underway I was informed that my respondent had just got off the phone from Whitehall from whom he

had received a telling off for publically criticising Government policy. It is worth reflecting on how different that interview might have been had that conversation taken place after, rather than before, my interview. Finally, however, I did an interview with a respondent whose organisation was soon to be closed down and he was far more open and willing to offer opinions on Government policy and the region in general. There is little that can be done about civil servants, understandably, giving little away during an interview and I feel that the overall balance of my respondents has ensured that any gaps in knowledge have been bridged.

5.8 Summary

This research therefore makes use of semi-structured interviews to answer a series of subjective research questions connected to regional development in the East Midlands. The relationships between the RDA and the actors at the sub-regional level and the private sector were of particular interest, as was establishing the impact the lack of a regional identity had on the RDA's attempts to create these relationships. In the main, the interviews could be deemed as being successful with 29 hours of interview data gathered. However, one or two interviews did not prove to be quite as successful as the majority of others, in part due to the issues outlined above in interviewing civil servants. The data was analysed thematically and is presented using these themes in Chapters 6–8.

Chapter 6: EMDA and the East Midlands

The next two chapters of this thesis will present the empirical data collected during the interviews conducted in the first half of 2009. The interviews took place as the implications of the SNR were being fleshed out with efforts being made towards the establishment of Multi Area Agreements and the replacement of the Sub Regional Strategic Partnerships with more locally driven development partnerships. The three stages of regional policy development that were identified in Chapter 3 will be added to with a forth stage based on the findings from this period as I investigate whether Government attempts at regionalisation from the centre could be seen to have been replaced by regionalism driven from the ‘bottom up’.

In this first results chapter I will examine the work of the East Midlands Development Agency (EMDA) using the data collected during the interviews along with documentary evidence produced by EMDA and others. In addition, a number of independent evaluations of the work of RDAs, and EMDA in particular, will be used in an attempt to assess the impact of EMDA on the East Midland’s economy. As previously stated, the aim of this research was never to target EMDA for hostile criticism, nor to condemn the work of RDAs in general, but to examine the workings of the various regional policies implemented by Labour during its time in power. There have been various evaluations of the work that the RDAs have carried out, all of which point to at least a return on the Government’s investment while some put that figure at between £9-£15 per £1 spent

being added to the regional economy (ECOTEC 2009). As such, there is evidence that RDAs do make a positive contribution to their regional economies. However, are they as effective as they might be, and where problems have occurred, is this down to the organisations themselves or are they held back by the policy that created them and the regional boundaries that they were asked to work within? In addition, the figures produced by ECOTEC (2009) are based on the East Midlands economy as a whole and as we saw in Chapter 4, there are significant variations at the sub-regional level within the region – an overall figure could mask issues that exist below the surface.

The chapter itself follows the key themes that emerged during the course of the interviews with the various stakeholders outlined in Chapter 5 and will begin with a general discussion of EMDA's aims and compare these to the brief given to the RDAs in the original White Paper and as outlined in Chapter 3. After this I will analyse the Regional Economic Strategies (RES) that EMDA has produced since 1998 and the appropriateness of the targets contained within them. This discussion will also focus on the extent to which the aims and priorities of EMDA are known within the region and investigate EMDA's claim that the RES belongs to the region and not to them. Here respondents from EMDA were at pains to stress that the RESs were produced in collaboration with a wide range of actors from within the region such as the business community, local authorities and central government, and that as such the aims and targets that were set out in the RES should not be seen as EMDA's targets, but as those of the region. Two inter-related themes then follow. First, a discussion of the relationships that EMDA has established at the sub-regional level will deal with the formation of the

Sub-Regional Strategic Partnerships, relationships with local authorities and the potential impact of the Government's 2007 Sub-National Review (SNR). Following this, I will look at the region itself reflecting on the findings from Chapter 4 and investigate the impact the boundaries EMDA have been given has had on their ability to successfully engage with the various regional actors.

A key element of the work of RDAs is business support and this forms the next focus of this chapter. EMDA's relationships with the private sector will be examined with questions asked about EMDA's alleged over-emphasis on the needs of big business and how this has impacted upon EMDA's products. The innovation strategy, outlined in the 2006 iteration of the RES, is a prime example of this concentration on big business, with the strategy being at odds with most innovation theory which tends to emphasise the role of small- and medium-sized enterprises (SMEs) (EMDA 2006). One of the key criticisms of EMDA itself which emerged from the research is concerned with the way in which EMDA promotes itself and brands the various work that it carries out. It is argued here that the fact EMDA rarely used its own badge on business products leads both to confusion about the level of provision and to business being unaware of the extent of EMDA's work in this key area.

Finally, this chapter will summarise some of the efforts that have been made to assess the impact of EMDA and RDAs in general. Within this section I will analyse the various evaluations that have been produced (NAO, 2007, ECOTEC 2009, Price-Waterhouse Coopers 2009, TPA 2009). This section will also look at the question of accountability

and scrutiny of EMDA and will present some of the overall views of EMDA's work from the respondents to this research. This will highlight a difference in opinions between the public and private sectors and discuss the varying perceptions of the impact of the changes in EMDA's leadership in 2005.

6.1 EMDA's Aims, Remit and the RES

EMDA was established by the Regional Development Agencies Act 1998 and started operating in 1999. Along with the other eight RDAs, EMDA has five statutory purposes which are as follows:

- to further economic development and regeneration
- to promote business efficiency, investment and competitiveness
- to promote employment
- to enhance development and application of skills relevant to employment
- to contribute to sustainable development.

(www.englandsrdas.com accessed 3/12/08)

The Government instigated the Sub-National Review of Economic Development (SNR) in 2007 which resulted in a number of changes to the remit of EMDA and the other RDAs. The precise nature of these changes was still being debated at the time of the interviews, and this process had not been fully completed by the time of the 2010 General Election. As a result, the RDA's were constantly subject to structural changes and this

has to have had an impact upon their effectiveness. The short- term nature of UK government policy was seen as problematic by respondents from EMDA and the public sector in general, but also by respondents from the business community. The SNR has seen fundamental changes in the way in which EMDA operated at the sub-regional level and this will be outlined later in the Chapter. The SNR also proposed to increase the role of the RDAs by adding responsibility for planning, transport and housing to the existing economic development role EMDA undertakes. This decision, if implemented fully, would have meant that the RDA's actually look more like the powerful regional government bodies that were originally proposed by John Prescott before Labour came to power in 1997 (Regional Policy Commission 1996), resulting in policy coming almost full circle from the original ideas. The Labour Government proposed that the success of the RDA's would be measured using five new outcome- focused performance indicators::

- GVA per hour worked, as a measure of productivity
- employment rate, showing proportion of the working age population in work
- regional basic-, intermediate- and higher-level skills attainment, to show skills levels consistent with the Government's central targets on skills
- regional expenditure on research and development as a proportion of GVA, as a measure of innovation
- regional business start up rate, as a measure of enterprise.

(www.englandsrdas.com accessed 3/12/08)

The inclusion of skills in this list of measures is particularly interesting as the main budget for skills development in the UK was to remain outside of the control of the RDAs with the LSC and its successor bodies (including a significant chunk going to local authorities from March 2010). The ability of the RDA's to hit the targets they were set would have depended on a number of factors including the budgets they are given and a period of stability in Government policy, – which, given the economic climate and the subsequent change of Government, was always unlikely to say the least.

As well as the remit and targets given by Central Government, EMDA themselves have set themselves a number of targets as part of their broader Regional Economic Strategies (RES). While the broad aims of these RESs have not changed too much over the past decade - from strengthening the economy, increasing the skill base of the workforce, increasing business start-up, improving and diversifying the sectoral base of the regional economy, and attracting more inward investment (www.emda.org) - the actual targets with each iteration of the RES have become more sophisticated and generally more appropriate for the region. There have been three RESs published - *Prosperity Through People* (1999), *Destination 2010* (2003) and *A Flourishing Region* (2006) - and while EMDA are keen to emphasise that the documents should be seen as belonging to the region rather than to EMDA, it is EMDA who have been judged on the targets set within them. The initial headline target of EMDA, as outlined in the first two RESs, was to become a top 20 region in Europe by 2010 (EMDA 1999, 2003). Given that at the time this target was set, the East Midlands ranked 35th out of 77 EU regions and that only London (and not the South East) was ranked in the top 20 from the UK, this was

an extremely ambitious target to set. At time of the interviews with EMDA in Spring 2009, the East Midlands was ranked around 28th in an expanded list of European Regions. Achieving the top 20 target looked almost impossible as the growth within the region during the first half of the 2000s was mirrored across the EU, and the subsequent recession has hit the UK regions harder than most of their European competitors. EMDA themselves no longer publically monitor progression against this target, but claimed in the interviews that the various elements used to measure performance against the European league of regions are still used as the basis for the new targets outlined in the latest version of the RES (EMDA 2006). EMDA argue that this does not amount to an admission of failure and that concentrating on not hitting the top twenty target masks some of the excellent progress that has occurred in the region since they were formed. There is some truth in this argument, however, the original target was produced and widely marketed during the first five years or so of EMDA's existence and as such has become something of a hostage to fortune for the RDA since then. The failure to hit such a stringent target is likely to be picked up by the media and pressure groups like the Tax Payers Alliance, as opposed to the actual progress that the region has made since 1999 towards the more general aims outlined in the RES.

Most of the respondents from EMDA argued that the target had been a good thing for the organisation as it had been aspirational and set the East Midlands apart from other English regions who did not show such ambition with their early RESs:

In terms of EMDA's, clearly our original target was, you know, top 20 by 2010 of European regions because the East Midlands was underperforming, and we needed to grow the region quite dramatically. Now that was a comparator, not to the UK regions, but to the 70-odd regions that there were in Europe at that time. That was before the expansion of Europe. And that was what that aspiration was. It was a clear-cut vision and message. We were proud that we were the only RDA in the first iterations of RESs that had an actual measurable target.

(EMDA respondent)

While there is something to be said for setting aspirational targets and EMDA does deserve some credit for avoiding the bland blurb-filled mission statements of the other RDAs, the targets need to be realistic if they are not to become hostage to fortunes. The top 20 target was too ambitious and unrealistic, and this led to cynicism and criticism from other, non-EMDA-based respondents:

the original EMDA RES which said top 20 by 2010. Yeah. Which was a farce anyway, I mean I can show you, you know, by cobbling some statistics together that you can show Northamptonshire region is top region in the world now, you know, just depending in what figures you use and how you read them and you know, how you... it was just a marketing gimmick really so, you know... and, you know, we were quite cynical about that at the time as well.

(Northamptonshire public sector respondent)

In another interview the problem of the top 20 target being remembered was a topic of conversation:

I still see a few people now saying oh well, you know, what happened to, you know, the East Midlands going to be a top 20 region, you know, that's the strategy I remember. And I'm like yeah that isn't their current one though [laughs].

(Leicestershire private sector respondent)

Perhaps this highlights the issue that while it's fine to have aspirations, they have to be realistic otherwise you risk not being taken entirely seriously. The top 20 target, while still apparently being measured, no longer features in the RES (EMDA 2006), which instead sets targets that deal with improving the existing baseline statistics of the region's economy. This would seem to be a more sensible approach as success will be easier to demonstrate and publicise.

Later in this chapter I will discuss the problems EMDA has with promoting itself and the impact that can have on the impression the public at large have of the RDA in the East Midlands. EMDA respondents were fully aware that knowledge of the aims of the RES was limited amongst both the public and the business community, and that this was something that needed to be improved in order to better spread the message about the work EMDA do in the region.

The latest version of the RES – *A Flourishing Region* (EMDA 2006) – was produced before the onset of the recession and the targets within the RES are now unlikely to be hit (particularly those on business start-up and survival rates). EMDA has acted quickly to alter its business support services in the light of the recession and has launched a series of event called ‘Survive and Thrive’ which have attracted plenty of interest:

we put on a series of five events across the five principle counties, which were sort of master classes. There’s master classes for business. They were around issues around, you know, managing your finance, negotiating with bank managers, you know, or how to deal with redundancy (Survive and Thrive events).

(EMDA respondent)

the target was something like a 1000 businesses and we put it together within the month, we got 2500 businesses to this event.

(EMDA respondent)

Most respondents were broadly positive about EMDA’s response to the recession, with the following being fairly typical responses to questions about EMDA efforts since the start of the recession:

It’s quite responsive and I think even now there’s some more... I think they’ve done some things on public sector procurement, you know, quite a few events are

on... I think there's another one. I've forgotten what it was called now. They did the Survive and Thrive and then there's another similar one that's I guess about business survival. And also the start-up guides as well and some marketing workshops and things and e-business as well. So I think all of those again have been quite responsive to sort of helping businesses.

(Leicestershire private sector respondent)

Survive and Thrive and then the follow-up which is showcase market and sell. And I think they've been all pretty well received. And EMDA at the time we were talking said 'Well, yeah, we've got some ideas'. We knew there was a need to do something (*about the recession*), weren't sure what it was, EMDA had been thinking about it now. When you put the two together suddenly we can start to crystallise what needs to be done. So that level I think it's worked well.

(Private sector respondent)

Which shows that EMDA's efforts to respond to the recession had not gone unnoticed by the business community. In addition, the programmes that EMDA put together in response to the recession were created in collaboration with the business community in an attempt to ensure that they were able to respond to the needs of the business community as the credit crunch hit. There were, however a couple of dissenting voices who did not think that EMDA should be getting involved in giving advice to business, but should instead concentrate on providing capital investments:

Actually I probably have (*heard of Survive and Thrive*) but I couldn't ... a] I couldn't imagine what it is and b] if it's anything where you have to go and get advice from a civil servant on how to run your business – most businesses would run a mile, it will be people who've read a book on how you survive a recession, which is just not needed at all.

(Private sector respondent)

I don't believe that it's the job of public sector to give advice to the private sector on how to run their business at all. I think Bryan Jackson (*EMDA Chairman*) once said that there was like 1000 business initiatives run by EMDA in the East Midlands, in my view it should be about three, one of those should be incubator units, one of those should be the Lachesis Fund, I'm not sure what the other one should be. One of the things EMDA does do is it does have its relationship with ... is it Catapult or Catalyst where they have a venture capital fund, that's a major gap right now, it's cash flow for business, business cannot get the cash flow, bigger companies aren't paying on time and therefore smaller companies are suffering and going bust, most of them through cash flow problems. EMDA has for years funded this East Midlands venture fund which is great, it's meant to be for growing businesses to go off and get a bit of private equity to help them to move onto the next step. What a lot of businesses might need is 20 or 30 grand facility which ... the banks are still not providing it and if someone like EMDA could be the repository of funds in a simple and quick way to hand those funds over that would be great.

This raises questions about the extent to which EMDA understands the demands and needs of the private sector within the region, which also calls into question the success of the RDA's attempts to talk to a wide range of different partners in the region. This is something that will be picked up on in the next chapter on Leicestershire, where businesses felt that EMDA did not look far enough outside of Nottingham for opinions and also moves us onto the next section of this chapter concerning EMDA's work at the sub-regional level.

There are important policy lessons that can be drawn from the experiences of EMDA in establishing their remit in the region and the setting of targets for the region as a whole. Firstly, to gain credibility, those targets have to be realistic and clearly understood by the key stakeholders in the regional economy – the top 20 target gained a lot of attention but it did not necessarily gain the kind of attention EMDA was hoping for. Now the target has been missed it can be used to criticise the RDA, even though significant progress has been made. Secondly, any policy aimed at the business community needs to ensure that it reflects the views of that community. EMDA has tried to do this but not always successfully and, as shall be discussed in later parts of this chapter, they have not done this consistently outside of Nottingham.

6.2 Sub-Regional Relationships

As the academic literature was recognising the multi-scalar nature of regions (see discussion Chapter 1), policy-makers were also grappling with the issues of ensuring the new RDAs could get close enough to the ground to identify the salient issues for their region. EMDA's initial response to relationships at the sub-regional level was to set up a series of sub-regional strategic partnerships (SSPs) – see the third stage of regional policy development in Chapter 3. These did not match any existing boundaries, instead crossing county borders and in some cases overlapping each other – Rutland, for example, came under both the Welland and the Leicester Shire Economic Partnership's remits. The rationale for this decision is not immediately clear, and the new boundaries that were drawn up meant that work had to be commissioned in order to get a clear picture of the demographics of each area (e.g. Goodwin *et al.* 2003), money which could have been saved if traditional county boundaries had been used from the beginning. EMDA argue that the reasons for these boundaries were purely economical:

they were basically borne out of having a common aim, a common goal within a geographical area. So they were built on economic need rather than administrative boundaries or anything like that. So the alliance was all about the coalfields in the north of the region. It spanned North Derbyshire, North Nottinghamshire, the Welland was across four counties because it was looking at rurality down in that are.

(EMDA respondent)

To some extent this makes sense and there is certainly sound economic rationale in basing development bodies on areas of economic functionality, as argued by Tomaney (2009b) and discussed in Chapters 1, 2 and 4. However, some respondents were not so sure that economic reasons were truly at the heart of the decisions on the SSP boundaries. So while EMDA respondents argued that the choice of SSP boundaries had an economic logic, others were more cynical and saw the choice of SSP boundaries as being a politically-driven attempt to assert control over the local authorities, something that one respondent felt had backfired on EMDA:

When they set up the SSPs they made a fundamental mistake. They didn't align them to the geographical boundaries of the counties... it was a tongue in cheek at local authorities, we're bigger than you, we can do this if we want. Now it hacked them off big time and now as it unravels under SNR, some of the old scores are being settled and it's making life very, very difficult for EMDA, very difficult. But it was a tongue in cheek I'm afraid and if they had set up the SSPs on the county boundaries, recognising city and counties working together, we would be far more advanced in this region.

(Leicestershire private sector respondent)

Even if, as EMDA argued, this respondent is wrong in their reading of the situation, there remains a problem of perception here that EMDA used the setting-up of the SSPs to score political points. This links to a criticism of EMDA concerning their promotion and public relations which will be discussed later in the chapter.

EMDA devolved around a third of their budgets to the SSPs, although the final say on the spending was still made by EMDA. The SSPs were expected to be made up of an equal number of private, voluntary and public sector representatives with the role of building partnerships and implementing the RES in the sub-regions. To some extent the SSPs were successful, although the findings of Geddes (2005, 2006) concerning the low levels of private sector involvement in supposed public-private networks (as outlined in Chapter 1) were repeated in Leicestershire. The LSEP meetings that the author attended were dominated by the public sector and the involvement of the private sector was largely limited to employer representative bodies such as the Chambers of Commerce.

The SSPs were charged with the responsibility of bringing together partners at the sub-regional level to implement the strategies of the RES and to highlight particular issues in each locality. This role was one that EMDA, perhaps wisely, felt that they would not be the best organisation to fulfil themselves as they, despite their best efforts, were not close enough to the ground to be able to act. This links to Stage Three of the Regional Policy diagram (Figure 3.4 page 117), but at this stage I would argue that regionalism is still not taking place as whilst EMDA were using the SSPs to try and identify the issues at the bottom, this is still a 'top-down' rather than 'bottom-up' approach. Whilst the SSPs did carry out some important work, there was a sense of frustration from some of my interviewees at EMDA that perhaps they had not been used to their full potential, and rather than concentrate on larger projects they stuck to smaller, short-term ones with less obvious impacts:

I've got one particular issue with the way the SSPs have gone, is they've done a lot of very small projects. That doesn't mean to say I don't agree with the small projects but it just seems to be an awful lot of them. That's one issue. Now why is that the case you have to look at then. I think often one of our biggest problems is having to spend our money at the year end and we're constrained by financial years.

