Northumbria Research Link

From 'Regionalism' to 'Localism': Opportunities and Challenges for North East England

Professor Keith Shaw, Northumbria University; Professor Fred Robinson, St Chad's College, Durham University

Abstract

The regional 'experiment' in England has, to all intents and purposes, come to an abrupt end. For the Coalition government, 'Regionalism' is out, and with that regional institutions have been abolished. 'Localism' is now regarded by the government as the best approach to shape and deliver public services and promote economic development. This article provides one of the first assessments of this shift from 'regionalism' to 'localism' by drawing upon recent research in the North East of England: an area where the dismantling of the regional tier is likely to have a considerable impact given its long history of regional economic interventions, more recent interest in a directly-elected regional assembly and the traditionally strong level of support for a coherent regional voice. The article captures how recent changes has been interpreted by individuals and organisations in the North East, the potential opportunities and problems available under 'localism', and assesses what needs to be done in understanding - and working with – the new structures. For some in the North East, such radical change has generated concerns and anxieties about the end of the 'North East', and considerable scepticism as to the motives of the centre in promoting localism. Others articulate a more optimistic response that there is life after the region and that the long-standing focus on the 'North East' - as an administrative and economic 'construct' - created as many problems as it did solutions. In between these positions, however, there were also signs of the emergence of a *common-sense* regionalism that recognises that while the North East needs to respond to the new environment by taking advantage of any new opportunities and innovative ways of working, some form of co-ordination and integration at the regional level will still be required.

'….the North East's discernible sense of itself *as* a region – unique, born in depression and nurtured to some degree by sentiment – is a burden it could do with offloading, for a while at least. I see no harm in the city economies of Tyneside, Wearside and Teesside trying to be relatively independent in the quest for specialised business. But if they don't endeavour to be complementary – following usefully wherever another has led – then they're missing a trick. If Newcastle doesn't stay mindful of ways that Stockton and Seaham are innovating – and vice versa – the region's relative decline will only accelerate' (Kelly, 2011, p 7).

Don't mention the 'R' word

Following the May 2010 General Election, the Coalition government embarked on a wide-ranging programme to reform and restructure devolved governance in England. This has included the removal of an entire tier of regional organisations, notably the Regional Development Agencies (RDAs) and Government Offices for the Regions (GOs). The new emphasis on 'localism' is reflected in the creation of Local Enterprise Partnerships to drive sub-regional economic development within more 'natural' economic areas, supported by the new Regional Growth Fund (BIS, 2010). The forthcoming Localism Bill also contains measures requiring the 12 largest cities outside London to hold referendums on installing elected mayors. A measure recently described by Michael Heseltine as aiming to 'fill the hole in the doughnut of regional policy' (Regeneration and Renewal, 2011). Localism also involves providing councils with a new 'power of general competence', allowing them to retain business rates raised in their area, and encouraging voluntary groups and social enterprises to take over the running of public services. In addition, communities will be able to acquire buildings and land under the 'community right to buy' provisions (CLG, 2010). The NHS reforms also have a strong localist flavour given the shift to local commissioning groups, the re-establishment of Directors of Public Health within local authorities, and the creation of local Health and Wellbeing Boards.

Much of this should not come as a shock: this is what voters were promised by the two parties who would eventually form the Coalition Government following the 2010 General Election. Determined to collapse the 'command and control apparatus of England's over-centralized state' (Eric Pickles MP, quoted in The Guardian, 29/3/2011), the Conservatives appeared hostile, too, to the regional tier on principle – considering it 'unwieldy, interfering, and more concerned with fussy structures than actual job creation' (Kelly, 2011, p 4).

Instead, they wanted to see the development of city or sub-regional approaches to economic development (Conservative Party 2007), and were unwilling to allow RDAs to continue to exist in their current form, with many supportive Conservative think-tanks arguing for their abolition (Wallace, 2010). Their subsequent coalition partners, the Liberal Democrats, also promised reform of the RDAs, with their manifesto arguing, somewhat confusingly, that where they had strong local support they could continue, albeit with more limited responsibilities, and where they did not, they would be abolished and their powers given over to local authorities (Centre for Cities, 2009). When the new coalition government's programme was eventually announced all RDAs were to be axed and so, too, were the Government Offices for the Regions, a Liberal Democratic (not a Conservative) manifesto commitment (Cooper, 2011). It is clearly a radical change, rapidly implemented by a government whose hackles rise at the very mention of the word 'regional'. Indeed, according to one RDA Chief Executive, '(Eric) Pickles wanted to abolish the agencies because he hated regions. Period.' (quoted in Local Government Chronicle, 2010a).

The Region 'formerly known as the North East'

The shift, from regionalism to localism, is bound to have a substantial impact on North East England, where regionalism has arguably been more important than anywhere else in England. The North East has a long tradition of regional institutions: the region's economic development organisations can be traced back as far as the creation of the North East Development Board in 1935 (Cousins et al, 1974). Moreover, the concept of regionalism has certainly been important in the North East -- culminating in the previous Labour government's (unsuccessful) proposals for a directly-elected regional assembly (Shaw and Robinson, 2007). The region has also had a strong and distinctive voice, reflecting its well-established identity based on a shared economic history and geographical coherence. Hence, the abolition of regional governance, and the shift to localism, marks a genuinely radical break with the past and has significant consequences for the region's future development. It may not be too melodramatic to suggest that we are witnessing 'the end of the North East', or at least the end of its twentieth century importance as an administrative and economic construct.

For the North East, the post-2010 plans have meant abolition of the full paraphernalia of regional institutions: the Government Office for the North East (GONE); One North East (ONE) [The RDA], and its Integrated Regional Strategy (IRS); The Minster for the North East; the Regional Select Committee, and the short-lived, 'Regional Grand Standing Committee' (Northern Echo, 2009). The abolition of ONE (due to be completed in 2012) has also brought to an end a number of RDA-supported initiatives, including the North East Research and Information Partnership (NERIP), which provided the region with analytical capacity. The end of the RDA has also meant the dissolution of the pan-regional 'Northern Way', a partnership between ONE and the RDAs in the other two Northern Regions. Similarly, the end of Government Offices (closed down in March 2011) has seen the dismantling of regional co-ordination across a range of areas and the development of new, individual, channels of departmental representation, with each government department formulating their own ways of working at the sub-national level. The abolition of the regional tier challenges, too, the utility of other regionally-constituted bodies, representing business, local government, arts and culture, the North East's universities, and the voluntary sector. With the removal of the key regional institutions, they, inevitably, will need to review their roles and consider their position in relation to the new arrangements.

To replace the RDA, two new Local Enterprise Partnerships (LEPS) have now been created in the region: the North Eastern LEP, covering Northumberland, Durham and the five metropolitan councils in Tyne and Wear, and the Tees Valley LEP, covering the five local authority areas in the south of the region. The North Eastern LEP was only agreed after the initial bid (for four separate bodies, covering Northumberland/North Tyneside; County Durham; Newcastle /Gateshead; and Sunderland/South Tyneside) was rejected by the Government, which instead favoured one LEP bid from the north of the region. The eventual outcome was said to reflect a compromise between BIS Secretary Vince Cable- who wanted a single region-wide LEP - and CLG's Eric Pickles, who particularly wanted Tees Valley, which had drawn up a strong proposal based on its existing structures (Local Government Chronicle, 2010), to have its own LEP. The old North East has, effectively, been split in two.

This article draws upon recent research that engaged over 70 local, regional and national policy-makers and practitioners in discussions of the impact - on the North East - of the shift

from regionalism to localism[1]. The research sought to get beyond lamenting the 'loss of the familiar', and aimed to produce a balanced and informed critique of what is happening to governance in the North East – and how the recent changes have been interpreted by a wide range of individuals and organisations. For some, the abolition of the RDA in particular, is a major mistake; while for others, the collapse of the regional tier presents challenges not simply for organisations in the North East, but for the government itself. The abolition of GONE, for example, means that government is now without its regional 'eyes and ears', rendering inter-departmental co-ordination on issues affecting the region potentially more difficult. Others, meanwhile, have adopted a more positive stance with some even regarding the overbearing focus on the 'North East' as creating as many problems as it did solutions.

Indeed, the article also captures how individuals and organisations are looking to take advantage of any new opportunities and innovative ways of working and seeking to develop new relationships. We argue that a new *common-sense regionalism* is emerging which recognises that it is up to people and organisations in the North East to decide if, when, and how, they should work collaboratively. Many in the region now feel that if a new voice is to be developed, it needs to articulate a more positive vision which captures the strengths of the North East: a perpetually negative focus on the region's ' problems' merely runs the risk of being ignored. In responding to the changes, many of those involved in the research have had to reconsider the value and the values of regionalism itself – but having done so, still remain convinced that some form of regional level co-ordination and integration is needed.

From Regionalism to Localism: Interpreting the change

While many of those who participated in the research were still coming to terms with the scale and pace of change, there was widespread recognition that a fundamental shift in the architecture of governance in the region was taking place.

There were clearly expressed concerns that 'tried and tested ways of working had been swept away' and that 'knowledge and expertise built up over many years is being lost' (former regional officer). Indeed, the European Commission are said to be closely monitoring whether the abolition of One North East will result in over £100m of ERDF

funding remaining unspent, and are particularly keen to ensure that staff with specialist knowledge of EU funding regimes remain in the region (The Journal, 2011a).

People spoke of their sense of loss: 'I worked in the civil service in regional posts for over 20 years and at the moment I still find it difficult to believe the Government Office is no longer there' (Former regional officer). Some also argued that since the North East had always felt itself to be different - a separate region almost - abolition of the regional tier would have a more adverse impact than in other parts of England. According to one regional business leader, 'Most would accept the North East as an identifiable and coherent region. If you go to the other parts of the country there isn't a regional identity. If you talk to people in the South East, there is no economic coherence, no common shared identity, and no common history'. However, by way of contrast, a senior local government officer, was clear that while

> '...the North East has always thought of itself as being different, we didn't demonstrate that on 4 November 2004 *(the date of the referendum on an elected regional assembly).* We didn't sufficiently win the argument nationally, that our RDA and our regional structures were somehow different and more distinctive and more deserving to continue'.