(EMDA respondent)

One of the problems with the number of short-term projects is that it can be difficult to link them all together and to make sure that they fit in with, or inform, the aims of the RES. As a researcher at an East Midlands University, I knew that EMDA was a good source of small research grants in February/March of each year, as they had to ensure they had spent their budget before the end of the financial year. Sometimes it was not exactly clear what was done with the results of the projects they funded.

In the light of the Government's Sub-Regional Review in 2007, the roles of the SSPs were re-examined and the local authorities in the region were given a much greater role in the funding and running of local partnerships. This was the start of stage four of the Regional Policy Diagram and also marks a shift away from the governance literature of Geddes and others (Considine 2002, Jessop 2002, Hambleton 2003, Geddes 2005, 2006). The SNR resulted in an opportunity for local government to get involved and, as shall be discussed in detail in Chapter 7, this was taken up enthusiastically by the city and county

councils. EMDA's response to the SNR was to work with the nine upper-tier authorities in the region (county and unitary authorities). The SSPs themselves are being closed down in the current form, although progress with this is varied across the region. The Northamptonshire Enterprise SSP has been kept going by local partners, while the Leicester Shire Economic Partnership was dissolved at the earliest opportunity in April 2009. In the new arrangements it is proposed that the money previously given to the SSPs will now go straight to the local authorities in the sub-region and be matched by funds from them and other partners. This results in a reduced role for EMDA funding in the local partnerships, as rather than being the key or sole funder of the local economic development organisations, EMDA is now one of several. This reduces EMDA's ability to set the agenda for the new post SNR arrangements, as although they can obviously request that their funds be spent in certain ways, they no longer had the power to dictate to the new sub-regional bodies in the same manner as they had to the SSPs. In addition, and for the first time this means that the 'bottom' of the scale can start to influence the agenda in the way in which Cooke and Morgan (1998) argued was necessary.

The way in which EMDA chose to work with the upper-tier local authorities, following on from the SNR, was heavily criticised by interviewees from district councils who felt completely left out of the new arrangements.

I thought EMDA were pretty appalling on the post-SNR with their treatment of districts, and that's played in to the county and the cities hands, to in a way treat us as bit players. Whereas actually the seven districts together I think have got

quite an important role to play and we do try and get ourselves together which is why I lead the districts on this agenda, so that we can try and speak with one voice even though it can be difficult to agree what that one voice is when you've got Coalville and Market Harborough, you know, in the same mix talking to...the needs are different, issues are different, but we do try and get ourselves together on it, and we've got different party politics throughout the districts, they've also got different personalities, and the fact that EMDA give the money to the city and county and when post-SNR was going through EMDA refused to speak to Districts, that was not helpful, in fact bloody annoying, and I told them so.

(Leicestershire district authority respondent)

In fairness to EMDA, however, the local government structure in the East Midlands is very complex with 47 different local, district, city and county councils, and it is difficult to see how they could have kept all local authorities happy. Some authorities play little or no role in the local economy either preferring to defer to the county councils in that area or in the case of some of the better-off districts (e.g. Harborough) because pre-recession there was not a demand for them to do so. Therefore, the decision to work with the nine upper-tier authorities was understandable, although perhaps this could have been handled better by at least including them in the discussions that occurred. One other factor that needs to be taken into account when analysing the opinions of the respondents from the various areas of the East Midlands is the concept of 'local chauvinism' – opinions of EMDA's work could be clouded by a certain amount of jealousy if the individual respondents area had not benefited to the same extent as another, rival area. This is a

recurring issue in the interviews, particularly when dealing with the issue of the perceived Nottingham bias displayed by EMDA. It would be foolish to discount these opinions as there is some validity in what was being said, however the impact of local agendas should be taken into account.

EMDA did attract some praise for its work with one smaller district authority in particular. Corby was a 1960s new town development whose growth was centred on large steelworks and an influx of workers from Scotland. The steel plant closed in the 1980s and the town has since become one of the most deprived in the region with high levels of unemployment. In addition, the population has fallen significantly and a town designed for a populous of 100 000 is now home to barely half that number. In recent years, however, attempts have been made to reverse the decline with ambitious new business developments put in place. EMDA have been central to these regeneration efforts along with the local council and business community in a group called 'Catalyst Corby'. Through this initiative, a new mainline railway station was opened in 2009 which connects the town to London, Leicester and Nottingham. In addition, the development of the 'Corby Cube' - a new town centre leisure facility - and the rebuilding of the towns retail outlets have given the towns economy a significant boost. The Council has taken the opportunities created by the new rail link to attract exhibitions and conferences based around the logistics sector. During my fieldwork in Corby, a conference for the construction industry had brought in an estimated £3 million to the local economy. EMDA was credited for playing an active, and vital, role in this redevelopment:

We regard EMDA as being, you know, very important in terms of what they've done in Corby. You know, they too have a seat on the NNDC as well. So we're probably at a bit of an advantage because of that.

(Local authority respondent)

In this interview the respondent was also pleased with the level of relationship that had been established between the local authority and EMDA, in contrast to many other local authority respondents I spoke to.

we would argue that we've had a good relationship and that they've had a positive impact in Corby. And you only have to look around at the sorts of things they've been investing in to see that we have been delivering... projects are running, you know, pretty much on schedule and delivering results. Things like the railway station which has opened much earlier than people anticipated, you know, the theatre is progressing really well. You know, there's a track record of delivering.

(Local authority respondent)

The respondents in Corby did echo the concerns of those in other smaller district authorities concerning the post-SNR move to prioritise relationships with the larger upper-tier authorities and saw this move as adding to the burden of bureaucracy:

the fact that everything is channelled through the principal authority, is an additional tier of bureaucracy for us, because prior to that we could negotiate

direct with EMDA or the Sub-Regional Strategic Partnership, but now we have to go through the county council and the LAA procedure. So it's an unwanted tier of bureaucracy.

(Local authority respondent)

Looking to the future, a move to county- or city-level intervention was also a cause for concern in Corby with the fear being that they would no longer be a priority case in any new, more local arrangements. The new Government's proposals for Local Economic Partnerships (LEPs) could be problematic for smaller areas like Corby, as there is the potential for them to be left out of the new arrangements made between city and county Councils (or in their case between Northampton and Northamptonshire) in order to focus on city and major town developments. These interviews were carried out before the Conservatives (then still in opposition) had finalised their plans for economic development at the sub-national level, but respondents from Corby did voice concerns about the removal of the regional (in their case protective) tier.

It'll be a huge problem for us because I suspect that what they would do is they'd start channelling funding back through the county councils and so on. And you know, we will not necessarily get the same amount of priority from the county council that we get from EMDA, cos I think EMDA is much more sort of a needs and opportunity driven, but when we go through the county council then politics will come into play and we are the one Labour area and likely to remain the one

Labour area within a sea of blue. So you know, we would seriously worry about the level of investment in future.

(Local authority respondent)

The developments in Corby was one particular area of interest for my research. In Chapter 7 I examine in detail the changes that have taken place another, larger area of interest - Leicestershire - where the role for a regional body is less certain, or indeed, welcome. The setting-up of the Economic Development Company for Leicestershire has seen the city and county councils there take the lead on economic development policy and physical regeneration. This chapter discusses how the new arrangements appear to have had more success in attracting the support and direct involvement of the local business community than the EMDA driven SSPs managed and offers some thoughts for the reasons behind this.

EMDA's experiences of dealing with the sub-regions of the East Midlands echo many of the debates that took place in the literature on multi-scalar responses to regional economic development. The example of Leicestershire could be seen as an argument for abolishing the regional tier and concentrating on the city region scale. However, this could leave smaller areas with less access to government funds if the main focus of policy development was cities. During the interviews, respondents from Corby and Harborough both supported the continuation of a regional body to protect them from losing out to the city regions. A way needs to be found that allows city regions to push ahead and develop at their own pace, but that does not kill off the smaller towns and

districts. Here it would make sense to allow the cities and counties to form partnerships based around the cities and devolve the money and power to the bodies set up at that level, but to also retain a body at the East Midlands level which can divert funds and strategic planning to areas left out of the city region settlements.

6.3 Issues with the 'Region'

A number of the problems EMDA has had in its dealings with the sub-regions can be linked back to the issues with the East Midlands as a 'region'. As discussed in Chapter 4, the East Midlands is not an obvious 'region'. It meets few of the criteria laid out by Cooke and Morgan (1998) Tomaney (2009b) or Paasi (2001, 2009) concerning cohesion (political or economic), history or identity. The region has only existed for a short amount of time - formally being defined as the 'East Midlands only in 1965 (Sandford 2005, Stobart 2001) - and unlike some of the other English regions is very much poly-centric with no agreed capital. The lack of a history of regionalism in the UK has meant that regional identity has not been able to be formed quickly as it has in some of the newer European regions such as Baden-Württemberg in Germany, which, like the East Midlands, is a post-war invention. Baden-Württemberg does have advantages over the East Midlands, however, as although the Land itself is new, the area does have a shared history and economically is dependent on key automotive and engineering companies and the pull of Stuttgart. EMDA has more external borders than any other RDA, sharing boundaries with the North West, Yorkshire, the West Midlands, the East of England and the South East. While this might not be an obvious problem, the close proximity of parts

of the region to large cities such as London, Birmingham, Sheffield, and to a lesser extent Manchester, does mean that the businesses on the edge of the region tend to look outside the region for collaboration rather than inwards to EMDA.

The key question, though, is does any of this actually matter for EMDA; after all they are an economic development agency with funding devolved from the centre and do not rely on any local mandate for their position. The evidence from my research is that the issues surrounding the make-up of the East Midlands *do* matter, certainly far more than the respondents at EMDA were willing to acknowledge, and this point is supported in the literature. Tomaney and Ward (2000) point out that for many early proponents of New Regionalism (such as Cooke and Morgan 1994, Giddens 1998, Keating 1998 & 2006, and Claval 1998 cited in Tomaney and Ward 2000), regional identity was key to regional economic success. While Tomaney and Ward (2000) were keen to stress the continuing importance of the influence of national government, they did agree that some form of regional identity is useful in achieving economic success at the local or regional level and this argument was backed up by the findings of Keating et al (2009) whose research over a number of years showed that economic development was more successful in areas of the UK with a strong regional identity and strong local political community. The problems of such a disparate region, a perception of city and in particular, Nottingham, bias, and the isolation of Northampton and to some extent Lincolnshire, all seem to have had an impact on the extent to which EMDA has been able to engage with other actors in the region. EMDA have been able to have an impact on the region despite these problems (see Section 6.6), but the question remains: could this impact have been greater had the

region given to EMDA been more coherent? As was discussed in Chapter 4 if we take Jessop's (1997) 'Modes of Regulation' as a lens through which to assess the suitability of an area for successful governance then the East Midlands does not meet many of the criteria and this impacts upon the amount EMDA could be expected to achieve.

To try and get a better impression of the feelings of those on the edge of the region, I arranged a number of interviews with respondents based in Northamptonshire to see how they interacted with the rest of the East Midlands. These interviewees all spoke of a complete lack of engagement with the East Midlands arguing that the county was in the wrong region and that business and the population at large look to London and South East, and not the other areas of the East Midlands, for their jobs and business. Respondents in Northamptonshire talked about the need to engage with the Milton Keynes South Midlands partnership (MKSM), the Oxford-Cambridge Arc and the Corby–Kettering–Peterborough settlement. Northampton is not easily connected to the rest of the region via public transport networks, with buses from Leicester (the closest East Midlands city) taking two hours and a train journey requiring at least one change. It was also pointed out that very few people in Northampton received East Midlands television signals exacerbating the isolation. This problem was highlighted in an anecdote given by one Northamptonshire respondent:

actually I think possibly the biggest project EMDA funded in Northamptonshire was a new innovation centre for Silverstone and when we got to the launch of it and there were TV crews and everything. And so I went on home to see what was

on the telly and I actually live in the South East of Northamptonshire and others live in the East so we've got different TV channels and the launch wasn't on any of them, it turned up on East Midlands today which doesn't even cover Northamptonshire so I'm thinking great we have a project... and immediately having said that I'm thinking that's pretty basic stuff having someone in media to market it.

(Northamptonshire respondent)

This suggests that EMDA have not been able to take advantage of local media outlets to promote their work in Northamptonshire (although a little background research here would have helped them immeasurably). In addition to this, an EMDA respondent recalled an occasion when the BBC had published a story which caused anger within Northamptonshire:

And the chief executive from Northamptonshire County Council was saying... There had been a news article on the BBC that the East Midlands had won the Grand Prix. It was coming to Donnington. And the chief executive, was quite indignant that in fact it was in the East Midlands anyway, you know, Silverstone is in the East Midlands, but nobody thinks of it as the East Midlands.

(EMDA respondent)

Again this demonstrates the problems of the perceptions of what constitutes the 'East Midlands'. Perhaps EMDA could have done more to talk to the BBC and other media

outlets to ensure that damaging mistakes like this do not occur. All of this has led to a struggle for EMDA to establish itself in the county and relationships with the local authorities in Northamptonshire are not as advanced as in other parts of the region.

I mean we are a unit full of people that are, in theory, experts in economic development with £160m a year. You would expect local authorities to be looking at us as a prize, you know, and we were the bit that they should all be fighting over rather than possibly just ignoring, because the advantages of working with an RDA are immense to a local authority, absolutely immense. Some local authorities do see that. You know, Leicestershire and Leicester do. Nottinghamshire do and Derbyshire do, and they see the benefit. Northamptonshire, we are developing our relationships with now.

(EMDA respondent)

So in effect ten years into their lifespan, EMDA are *still* to establish working relationships within one of its counties. Furthermore, there is a sense in the above quote that some of the blame for this is being laid at the door of the local authorities in Northampton, which seems unfair given that EMDA has only recently (post-SNR) begun to work closely with any local authority in the region. This failure to engage with Northampton is especially concerning for EMDA given the importance of the county for the regions headline figures. As can be seen in Chapter 4, Northamptonshire has some of the highest wages and levels of qualifications in the region as well as the lowest unemployment figures. This is something of a double-edged sword for EMDA: the

economic rationale for investing Government money into Northamptonshire is weaker than in the rest of the region given the relative strength of the county's economy, however, EMDA relies on Northamptonshire for its contribution to the regional economy and relationships at the sub-regional level are crucial to increasing the idea of the East Midlands as a coherent, workable region. EMDA has only recently appointed its second Northamptonshire-based board member, although board appointments is one area that the Regional Select Committee highlighted as needing improvements.

again it comes back to this issue that there's been very little representation from Northamptonshire on the EMDA board since it's existed, they've had one member...yeah, so this is second person from Northamptonshire we've had on the board ever.

(Northamptonshire respondent)

EMDA's business support events and their responses to the economic down turn – 'Survive and Thrive' – have been generally well-attended in the region, but not according to one respondent in Northampton;

Whenever EMDA has any events they're never in Northamptonshire and you know, trying to get... you know if you want to get an audience which they want to have business representatives at in Nottingham for anything really, but especially if it's like a nine o'clock start or something like that you just don't get them. You know, I've been therefore to seven or eight AGMs and so on and there's plenty of

people in the room but six people from Northamptonshire, and you know those people are mostly sort of from within areas of our organisation...but it would be nice to have some regional events even if it was just like in Corby or somewhere North of the county and so on. That'll raise the visibility of it.

(Northamptonshire respondent)

This obviously goes against the quotes earlier in the chapter about the popularity of the Survive and Thrive events. However, this struggle to engage was not only evident in Northamptonshire. Many of the respondents from Leicestershire, especially those from the private sector, felt that EMDA's base in Nottingham and a perceived Nottingham bias meant that they were unwilling to be involved in EMDA projects. While there are elements of the previously discussed 'local chauvinism' at play here, there is still an issue for EMDA in terms of the way it is perceived. EMDA were criticised for not being aware of their business base outside of Nottingham. The following quotes come from a number of different interviews with private sector respondents:

I think sat here in Leicestershire, you know, my personal view is, and I hear this from one or two other people as well, is that EMDA, as with lots of other regional quangos can get a bit Nottingham-centric. And you know... we perhaps don't see as much of them out and about as our opposite members might do in Nottingham.

(Leicestershire private sector respondent)

This quote and the one below demonstrate a perception of bias towards Nottingham from EMDA amongst respondents from Leicestershire and the resentment that this has caused. The investment that Nottingham has been able to attract as the apparent capital of the region also caused anger from some respondents, especially as is pointed out below it is not actually a bigger city than Leicester (or for that matter Derby).

And that I suspect is probably typical of a lot of business people in Leicestershire, there is an awareness that they are there. My opposite number in Nottingham, the senior partner with (the) Nottingham office meets with EMDA four five times a year I guess, partly with his Company X hat on and partly because of the Nottinghamshire equivalent of LBV, it's actually called NBA. And I don't. You know, as I said at the front I don't think that's necessarily EMDA's fault, and I don't think it's necessarily my fault but it happens and it's an inevitable consequence of a regional organisation being in one of the cities without... and not having a presence in the others. One of the things that does gall me is this perception, this urban myth, that Nottingham is in some way the capital of the East Midlands, and I think that's just nonsense. It's smaller than Leicester, it's stuck off a little branch line on the railway, it's difficult to get to from the motorway, it has nowhere near the same product in terms of inner-city, and yet it seems to have attracted vast sums of money in inward investment.

(Leicestershire private sector respondent)

While the respondent above offered some reasons for EMDA not knowing about the business base outside of Nottingham, this was the cause of some frustration for another respondent:

But EMDA don't know we exist and yet we'd be the sort of company that they'd want to be attracting into their region. So what I don't know is what sort of research they do to understand the dynamics in a little bit more granular detail than they currently do about the businesses that they've got. Now we're trying to expand, to be fair we're getting courted more by Sheffield to relocate to the Humber region.

(Leicestershire private sector respondent)

There are several other quotes along these lines, with business respondents from outside Nottingham expressing frustration at what they saw as a lack of engagement from EMDA. Most of these respondents were heavily involved in business groups and in the new structures set up in Leicestershire. It is interesting to note that they all felt that some form of regional body was needed and they supported the idea and work of an RDA and are willing to play a role in a far more active way than some of the governance research by Geddes *et al.* (2007) found in other areas. The last quote in particular is striking as the respondent had been contacted by Yorkshire Forward and Sheffield City Council with a view to moving their business there and yet as far as they knew, EMDA did not know he was there despite the contribution high-tech businesses like his make to EMDA's headline figures. However, to counter this, should a development agency really be

sinking its money into a functioning, profitable private enterprise at the expense of creating new businesses in more deprived areas?

The decision to base EMDA in Nottingham along with the Government Office was heavily criticised by a number of respondents. Some felt that it would have been more politically prudent to divide the Government Office, Development Agency and Regional Assembly between the three main cities, while others wondered if the approach taken by the North West (where the Agency is in Warrington and the Assembly in Wigan – thus avoiding upsetting Liverpool or Manchester) might have been better approaches and help to build the conviction that these agencies belong to the wider region and are therefore the benefit of the whole East Midlands, not just the Nottingham City region.

The number of different boundaries poses numerous challenges for the region with various areas looking externally for trade and travel to work routes. Whilst in itself this is not a problem – so long as there is employment, why should it matter if it is in a different region – it does pose an issue in terms of persuading those who look to Birmingham or Sheffield for growth to get involved with EMDA.