Discussions with Whitehall civil servants confirmed that, 'Ministers would not be moving back to a political or economic view based on regions'. However, several regional stakeholders were somewhat bemused that in the new sub-national lexicon the word 'region' no longer seems to be acceptable to the government. One participant suggested that we should perhaps now talk of the 'region formerly known as the North East', while another felt that it was safer to refer to 'the area between Berwick and Redcar'.

On the other hand, there was also a strongly held view, particularly in the south of the region and amongst the business community, that 'nostalgia' should be avoided at all costs. It was important to be realistic—and to also not forget that the 'old' system was itself flawed (Shaw and Robinson, 2006; 2007). For a participant from Tees Valley, 'It's almost as though there's a golden age....with people nostalgic about the RDA era. But I just don't recognise that view'. While one regional academic felt that 'if this discussion was 18 months ago it wouldn't all be rosy about how things were - we would have been talking about top-

down national indicators, performance measures...it wasn't all great was it?'. A business stakeholder, who was critical of the failure of the old regional institutions to represent the regions (as opposed to the centre's) interests, described previous approaches as a form of 'colonial regionalism' in which the region could be seen as 'an outpost of empire'. While one participant, who had worked in a number of regional organisations, was not convinced the regional structures had ever spoken for the whole North East: what we might think of as a regional voice was 'probably the voice of a certain subset of the powerful within the region. When was the voice of the marginalised ever heard in the North East'?

Hence, it was argued, the time is right to move on, with several people commenting that the emphasis should now be on making the most of the opportunities offered within the localism agenda. One participant, working in the tourism sector, argued that, 'We now have fewer shackles on how we spend money, given the disappearance of the regional structures'. Several participants also pointed to the scope for making the most of localism by adopting more innovative and creative approaches. One said there was a clear opportunity 'to use the rhetoric of localism', and saw 'no reason why local authorities can't seize the opportunity to propose radical solutions. If the government turns round and says you can't have that, then it's an instant opportunity for voice'. Others talked about how localism could enhance community involvement and empowerment in areas such as neighbourhood planning.

For many, the key question that remained to be clarified was, 'what is most appropriately done at which spatial level'? It was acknowledged that certain functions are best performed at the local level – and in this sense, localism can be flexible and liberating - but, in other cases, there may be a need for continued regional co-ordination to focus scarce resources efficiently, maintain a research and analysis infrastructure, ensure adequate regional voice (such as at the EU level) and to 'avoid competing LEPs undermining their respective activities' (Valler and Carpenter, 2010, p 454). What is needed, it was generally agreed, were flexible and informal collaborative networks, organised at the most suitable geographical scales. There was also a pragmatic acceptance that there would need to be, in the words of one participant 'different geographies for different things', so that policy areas such as economic regeneration, business development, skills, health, transport, housing,

tourism, may well require different configurations and arrangements. In particular, some regional representatives felt that the North East still faces a particular set of economic challenges that can be most effectively tackled at the regional level. For one former civil servant, 'In the North East, it's still all about the economy, jobs, and the relative size of the public sector'.

There was a consensus, then, that maintaining some form of regional-level dialogue would be useful both for organisations within North East England and, it was supposed, for central government too. As one participant pointed out, 'how do we communicate with decision makers in London so that they actually know what's happening?' It was also felt that it would be up to people and institutions in the region to organise co-ordination and find ways of articulating that regional voice. As another participant put it, 'we don't need permission to organise ourselves; it's now entirely up to us'. But it was also understood in the region - and confirmed by the Whitehall civil servants - that creating new formal structures for their own sake must be avoided. It was less about new bureaucratic arrangements and more about new flexible and creative approaches to co-ordination.

Following on from this general overview, the next two sections capture in greater detail the challenges and opportunities identified by the local, regional and national stakeholders involved in the research While there was a fair amount of agreement on the key issues, the wide range of participants involved ensured that some of the issues – inevitably - remain highly contested.

From Regionalism to Localism: Challenges

The main concerns expressed about the implications of the shift from 'regionalism' to 'localism' related to the loss of: regional 'voice'; resources; strategic coherence; analytical capacity; and organisational coherence. There were also a number of concerns expressed over what localism might mean in practice.

The loss of a 'voice' for the North East
Many felt that the North East may now struggle to relay key messages to the Centre. This was seen as especially important given the region's small size, peripherality, and political isolation. Concerns were also expressed about how the North East would be able to

compete with other areas, particularly given the resources and economic powers available to the Scottish government and to the Mayor of London. It was also argued that, without regional institutions the North East may be left politically weak and isolated, especially at a time when only four of the region's MPs were from the two governing parties, and now no North East politicians are in government - a marked contrast to the 1997-2010 period.

The loss of resources

Despite the creation of the Regional Growth Fund, the abolition of the RDA has resulted in a major loss of financial resources for the region: 'put simply, we'll miss the money, no doubt about that' (Local authority officer). Compared to the former level of resources available to RDAs, it has been argued that there will now not be sufficient government support for economic growth in the North, where 'rebalancing' the economy poses a major challenge (The Smith Institute, 2011; IPPR, 2010). There were also concerns about the potentially uneven distribution of resources across the North East under new funding mechanisms such as the Regional Growth Fund and the New Homes Bonus. One participant thought that, 'The government's approach to economic development focuses on areas with growth potential. The question that does need to be asked, however, is "what is the strategy for those places that are not going to benefit from that approach"'? Such a sentiment was also echoed in the CLG Select Committee's report on Regeneration, which was highly critical of the Government's approach on the grounds that it failed to focus on the specific issues faced by

> 'deprived communities and areas of market failure…The Government is wrong to place so much emphasis on funding streams such as the New Homes Bonus, the Regional Growth fund and rail investment, which, whatever their benefits, are not focused primarily upon regeneration' (HoC, 2011a, p 4).

However, others said that there was greater affinity with the RDA in the North East - than had been the case in other regions – simply because the North East is a less economically successful area and RDA resources thus become more central to business survival. There has been some criticism of whether One North East has always practised 'due diligence' when allocating resources. Recent evidence suggest that of the 75 firms receiving help from One North East's Transitional Loan Fund (set up in 2008) 34 have gone into either administration

or liquidation, and that £2.7m of the almost £8.7m that was lent will not be repaid (BBC, 2011a).

The loss of strategic thinking

There was considerable regret over the loss of the strategic thinking that was developing within the IRS. A participant from the voluntary sector commented that, following the merger of the Regional Economic and Spatial Strategies, the IRS had represented a much-needed attempt to think about the region's future in a comprehensive way, bringing together both economic and social issues:

> 'With the IRS I felt that we'd finally reached a place where we had an evidence base and we were talking about what sort of North East we wanted to live in, bring our children up in, and work in. We were just starting to look at different visions and plans and then the pendulum swung completely'.

There was much discussion about the continuing need for strategic thinking. It was felt that, while there may be strong arguments in favour of dealing with economic development at a sub-regional level, other functions really needed strategic development and co-ordination at a regional level. Regional strategic thinking was also considered to be necessary in areas such as skills, housing, transport, tourism and place marketing, and aspects of public health. For one participant from the latter sector,

> 'There are some regionally-specific issues we need to deal with, like the fact that people in the region present very late with symptoms of cancer, we've also got some polling evidence that shows there is a significantly greater appetite for further legislation on tobacco amongst people in the North East than in other areas of the country. I think actually there are differences here and we ought to be able to respond to those. I'm not sure we are going to be able to do that under the new mechanisms'

The loss of analytical capacity

Concerns were expressed about the loss of capacity to maintain and analyse key regional data sources. The closure of the North East Research and Information Partnership (NERIP), which had been supported by the RDA, was felt to be particularly worrying. One participant spoke for many when he highlighted the 'loss of skills, capacity, expertise and data. It's about being able to monitor and measure and compare our progress with different places. I

think that's potentially being undermined'. The general depletion of the North East's research and intelligence capacity, both regionally and locally, is expected to have a negative impact on policy making and implementation in the new LEP and other agencies. One LEP member felt that, 'The single biggest issue about losing the RDA is the loss of evidence-based research. That is the key to any voice and lobbying. Our Achilles heel will be when we try and say "this is what we want because we know this will work," if we haven't got the evidence to back it up'.

The loss of coherence and clarity

When the research was being undertaken (in the summer of 2011), there was still considerable uncertainty about how government departments will interact with the region in the absence of GONE. Participants wondered how the different government departments would be reconfigured at the sub-national level; who they would need to contact in the new arrangements; and what the government departments themselves now expected in terms of engagement from relevant organisations in the North East? A former regional official pointed out that different departments were adopting their own approaches to managing their geographical responsibilities and that 'there isn't a single view out there as to what the right geography is. Take three different central government departments: they all have a different view about the level at which they want to interact with people'. Regional agencies may have been imperfect in many ways, but for some, regionalism had at least been helpful in structuring relationships between central and sub-national tiers of governance. A number of participants were still genuinely confused over who they should now contact for advice and how to go about it.

Uncertainty over Localism

The ideas behind localism were welcomed, but the way in which it was being implemented generated a degree of scepticism. Some said they were unsure exactly what localism entailed, and how it connected to other initiatives such as The Big Society and the commitment to Open Public Services. Some viewed it as essentially 'window dressing':

> 'We recently had a Whitehall civil servant talk to us about localism. We asked him to give an example of localism. The example he gave was Royal Wedding Street parties' (Local authority participant).

There were also concerns about too much local variation and too little coherence, and, from a senior local politician, a worry that the Localism Bill 'is more about appealing to certain local individuals or local neighbours, it's not about local authorities, it's about unlocking influence lower down'. Participants also wondered whether there would actually be greater local autonomy and influence, fearing that, in the end, it might result in additional central interventions to deal with the resulting uneven provision. In discussion with Whitehall civil servants, it was acknowledged that it was still 'early days' and the nature of the relationship between the local level and Whitehall under the new arrangements is still evolving. For one civil servant, 'Whitehall wants to have a supporting role, providing advice and feedback rather than top-down guidance or direction'. It was pointed out, however, by one local authority senior officer, that 'programmes such as the Regional Growth Fund and the Work Programme are still very centrally directed'. Indeed, It is was also recognised that if localism is to work, it is important that it is not simply viewed by ministers as a way of curbing public sector costs in a tough spending environment, but as part of a wider social and economic vision to transform service provision and empower localities.

Regionalism to Localism: Opportunities

While the research captured the substantial concerns of people and organisations in the North East, it was also clear that many wanted to make the best of the new situation and, more than that, many felt that there were genuine opportunities on offer. Two areas were highlighted: the potential of the LEPs; and the development of new approaches to collaborative working within the region, and between the region and the centre.