This is clearly not an issue of EMDA's making – they were given the boundaries within which they must work. However, it does seem apparent that they are causing more of a problem than some in the agency are prepared to admit. In the next chapter I will take a detailed look at the new developments in Leicestershire. It is striking how much private sector engagement they have been able to achieve, specifically from businesses

who are unwilling to work with EMDA because of where they are based. There are conclusions to be drawn from the East Midlands for both theory and policy. The importance of a working in a 'region' that the private sector have some attachment to does seem to have been a factor in the willingness of respondents to get involved with the developments in Leicestershire, but not with those at the East Midlands level. The findings from the East Midlands suggest that the question of 'what is a region?' that was addressed in Chapter 4 is far more important than many New Regionalist writers have been prepared to admit, and that the definition of the region is crucial to the success of a regional policy.

What does this mean for the future of the East Midlands? Paasi (2001, 2009) identified a number of methods that can be used to create a regional identity (see Chapter 4 for a fuller discussion) and EMDA have been at the heart of efforts to do just that in the East Midlands. One area that could be improved upon is the promotion of the region as an area and the promotion of the work of the RDA itself, and it is to this issue of self-promotion and branding that we turn to next.

6.4 Self-Promotion and Branding

When examining the broad range of projects, policies and strategies that EMDA undertakes, one thing immediately becomes obvious – EMDA use a number of different badges and labels for the different services they offer. Some examples are: the East Midlands Science Council, East Midlands Innovation, the Business Link, INETS, and the

various SSPs (see www.emda.org.uk). Each of these are funded to one extent or another by EMDA, but uses a different name and badge. In some instances the EMDA brand is completely absent, in others it is hidden away in a corner.

Some of the respondents at EMDA argued that this was done in an attempt to ensure their services had an air of credibility. So linking the innovation to the Science Council was seen as a way of proving to potential partners that the innovation strategy was a credible policy approved by leading experts.

And what we decided very early on was that we would probably have more credibility, both amongst our public sector partners, but also perhaps more importantly with businesses themselves, if the support programmes that we promote, the face that people see ... is one that can clearly be linked back to this advisory group that is made up of business representatives as well as public sector bodies, rather than it being linked back direct to, you know, a government agency. So it's tapping into something they already know of. And I think it gives us more credibility.

(EMDA respondent)

Another respondent argued that while EMDA should not be advertising themselves, they had begun to display their badge more clearly. However, he also claims that people in the region know about EMDA's background role already, which either suggests

EMDA are unaware of, or unwilling to admit, the confusion that their numerous labels can cause:

Now we believe people know our major role behind the scenes and in front of the scenes. One thing that we did do was probably two years ago now, maybe three years ago now, we looked at our own branding and how that was applied to delivery vehicles. So now you will see, certainly over the last three years, it will say supported by, funded by, a partner of, and we've become more insistent and have had a stronger sort of contractual code for recognising our brand and our support for our partner delivery vehicles. It is a conscious step that we don't say EMDA delivers everything, because I don't think that... I think that's a bit crass really.

(EMDA respondent)

Whilst there is something to be said for demonstrating the credence of a policy or project, there is also the possibility that using so many brands could lead to confusion. This confusion has emerged in two ways, each equally damaging to EMDA. Firstly, by over-crowding the market with numerous products and names it can be difficult for businesses to know where to go for help – this seems particularly true of small businesses. EMDA themselves have partly acknowledged this by beginning a Business Support Simplification Plan (BSSP) which should go some way to solving the problem by dramatically reducing the number of products on offer. Although adding another acronym to the lexicon might not be such a great idea!

There is a second problem here that EMDA do not seem to be quite as aware of. In one interview a respondent was quite indignant about the perceived lack of services on offer to business from EMDA. They went on to state:

should it be the EMBC (*East Midlands Business Council*) we talk to should it be EMDA, should it be Business Link. So there is this PR issue and it comes back to the first point I mentioned Martin about the fact that because I don't think EMDA and organisation like them, have enough access to businesses at the coalface for whatever reason, it's a big gap in their ability to connect in the real economy.

(Private sector respondent)

When I informed the respondent that the Business Link is in fact funded and managed by EMDA they were surprised and retracted much of their criticism. This directly contradicts the quote from the EMDA respondent on the previous page. The issue here is that in the run up to the 2010 General Election, political parties were canvassing business for their opinions on where cuts can be made in Government spending, EDMA could surely ill afford to under sell their products. Obviously it can be difficult for a publically-funded body to spend money on PR, but there does seem to be a case either to do more of this at EMDA or to reduce the number of brands that are currently in use. Some of the respondents at EMDA were aware of this however, with one highlighting the feedback from a scrutiny report by the Regional Assembly:

we were scrutinised by the Regional Assembly a couple of years ago on sustainable development and one of the key things that they observed was that my god EMDA, you do so much, why do you not tell the story better.

(EMDA respondent)

It would seem, therefore, that in order to be more effective and to spread the message about just how much good work they are doing, EMDA might need to review how they brand their products and perhaps even adopt a more ‘vulgar’ hard sell. Although regional spending has been cut by the new Government and the actual RDAs themselves will disappear to be replaced by new Local Economic Partnerships, there is still an opportunity for EMDA to argue for a continuation of much of its work before the changes become law.

The point above about the scrutiny role of the Regional Assembly links into the next section on the accountability of the RDA and to some of the arguments about the democratic deficit caused by having unelected regional quangos operating in the space formerly occupied by local government.

6.5 Accountability

A common criticism of all government quangos is that they are unaccountable, unelected bodies spending the tax payers’ money away from scrutiny. On the one hand, this is a fair criticism to make of RDAs as they are completely unelected; on the other, they are part of

the Government of the day elected in the General Election and all their spending is approved by government departments headed by Ministers who have themselves been elected. These arguments form the basis of the debates in the Labour Party on the make-up of the regional policy to be implemented after the 1997 General Election that were outlined in Chapter 3. In addition, the creation of Regional Ministers adds another layer of Parliamentary involvement in regional affairs. This situation does not make RDAs unusual, however, as quangos are frequently criticised in the media as being undemocratic, but the RDAs are often cited as a prime example of this. EMDA tries to get round this by inviting members of the various local authorities in the region to take seats on its board, thus giving an air of accountability. The changes to the structures at sub-regional level now mean that EMDA is channelling some of its funding into local (elected) authorities which again helps to add a layer of accountability to its work, however this is still an issue for them:

I think we also need to be let's say... accountable's the wrong word cos we're highly accountable anyway, but more democratically accountable where, you know, people are elected members, maybe we need more board members that are elected members or the structure of our board might have to change in the future. I think we're moving a long way towards it now with the relationship we've got with local authorities.

(EMDA respondent)

As well as reporting to government departments, EMDA was also subject to scrutiny by the now defunct East Midlands Regional Assembly (EMRA) which produced a series of reports into the work done by EMDA. Although the work done by the Assembly has no legally-binding effect on EMDA, it has been seen to impact on the work EMDA has done, particularly in the areas of innovation and foreign direct investment. On innovation, the 2006 RES concentrated largely on big business which flies in the face of most innovation theory which argues that most innovation takes place in SMEs (EMDA 2006). EMRA produced a scrutiny report on EMDA's innovation policy (EMRA 2009) which pointed this out. EMDA introduced a new innovation team which turned the focus to the SME sector. Similarly, on foreign direct investment:

When we did our foreign direct investment review, one of the things we said was clearly you need a strategy for foreign direct investment because you've inherited a network of overseas offices with no real rationale behind why they are where they are and you've inherited relationships with local authorities that are a bit of a mishmash. You don't really coordinate how your responses go according to investors. And they said oh no, no, everything's fine and then a matter of months later they let a contract to draw up a strategy into implementing the recommendations.

(East Midlands Regional Assembly respondent)

EMRA ceased to exist in March 2010 and the role of scrutinising the RDA to the extent that EMRA have been able to do so largely disappeared. The Labour Government

set up Regional Select Committees for each region and part of their remit was to examine the work of the RDA, however this will not be as detailed or as frequent as the work done by the Assembly. The Select Committees had difficult births with the Conservatives and Liberal Democrats refusing to sit on them. The East Midlands Committee did, however, produced a report looking into EMDA and while it was largely positive, it did criticise EMDAs engagement with small businesses and its use of data sources in formulating its targets.

6.6 Impact and Successes.

Measuring the success and impact (or otherwise) of a body like EMDA is difficult, as any changes in the regional economy have to be set against the national economic context. The almost continual improvements in employment rates, wages and skill levels in the region between 1998–2007 can be seen to match a general trend across the UK in a time of economic growth. Similarly, the subsequent increase in unemployment and drop in business survival rates since the start of the recession have also occurred in every other part of the UK. Indeed, the improvements in the regions headline statistics back up the arguments of the likes of Lovering (1999), Tomaney and Ward (2000), Macleod (2001) and Harrison (2006a) that the influence of the nation state should not be understated in any assessment of regional economic performance. It would be as foolish to claim EMDA have been responsible for the growth in the East Midlands during the boom times, as would it be unfair to blame them for the poorer figures during a world recession.

Nevertheless, it is important to try and assess their work during that time and various actors have tried to do so.

In the past three years, there have been a number of attempts to assess the impact of the work the RDAs have done in terms of gaining a return on investment. EMDA did, to some extent, lead the way here by commissioning an evaluation of its spending by ECOTEC in 2005; this report was published last year (ECOTEC 2009). Alongside this, the Government, through the Department for Business Enterprise and Regulatory Reform (BERR), asked Price-Waterhouse-Coopers (PWC) to investigate the work of the RDAs and the National Audit Office (NAO) also reported on each individual RDA's performance against a number of different measures (NAO 2007, PWC 2009). The right-wing pressure group, the Tax Payers Alliance, published an investigation into the work of RDAs which called for their outright abolition on the grounds that they were a waste of public money although they did tone down these calls considerably in the wake of the work by NAO (2007), ECOTEC (2009) and PWC (2009) (TPA 2009a, 2009b).

The NAO's report was published ahead of the first of the assessments of EMDA's economic impact, but it praised EMDA for the establishment of its evidence base which it claimed allowed for the setting of appropriate targets in the 2006 iteration of the RES (NAO 2007). The report praised EMDA for its willing approach to cross-border work with other RDAs such as SEEDA and AWM – an acknowledgement from EMDA of the impact of large economic areas (such as Birmingham) outside of its control. The NAO (2007) report did identify issues with the work of the SSPs and suggested that their roles

and remits needed to be made clearer and communicated to local partners more effectively. The report also found that EMDA needed a higher profile both nationally and within the region itself, echoing the findings of this study. One of the few quantitative findings of the NAO report (2007) showed that EMDA had been partially responsible for the increased ability of the region to attract inward investment between 2003–07 (up from 11th to 6th in the UK table). The NAO (2007) credited EDMA with having an impact in 61 per cent of Inward Investments successes in the region during this period – second only to the role of ONE North East in terms of RDA successes.

PWC produced their report into RDA's impact for the BERR in March 2009 (PWC 2009). In it they found that EMDA had spent £1.124 million during the period 1999-2007, with £537 million of that being spent directly on business stimulation, physical regeneration, and skills. PWC identified 64 000 jobs within the region that had either been created or safeguarded by EMDA money and found that 44 per cent of these were additional jobs in the region that would not have otherwise of existed (PWC 2009). As well as jobs, PWC also found that EMDA had played a role in the creation of 6327 new businesses and had given support to 28 891 businesses in total. In terms of return on investment, PWC found that the average return of investment of EMDA's business interventions was on average £5.10 per £1 spent; this varied from a high of £7.30 for business support to £4.40 for money spent on people and skills to £3.70 for inward investment (PWC 2009). For spending on physical regeneration, PWC found that for every £1 EMDA spent, £0.30 was put back into the region's economy representing a loss. However, much of this physical regeneration was done in former coalfields, making

industrial wastelands suitable for private investment and development. This work would not have been carried out by the private sector due to the low short-term yields, however the return on investment for the public purse should rise in the long term.

Finally in this section, EMDA themselves commissioned a report into their impact on the region's economy which was published in 2009 by ECOTEC. The fieldwork for this report was completed earlier than the PWC report, which accounts for some slight disparities between the two. ECOTEC (2009) credit EMDA with the creation of some 23 570 jobs and show that EMDA contributed £1.015 billion per annum in GVA to the region's economy and raised GVA by between 1.2–1.4 per cent (ECOTEC 2009). ECOTEC found that the low levels of R&D and investment in general in the East Midlands economy meant that progress against the various targets set out in the 2003 iteration of the RES, whilst generally good, had been patchy. However, progress against the 2006 targets had been better, suggesting perhaps that the 2006 targets had been more 'appropriate' or even more 'achievable'. During their overall time in operation, ECOTEC (2009) estimated that EMDA spending had generated between £4.8-£8.5 billion in GVA for the region's economy, giving a return on investment of between £5-£8.90 for every pound EMDA spent.

6.7 Respondents Opinions of EMDA

In the light of the findings on the sub-regional relationships, issues with the region and relationships with other actors, this final section of the chapter will attempt to summarise

the various respondent's opinions of EMDA. It would be fair to say that most respondents felt that EMDA has done a reasonably good job since it was formed, and only one called for the agency to be completely dissolved, which is particularly interesting considering the decision of the new coalition Government to do exactly that. Many felt that there would have to be changes in the way regional policy is organised in England – either by making it more focused on economics or moving the more ambitious SNR plans to a more local scale. The overview of opinions has been divided into four main categories. Firstly, respondents seemed to feel that EMDA changed as an organisation around the time that the current Chairman and Chief Executive assumed their positions. The next two categories are the views of the public and private sectors, and then finally the issue of gaining funding from EMDA was a common topic, with EMDA's own view being markedly different to the respondents.

Earlier in the Chapter I discussed the fact that the targets in the 2006 RES had become more refined and appropriate for the region, and this change coincided with a change in the senior management of the organisation with the appointment of a new Chairman and Chief Executive. The opinions here seem to be split between those who saw the new approach to targets as being positive and those who believe EMDA became a more difficult organisation to work with once the new team was in place, that they lost some of the 'fleet-footedness' of the old regime in exchange for more realistic targets (Watt 2010). Certainly, the current leadership comes in for criticism from a number of respondents for their defensive attitude as highlighted earlier.

I mean I know Jeff Moore (*Chief Executive*), I've known him for a long time, I've got a very high regard for him, and I think him and Brian Jackson (*Chairman*) and the Team do a good job, but they are very defensive, you know, the cup is never half full for EMDA, they want to be a tremendous success.

(East Midlands private sector respondent)

Within the public sector, respondents were largely positive about EMDA's work although there was an, inevitable, sense of frustration that EMDA did not devolve more of the money and decision-making down to local authorities at an early point. Thus, the situation in the East Midlands remained at Stage Three of the diagram of regional policy longer than was perhaps necessary. As outlined earlier in the section on sub-regional relationships, the smaller councils felt that they were being left out of the post-SNR settlements and a number of the public sector respondents felt that EMDA were quite an abrupt and difficult organisation to deal with, especially with regards to receiving criticism. However, anecdotally at meetings I have attended between local authority officials and EMDA staff, a surprising amount of aggression has been directed towards the EMDA staff which could go some way to explaining their attitude towards the public sector. One of the private sector respondents had also witnessed such meetings:

I was the only one out of nine people that had any business experience, I was shocked, I was genuinely shocked at the rudeness and the venom directed by the city and the county towards the EMDA guy who was sat at the table, literally it

was some of the rudest and most offensive language without swearing that I could think I have ever seen in 21 years of professional life.

(Leicestershire private sector respondent)

The overriding view of the private sector respondents I talked to was that EMDA and the RDA project in general was a worthwhile experiment and one that had largely yielded positive results. Frustration was expressed at EMDA for getting involved in giving business advice (see earlier quotes), but overall the business support systems provided were welcomed. Some private sector respondents argued that it was only because EMDA existed that local authorities had begun to take an interest in economic development, and that while the long-term future might be at a lower geographic scale, this would not have been possible without the groundwork put in by EMDA over the past decade. Once again, EMDA's attitude in dealing with people was criticised and it seems that as well as improving their self-promotion, they also need to work on their general PR.

One area where EMDA's opinions of their own performance noticeably clashed with the other respondents was on the issue of getting EMDA funding to projects in an efficient manner. The first of the quotes below is from a member of EMDA's staff and when I (anonymously) reported this to other interviewees from outside the RDA there was widespread disagreement. EMDA's ability to move funds is seen as a fundamental weakness, although in fairness most respondents recognised that this was an issue with central government rules on spending rather than EMDA's own systems. Nonetheless, it is an area EMDA need to be more aware of.

But the one thing about EMDA, it is very lean and mean and we can make decisions quickly and we can help people on the ground although a lot of people don't, but as compared to a local authority we do. So you know, we do have all of the paperwork constraints around us and all the bureaucracy and accountability but we don't have the levels of decision making that a local authority has.

(EMDA respondent)

that's a fairly outrageous claim really I suppose... I've heard many times about projects being in there for six months, certainly four months. Some may get turned round quicker than that. I don't know. Maybe I'm just hearing about the bad examples. But they look at all the projects, all the projects across the region with a fine-tooth comb and, you know, they challenge all the outputs and so on and so forth, and you know, it takes a hell of a long time. So I can't see that's a speedy or effective process.

(Public sector respondent)

the application for now to get grant funding, whether it's £500 or £500 000, is 64 pages. It is laborious but it's all about ticking the various boxes and, you know, this making sure it's safe. Now yes that's been driven through the management of EMDA, but it isn't all their fault because Whitehall inevitably dislikes regions and regional structures.

(Private sector respondent)

These quotes demonstrate a gap between EMDA's perception and those of the private and public sector people they are supposed to be dealing with. While most respondents accepted that EMDA could not be blamed for funding and spending rules imposed by Whitehall, it would perhaps help to smooth the process somewhat if EMDA were prepared to admit there was an issue with the timescale involved.

6.8 Conclusions

To summarise, EMDA is an organisation which does a great deal of good work in the region. The aims of the RES are largely appropriate and EMDA are involved in a number of good medium to long-term projects which should prove beneficial to the region. The response to the recession has been good and EMDA deserve praise for this, although as an economic development agency it could be seen as their job to respond to changing economic conditions. Nonetheless, they did so promptly even if more engagement outside of Nottingham would have been preferable. The reports into the impact EMDA has been able to have are positive and there has been very good progression towards the target of a top 20 place in Europe by 2010. However likely it is that this target will eventually be missed, the direction of travel is impressive and this should be recognised. The setting of such a target was controversial and the author still believes that ultimately it was a mistake to hold the work of the first decade of EMDA's life to account against an unachievable goal.

EMDA was given a region to work with that was not a naturally-coherent one and this has made it difficult to gain the engagement of actors from outside the Nottingham area. This is something that EMDA cannot solve on its own and the use of sub-regional partnerships to try and get round this is a good idea, although in the long run it may well point to the future direction for government spending on local economic development. The response from EMDA interviewees to the challenges posed by the regional boundaries was mixed, with some welcoming the opportunities to establish partnerships across boundaries and others claiming that geography and identity does not matter in economic development. The data gathered during this research would suggest that those boundaries do matter, and that EMDA need to do more to get their message beyond Nottinghamshire and the three cities.

Perhaps the single biggest criticism of EMDA that emerges from this case study is the fact that they as an organisation do not get their messages across effectively. The number of different badges, labels and acronyms used to deliver projects and funding is confusing even to someone who has spent years studying regional development agencies, never mind for ordinary businesses who may only require help once every few years. There is controversy when it comes to spending public money on the PR of quangos, but with the political landscape of regional policy and public spending set to change, EMDA need to do more to sell the story of their success.