Local Enterprise Partnerships

LEPs were considered by many to provide a more appropriate level at which to promote local economic growth -- in contrast to the previous regional-level interventions of the RDA. The need for a sub-regional approach was particularly felt in Tees Valley, where the new arrangements were viewed as a natural progression from earlier attempts at joint-working (going as far back as the 'Tees Plan' in the 1960s and 1970s) which had provided a stronger focus on the particular needs of the city-region. In Tees Valley, the opportunity to 'run their

own affairs' was greeted with enthusiasm by local institutions keen to push ahead with their own, locally agreed, strategy for development. The fracturing of the old regionalism, involving the decision of organisations in the Tees Valley to 'go it alone' when bidding for a separate LEP in the summer of 2010, can be viewed as the decisive break with the old regionalist order. For one Tees Valley Partnership Member, the key ingredient in the south of the region was that 'the five local authorities realise that, working together, they get more than working on their own, and they are starting to see added value in working in partnership'.

In general, local government officers viewed LEPs as offering new opportunities for local authorities to work closely with local businesses to reduce barriers to enterprise and to enhance the private sector's ability to compete at the global level. But, as one business leader said, it was important to be realistic: businesses have very limited interest in structures, old or new:

> There's a bit of noise around LEPs but actually the number of people who want to get involved from business is actually tiny. I just think for most of the private sector, most of the time, we would say just get on with it-- just do it properly please'.

The crucial importance of encouraging private sector-led growth and rebalancing the economy was recognised by many, although there was also a strong plea (from the voluntary and community sectors) not to downplay the wider social agenda, especially in view of the area's high levels of deprivation. Indeed, recent research on the role of the VCS in the work of LEPs in the North suggests that there is still considerable scope for enhancement in this respect (IPPR, 2011a).

However, others felt that the economic issues simply had to come first, and be considered before any wider social concerns. One LEP board member said:

> 'When you are talking to this government, the economy is the "Trojan horse" that gets you through to talk about the other stuff. It's got to be focused on the economy, if we start to get that right, the other stuff will start to come right as well.'

Participants (in both the north and south of the region) expected that the two new LEPs in the North East would work together where this was mutually beneficial, and believed mechanisms to enable that should be developed. The North East Economic Partnership (NEEP) was jointly developed by the Northern Business Forum (NBF) and the Association of North East Councils (ANEC) to act as an 'enabler', promoting an 'alliance between the two LEPs in areas where it makes sense to collaborate across a larger geography' (NBF, 2011, p 2). By late 2011, however, there was still considerable uncertainty over the exact role of (NEEP) in relation to the two LEPs.

The view of Whitehall civil servants was that LEPs needed to 'develop according to local needs as they are not owned by central government'. However, participants from the region stressed that LEPs should not be viewed as a panacea, and managing expectations would be important. One LEP member was concerned about 'mission creep' and that the centre would give LEPs more and more things to do. Recent coverage of central government intentions suggests that there are plans for LEPs to band together to form new Local Transport Consortia covering a wider area (Local Government Chronicle, 13/10/2011), and that LEPs will be directly involved in supporting key infrastructure projects (such as housing, roads, business parks) by allocating monies to private developers to kick start the development process. Funded through a new £500m Growing Places Fund, the LEPs have each been told how much money they will receive (the North East LEP, has £16.7m and Tees Valley, £5.7m), but must then submit proposals on how they would spend it. Given that the Government had previously argued that LEPs would not require government funding in order to 'lever-in' private capital, some observers see the development as a tacit recognition that scrapping the RDAs was a mistake (BBC, 2011b).

New Collaborative Opportunities
The new arrangements were viewed as offering an opportunity to move away from an approach to joint-working in the region based on 'grant coalitions' (where the partnership was structured by the RDA and lubricated by its resources), to one based on 'coalitions of the willing', where individuals and organisations would now need to assess the wider benefits of collaboration and consider whether their participation in more flexible and

14

voluntary approaches to networking would genuinely add value. One participant highlighted that

> 'Regional structures imposed a certain amount of discipline on the way that the various individual bodies operated, so that we were forced to collaborate and to work together. Now we're part of a coalition of the willing because we want to be, rather than because we are being forced to do it'.

It was also felt that there were now better opportunities for more direct and transparent relationships between North East bodies and central government departments. As one Tees Valley participant noted, the lack of such relationships was perhaps one of the failings of the old system where 'we seemed to concentrate too much on influencing the regional bodies and not enough on actually getting our case across to central government directly'. Several contributors were very positive about this opportunity, as they felt that the previous mechanisms had not adequately represented the range of opinions in the North East, with the structures acting more as 'creatures of the centre' rather than the voice of the region. There would also be opportunities to review and reconsider approaches to lobbying that had lain dormant during the 'regionalist' period. A voluntary sector participant argued that 'For 13 years we had quite a benign policy arena that benefitted us. We now have to get to grips with this notion of lobbying - the very basics of getting down to the influencers and shakers and having some impact'.

Many felt that if a voice is to be maintained, it would need to articulate a more positive vision which emphasised the strengths of the North East. One LEP member, who had worked with a number of government departments over the years, argued that

> 'The one thing that gets you success is to give them solutions and not problems. Whingeing is not the way to influence governments. We need to start thinking collectively at different levels and ask "what solutions can we offer to their issues"'.