The findings from the East Midlands have some important implications for New Regionalist theory. The development of the debate in regional studies towards the need

for multi-scalar approaches to regional economic development are echoed in the East Midlands. Some areas, such as the three cities, are large enough to forge ahead with their own economic development strategies and could largely be left to their own devices by the regional body providing the local government structure was strong enough. In addition an overall steer on strategy would be useful and the regional tier should retain an interest in these larger areas. However, other smaller areas, such as Corby, which are either too small to have dominant industrial sectors or have suffered from long-term economic decline are in need of more direct action from the regional body. This finding may well have been uncovered in any of the English regions chosen by the Labour Government. The biggest contribution to theory that can be drawn from a study on the East Midlands is that the definition of the 'region' is far more important than has previously been discussed. EMDA's struggles in engaging business and local authorities outside of Nottingham could be dismissed as local chauvinism, but this would be a mistake. Involvement in attempts to create a governance network requires an area that business can identify with and feel part of; there is little or no incentive to join a governance network designed to promote an area that has little impact on your business. The example of the East Midlands and the case study of Leicestershire presented in Chapter 7 show that increased private sector involvement in local governance can be achieved when the most appropriate, or recognisable, regional identity is used.

In terms of public policy, the East Midlands example shows that government agencies need to be clear in their remit in order to attract support and better planned promotion of success stories is needed to spread the message of their good work. Business respondents

welcomed the opportunities they had to contribute to the aims of the RES, but many felt this consultation had not been spread much beyond Nottingham, leading to a lack of engagement with the process in the other counties of the region. This is a finding that was particularly reported by the business community in Leicestershire whose opinions are discussed in the next chapter.

Chapter 7: Leicester/shire Case Study

In this next chapter I will outline the results of a case study I undertook as part of the research process. As well as investigating the impact of Government policy on the East Midlands as a whole, I also decided to examine how these policies were playing out at a lower scale to establish any differences between the scales and chose the county of Leicestershire as the site for my research. This links to the literature on the multi-scalar nature of regions outlined in Chapter 2, and the findings of the research at the lower level raise questions about the suitability of the originally chosen scale (The East Midlands) as the most appropriate site for regional development policy interventions. This chapter deals with developments after Stage Three of the regional policy diagram, (see Figure 3.4 page 117) and works towards the establishment of a forth, post SNR, stage of policy development. Leicestershire was chosen partly because of the number of established contacts I have in the county through my involvement in the old Leicester Shire Economic Partnership (LSEP) and its subsequent replacement bodies which gave me very good access to key interviewees in the sub-region. However, my involvement in other research projects in the wider East Midlands had made me aware that Leicestershire was a particularly interesting area for a study such as this. More progress had been made within the county towards establishing the new structures that were required as a result of the SNR, and the county appeared to offer a fine example of local authorities and the private sector working well together.

What emerged from the case study was that Leicestershire is indeed further down the road to the post-SNR world than the other counties of the East Midlands and that there are a number of important factors behind this which have important implications for this study and for the New Regionalism in general. Firstly, the relationships formed between the local authorities and the private sector appears stronger than those between EMDA and the private sector, and the role played by the private sector in the new Leicestershire arrangements seems to be far more involved than in the areas researched by Geddes and his team at the University of Warwick (Geddes 2005, Geddes *et al.* 2007). In addition, the private sector respondents I interviewed seemed to have a far greater understanding of the work of the local authorities in the local economy than they did of EMDA. This relationship is set within the framework of a Multi-Area Agreement (MAA) between the county and city councils and the new leadership structure put in place as a result of this MAA. This placed local government at the heart of the process in Leicestershire which has in turn led to one of the key findings of this research – that we may be looking at adding a new stage to the government–governance continuum identified by Geddes (2005) and Jessop (2002), that of local government. In my interviews with other actors from the East Midlands, Leicestershire was often cited as an example of success for the other counties and cities to try and follow. A number of reasons were given for this, including the importance of leadership and strong local authorities, the need for a long-term vision, the move towards real local government (i.e. one which plays an active role in the local economy and does more than clean the streets and collect the bins), and the engagement of the private sector.

It is important to note that some interviewees did sound notes of caution here, particularly with regards to the impact of the City and County partnership on the district councils as well as the potentially precarious nature of any settlement that relies heavily on individuals as the one in Leicestershire does (this will be discussed later in the chapter). Some respondents also expressed a concern that while significant progress has been made in the sub-region, it is unclear what the overall strategy actually is and the struggles that the new Cultural Quarter has experienced since the interviews took place might be seen as an example of this. Here it was argued that without an overall long-term strategy, the City and County Councils risk falling into the same trap as many of the RDAs and having no clear central plan in place. A further point to make is that while it is indeed true that the partnerships set up in Leicestershire are wider in nature than in the rest of the region in terms of attracting private sector involvement they do not yet have significant roles for community groups and the voluntary sector. Finally while the physical regeneration of the City has indeed been impressive it is worth pointing out that Leicester was one of the last cities in the UK to regenerate its city centre and that perhaps more lessons could have been learnt from elsewhere, particularly with regards to the Cultural Quarter.

This chapter will outline the structure in place in Leicestershire by first looking at developments over the past ten years or so before moving on to examine the MAA and new structure in detail. A number of key findings emerge from this case study that have important implications both in terms of regional economic development theory and government policy in general, such as the importance of strong local government and

leadership, the success of work at the sub-regional level and future role that a regional tier body may, or may not, have in economic development.

7.1 Pre-SNR

Although the relationship between Leicester City Council and Leicestershire County Councils is currently very good, and indeed has attracted a good deal of praise during this research, it has not always been the case. Indeed, many respondents spoke of a history of hostility between the two going back to the 1974 Local Government boundary changes and then the introduction of Unitary Authorities in 1997.

I think the relationship between the city and the county as local authorities has been strained over the years. The row started in 1974 with the.... boundaries and the city then came within the county. That was exacerbated in '97 when unitary status came in. So you know, it wasn't ten years ago that they wouldn't sit in the same room as each other, which seems bizarre.

(Leicestershire private sector respondent)

This lack of cooperation was problematic because the city and county are so closely linked economically that the growth of the two relies heavily on each other and without cooperation between the two authorities, improvements in services such as transport links between the market towns and the city centre would not be possible. Additionally, the

local authorities themselves did not seek a particularly active role in developing their local economies once the RDAs were established:

with the development of the Regional Development Agencies and their decision to create the sub-regional companies, LSEP and Welland in our case, I suppose it's fair to say that our role during the sort of late '90s into the last five years declined quite considerably. Obviously most of the money was channelled through the regional and that particular sub-regional relationship which we had a role in terms of being a director of LSEP in particular. But it was a role as a member of a company rather than a role as a council. So I think it's fair to say that, you know, during the last, however long that's been, six or seven years, that our role has been much reduced until the last couple of years when obviously things have changed and the direction of government policy has given us a clearer role.

(Local authority respondent)

So during the first few years after EMDA was formed, the councils pulled back from their involvements in the local economy. The catalyst for the change in the relationship between the councils can be traced back to the failure of Leicester City Council to attract the headquarters of EMDA to the city when it was first established, along with the emergence of key individuals in both the public and private sector who realised the importance of the various actors in the sub-region working together.

there was a hell of a row when EMDA was located in Nottingham and ... I've forgotten his name, was on the Board of EMDA and was then Deputy Leader of Leicester City Council kind of got ostracised from the Labour group because he didn't deliver EMDA's Headquarters to Leicester, you know.

(East Midlands MP)

In addition to the lack of cooperation between the councils, the business community was also unwilling to engage with the councils' attempts to get involved in the local economy, as one respondent from the councils explained:

And I went to a meeting of the Leicester Industry and Knitting Industry Association to tell them about this new grant scheme we'd put together to help local small businesses. And they invited me to their committee meeting and as they smoked away in the wood-panelled room, I made my presentation and this was us here to help and you know, over their spectacles, young man, if the City Council wants to help the business community, you go back to them and tell them to reduce the rates. That was their kind of, you know, we don't want to engage with you, we don't want to hear from you. We just don't want to pay you any money.

(Local authority respondent)

These are hardly the kind of relationships from which local economic development can flourish and the loss of major government bodies such as the RDA and Government

Office to nearby Nottingham seems to have spurred key figures in the sub-region into action.

And you know, I have to say I do claim a little bit of credit for that because the three of us were sat in a hotel suite in Chongqing (China) about four or five years ago, and we drank a bottle of malt whiskey, we put the world to rights [laughs], but it got the two leaders talking to each other and that helped. So you know, it was one of these trade missions we were on. But again the relationship is good and I think it's a move in the right direction. Quite clearly the two authorities recognise they need to work together, which is good and obviously we're here to facilitate them and help them wherever we can.

(Private sector respondent)

The meeting in Chongqing is a concrete example of the private sector taking an active and leading role in establishing dialogue between the two upper-tier authorities. These relationships were not immediately successful, however, the county was certainly in a better position to take advantage of the setting up of the Leicestershire Sub-Regional Strategic Partnership (SSP), the Leicester Shire Economic Partnership (LSEP) in 2002, and try to drive the local agenda in a way that was not possible when EMDA itself was first formed in 1998. LSEP, while being funded by EMDA, was nominally run by the local business community together with the upper-tier local authorities and district councils and strategic plans for the area began to be formed from the ground-up for the first time. However, as was outlined in the previous chapter there remained a great deal

of frustration that EMDA controlled the budget of the SSPs and to a large extent could dictate to the board of LSEP what it wanted done with its money. This experience does seem to have given the key actors within Leicestershire the taste for local economic development and persuaded them that in the new post-SNR structure they would have to ensure they were in a stronger position than was the case under the LSEP. The following three quotes are from EMDA respondents and they highlight the extent to which EMDA could set the agenda of the SSP in each sub-region, and in fairness they demonstrate EMDA's awareness of the issues the lack of delegation was causing:

We devolve... Well devolve is probably the wrong word, we don't devolve. We contract with the local authorities and we say here's some money and these are the outputs that we want for that money.

(EMDA respondent)

Although the term 'devolve' is used, this EMDA respondent has a particular interpretation of the term. Here the relationship is described as customer and client rather than partners – EMDA is willing to spend cash, but only in return for specified projects that would help it to meet the targets set out in the RES. This means that the power in this relationship is completely top-down, there is little room for the Board of the SSP to choose how it spends its money.

Well we've got formal legal agreements in place, you know, we didn't walk into this with our eyes shut and say yeah here's the money and here's the targets and here's the

outputs, just achieve those, tell us what the projects are and we'll fund it. We put a formal agreement in place. We've told them that this money is ring-fenced and, you know, you have to agree everything with us, but it is about a partnership, we do want to work with you on a trust basis, but at the beginning we're not [laughs].

(EMDA respondent)

The situation as described above hardly conforms to the high-trust relationships that Cooke and Morgan (1998) argued were necessary for regional innovation and growth to flourish, and looking back to the quotes on trust relationships from Fox in Chapter 1, the arrangements in the East Midlands certainly fall into the low-trust category given the 'specific expectations' that EMDA places on each funding allocation (Fox 1974, cited in Cooke and Morgan 1998).

So I think it's another point to know is that we do not delegate any approval to the SSPs. We approve everything. Again that's not us being control freaks. That's because we're not allowed to delegate under the RDA Act. We'd love to...because delegation means that we can shorten the timescales and, you know, we can get things done a lot faster, but I think it's again another important point. If we're to improve the way economic development is delivered on the ground then we must delegate and people must have different authority levels at different levels, but we can't.

(EMDA respondent)

The respondent who gave the last quote was very aware of the frustrations that the SSP system could cause but as they pointed out, the RDAs were hamstrung by Whitehall rules on quango spending. In addition to this, the county was covered by more than one SSP, with the Welland SSP to the East being in part responsible for EMDA spend in Rutland and Harborough which added to the problems of trying to come up with a single strategy for the whole county. All of which combined to make the SSPs less effective than they might otherwise have been had they been organised on existing boundaries and given more freedom to decide on strategy and spending for their areas.

By the time the SNR came into force, the partnerships within Leicestershire were such that the sub-region was amongst the first in the country to abolish its SSP and push ahead with a new structure and strategy which benefited from a bottom-up strategy and multiple sources of funding, thus reducing the influence of EMDA. In terms of the regional policy diagram, it is at this stage that the process in Leicestershire could be seen to be moving on from stage three to policy driven from bottom up regionalism, rather than top down regionalisation. It must be noted, however, that while the new structures in the county enjoy broad support, there are those from across the public and private sectors who feel the old LSEP was abandoned too readily and this is something I shall return to at the end of the next section. Nonetheless, there seems little doubt that Leicestershire was in a much better position to take advantage of the SNR than the other sub-regions of the East Midlands:

we thought if we're going to operate in terms of attracting inward investment, in terms of showcasing what we do it makes sense to do that with a bigger critical mass of a population of nearly a million in the city and county together. That's a first. Nottingham and Nottinghamshire haven't done it. Derby and Derbyshire haven't done it. Northamptonshire are kind of getting warm. So, we were head of the SNR in that sense, in the sense of we built those relationships. So, we've been able to determine our own model, our own future.

(Leicestershire local authority respondent)

It will be interesting to see what implications being so far on in the post-SNR settlement will have for Leicestershire under the new Government's proposals for Local Economic Partnerships. The county would appear to be ideally placed to go for Local Economic Partnership status as soon as the exact details have been released. The next section will outline the post-SNR settlement in Leicestershire.

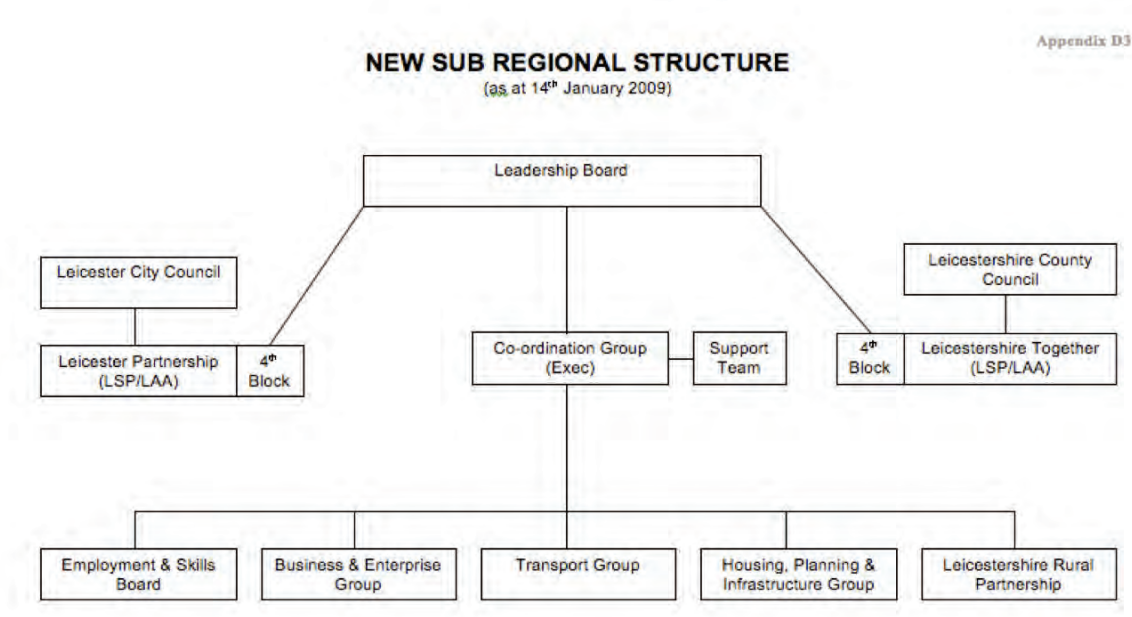
7.2 Post-SNR structure

This section of the chapter will examine the new structures put in place to replace the old LSEP and implement a Multi-Area Agreement (MAA) that was put together principally by the city and county councils to drive the economic development of the Leicestershire sub-region over the next decade. The signing of the MAA was a landmark event and one that emphasised the progress being made in the county, as no other area in the East Midlands has managed to get a MAA in place at the time of writing. Indeed, Leicester

and Leicestershire is one of only a handful of places in the whole country that have been able to put such an agreement in place and, according to a number of the respondents I spoke to the area, it is being used as a template by a number of other local authorities around the country who want to implement a similar structure. The MAA document talks broadly about having a clear focus on economic development and increasing the skill levels and employment opportunities in the sub-region (see www.leicester.gov.uk for details). In order to put these ideas into practice, the two upper-tier authorities have joined together to form a new sub-regional governance structure (see Figure 7.1). The new structure differs from the old LSEP in a number of ways, not least because economic development per se is just one of the delivery objectives of the MAA. As can be seen below, the structure is headed by a leadership board which includes the political leaders of the City and County Councils, as well as representation from the newly formed Leicestershire Business Council and other key local actors. The Business Council has been formed to try and ensure that the interests and views of the private sector are central to the strategy produced for the county. The private sector make up a significant proportion of the leadership board as the councils were keen to ensure that the economic development of the sub-region was business-led. One criticism that could be levelled here though is the lack of representation for community groups, trade unions and the voluntary sectors in this new leadership board. Below the leadership board is a co-ordination board which is run by the chief executives of the councils and the economic development teams in each council. EMDA had a seat on the coordination group as well. The leadership and coordination groups are responsible for coming up with the vision and strategy to drive Leicestershire forward, and the delivery of this strategy is then undertaken by five

different delivery vehicles: employment and skills, business and enterprise, transport, housing, planning and infrastructure, and finally, rural partnerships. The strengths of this new structure are that there is a clear hierarchy in the county with the various elements reporting to, and being held accountable by, an overarching leadership board which can ensure that a single strategy drives each policy board.

Figure 7.1 Leicestershire sub-regional governance structure



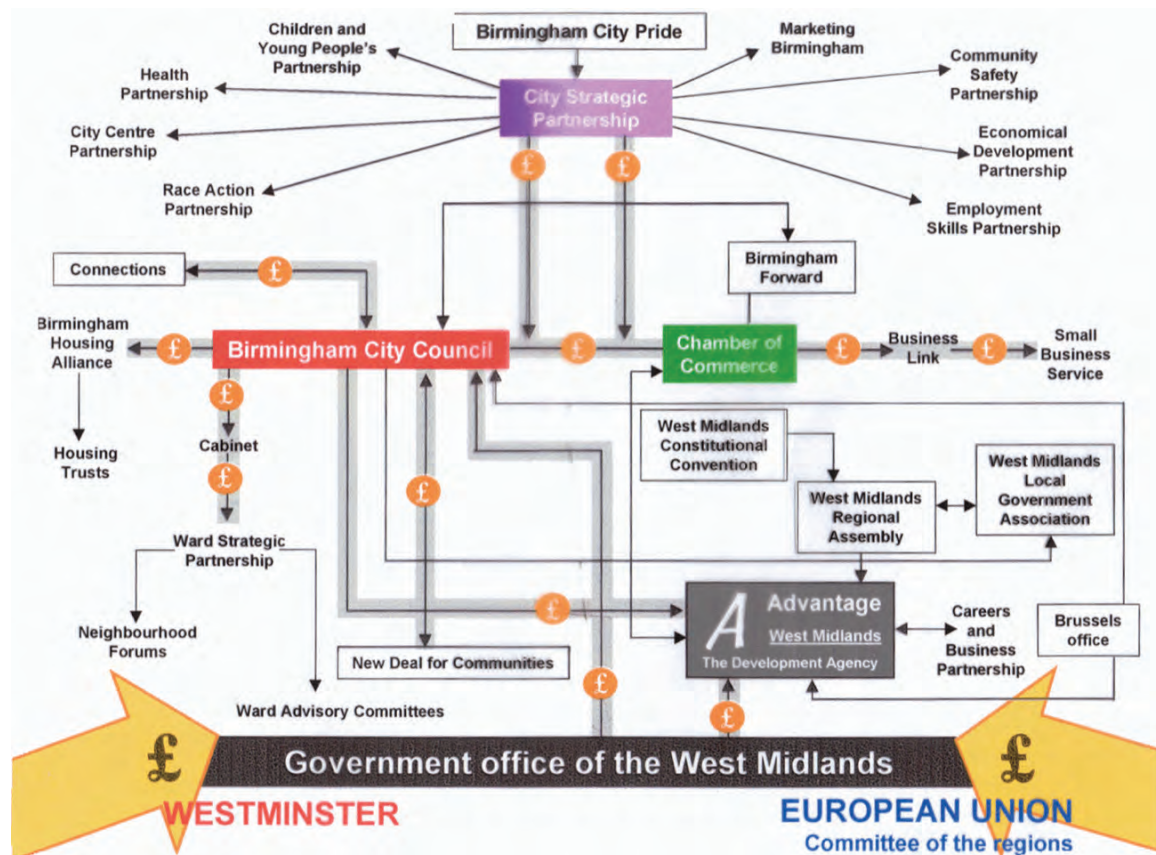
Source: Diagram provided by Interviewee

Each of these delivery vehicles has a separate budget with which to fund its own projects, and it is here where the structure is markedly different from the existing set-up within both the county and the East Midlands as a whole. This structure enables the leaders of the sub-region to come up with a coherent plan for the area and then control how that is delivered in terms of planning, transport, skills and economic development, whereas the LSEP and to a large extent EMDA could only influence delivery in economic

development. The plan produced by the MAA bares some striking similarities to the original plans for RDAs and assemblies that were put forward by John Prescott when Labour were in opposition (Regional Policy Commission 1996), with a single over-seeing body producing policy for various delivery bodies to implement instead of the messy national solution that saw vital skills, economic, planning and transport decisions being taken by different bodies within the same region.