Similarly, the difference between 'optimistic' and 'pessimistic' views of the region's future, is reflected in recent arguments between some North East MPs over the appropriate level of central government's support for tackling the region's economic problems (Sunday Sun, 2011), and the views of a LEP director that continually focussing on figures that show a

15

growing 'North South-Divide' paints too gloomy a picture of the region and ignores the positive steps that have been taken to boost the local economy (Business Network, 2011)

As government departments adapt to the post-Government Office era, and local and regional organisations struggle to come to terms with the new organisational arrangements, it will clearly take time for both parties to become acclimatised to the new 'rules of the game'. There are also still opportunities to improve the transparency of the new arrangements to ensure that local organisations - hitherto used to the mediating role of GONE – know 'who' to contact and 'how'. There are signs of new relationships developing via the creation of BIS Local structures, the recent appointment (by the Cabinet Office) of a Big Society 'Champion' for the North East, the support given to LEPs from within The Department of Communities and Local Government (DCLG), and advice from the Treasury on the North Eastern LEP's bid for Enterprise Zone status (The Journal, 2011b). The DCLG also announced, in September 2011, that they had set up a new network of 14 English localities each with a named 'area director' and 'localities partner'. The 14 areas comprise those based on traditional boundaries (this group includes the North East) and those areas where a number of former regions have been banded together, such as the odd configuration that stretches from Cornwall to the middle of Oxfordshire. However, the proposed changes run the risk of adding further complexity to the new arrangements, given that the boundaries are not contiguous with LEPs, the regional structures of the Homes and Community Agency, nor with the six 'BIS Local' offices. It also leaves the government open to the charge that they are merely 'recreating a regional tier, albeit in a slimmed down form' (Local Government Chronicle, 2011).

'Common Sense' Regionalism

In the past, organising things at a regional level was a normal response in the North East; now, that has to be considered and justified. Organisations are looking afresh at how they operate and assessing how best to respond to new opportunities for discussion, debate and collaboration. No doubt that is healthy, but the danger is that regional-level structures that are really necessary are lost, or not developed, just because of the Government's aversion to regionalism. As one observer has noted, while the Government has abolished RDAs as *statutory bodies*, this does not necessarily mean the end of the *concept* of regional

16

economic development or its significance as a level of *policy co-ordination* (Meagher, 2010). Given this context, what seemed to be emerging from the research was a more pragmatic, *'common sens*e' *regionalism*, which accepts that there are sensible and realistic things that the North East could and should, do for itself: actions that would not involve new bureaucratic structures, substantial resources or, indeed, require central approval. It was not so much a matter of wanting to turn the clock back but, rather, an acknowledgement that regional co-ordination is needed, not least to manage the competing claims of different parts of the area. Four specific proposals were highlighted:

- There was support for retaining cooperation and collaboration on a regional basis for functions best co-ordinated at that level. This is particularly the case where there is still a regional layer of organisations representing business, universities, professions, and the voluntary sector. Some of these are long established organisations and networks, very much part of the region's economy and society, who will survive because they are still deemed to be of value. Thus, the North East Chamber of Commerce have continued with their regional Skills Policy Reports (NECC, 2011), while the North East Enterprise Agencies consortium have played a key role in accessing ERDF money to provide support for business support in the amongst North Eastern SMEs (CLG, 2011). The Voluntary Organisations Network for the North East (VONNE) continues as a key voice for the region's third sector, while policy networks, such as the North East Housing Innovation Forum, have also been reconfigured to stimulate debate and discussion within the sector and to relay ideas and innovations across the wider North East.

- While there is nervousness about creating new structures, there was a strong commitment to the North East 'getting on' and 'doing things for ourselves'. There was much interest in the idea of setting up a forum, not directly linked to traditional political channels, in which a range of organisations could meet to discuss matters of mutual interest. It was suggested that such a relatively informal and voluntary regional forum could also form the basis of a regional sounding board that may be of use in future central-local discussions. The local and national politicians who contributed to the research also argued that a political voice for the North East could be developed through the establishment of an all-party regional parliamentary group of MPs and Peers. It was also thought that the North East's five universities were well placed to execute an 'honest broker' role as the convenor of a regional forum or sounding board, possibly in alignment with an experts' group that would contribute to the sustenance of the region's analytical capacity. Recent developments have seen Universities, the Association of North East Councils, and local authority officers relaunching a North Eastern Research and Information Network.

- As noted earlier, DCLG has recently appointed area and locality managers in 14 areas of England to provide local engagement with Whitehall and to help ensure that the government understands local concerns. It is also stressed that 'building

relationships with local areas will become part of the role of senior civil servants' (Local Government Chronicle, 2011). This development reflects one of the main messages from the research that localism provides the opportunity to fashion new, direct, relationships with the Centre. One suggestion coming out of the research, and which goes further than the CLG initiative, was that civil servants with area-based responsibilities in different departments could meet together as a North East Area Group and perhaps, from time to time, meet with representatives from the North East. Establishing an effective mechanism for communication could help to avoid duplication of effort and issues being overlooked; it could also help to ensure that if a cross-cutting issue arises, the right structures and partners are in place to allow a response.