In order to demonstrate the advantages of the new structure in Leicestershire and show how straight forward it is, it is useful at this stage to compare the new MAA structure in Leicestershire to the current map of partnerships that operates in Birmingham. Whilst Birmingham is obviously a much bigger city than Leicester and the capital of its wider region (the West Midlands) leading to a greater number of actors with a vested interest in the economic development strategy for the city. However, the comparison is still a useful one in terms of demonstrating the extent to which the City and County Councils in Leicestershire have been successful in placing themselves at the heart of developments in their localities.

Figure 7.2 Governance structure of Birmingham



(Source: Public lecture by David Wilson, De Montfort University, 25th March 2010)

In this case, Birmingham City Council is one of a number of agencies acting in the arena of local economic development in the city, but cannot be said to be central to, or in control of, the arrangements. The contrast with Leicester is quite stark. Wilson (2010) used this diagram to argue that in this scenario local government's role in economic development had been reduced to that of an onlooker in some cases. From his diagram it is easy to see how one could arrive at such a conclusion. The City and County Councils of Leicester and Leicestershire have managed to position themselves alongside the business community at the heart of development plans in their city region.

Another major difference from the old LSEP model is the way in which the various elements are funded. Previously the LSEP was funded by EMDA who then gave the SSP and their boards' targets they expected to be met in return for their money. In the new structure each delivery body has a number of different funders. So to take the example of the Economic Development Company (EDC), which has been set up to deliver the economic strategy, the leadership board decides on:

The funding that's gone to create the EDC has come from funding that's been transferred from the old Leicester Regeneration Company. So the City Council's £250k comes from the money they would have put into that. (*then theres*)... the contributions that EMDA and HCA previously made to that company, which I think are both £250K each. The County's contribution therefore is a new one cos the regeneration company was city-based, a city-only organisation. So we put a new £250k in, although part of that money comes from what we previously put in to Leicester Promotions for the Inward Investment Service. Of course the Inward Investment's moved from Leicester Promotions into the EDC. And then the district councils put in £125k as well. So the total budget is £1125m. £250k city, £250k county, £250k HCA, £250k EMDA, and £125k districts.

(Local authority respondent)

So while EMDA retained an interest and funding presence in the economic development work within the sub-region, it is now one of a number of equal partners and this gives the

local authorities more scope to set their own agenda than under the previous arrangements where all the power in the relationship resided with EMDA. EMDA's money and wishes remain an important element in the new arrangement, but they are no longer in a position to dominate or dictate the agenda as they might have done with the LSEP and this is something respondents at EMDA were quick to acknowledge:

I think Leicester and Leicestershire, out of all of our local authorities, are the most advanced in understanding what they could achieve, and I think they do look way beyond their own boundaries in a number of different ways. They're talking to CLG about city-region status. They talk to CLG about Multi-Area Agreement status and they've got that and they're pulling together a team down in Leicestershire that I would say is one of the strongest I've seen.

(EMDA respondent)

As has already been mentioned, the partnership between the County and City Council was highlighted as being key to this progress by a number of respondents from each sub-group of interviewees. This is especially impressive as the two councils are led by different political parties, with the City being a Labour Administration and the County being led by the Conservative Party. Furthermore, this relationship actually stalled during the middle part of the first decade of the 21st Century, when the city was briefly led by a coalition of the Liberal Democrats and Conservatives who pulled the city out of many of the partnerships the Labour-led council had started to build. The City Council was heavily criticised for this approach, both by the Local Government Ombudsman and by a

number of respondents to my research. Once the Labour Party re-assumed control of the City Council, the partnerships were re-instated and progress was once again made.

Well they are, and, actually city and county have worked together extremely well, particularly over the last four ... well that's wrong, I was going to say out of the last eight years, for about six of the last eight years and apart from when the Lib Dems were in power in Leicester and that's despite the county being Tory and the city being Labour.

(Leicestershire private sector respondent)

In a number of my interviews the partnership building was attributed to the political leaders of the two councils who were prepared to work with each other in order to put the MAA together. The following quote is fairly typical of the opinions being expressed in the interviews from people with no connection to either man. Indeed, the importance of key individuals emerged as a leading factor in the success of the Leicestershire sub-region, as I shall discuss in more detail later in the chapter.

from the point of view from having a Tory county council working with a Labour city council, that's pretty impressive really. Particularly when what went before was, to my mind, there seemed to be almost a bloody-minded sort of approach or modus operandi I suppose of just not talking to each other, of deliberately trying to fall out. And this isn't a party political point at all but I think Ross Wilmot and David Parsons

deserve a lot of praise in terms of, to some extent, burying their political differences , identifying the need that city and county do need to work together.

(Leicestershire private sector respondent)

This spirit of cooperation and recognition that the two authorities need to work together extends beyond the political leadership to the bureaucratic leaders of the two authorities and their teams. It is absolutely vital to get both the politicians and the civil service working together as a lack of such cooperation was cited by respondents in Nottinghamshire and Northamptonshire as a leading factor in the lack of progress towards a MAA or even successful LAA in the area of economic development.

The chief execs, the deputy chief execs... that clearly, they are, that's not playing lip service to anybody, they are genuinely rolling their sleeves up and getting involved and working on projects all the time, and that, I think, that potentially is the biggest... of the ten/twenty year strategy, that's the biggest what's the word I'm looking for, the biggest product of all of this, the biggest legacy of this change would be that city and county officers get used to working together and continue to do so going forward because they've got so much in common in terms of the issues that they are dealing with, it just seems crazy to me that they've not worked together before and they are in the main, I'd say, they're all good guys, they're bright, they're keen to get things done. They appear to listen, certainly to the business community.

(Leicestershire private sector respondent)

Whilst it is certainly encouraging to see the partnerships extend to those actually tasked with doing the day-to-day work on the MAA, it is worth sounding a slight note of caution. It is true that at the top levels of the council's administration there is a real push to work together on a range of issues across the sub-region, but this has not fully permeated down to the office staff who attend meetings of the economic sub-group I attend, where the city staff in particular can be quite difficult and reluctant to cooperate with their county colleagues.

Nonetheless the partnership between the City and County Councils is to be admired. There is a danger, however, that the new settlements have to some extent excluded the district councils from the discussions. As was outlined in the Chapter 5 on EMDA's handling of the post-SNR settlements, there is a good deal of resentment about the way in which the lower-tier authorities were left out of the discussions on the SNR and this was again expressed when discussing the new structure in Leicestershire. Although one respondent I spoke to did say that if the districts could work together then they could be a significant influence on the strategy and the delivery bodies in particular.

Well, previously it's through the SSPs, which we're going to struggle on in the new arrangements, even though I'm as close as you can get to where the decisions are taken and that was a deliberate move actually, because there was an opportunity there and it's a case of the only way we stand a chance of getting anything is to be right in there, and it's taken a lot of time, it will pay off in terms of Innovation Centre, other than that probably not much. So, for each of the districts, a few of them have got a

project similar to the Innovation Centre, we don't get a lot of time from EMDA, it's mostly focused at City and County now.

(Local authority respondent)

This demonstrates the points made in Chapter 6 about the danger of the smaller districts being left out of city-region style arrangements, emphasises the need for a multi-scalar approach to regional economic development and echoes the warnings from Harrison (2006a) about the potential for repeating mistakes by pushing ahead with city-regions as the scale of choice. As wrong as it was to over promote Nottingham at the expense of other areas, there is a need to ensure that the districts are not left behind in the new Leicestershire structure. This is where a truly multi-scalar policy could come into play with a body at the regional level (East Midlands) who are able to truly devolve power and funds to the city regions or areas of economic functionality that emerge (in this case Leicester/shire), but that retain an overseeing role that then picks up the slack or the areas that are not included in the city regions (so the districts or particularly deprived areas such as Corby).

Some private sector respondents did express a concern that the new structure and MAA had been put in place a little too quickly, and that the actual strategy and vision that underpinned the new partnerships was perhaps a little unclear. While the MAA document does talk broadly about the need to increase skills and business growth, it does so in quite woolly language that, in a similar manner to many of the first RDA documents,

studiously avoids setting targets. There was a concern here that the MAA should be better expressed if the progress made to date is to be sustained.

there seems to be at all levels a complete absence of what I would describe as a coherent strategy in terms of what anybody is trying to achieve, they're all sorts of wish statements, I mean you know if you look at the Multi-Area Agreement, I mean I use this to paraphrase is all the MAA says in terms of objective is we'd like a prosperous and thriving sustainable economy. Well wouldn't we all? I mean that's fantastic, it doesn't mean anything, that's not a strategy, that's just a wish statement, possibly a mission statement.

(Leicestershire private sector respondent)

A similar quote is presented below; this time the respondent is concerned that the local authorities might not be capable of producing a long-term vision for the sub-region – in part due to the short lifespan of most councils. This was an issue that cropped up in a number of interviews and the need for long-term planning was seen as vital for the success of the new structure. Another point that was made was that the councils themselves don't actually promote their work and vision particularly well which links back to the problems EMDA have with PR and spreading their message effectively to their audience.

I think that leaving things to the local authorities in this area will lead to short-term, reactive, poor decisions when we actually need long-term vision, we need to know what do we want Leicestershire to be like in 2020 and then in 2030 and then in 2040.

(Leicestershire private sector respondent)

Finally in this section, some respondents were worried that the LSEP had been abolished too quickly and that this had left a confusing vacuum between the old SSP structure and the new MAA and creation of the EDC. It may be that in the rush to take advantage of the new SNR settlement and assume control from the Development Agency, the local authorities acted a little too hastily.

(since) the demise of the SSP on the 1st April, nothing really seems to have replaced it, or not particularly well. So decisions at the moment seem to be made almost on an ad-hoc basis by the leadership group and the coordination group and these various other strategy and performance groups set up. It's absent of any coherent strategy which sort of pools all these things together and that I find quite worrying.

(Leicestershire private sector respondent)

This view was shared by respondents who had worked directly with the LSEP and the quote below shares some similarity with the complaints of the district councils about being left out of discussions on the post-SNR structure. There is a warning here to those in charge of the new partnerships. EMDA were heavily criticised for the manner in which they dealt with people and the impression they left behind as being an arrogant

organisation did little to endear them to potential partners, be they from the business community or other public sector bodies. This is a trap that the new leadership board would do well to avoid.

I think if I was being critical, I think possibly this transition period like now hasn't perhaps been managed as well as it could have been, in that I think the people here feel that they weren't really consulted very much. I mean I'm only hearing something. I'm not an employee of the LSEP. You pick it up from what people say, but I think they have felt a little bit that they've been... this is being done to them rather than being done with them.

(Leicestershire respondent)

Despite these criticisms of the handling of the transition period, the overwhelming tone of the feedback on the new MAA structure in Leicester/shire was positive. In the next section of the Chapter I will go onto look at some of the flagship projects that have been established in the city region in the past few years, as these demonstrate some of the successes that the new structure has been able to achieve and also show the benefits of strong local government and leadership.

7.3 Flagship Projects

The initial results of the MAA and new structure are now beginning to be felt within the county. Evidence of the physical regeneration of the city of Leicester is easy to spot with

a vast rebuilding project having been undertaken in the past few years centred around two major investment projects: the Highcross retail centre (with John Lewis as the flagship store), and the building of the new multi-million pound Curve Theatre in an attempt to re-designate a previously run down part of the city as the 'Cultural Quarter' coupled with a business incubator unit and a new office development at Colton Square. Both of these projects have been high-profile undertakings by the councils and have attracted criticism in the local media, especially when the Curve went over budget. However, the respondents from the private sector were largely supportive of the Councils efforts with the Curve and Highcross, in particular the business like way in which the City Council approached issues with funding of the Curve and surrounding areas.

They have the stomach for a flagship theatre project even when it looked like it was going to go horrendously over budget, they managed to find ways to get the budget extended to bring costs back. That is the sort of thing that the private sector would have a monopoly of doing, but we had a city council that said no okay it's a bit more risk involved, a bit more money involved but the long-term objective is still going to be do this and they stomached it and they delivered.

(Leicestershire private sector respondent)

The Cultural Quarter has experienced something of a downturn since the interviews took place with the new independent cinema (Phoenix Square) in particular struggling to attract sufficient custom to stay open. In addition the area – while significantly improved – has not attracted the number of new businesses that had been hoped for. The wisdom of

moving a profitable independent cinema across town into new expensive premises is starting to be questioned. It could be that these struggles are related to the recession and that in the long run the Cultural Quarter will be a success but the point made earlier about the need to learn lessons from other cities and in particular to ensure that the partnerships have long term strategies are becoming more relevant as time moves on.

The Highcross development, meanwhile, was cited as a good example of a local authority working together with the private sector to develop an area and create employment and retail opportunities while improving the look and feel of an area of the City. Some lessons had been learned from nearby Derby (whose new out of town retail development had serious negative implications for business survival rates within the city centre) with regards to the location of the Highcross development in the middle of the City.

Nonetheless some of the shops nearby have gone to the wall since the Highcross opened – as with the Cultural Quarter the recession will be partly to blame here but again perhaps the planning could have been better.

While it must be acknowledged that one private sector respondent was very sceptical that the Local Authority had any right to take any credit for attracting the investment in Highcross, the majority of people I spoke to did not share this viewpoint and felt that it was the Council's willingness to work with the business community that encouraged the developers to come to Leicester ahead of other areas:

But I don't think people like Hammersons (Retail Real Estate Developers) invest that sort of money in areas if they don't have confidence that the local authority have got its act together enough to not run the whole show down. Because it cost them what £7-£8 million to put Highcross in there, they're not going to put that sort of development in place if they believe that this crappy city council is going to go off now and start diverting traffic in all the areas that it shouldn't do and we're going to be left with a bit of a white elephant.

(Private sector respondent)

An example of this cooperation was given to me in an interview with a representative from one of the councils whose authority had taken the lead in contacting the LSC to put on courses at local colleges to enable local people to gain the necessary qualifications to take advances of the new employment opportunities that the Highcross development would offer.

When Hammersons... You might say this is still at the low-skill level, but it was kind of taking people right at the bottom of the pile who hadn't worked, long-term unemployed perhaps, no formal qualifications at all, and understanding what jobs the shopping development would create, working with John Lewis, working Hammersons, and a year or 18 months before any vacancies were advertised, identifying people and working with those people to increase their skill levels so they could access those jobs and they would gain... You know, if they had done that and had done the training, went through the bespoke training and so on... (and were)

guaranteed interview opportunities. Not necessarily jobs because it's still a competitive environment. That worked. I think we ended up with 300 people who were long-term unemployed getting positions.

(Local authority respondent)

This kind of intervention by the council was surely vital in improving the skills base in what is a traditionally low-skilled labour market and must help in attracting business into the city. Furthermore, it also shows an awareness that economic development should not always focus on graduate-level jobs and particularly not in a city like Leicester which has lower than average levels of qualifications as outlined in Chapter 4. Overall, the regeneration work that has gone on in the city has attracted a good deal of praise, particularly from the local business community with one respondent acknowledging that it made Leicester a more attractive place to work and do business.

and it is great, it's tremendous what they've been doing and actually the new theatre, the shopping centre, all of this stuff it's part of a bigger matrix of things you need to put together to attract people and businesses in. Because a business wants to be in a place that it feels as though it's successful and growing, where the staff will be happy et cetera, et cetera.

(Leicestershire private sector respondent)

This positive impression was not restricted to those businesses I spoke to within Leicester however, and the councils must be hoping that their efforts attract more investment from outside of the city:

the private sector has been banging on a long time about the need to have an offering. In fact our Director General I'd taken to Leicester twice in the last year but by design that was because we felt that Leicester has something now. But his view when he came was, 'Why would people come to Leicester?' And he just asked that question of the gathering that was there, public and private sector. He could have said, quite honestly I don't hear anything about Leicester. So he went and he toured High Cross and he went to Curve... And went out to meet companies like Samworth Bros and Clifton Packaging and others. And he went away and I've heard him speak on a national platform since then saying 'Look, I've been to Leicester. I bet most of you haven't been there. But there are things happening.

(East Midlands private sector respondent)

Indeed, this was one important issue that was picked up on by a respondent from Leicester who, while positive about the progress that has been made, was keen to stress that this should only be seen as a start and that more work needs to be done if the success so far is to be long term in nature.

I think the city centre itself in terms of physical regeneration, and we're probably really only part way through a long project, is fantastic and ... you know there's an

element to this regeneration which I think starts to create a bit of civic pride which actually, which has not been there... and I've been in Leicester since 1985 and it's never been there until the last two or three years or so, so I think that's good. My caveat to that though is that over that period, over 1985 to 2005 since I've been here, the industrial guts of the city has been absolutely ripped out, so what was actually a textiles factory, a hosiery factory based economy is now primarily business services and we haven't had major inward investment from any big organisation. So if you look at the likes of Nottingham for example with the lights of Experian and Capital One, with the Inland Revenue re-locating up there, you know there are some big employers that are city centre based, lots of suits, a reasonable amount of money spent, spending money on the city centre, we haven't got that in Leicester and that's the important next step. You know we can build lots of pretty buildings, like Colton Square for instance but until they're full of suits spending their money in the city centre, perhaps living in the city centre as well, and then we haven't really done anything in my view, it's just window dressing. It won't be sustainable.

(Leicestershire private sector respondent)

As well as needing to attract more business investment into the newly rebuilt city centre, more work is also needed on the general infrastructure to build on the physical improvements already made such as better transport links and facilities for those living in the city. However it is worth pointing out that since the above interview took place, Capital One has actually withdrawn from Nottingham at the loss of several hundred jobs. This perhaps highlights the dangers of relying on attracting mobile big business to your

city as they are just as likely to move away again as they are to move in. It could be that the key to long-term success is to develop local business clusters that have an attachment to the locality, as is seen in the examples of Emilia-Romagna and the Basque Country in Cooke and Morgan's (1998) research. As the following respondent highlighted, unless the city centre can offer an attractive *and* practical place to live, then the swathes of new 'luxury' apartments risk being left empty.

We had the Regenerous Report from EMDA last year which has shown that, you know, higher-earning professionals are leaving city centres because there isn't the infrastructure. Now Leicester have done a lot around its retail infrastructure, but we've still got over-development of apartments, under provision of public sector infrastructure like the schools, health centres, and, if we don't get those bits right, we'll continue to see that city flight and those retail centres will not achieve their ambitions.

(East Midlands respondent)

This last point is particularly interesting in the light of the drastic budget cuts the new Government has announced, and the fact that one of the remaining issues that was highlighted by respondents was the transport links to the city and this is going to need further investment to overcome.

7.4 Transport

Transport was a major cause for concern that emerged during the course of my research, both for the East Midlands as a whole and for Leicestershire in particular. Leicester as a city has good rail links to London, Sheffield, Derby and Nottingham, but the Birmingham service is cramped and unreliable and the city has no direct link to any other major UK city by rail. Bus services into the city have been improved in recent years, but services in the districts are still sporadic. While Leicester sits on the M1, access into the city from the motorway is very poor and parking in the city centre is sparse. All of these factors add up to make it difficult to move workforces and goods in and out of the city in an efficient manner causing one respondent to comment:

the primary reason, why all these businesses have moved out is dead easy it's actually it's access to the city centre and that's not access for them getting in because they're businessmen and want to drive to the front door and park, it's how do my customers get in, how do we get out to see customers and can we do it quickly and easily. And I can get in and out ... sorry I'm going on a tirade now, from four miles out I can get into the centre of Birmingham in about five minutes even at ten o'clock in the morning or 09:30 or 03:30 in the afternoon. In Leicester it's 30 minutes, it's a major impediment to business retention and business growth.

(Private sector respondent)

In this particular interview the respondent mentioned that his company was now actively looking to re-locate to another city and, given that their workforce were amongst the most qualified in the city, this would be a major loss. Another respondent, however, felt that some encouraging progress on the congestion leading into the city had been made:

I think the city council have done a hell of a lot of good work and yet they still get pilloried for little things but they don't stand up and do what I would do in their shoes and say hang on a minutes you guys were telling us you wanted road improvements because of congestion, what we did was we took control of the traffic wardens we put them in the right place and are enforcing traffic regulations so cars aren't parking there at 8.30 when they shouldn't be there until 9.30 and you can come all the way down London Road now and use both lanes whereas before you were bottle necked up around ... and you say it was congestion, but it wasn't it was bad behaviour by motorists so we haven't had to spend the 20, 30, 40, 50, 60 million...

(Private sector respondent)

Despite the progress made with the London Road, there is still a serious congestion problem in the city and until the transport links – particularly rail – are improved the danger of businesses moving to better connected cities remains.

7.5 Conclusions: Key Findings from Leicestershire Case Study

In the final section of this chapter I will discuss the main findings that have emerged from the case study of economic development in Leicestershire. There are three main findings which have implications for this study. They are: 1) the importance of local leadership and strong local government involvement in the process, 2) the future role of any regional-tier body that may replace EMDA in the sub-region and, related to this, 3) the emergence of the city region as the most appropriate scale for economic intervention.

7.5.1 Importance of Leadership and Local Government Involvement

The involvement of the two upper-tier authorities is seen as key to the success of the MAA and the new governance structure in the sub-region. At the heart of that success are a handful of key individuals from the local authorities themselves and additionally from the business community who recognised the need to work in partnership together to drive the local economy forward for the benefit of all. This is a similar finding to the research of Czepczynski (2009) in Gdansk and Gibney et al (2011) in Birmingham, Barcelona and others (which is discussed in Chapter 2). Czepczynski (2009) found that attempts to stimulate growth at the regional level in Poland were floundering in the tri-city area until key individuals emerged in Gdansk who were prepared to take on a leadership role and drive things forward. There is little doubt that the two people who consistently attracted the most praise from respondents were the two political leaders of the councils (Ross Wilmott and David Parsons) who forged an effective working relationship despite their

political differences, and have enabled Leicestershire to become one of the leading examples of local economic partnerships. Respondents from the private sector were keen to praise both men:

So yes, the leader of the Leicester city council, Ross Wilmott is actually ... he's one of the few exceptions and I do believe he's got a ... I don't know what his vision is, but I believe he has plans or he has a desire for the city to improve. Yes, he is by far the best local council leader that I have seen in the last 20/30 years. The leader of the county, David Parsons, he's a prickly and a difficult character but very firm and direct and I respect him hugely for that, if he doesn't agree with you he'll tell you straight away.

(Leicestershire private sector respondent)

It is important to stress that the aim here is not to highlight the actions of certain individuals for praise but is concerned with identifying the benefits of having such strong local leadership in a sub-region. The following quote highlights the fact that business simply will not get involved in local partnerships if they feel the local authorities or RDA responsible for them are not up to the job or that they are not taking business interests seriously. In this interview the respondent was keen to stress that business involvement in local partnerships is voluntary and therefore has to be worthwhile otherwise they will walk away. It was apparent that the involvement of a strong local authority lent the partnerships an air of legitimacy and bred confidence in the business community that here was a local economic partnership with teeth and the ability to actually get things done.

...it was certainly the case with the previous administration in the city that those guys would not listen to business and if they did they would put up all sorts of ridiculous counter arguments in terms of sensible things that we wanted to see happen. Well, people like me have got better things to do then waste time on intellectual pygmies, frankly, or people that are just trotting out the same old doctrine over and over again and not really listening and in that situation the business community just disengages and they'll just get on with their day job and, you know, that happens very, very quickly and very, very easily and they'll say the city or the county or EMDA or whatever will do what it's going to do and we'll just get on with our day job and actually if we find ourselves in an environment which isn't particularly business friendly most business nowadays are very, very mobile and they'll just bugger off and go somewhere where they feel more loved and wanted.

(Leicestershire private sector respondent)

As can probably be gathered from the tone of the above quote, this respondent did not exactly hold back from offering criticism when they had some to give (and EMDA came in for some). But they were also quick to acknowledge the role the political leaders had played in Leicestershire and the incentive this gave for private sector individuals to become actively involved in the MAA set-up. They felt that they could work with them and wouldn't be wasting their time. Other local authority respondents were also quick to offer their opinion that the driving force behind the progress in Leicestershire had come from the two leaders willingness to work together:

And that was important again because in terms of being able to move from having a sort of strong Leicester position to having a strong Leicester and Leicestershire position. The fact that despite the fact they are of opposite political persuasions, the attitude that Parsons and Willmot have is very similar in terms of what their role is. You know, they want to lead the community, not just lead the council, and recognise that in economic development terms and in quite a lot of areas, they do need to work very much together because of the geography of the area.

(Local authority respondent)

Another factor put forward to explain Leicestershire's success was that they had been able to appoint people into jobs that matched their areas of expertise – this was a particular criticism of EMDA whom some respondents felt had given people business-related briefs that they had little or no knowledge of and this damaged the credibility of the work they produced. In Leicester, however, this was not the case:

I went to Leicester and Leicestershire to look at their MAA and I think the economic development cabinet member there for Leicester City, is phenomenally knowledgeable about the economic development agenda. He's got a degree I think. And I think, so what happened, I think what's happened there is the two leaders have reached an accord where they will work together where it's to their mutual benefit and when they disagree they'll disagree. So it's not putting everything together, we must do everything together, cos clearly that would never work I think. We'd be

hostage to fortune. But (he) certainly knew more than any other economic development manager I've ever met. So you know, he was fantastic. I suspect when I say he was fantastic, maybe perhaps it might be quite challenging working with him because of that knowledge actually, because I suppose the officer/member relationship could get quite blurred in that context. But I can imagine in for instance a meeting, you know, where he was with EMDA or whatever, they wouldn't be able to pull the wool shall we say.

(Nottinghamshire public sector respondent)

Of course, the potential problem of relying on a small number of key people is that the structures put in place may not survive one or more of them leaving their positions. In the case of the two Council leaders, they are at the mercy of the ballot box and a future election could well return the Liberal Democrats or Conservatives to power in the City which, given the previous experience of those two groups in charge, would not breed confidence. Although Wilmott failed in his attempt to win a parliamentary seat at the 2010 General Election he did relinquish the leadership of the City Council after the interviews had taken place and the City now has its first elected mayor which changes the political landscape, something respondents were wary of;

And you know that happened before and we happen to be in a position at the moment where we've got two strong and charismatic leaders who've got who've led the way on this and as I said before buried their political differences and worked together and they get on quite well together at a personal level. If that

were to change tomorrow I would have some concerns as to do we go... we might go back to the dark ages. You know if this survives for another year or two years or 18 months or whatever and along the way these sort of clear strategies were written down and the whole thing became a lot more embedded and the officers were working together for another 18 months two years then I think the danger, the risk has reduced and I'd agree but I don't think it goes away completely.

(Private sector respondent)

In addition to the risk of losing key individuals, there is also the issue of how to design a policy that can identify these potential civic leaders. How can policy-makers ensure that the success stories in Leicester, Gdansk (Czepczynski 2009), Barcelona and Gronigen (Gibney et al 2011) are more than sheer luck, that the right people emerged at the right time?

Clearly, then, the new structures need time to bed in and it is to be hoped that they can survive the loss of one or more key individuals. Leicestershire is an interesting example of what a strong and involved local authority can achieve. In the next chapter we will discuss this in detail with regards to Geddes (2005, 2006) work on the shift from government to governance and examine whether the example of Leicestershire might offer the possibility that another stage needs to be added to Geddes's work, that of true local government who are central to the strategically economic planning for their locality.

7.5.2 EMDA's role

The apparent success of the post-SNR settlement in Leicestershire inevitably leads to a question about EMDA's role in the sub-region and generally whether there is a need for a regional tier of investment if suitable sub-regional partnerships can be formed. Again this is something I shall be returning to in detail in the next chapter, but the issue of the appropriate scale for intervention was something that people at EMDA were very aware of:

One of the big issues for us really is understanding what is sub-regional and what is regional and what we can do at the different spatial levels and, you know, where we're heading right now is to really determine that very clearly and create lines of demarcation about what we do and what they can do, and how we can help them do more of what they do.

(EMDA respondent)

A few respondents were of the opinion that the success of the Leicestershire MAA would mean that there would be more pressure for the devolvement of power and funds directly to the sub-regional tier and skipping EMDA or the regional tier altogether:

It's a strange one because we've worked quite well here in Leicestershire for all sorts of different reasons, but you know, I think money always focuses people's minds and the ability to draw money down from for regeneration and things like that. But of

course inevitably when you work in a partnership and you're drawing money down, you think to yourself well why can't they give it to us anyway. And this is where the Multi-Area Agreement thing comes in and say well, actually, you just give us the money, we'll do it. Why should we have to apply to you or ask you the region. And that's the tension that's now playing out.

(Leicestershire private sector respondent)

However, most respondents I spoke to did see a role for a body at the regional level in the future, even if it was a slimmed down version of what EMDA currently do. The following respondent suggested that EMDA should have a smaller overseeing role, ensuring that the various sub-regional strategies have common themes but that the majority of the funding and delivery capacity should be directed down to the sub-regional level.

I think you do need something at regional level, personal view. I think the issue is making it more strategic, making it more slim lined. And I don't think we do necessarily need EMDA, or we don't need EMDA to do what we do in the sub-regional cos as you say, they're not, you know, heavily involved in what we do. So I think they need to be less involved at that level. They need to delegate more to the sub-regions. Probably something like half or a bit more than half, 60 per cent of their budget altogether down to the sub-regions, and they ought to, you know, they ought to take oversight of our sub-regional programmes to make sure that they fit with sub-regional priorities which in turn fit with regional priorities and look at the

performance management, the performance information that comes out of that performance monitoring that is done around that programme, to make sure they're getting the outputs and so on that they effectively are buying. But they can do that in a much more strategic and slim-lined way than they do at the moment.

(Local authority respondent)

Within the question of EMDA's future is another one – would the partnerships and establishment of the MAA in Leicestershire have occurred without EMDA being there in the first place. As discussed earlier, it was missing out on EMDA headquarters that kick-started the realisation that the authorities had to work together in Leicestershire. It was a general feeling that they were not able to influence the SSP as much as they like, which further encouraged the formation of the Economic Development Company to take its place, so, if EMDA had never existed, would the motivation to work together have emerged independently? One private sector respondent was quite clear in his opinion on this question:

although the city and the county have resented EMDA, I've got to say that I think EMDA is essential because whether or not EMDA has done as much as it should have, I compare that with the previous 30 years when the city and the county did absolutely zip and I genuinely believe they would have continued to do zip.

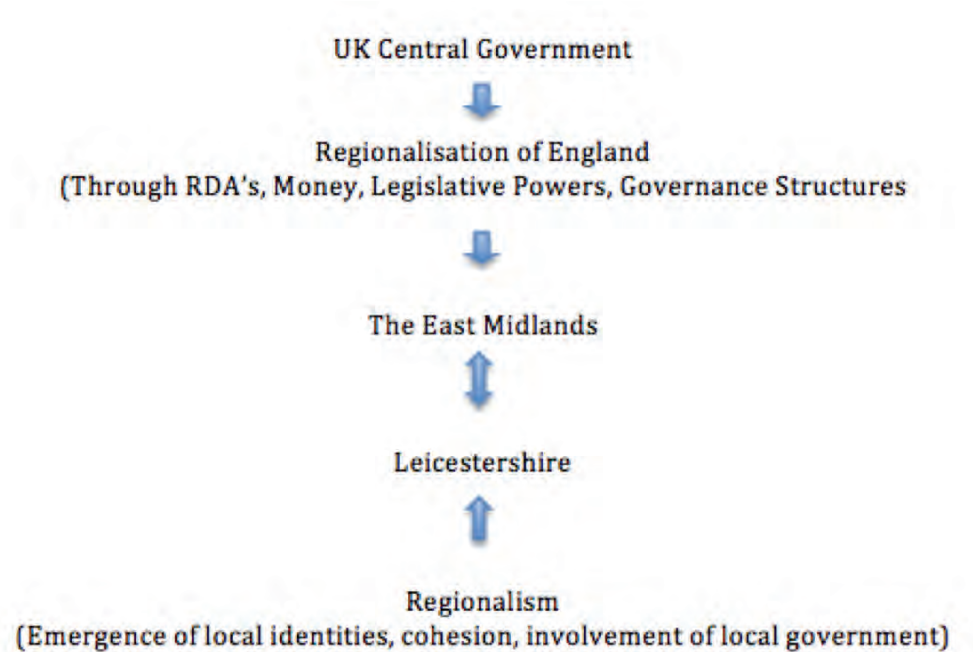
(Leicestershire private sector respondent)

There are a series of lessons to be taken from the case study of Leicester and Leicestershire about the role of local government. In particular relating to the role of key leaders and the potential for public-private sector collaboration when the conditions are right. However there is also the need to sound a note of caution – yes Leicestershire can be seen as a prime example of the public and private sectors working together but the struggles of the cultural quarter and a lack of a long term strategy show that partnership is not necessarily enough. The next chapter will draw some conclusions from this case study and from the wider East Midlands-based results, as discussed in Chapter 6, both in terms of their meanings for policy and for the theories of New Regionalism.

7.5.3 Adding a Forth Stage to Policy Development Under Labour

Finally in this Chapter I present a diagram which outlines the flow of decision making in post SNR Leicestershire (see Figure 7.3). For the first time policy initiatives are being introduced from the bottom up with developments such as the Cultural Quarter and improvements to traffic flows being driven by local economic needs rather than as part of a central Government Policy or indeed an EMDA led initiative. Clearly the developments at the City Region level still rely on Central Government funding via EMDA and Local Government funds but the drive comes from the bottom and the partnerships developed between the Local business community and the political structure.

Figure 7.3 Regional Policy Post SNR in Leicestershire



A similar picture also emerged in Corby where the Council was at the heart of the development of the Corby Cube and the new shopping centre, however other parts of the region could not be seen to have reached this stage of policy development at the time of the interviews for this study. This is due to a variety of reasons including a lack of leadership and a disconnect between Local Government and the local business community and has implications for the adaptability of New Regionalism and this will be discussed in the conclusions in the next chapter.

Chapter 8: Conclusions – Implications for Theory and Policy

In this final chapter I will discuss the main findings that have emerged from the research interviews in light of the literature on New Regionalism and UK regional policy in general, and draw some conclusions to my work. The findings from my work have implications both for the theory of regional development and for policy and in many cases these overlap. The main research questions that this thesis has attempted to address are:

1. How has the shift from government to governance played out in the East Midlands?
2. Is there an appropriate scale at which to implement the ideas of New Regionalism?
3. What does the evidence from the East Midlands tell us about the adaptability of the ideas of New Regionalism?

In this Chapter, each of these questions will be addressed in turn drawing on the evidence presented in Chapters 4, 6 and 7 as well as reflecting on the findings from the literature to establish the contribution on this thesis to the field of knowledge. The Chapter, and thesis, then concludes with some thoughts on the broader implications of this work and the lessons learned from Labour's regional experience for future regional, and indeed wider public, policy.

The policy section of this chapter begins with a discussion on the nature of government policy in the UK and the impact this has had on the success or failure of the regional policies pursued by the Labour Governments of 1997–2010 and what lessons may be learned for future policy-makers. Here the importance of avoiding policy silos will be highlighted as will the apparently cyclical and short-term nature of government policy. Finally, the chapter looks at the future direction of regional policy, particularly with an eye on the changes to regional policy that have been proposed and implemented by the Coalition Government. Can the Coalition Government afford to make wholesale changes to a system that in the East Midlands appears to have broad support from the business community, and what lessons can UK policy-makers take from the theoretical conclusions outlined in the first section of the chapter?

8.1 How Has the Shift from Government to Governance Played Out in the East Midlands?

The concept of governance is a central tenant of the New Regionalism, with writers such as Amin (1997), Cooke and Morgan (1998) and Geddes (2005, 2006) in particular arguing that effective partnerships between the public and private sectors need to take place outside of established national government structures. Prior to the 1997 election, the regional infrastructure in the East Midlands was minimal. One of EMDA's first priorities was to establish partnerships between public and private sector representatives at the regional and then sub-regional levels via the SSPs. As the discussions in Chapters 6 and 7 demonstrate, however, these attempts at setting up structures of governance met

with mixed results and largely conformed to the findings of Geddes (2005, 2006) in that they were dominated by public and voluntary sector membership. The involvement of the private sector was generally restricted to umbrella organisations struggling to cover the wishes of the local business community. The experience within the East Midlands seems to suggest that the setting up of a regional governance structure was not enough to attract significant involvement from the private sector.

This may be partly attributed to the problems with the make-up of the region itself. The fact that the region-wide governance structures did not accurately reflect the areas of economic functionality for much of the private sector does not provide them with sufficient motivation to buy into those structures, this relates back to Jessop's (1997) argument that if the Modes of Regulation in a given area are not in place then governance structures will struggle to be as effective as they might otherwise be. However, as discussed in Chapter 6 this is something that EMDA themselves recognised when they set up the SSPs:

they were basically borne out of having a common aim, a common goal within a geographical area. So they were built on economic need rather than administrative boundaries or anything like that.

(EMDA respondent)

The SSPs, as we have seen in both Chapters 6 and 7, were still dominated by the public sector and, while they did some good work, did not perhaps fulfil their potential as they

were not seen as being particularly powerful or significant bodies with their own decision-making or independent spending powers. Therefore, while the SSPs were a step forward (from working purely at the regional level) in terms of attracting private sector involvement, something was still missing.