- It was also suggested that new approaches to joint central-local working could be utilised on an irregular and more voluntary basis. Several regional stakeholders pointed to how a *Peer Assist Review* could be used as a process to bring the Centre and the localities together and offer opportunities for critical challenge and debate. Such a process took place in relation to the Tees Valley's Business Plan for a City Region in 2007, and involved a panel of civil servants from six government departments visiting the Tees Valley to provide a constructive consideration of strengths, weaknesses, opportunities, areas of progress, barriers to be overcome, and practical recommendations for improving performance (Tees Valley Unlimited, 2007). Peer Assist could also be harnessed to identify areas where further support from central government is needed to achieve key objectives. It was also suggested that the Peer Assist Review process, could be a useful mechanism to help develop new collaborative approaches between government departments and the LEPs.

Conclusion: Whither the North East?

The North East of England is facing root and branch reform, pushed through by a government seemingly hostile to the very mention of the word 'regional', and which is likely to fundamentally alter the rules of the game associated with the regional compromises and 'grant coalitions' of the last two decades. This is particularly the case with the separation between the North and South of the former region, where the decision of organisations in the Tees Valley to go it alone (in relation to LEP status) can be viewed as the decisive break with the old order. Nor is this likely to be a temporary state of affairs: the traditional ways of getting things done within the region, the tried and tested structures and processes that have developed over time have gone, and there is little point in awaiting a change in policy direction - or even a change in Government.

Nor should the genuine concerns expressed at the recent loss of the regional institutions in the North East, hide the fact that many were not exactly enamoured with the old ways of doing things. In 2007, one study reported the view of a senior civil servant from the North East that

> '..the heavy institutional architecture of the region was designed in a previous era, to manage decline. You need a lot of governance to manage decline. In this sense the region still has the feel of a former East European communist state about it. Now what is needed is a structure able to promote economic growth. For that, we need governance with a lighter touch, slimmer and leaner more streamlined' (quoted in Shaw and Robinson, 2007).

Nor is this a recent critique. Nearly forty years ago an influential study of the North East concluded that the North East was, in many ways, an artificial construct:

> 'The main purpose of the regional organisations has remained constant – to persuade the people of the North East to accept a certain range of policies and assumptions about policy and to mobilise to achieve these aims in a socially comprehensive way, on "regional" rather than on area, industry, party or interest basis... the significance of the regional organisation lies in its repression of a spatial or social lack of homogeneity in the North East' (Cousins et al, 1974, p 143).

From this viewpoint, the 'end' of the North East as an administrative and economic creation can be viewed as providing a chance for local and regional decision-makers to think anew about the value and values of regionalism. Arguably, previous manifestations of regionalism may have contributed to a parochialism and insularity in the North East which has hindered the development of a more outward-looking approach. As one participant in the research, (who was new to the area), commented,

> 'In the short time I've been here, I'm staggered about how much emphasis there is on the 'North East' in the North East. But actually what we face is global competition, and it's all about how you match that global competition. It's about going way beyond the North East'.

With its absence of political representation in government, the North East is marginalised and easily ignored – a problem region 250 miles from London that doesn't have the clout of

Scotland, its increasingly emboldened neighbour. Hence, the North East needs a voice, but that needs to be credible, rooted in the place and people, and able to engage realistically with government. There is a feeling that the region does not want to be doing what it's done before: either complaining about how bad things are or else engaging in insincere 'boosterism'. That is a considerable challenge for a region that is used to being organised, rather than organising itself.

The emergence of a *common-sense regionalism* recognises that since the regional structures have gone - and will not be coming back in the foreseeable future –the North East needs to respond to the new situation, take advantage of any new opportunities and innovative ways of working, and seek to develop effective relationships. This is particularly the case in relation to making the most of LEPs, and developing new - and more direct - connections with central government departments. Such a view also suggests that it is up to people in the North East to decide when, and how, to set up collaborative mechanisms; after all, that is what localism is all about. There is continuing support for retaining some form of cooperation and collaboration on a regional basis, covering functions such as skills, housing, transport, public health, and tourism. In some areas, such as business, the professions, higher education and the voluntary sector, it is noticeable that their regional organisations show no sign of being dismantled, irrespective of the position of central government. It seems probable then, that joint-working and collaboration will emerge, when it is deemed to be of value. Many participants in the research also expressed enthusiasm for developing some kind of regional forum, constituted from people concerned with the region's economic and social development, which could continue to articulate the region's concerns and maintain a dialogue within the region. There was also support for maintaining some shared research and analytical capacity, and for involving universities in taking on the responsibility of producing a regional monitoring publication or even an annual State of the North East report. There were other suggested ways of strengthening the region's voice, such as the idea of an all-party parliamentary group for the North East. Discussions with senior civil servants in a range of government departments also brought forward a proposal that those with a remit specifically to engage with the North East, should meet together with other civil service colleagues with an interest in the region. Such meetings should take

place on a regular basis, provide an opportunity for light touch coordination, discuss issues cutting across different government departments and perhaps, in the future, provide an opportunity for North East stakeholders to present their views to the relevant civil servants. Other initiatives discussed, included the possible use of a Peer Assist Review to support the role of LEPs, particularly where joint working between adjoining organisations is required.