The SNR saw an attempt to increase local government involvement in the economic development of their territory. In the case of Leicestershire, this opportunity has been seized upon by the City and County Councils with the setting up of the new Multi-Area Agreement and the structure put in place from April 2009 (see Chapter 7 for full discussion). The new arrangements have, to date, attracted a good deal of private sector involvement, moving beyond the established umbrella bodies such as the Chambers of Commerce to smaller interest groups like the Leicestershire Business Voice and, crucially, the larger employers in the sub-region sitting on the Business Council and Leadership Board alongside the public sector. In the interviews the fact that the new arrangements in Leicestershire had the support of strong local government leadership (and the partnership between the two councils), backed up by decision-making powers and funds from sources other than EMDA (therefore separated from the spending restrictions that entailed), were seen as vital in attracting and sustaining private sector involvement. The structures in Leicester were seen by most respondents within the County as having real powers and real potential to succeed, even if the overall strategy needs to be clarified. At the heart of the post SNR structure in Leicestershire is the involvement of elected local government, which appears to have added an air of

legitimacy or even given a mandate to the plans put forward by the MAA that perhaps the work of the LSEP that preceded it never quite achieved.

So what does this mean for the New Regionalism? The arguments put forward by the likes of Cooke and Morgan (1998) that for local innovation and economic developments to flourish a regional innovation strategy needs to be established are largely unaffected by this, as the attempts by EMDA, the SSPs and the MAA can all be seen to conform to this idea. However, the lesson to take forward may be that in setting up a regional or local governance structure it is imperative to remember the role that local government can play in adding legitimacy to a process. It is perhaps too soon to claim that the systems set up in Leicestershire could be seen as the start of the establishment of true local government in the style of the German *Länder* or a US state, but neither should the role of local government in the success to date in Leicestershire be underplayed. We are not yet at the stage of adding local government to the 'Government–Governance' continuum, but if developments in Leicestershire and other examples from around England - Hull, Sheffield and Plymouth in particular (informal discussions with Harrison, Hudson & Tomaney 2009) - can be maintained, then we may need to revisit this particular strand of the literature.

The governance structures set up within the East Midlands met with inconsistent results and the reasons behind this are closely linked to the findings to the other two central research questions to which we will now turn. Firstly the scale at which the Government's policy was implemented was problematic and then secondly that New

Regionalist policies require strong leadership at the local level and where this does not exist Governance structures will struggle to gain legitimacy and commitment from the local business community. It is to the first of these points that I now turn.

8.2 Is There an Appropriate Scale at Which to Implement the Ideas of New Regionalism

In Chapter 1 and 2 I discussed the development of debates in regional studies literature which have seen the focus of New Regionalist writing move away from the regional tier towards city regions and ‘new-localism’ as the more appropriate site for regional economic development efforts (Morgan 2004, Harrison 2007, Danson 2009, Herrschel 2009, Newman 2009, and the 2009 special edition of *Regional Studies*). In a similar vein, much of the policy-based literature was moving in the same direction as the special edition of the *International Journal of Public Sector Management* discussed (IJPSM 2009). At the same time, Florida (2008) and others were developing the concept of the ‘mega-region’ – huge areas covered by one or more major economic centres around which innovation and economic growth flourish. This leads to the question of is there an optimum or most appropriate scale for regional economic intervention? For the purpose of my research, does this mean intervention is most appropriate at the level of the region (East Midlands), the local or city region (Leicestershire/ Leicester), or perhaps as part of a mega-region (either as part of a wider Midlands, dominated by Birmingham or even an addition to the London mega-region). My findings suggest that the answer is not necessarily about identifying a single scale for regional development, but about identifying where the areas of economic functionality are, regardless of the size and scale

involved. Based on the results of this study an approach focused on an area of economic functionality (such as the Leicestershire labour market, or the town of Corby) had more success in setting up governance structures than one set up on a larger scale covering several, competing, labour markets (EMDA and the East Midlands). The key then is a multi-scalar approach which takes into account that some large areas work coherently, but that this can leave behind smaller, potentially more deprived areas, that will need the assistance of a body at a larger, regional tier rather than the local level.

The key to successful regional developments, according to most New Regionalist writers is partnerships between the public and private sector. My research suggests that in order for those partnerships to move beyond mere talking shops and become embedded and effective working partnerships, they have to be based around the most appropriate scale. At the level of the East Midlands, EMDA was able to enter into a fairly good partnership with business representative bodies such as the Institute of Directors, Chambers of Commerce and (despite their criticisms in the Regional Select Committee Report), the Federation of Small Businesses. This meant that EMDA could legitimately claim that the strategy for the region put forward in the RES was based on a widespread consultation with partners in the private sector. What this did not do, however, was gain the buy-in of key businesses at the more local level, nor did it gain active involvement of the business community beyond consultation processes. If we move down the scale to the 'city-region' or county, then we can see a different pattern emerging in both Leicestershire and Corby where the local business community are taking active, and in

some cases leading, roles in the post-SNR set ups in Leicestershire and in the longer-established efforts to redevelop Corby.

So what is it that attracts increased and sustained involvement of the private sector in the more localised attempts at economic development? From the evidence gathered in the interviews for this research and the literature I would argue that there are two key factors to attracting private sector involvement: a) credible, strong local government, and b) that the development takes place within an area of economic functionality. The first of these factors will be discussed later in the chapter. But first I want to turn attention to the idea of economic functionality and discuss what implications this concept has for identifying the most appropriate scale for regional economic development.

The basic concept of an area of economic functionality is a geographical location within which there is a clearly identifiable local economy that is connected together. This can be through shared sectoral interests such as the branch plants in Cooke and Morgan's study of Wales (Cooke and Morgan 1998), a shared infrastructure of transport and supply of labour and skills, or built around a significant centre of population. Through one or all of these factors, the importance of a given locality's overall economic performance to individual businesses provides a rationale or incentive for leading businesses in that locality to become involved in attempts to develop and improve the local economy. If this link is not apparent then the incentive diminishes. Taking the East Midlands as a case in point, can it really be argued that the East Midlands as a whole forms a significant area of economic functionality for the business community that resides within it? The evidence

that I found would suggest not and that the polycentric nature of the region leads to a number of different smaller areas of economic functionality either centred on the key cities or towns in the region or the split between urban and rural communities. It is at these smaller levels where true partnerships have emerged and become embedded rather than at the regional tier and EMDA themselves acknowledged this by setting up the SSPs (see discussion in Chapter 6, section 6.2) This process has been cemented by the post-SNR developments in places like Leicestershire. In the 2006 iteration of the RES, EMDA used different definitions of the spatial sub-areas of the region: Peak (to describe the rural areas of Derbyshire), Northern (the North Nottinghamshire and Derbyshire coalfields which border South Yorkshire), Eastern (which largely covers Lincolnshire), Three Cities (Derby, Leicester and Nottingham), and finally Southern (based around Northamptonshire) (EMDA 2006). These areas work to a certain extent, but the Southern area risks leaving Corby ignored at the expense of the more affluent Northampton, and the rationale for combining Derby, Nottingham and Leicester is tenuous at best – especially given the tensions between the cities and the extent of ‘local chauvinism’ that exists. A better approach may be to allow partnerships to develop around the larger economic centres in the region (Nottingham, Derby, Leicester, Northampton) and let them drive their own strategy, leaving the regional level body to manage the economies in the remainder of the region.

Rather than the simplistic definition put forward by Richard Caborn (Regions Minister under Prescott) that a region is ‘5 million people’, we need to identify the areas of economic functionality that emerge throughout the country. In some cases (like the three

cities of the East Midlands), they are county-wide areas dominated by a single city and with a population of around a million people; in others they may be more akin to the 'mega-regions' described by Florida and based around the wider conurbations dominated by London, Birmingham, Manchester-Liverpool and Glasgow-Edinburgh (Florida 2008). At the other end of the scale, the example of Corby shows a much smaller area of economic functionality based on a target population of around 100 000 people, or they can be seen to focus around areas formerly dominated by a single industry (such as the former coalfields of North Notts and Derbyshire, and North West Leicestershire). What this demonstrates is that it is important to recognise that within a single country there is no such thing as a uniform region and that any regional policy that is to be implemented must be flexible enough to be workable on areas of vastly differing (and changing) populations.

In many of these cases, the area of economic functionality was not immediately apparent when Labour came to power in 1997 and has emerged in part as a result of the implementation of RDAs and regional governance. This leads to a conclusion that there is no 'correct' scale at which to implement an initial regional policy and that the most appropriate areas will emerge given time. It is important then to have a flexible enough policy mechanism to respond to new areas emerging, and to divert funds and powers accordingly. The findings connected to the second research question on whether there is an appropriate scale for regional policy have shown that a single 'scale' cannot be identified and that a multi-scalar approach is needed. It is vital to understand the impact that choosing the 'incorrect' scale can have on governance structures. These findings

have an impact on the adaptability of New Regionalism as a prescriptive theory for policy and this chapter will now address this third research question in more detail.

8.3 What Does the Evidence From the East Midlands Tell Us About the Adaptability of the Ideas of New Regionalism?

As has already been established the East Midlands provides an interesting case study on which to test the ideas of New Regionalism. Regional governance has been reasonably successful but this success has been inconsistent and the structures set up have not always reflected the strong partnerships between the public and private sectors that the likes of Cooke and Morgan (1998) found in their test cases. The question of regional identity has proved to be far more important than is generally acknowledged in the literature and these two issues have been useful in examining the third research question for this study concerning the adaptability of the ideas of New Regionalism. The next section of this chapter will outline some of the key lessons to take from this study with regards to the New Regionalism and in particular the importance of leadership within regional economic and social development, the New Regionalism's treatment of less favoured regions and then concludes by making some suggestions for the best ways in which to successfully implement a New Regionalist based policy based on the four stages of regional development identified between 1997 – 2010.

8.3.1 Importance of Leadership/ Key Individuals

In the section dealing with the East Midland's experience of establishing Governance structures I argued that the role of Local Government was key to attracting the involvement of other actors in a local economy. Related to this is the equally important role that leadership and key individuals can play in establishing local partnerships and economic development strategies. The concept of leadership is one that has been relatively under-discussed in regional studies until recently (see section 2.3 of Chapter 2 and in particular Gibney et al 2011) but is one that according to my findings needs to be explored in greater detail. In Chapter 1 I discussed how the theories of innovation put forward by the likes of Schumpeter (1934), subscribed to by New Regionalist writers such as Cooke and Morgan (1998), argued that for innovation to work it needs to be recognised as a social process and not an individual act of heroism. My findings suggest the reality is more nuanced than this. According to Cooke and Morgan (1998) innovation systems based on partnerships between firms and between the public and private sectors need to be established if a region or locality is to thrive. Within this, however, the role of the individual is still vital. The experiences of both Leicestershire and Corby as outline in my research shows that in these areas the progress that has been made is due in no small part to the leadership of key individuals who have driven the process forward and have established working relationships with the various actors involved. In the case of both Leicestershire and Corby, these individuals emerged from the local government structure which links to the arguments of Cooke and Morgan concerning the state's role as an 'animateur' – 'creating a milieu for innovation' (Cooke and Morgan 1998, p. 17).

What became apparent during my research was that this process within the framework of UK government policy was very much reliant on someone in the region putting themselves forward to carry out this role. In the case of Leicestershire, as I outlined in Chapter 7, this was taken on by the political leaders of the City and County Councils who shared a vision and an acknowledgement that they needed each other to succeed. In Corby this vision was driven by the leading civil servants on the local council. Other examples that emerged during my interviews included the West Midlands, Manchester and Newcastle. In the West Midlands, a leader of a district authority brought the various actors together to produce a strong regional agenda for the whole of the West Midlands, obviously with Birmingham at the heart, but one that did not ignore the smaller authorities.

the Regional Agenda Birmingham dominated and the rest of the Districts and the Counties didn't want to play, and then that got sorted through an awful lot of work by the Leaders, it eventually got in to a position where the West Midlands as a region became very strong, and it was led by a Leader of a District, which was unusual, and it was actually my Leader, it was Lichfield's Leader David Smith who chaired the LGA, he then chaired the assembly. And it started to come together because it was seen to be not Birmingham and the rest, it was seen to be the West Mids.

(Local authority respondent)

Within the East Midlands, this has been lacking, with the leadership that has emerged preferring to concentrate on their local area rather than the region as a whole – however, this again could be linked to the polycentric nature of the East Midlands. In the West Midlands while the smaller authorities and towns obviously are important, they are dominated by Birmingham in a way in which none of the three larger cities of the East Midlands can manage in their own region. Meanwhile, in Manchester local politicians such as Graham Stringer were vital in leading community development and in winning arguments about the future economic direction of the city (discussions with Harrison and Hudson 2009). The re-styling of the city centre and remaining impact of the cultural sector in Manchester's claim to be *the* second city can be linked to the work and charismatic (but shambolic) civic leadership of figures like Tony Wilson. With Newcastle, the example of T. Dan Smith (later convicted for fraud) is a controversial but nonetheless important one as it demonstrates how an individual within a locality can grab the bull by the horns and produce a vision and strategy for an area. Described by the BBC as the 'nearest thing that Britain has ever got to an American style "city-boss"' (BBC 2003), Smith promoted a vision of a cultural regeneration of Newcastle complete with a new Metro public transport system and decent homes.

The key point here is that these examples tend to be the exception rather than the rule, despite the fact that in each case the other urban areas in the regions that included Manchester, Newcastle and Leicester had similar funding and structures available to them. Within the East Midlands, the lack of leadership of the sort provided by Ross Wilmott and David Pearson in Leicestershire was noted as a key factor behind the failure

of both Nottinghamshire and Northamptonshire to follow in Leicestershire's footsteps in getting their post-SNR settlements up and running.

not to be too unfair to our political leaders but there is a significant lack of a real, dynamic leadership in Northamptonshire, it's not one of those places where I think there's a leader who grabs the bull by the horns and pulls everybody along with him.

(Northamptonshire respondent)

For the purposes of New Regionalism then, the results of my study indicate that finding the appropriate scale or economic rationale for regional development and including local government in the structures that are set up is not enough; local leadership is vital and, at the moment, seemingly being left to chance. As was pointed out in Chapter 7, the developments in Leicestershire did have the issue of Wilmott's parliamentary candidacy at the 2010 General Election hanging over them. Even though he was unsuccessful he did eventually move on from the City Leadership. The issue that local leaders are likely to move on at some point either through defeat in local elections (which are rarely decided on local issues) or because their talents are required by their Party at another level of politics is a problematic one for local development efforts. Making involvement in local politics an attractive and long-term career choice is a challenge for politics in the UK.

8.3.2 Less Favoured Regions vs. Favoured Regions

One of the criticisms levelled at New Regionalism was that it left the development of ‘less favoured regions’ (LFRs) somewhat to chance. The thrust of the argument here was that by basing the rationale for regional development around economic factors, important social and environmental considerations are left to the mercy of the market (Amin 1999, Rainnie and Grant 2005). Morgan’s challenges to LFRs to build the infrastructure necessary for innovation and learning seemed hugely ambitious (Morgan 1997, Rainnie and Grant 2005). In addition, a further criticism comes from the likes of Harrison who asks how a policy designed to improve the lot of all regions can hope to close the gap between the rich and poor regions (Informal discussion with Harrison 2009).

Looking at the example of the East Midlands, two findings on LFRs emerge. Firstly, it appears that it is actually easier to implement New Regionalist-style partnerships and networks in an economically-deprived area than in an area that has been relatively economically successful. Secondly, EMDA funding was easier to come by in the LFRs than in the well off districts. This might seem perfectly reasonable during an economic boom but has started to cause tensions since the recession started.

Within the East Midlands the best examples of partnership building between the public and private sector could be found in Leicester, Corby and Derby, three of the areas with the most economically-deprived wards in the region. The exception to this rule is Nottingham; however, with EMDA on the doorstep this did not necessarily result in the

Nottingham wards losing out financially. This can be largely put down to the relevant actors in these areas having a clear motivation to get involved in networks and partnerships. In the better-off areas such as Northampton and Harborough, where perhaps the motivation was not as strong, evidence of the local business community working with the local authorities was harder to find, and had only really started to occur when I was interviewing. The issue of access to EMDA funding was raised by a respondent from one of the more traditionally better off districts:

A big issue about two years ago, each district had to identify its priority neighbourhoods, we haven't got any, we don't do priority neighbourhoods, we have a couple of streets where we might have some issues, we haven't got a neighbourhood. Whereas Coleville it was like 'how many do you want?' [laughs] you know, it's just different isn't it?

(Local authority respondent)

The big question, of course, is do the LFRs actually benefit from having more access to funding and being more able to put infrastructure in place to try and stimulate economic development? The evidence discussed in Chapter 6 concerning the economic impact of RDAs and regional interventions in general would suggest that some benefit is felt across the board. However, it is hard to see how a policy that aims to maintain the advantages enjoyed by the more-favoured regions, while also improving the lot of the LFRs can achieve such lofty ambitions. One fears that the recent findings (Bennett 2010) about the increasing gap between the UK's rich and poor, in spite of the real-term increase in the

wealth of the nation's poorest families, will be repeated at a regional level. Can every region really benefit from New Regionalism? Are there sufficient high-quality, high-skilled jobs available to increase the GDP of all regions? Or does the following teaching pupil exchange concerning gaining access to Grammar School apply to a wider context?

‘If we all work hard, sir, will we all go to grammar school, sir?’ asked Tommy Marsden. ‘No, of course not. There isn’t room. The best will go’ said Mr Gibbins. ‘So whether we all work or all do nowt, t’same people will go, sir’ said Tommy Marsden.

(Nobbs, 1983 p. 105)

The East Midlands produces a large number of graduates from its nine universities every year and yet has few graduate-level jobs, and so most head to the established graduate labour markets of London, Manchester and Birmingham (Quinn *et al.* 2005). It is difficult to see how implementing the same regional policy in each region will lead to a broader distribution of these jobs.

8.3.3 Implementing a ‘New Regionalist’ Policy

One of the more stringent set of criticisms that I outlined in Chapter 2 centred around the claims of Lovering (1999) that the body of literature in the late 1990s that became recognised as New Regionalism was too descriptive and merely told the story of what policy interventions had worked in established regions. After more than a decade of

regional development attempts by successive Labour Governments, are we now in a position to move the theory away from description and towards a prescriptive theory? Certainly having implemented their policy throughout England, the experiences of the last 13 years cannot be dismissed as regional policy working in receptive areas. Many of the regions as defined by the Government are problematic – perhaps none more so than the site for my research - the East Midlands. England, as I have already discussed, is naturally a centrally-dominated country which does not easily divide into regions on the scale attempted, and is characterised by inter-city and inter-county rivalries. So what lessons can we draw from the experiences in England, and specifically the East Midlands, in recommending how a future Government might approach regional policy?

Firstly, that attempting to identify the most appropriate scale at the outset might not prove to be possible and perhaps should not be attempted. The forced nature of some of the regions used in England did pose a problem for the RDAs asked to operate within them, particularly for EMDA but also for some of the more ‘natural’ regions (Hardill et al 2006, Sandford 2005). However, the areas that have emerged as areas of economic functionality within the East Midlands (Leicestershire and Corby, for example) were not necessarily obvious in 1997 and nor was there the will or the infrastructure in place to produce the partnerships and networks that now exist in those areas. In the case of Leicestershire, the two authorities that now work so well together were at loggerheads in 1997 (see Chapter 7 for a full discussion) and there was little chance of cooperation between the two on minor issues like bus routes let alone the setting up and funding of the leadership board and economic development company. Equally, the private sector in 1997 was not

prepared to work with the local authorities but was willing to see what the newly-founded EMDA could offer. As I argued in Chapter 7, the founding of EMDA and the fact that it was placed in Nottingham provided an impetus for Leicestershire's key actors to get their act together and put partnerships in place. New Regionalist literature talks about the need for partnerships and networks to be truly 'bottom-up' in nature if they are to work. The experiences of the East Midlands would support that view, however it is difficult to force this process to occur. It could be that in order for the areas where these bottom-up partnerships can flourish to become apparent, the initial intervention needs to be made at a larger scale – perhaps deliberately too large a scale.

What I am suggesting here is that regionalism might be seen as a process in which the natural areas of economic functionality, or areas where the social motivation for development exist, will become apparent over time. In the first instance, however, it is necessary to build infrastructure and a culture of public-private sector cooperation at a level below national governments. The task of these initial bodies should be to create the governance structures within a given region, but to be flexible enough to move powers and, crucially, spending powers down to the scales that emerge over time. Part of this process also needs to be a willingness to identify and co-opt the local authorities in a position to act into the process, as they can play a vital role in adding legitimacy to the networks set up. One of the problems with UK policy is that the RDAs are currently unwilling (unsurprisingly given that their jobs are at stake) or unable to react particularly quickly to the emergence of these local partnerships and divert funds accordingly.

It could be that the key to implementing a regional policy for the first time is the ability to distinguish between and recognise the importance of both regionalisation and regionalism in succeeding at a sub-national level.

Regionalism is the rise of local territorial identities, often in opposition to the centre. Regionalization is the attempt by the centre, with or without local support, to establish sub-national tiers of government and administration.

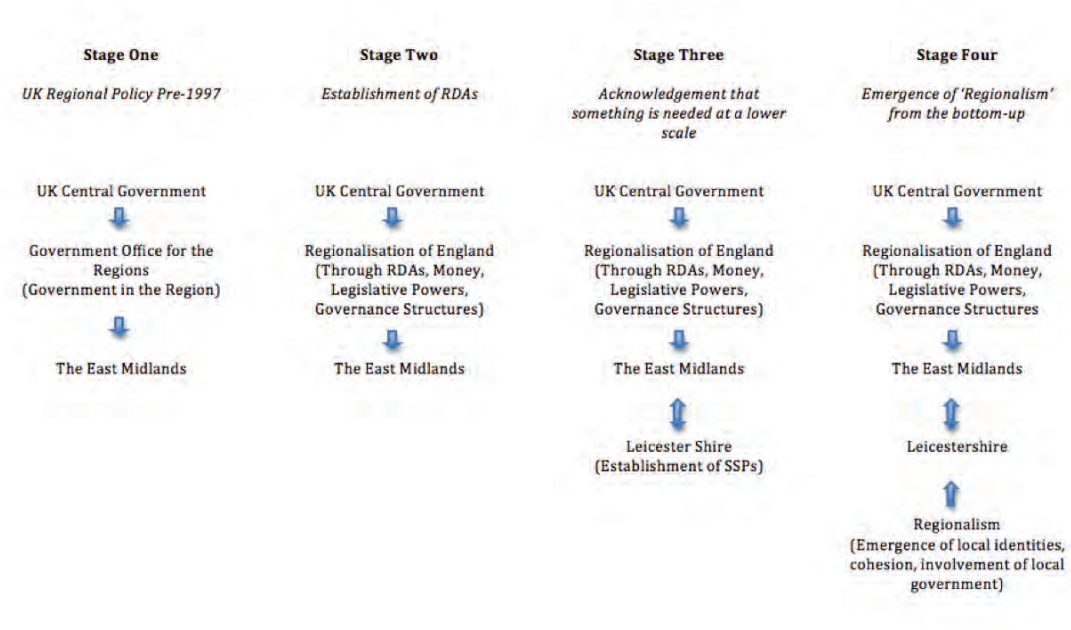
(Bevir 2009, p. 118)

What we have seen in the UK is the Government's use the theories of New Regionalism (in particular the ideas of public private partnerships) but actually implement regionalisation (top-down) while the more recent developments in Leicestershire can be seen in the light of regionalism (bottom-up). As already alluded to, though, it must be questioned whether the regionalism of Leicestershire would have been possible without the implementation of regionalisation via EMDA. My results would suggest not and that it was necessary to intervene at the East Midlands level first.

Throughout this thesis I have referred to various stages of regional policy development during Labours time in office and the four stages identified are outlined together in Figure 8.1 below. As can be seen in the diagram, prior to 1997 there was little in the way of regional governance, just the relatively small Government Offices for the Regions set up by the Major Governments in part to attract European Union funding. The second stage sees the 'regionalisation' of England through the setting up of the RDAs and then

the RDA's attempts at moving to the county or city-region scale through the setting up of the SSPs. At this stage we can see that the direction of policy development is still very much top-down and it is only when we reach stage four that regionalism starts to emerge through the local partnerships that grew in the areas of economic functionality and where the local government became involved. At the time of the interviews for this study only Leicestershire and Corby could accurately be described as having reached stage four of the process and this is largely down to the leadership initiatives in those locations and the roles played by a few key individuals. Where these individuals could not be identified (Nottinghamshire and Northamptonshire for example) progress had not been as smooth and the future of local economic development in those areas was unclear heading into the General Election.

Figure 8.1 Timescale of regional development in the East Midlands 1994 – 2010



What we have seen in the East Midlands regarding the transition from Stage Three to Stage Four of regional development is that the process has occurred at different speeds within the region leading to an ‘uneven development’ (Pike and Tomaney 2009) of post SNR structures. The experiences of Leicestershire and Corby compared with the East Midlands as whole and Nottingham and Northamptonshire as sub-regions conform to Hudson’s (2007) argument that the reasons behind uneven development are both territorial *and* relational and that the two cannot be treated in isolation. One key to successful transition in Leicestershire and Corby has been to identify the correct scale at which to implement new governance structures. On the other hand focusing on an area of economic functionality hadn’t led to successful governance in Nottingham or Northampton at the time of the interviews. The leadership of key individuals, role of local government and willingness of the local business community to become embedded in the process in Leicestershire and Corby were crucial factors in producing fruitful networks and relationships in those areas. So where the East Midlands lacked territorial cohesiveness and Nottingham and Northampton lacked the networks and leadership, Leicestershire and Corby had both and were able to move to Stage 4.

If we are to move on from New Regionalism being descriptive of the process to a stage where we can prescribe regional policy, then a way in which this process could be speeded up needs to be found and key local leaders need to be identified and developed. In the case of the UK, the Government needs to go in at a level which is large enough to administer from the centre but then be flexible enough to divert funds and powers to the smaller areas of economic functionality that develop from the bottom-up. At first these

areas might be encouraged to build partnerships by the regional tier, but the local government structure must be included in this to allow for the involvement of the local political process. Taking Figure 8.1 above, I am suggesting that stages one to three be merged, the first task of the regional tier is to start to try and identify areas where regionalism is possible and not to impose false boundaries on an area. The role of the regional-tier body would be to facilitate the efforts to produce working partnerships at the levels of economic functionality, and then once those partnerships are in place, to devolve the funds and strategic powers to the partnerships to allow local economic development to be driven from the ‘bottom-up’. A crucial element of this partnership building must be to ensure that the local government structure is fully involved in this process from the start.

8.4 Implications for Policy

The final section of this chapter and thesis looks at the implications of my research in terms of UK regional policy. During the fieldwork for this thesis, the very future of RDAs was a subject of some debate especially with the General Election on the horizon. Some, such as the Tax Payers Alliance and sections of the Conservative Party, advocated outright abolition and an end to the regional experiment, a policy they quickly put into place on taking office. The emphasis shifted to the local in place of the regional with areas encouraged to bid for local economic partnership status – something that clearly

will require leadership at the local level. Even the Labour Party, while retaining a commitment to regional policy, were committed to spending cuts in the years following the election and the ambitions for fully-devolved regional government put forward by John Prescott in the run up to the 1997 General Election are completely off the agenda. At this stage it would be difficult to argue against anyone who claimed that this particular aspect of the original plans may never return to the policy debate. Before making some suggestions on the future direction of regional policy in England, I want first to offer some broader thoughts on the nature of UK Government policy in general to provide some context.

8.4.2 The Nature of UK Government Policy

The Labour Government elected in 1997 had a parliamentary majority of 179 and yet the regional White Paper that was put through Parliament in 1998 was radically altered before becoming an Act of Parliament, despite regional reform having been a manifesto pledge. Two major obstacles stopped the bill going through parliament as originally intended. Firstly, the lack of commitment to the principle of regional government across the party, and secondly the lack of support from the civil service. The first of these issues is typical of any political party and inevitably compromises had to be made, but the second one surely raises issues about the role of the civil service in Whitehall? When asked about the stripping away of many of the original roles of the RDAs (skills being the major one) one MP commented:

there is a real desire to protect their empire and keep their own budget spend really big, and you know, there's that kind of protected policy, and Ministers get sucked in to this, so you know, when there was a notion that skills might disappear elsewhere, you know, civil service worked at great lengths with Ministers to say 'well actually Minister do you really want to do this?' and you know, it weakens the power of your department.

(East Midlands MP)

It is an astonishing state of affairs if a new Government with a huge mandate from the electorate is stopped from pursuing a policy that formed part of its manifesto. However, my concern about this situation was not shared by many (if any) of my interviewees who were largely of the opinion that this was how government in the UK is run.

In addition to this, developments in Whitehall and inter-departmental clashes over funds had a continual impact on the ability of the RDAs to carry out their role. The initial fleet-footedness of the likes of EMDA was halted by the constant changes in the departments that the RDAs were accountable to, and then the complete change in public spending rules in the early years of the second Blair Government also impacted on how RDAs spent their money in the regions. Connected to this is the short-term nature of much of UK policy and the constant chopping and changing of policy aims and targets affected the work done by the RDAs. Respondents from both the RDAs and the private sector agreed that the work that needed to be done in changing the East Midland's economy would take a generation at least, and that a long-term vision was needed to see

this through. However, with Ministers and policy rarely lasting longer than two years, EMDA had to constantly reassess its aims and roles and this led to some understandable but considerable frustration. Most of this frustration was aimed at the Government and short-term nature of policy, though, rather than EMDA itself:

As well as probably the maximum period we plan against, is the life of a parliament, so four, five years...Well that's not really long enough...If you're talking about the national economy or even a regional economy, because some of the decisions you make in year one might not come to fruition for five, six, seven or eight years. And you've gone into another parliament. It could be a different political group in power...And they will have their own ideas on spending. So, you know, we tend to move along on parliaments don't we?...A four or five year cycle of spending plans which don't only have to meet the needs of the economy, they have to meet the needs of society as a whole as well.

(Private sector respondent)

Related to this problem of short-term policy-making is the concept of policy cycles or 'policy-lag'. Here we can see that government policy, as well as being short term, tends to move in cycles so that a policy idea that has been tried once re-appears a couple of years down the line in another form. Perhaps the best example of this is the MAA structure put in place by Leicester City and Leicestershire County Councils. The diagram detailing the new structure in Leicestershire (see Chapter 7, page 255) bares more than a passing resemblance to the original plans put forward by John Prescott for a regional

governance or government structure that combined the economic and social elements of policy. More than ten years had passed since the first attempts to push this through parliament, but most of the Leicestershire respondents I spoke to from both the public and private sectors saw it as common sense to combine these various elements of policy into one overarching structure.

The final point in this section is that for regional policy to have a lasting impact on British Politics, a broad consensus about the need for regional level intervention needs to be reached. As the quote below suggests, regional policy tends to be on the fringes of debate:

I mean when I was Leader of the County Council in Nottinghamshire I often used to say at public platforms the difference between a Labour controlled County Council and the previous Tory County Council is that we do ten per cent more than what the Tories did, there's no real difference in policy, we're just doing more and are prepared to pay more. I do think, you know, that we argue at great length around the edges of policy, whereas, you know, there's a massive policy that isn't controversial, that is permanent, it's unfortunate that regional policy has always been controversial and that we've not been able to line up the other political parties. A problem for the Labour party is that the Liberals control important parts of the country, the South West for example, and the Government have been reluctant to devolve powers to a regional level that's going to be led by the Liberals, well if you believe in localism, if you believe in regionalism, you've got to believe that that's healthy. You know, the

strength in people being different and pursuing policies that, you know, are sharp with yours and cause some tension and discussion.

(East Midlands MP)

Petty party squabbles and concerns about rival parties being in control of different areas of the country need to be put aside if real progress is to be made in regional development in England.

8.4.3 Future Direction of English Regional Policy

So what does, or should, the future hold for regional policy in England? The new Coalition Government has already announced that RDAs will be abolished by 2012 and replaced by Local Economic Partnerships where there is demand for one. The exact details of this are still being decided. However, it is already apparent that the funding available to these new partnerships will be significantly less than under the RDAs and, crucially, not every area will be covered by the new policy. This is because cities and counties will have to bid for partnership status which means that areas in which agreement cannot be reached will be left out and presumably miss out on funding. This has worrying consequences for less-favoured regions, but this will also rely more heavily than the current system on strong local leadership to drive the local agenda forward.

There are a number of lessons that the new Government would do well to heed when formulating regional policy over the lifespan of the new parliament. First of all, my

research revealed broad support for economic development at the local and regional level as David Cameron found to his cost upon abolishing the RDAs as he came under pressure to replace the funds available for innovation in the regions. Whilst respondents differed on how this might be achieved, all agreed that interventions need to be made at a level below national government. Only one respondent called for the outright abolition of the RDAs and in this instance he was arguing for the money to be devolved further to city-regions and counties, rather than returning to complete central control. Furthermore, as more city and county councils have been taken over by the Conservatives in recent local elections, there is some evidence of growing support within local Conservative Parties for regional intervention through local government. The Prime Minister may find himself upsetting Conservative-led councils around the country by stripping away economic development roles and funding recently won as part of the SNR.

As I argued earlier in this chapter, the future role of the RDAs could have been to identify the most natural areas of economic functionality within their regions and then to assist in the creation of the infrastructure that would enable regionalism to emerge from the bottom-up. A secondary function could have been to coordinate the strategies within their region. Overall, this would be a reduced function for the RDA itself but the actual remit and funding would remain in the region and not return to the Centre. Quite who will have these roles in the new arrangements is not yet clear but a return to central control seems certain.

One issue that became very clear during my interviews was a frustration at the lack of long-term planning in all aspects of UK policy-making, but in particular with economic development. Respondents spoke of their frustrations with quangos and organisations being set up with huge budgets but no real purpose. In addition to this, the majority of my respondents argued that it is imperative that economic development policy is not divorced from but congruent with policy on skills, education, transport, social welfare and the environment. A coherent regional policy that draws these issues together is needed. While this may be similar in tone to the ‘joined-up’ government promoted by Blair and the Third Way, the crucial elements missing in 1997 was a genuine commitment to regional policy and a real long-term plan. We have seen in Leicestershire the return to an overarching plan that links all aspects of policy together and the initial signs are encouraging. The Coalition would do well to investigate the progress that has been made in the county.

8.5 Future Research

This research draws some important conclusions for New Regionalism and regional policy in the UK based on the experiences of the East Midlands between 1997 – 2010. In order to build on these findings further it would be useful to compare the East Midlands experience with other RDA regions in England. This is something that simply wasn’t possible within the constraints of this research. The discussions I held with academics who had researched other areas of England enabled me to place the East Midlands in some context – particularly with regards to the lack of regional identity and coherence

having a particular impact here. The assessments of EMDA's impact carried out by the NAO (2007) and PWC (2009) were also done for the other RDAs and broadly speaking all were shown to have had a significant impact on their regions economy. As I have shown with the East Midlands, however, these figures don't tell the whole story and it would be useful to be able to compare the governance efforts of EMDA with another region, perhaps a smaller region like the South West or the East of England to have the best comparison.

In a similar vein, a comparative study of Leicester's new economic development arrangements with those of other, preferably similar sized, cities would be interesting to see if the success in attracting private sector involvement at the city-region level was repeated elsewhere. In a few of the interviews Sheffield, Hull, and Plymouth were mentioned as potential comparisons for Leicester.

The particular circumstances of my fieldwork will have had an impact on my findings. The research was conducted during a global credit crunch and at a time when the recession was still fairly new and was being predicted to be the deepest felt by the UK economy for decades. This combined with the looming General Election and (correctly) predicted change of Government also helped to shape the responses I got. EMDA were understandably keen to emphasise their successes while respondents from larger local authorities sensed an opportunity to claim more funds (probably incorrectly in the light of spending cuts) and more influence on the local agenda from the new Government. Nonetheless the findings presented in this thesis are valid and show that while the word

‘region’ may disappear from the Government’s lexicon in the short term the principles of New Regionalism - 1. that economic intervention is best carried out at the sub-national level; 2. that innovation lies at the heart of economic development and that; 3. that partnerships and networks between the public and private sectors are the best ways to stimulate growth - are widely accepted by both the public and private sectors and that the private sector is more interested in being involved in this process than had previously been thought.

Appendix One: Respondents Grid

[illegible]

Appendix Two: Sample Interview Schedule

Interview with Leicestershire Business Voice Representatives

- 1. First of all could I just ask what the aims and roles of LBV are? How do you differ from the Chamber?**
- 2. To what extent do you think your members are aware of the work of EMDA?**
- 3. Do you think that the targets in the RES document are appropriate for this region?**
- 4. Does the local business community make use of the business support services offered by EMDA – survive & thrive etc**
- 5. Do you think that EMDA does enough to support the local business community – what more could it do?**
- 6. What does the ‘East Midlands’ mean to businesses in Leicester/shire?**
- 7. Do you think the local business community would support the current Conservative Policy of scrapping/ reducing the role of RDAs?**

- 8. Has LBV had any input into the new structures set up within Leicestershire (EDC etc)?**
- 9. In my other interviews the County and City councils have been widely praised for their efforts in economic development in the last couple of years – is this a view that the business community shares?**
- 10. The Government's regional policy since it came to power has relied on the setting up of public-private partnerships to set local agendas and targets – to what extent do you think the business community should be involved in policy delivery?**
- 11. Since the last major recession we have seen the setting up of the Government Offices, RDA's, LSCs and now more county level organisations such as the EDC – do you think that having these structures in place makes the economy more able to deal with the fall out of the recession?**

Appendix Three: Informed Consent Letter

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Data Protection/ Informed Consent Letter

Dear

Thank you very much for agreeing to take part in this research on English Regional Policy and the East Midlands. I really appreciate you giving up your time for this interview. My research forms part of my PhD research for which I am studying with the University of Leicester. My main research aims are to try and investigate the ways in which the Labour Governments since 1997 have attempted to develop economies at a regional level, focussing on the implementation of Regional Development Agencies , and using the East Midlands as a case study. You were asked to take part in this research because (TAYLOR THIS TO EACH RESPONDENT – LINKS TO RESEARCH QUESTION/ THEIR ROLE etc)

The interview should last for no more than one hour and I will ask you a series of questions and will also give you the opportunity to ask any questions you may have about my research. I would like to assure you that all information that you provide during the course of the interview will be treated in the strictest confidence and the use of the data will be in accordance with the Data Protection Act. Once the interview has been

transcribed I will send you a copy of the transcript to ensure that you are happy with the final version and also give you the opportunity to choose how you will be referred to in the final analysis (e.g. 'interviewee', 'spokesperson A', or if you are happy to, by your own name).

You can withdraw from the study at any time if you feel that it is necessary to do so. If you are happy to take part in the research I will ask you to sign a copy of this letter before the interview begins to signal your consent. However please note that you can still withdraw from the research after signing the form.

Once again, thank you very much for your participation. If you have any questions at this stage of the project, please do not hesitate to contact me.

Yours Sincerely

Martin Quinn

I agree to be interviewed as part of this research _____

DATE

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