The transition to a coherent and effective approach to economic development at a sub-regional level was always likely to prove a challenge (Harding, 2010). Indeed, a report from the Centre for Cities think-tank pointed out that only two of the 24 LEPs launched in October 2010 had yet published a long-term strategy, and eight had not yet had their boards approved by the government (Centre for Cities, 2011). In the North East, collaboration between the seven authorities within the North Eastern LEP has not had an auspicious start, as the production of two different bids (within the same LEP) for an Enterprise Zone Bid indicates (The Journal, 2011b). The tensions that may have simmered under the surface in the old regional arrangements have come to the fore and some kind of resolution will have to be found to take the LEP forward. Sub-regionalism or localism brings these challenges -- just as regionalism did (Shaw and Greenhalgh, 2010). In addition to such internal challenges, the two LEPs will also be required to work collaboratively in a number of areas: yet pinpointing an appropriate mechanism for achieving this may also be problematic. While the North East Economic Partnership (NEEP) could play a role in bringing the business communities together across economic areas, and the Association of North East Councils (ANEC) could fulfil a similar role in relation to the political leadership in the North and South of the region, there are still opportunities to consider new, creative ways for the two LEPs to work together for mutual benefit. Whilst avoiding the creation of any new formal structures, this might involve the different LEP Chairs and Directors regularly meeting together, and utilising existing networks for discussions on the joint use of data, on sector issues that cut across the LEP boundaries, and on EU issues? The importance of effective local political leadership is paramount: local authority leaders need to eschew 'political tribalism' and recognise the importance of developing a genuinely shared vision for their LEP, and in committing their organisations to look afresh at how they operate and might best respond to new opportunities for collaboration.

21

Doubts remain in the North East however, as to the scale - and extent – of the likely autonomy and influence available under localism. There was a particular concern that the end of regions might actually entail additional greater centralisation. For one business participant, the recent decisions over RDA assets, the Regional Growth Fund and Business Development indicate that

> '..most of the strategic issues which we thought should be done on a much bigger scale than the sub-regional, ended up centralised. You know all the things we were concerned about were taken on by national government, so in the end our problem is that we have gone from arguing whether this should be regional to whether it's right to be centralised?'.

Perhaps these concerns about 'camouflaged centralisation' should come as no surprise. While the heady days of 'new regionalism' leading up to the 2004 North East referendum, did produce an optimistic literature on the growing importance of regional responses to global economic competition (Wood and Valler, 2004), there were still concerns that the Centre used the development of new forms of regional economic governance to increase its influence. One critic was sceptical of arguments stressing the neat link between territorial scale and economic performance, asserting that RDAs simply did not have the capacity to effectively induce economic growth. From this perspective, 'despite the political and academic weight placed on the importance of inter-organisational alliances involving civil society actors as pre-requisites of economic success, it would appear that the nation state retains its role in orchestrating governance' (Jones, 2003, p 193). For others, the Northern Way strategy was a good example of a rescaling approach that can be described as 'deconcentration', whereby central government establishes a national spatial strategy - with regionally specific variations – which provides a way of directing the work of sub-national organisations, making 'sure they work together in a way that facilitates, rather than hinders economic growth '(Goodchild and Hickman, 2006, p 133).

The end of the regional 'experiment' in England is a sober reminder that the contemporary focus on 'multi-level governance', and on the centre's territorial delegation of responsibilities and resources to the regional level, has substantially underestimated the continuing power of central government to use its extensive resources in order to

determine policy outcomes (Wilson, 2003). If localism is to work, the Government must deliver on its commitment to end the 'command and control apparatus of England's over-centralized state', and be mindful of the warning from the House of Commons Select Committee on Communities and Local Government that, 'the litmus test for delivering a more localist political culture will be how ministers react to devolved decisions they dislike' (HoC, 2011b). In the North East, making the most of localism, while still maintaining - where appropriate - regional-level coordination and collaboration may yet be prove to be a major test of the localist commitment of Government ministers.

Note

[1] The research involved three regional round table meetings convened in May 2011. These were held in Newcastle upon Tyne, Durham and Stockton-on-Tees, and involved over 60 invited stakeholders from all sectors and areas across the North East. Those attending included: former regional officials, local politicians and officers; MPs; regional civil servants, academics, representatives of the VCS, and Business sectors, LEP board members, and representatives from policy areas such as Economic Development, Culture, Tourism, Housing, Youth and Children's services, and Health. Following these events, a fourth round table meeting was held in London in July 2011. This brought together a number of senior civil servants from six different government departments, including people with departmental responsibilities specifically for the North East (or the wider North of England). A group of key stakeholders from the region also took part in the London meeting. The authors gratefully acknowledge the support of the Millfield House Foundation and of our colleagues Suzanne Martin, Will Holloway and Ian Zass-Ogilvie.

References

BBC, (2011a) 'Failed businesses 'cost North East taxpayers millions'. http://www.bbc.co.uk/news/uk-england-15784336

BBC, (2011b) *'£500m to boost stalled building projects'*: http://www.bbc.co.uk/news/uk-politics-15611436

BIS, (2010). *Consultation on the Regional Growth Fund.*
Available on: http://www.bis.gov.uk/Consultations/regional-growth-fund-consultation

Business Network, (2011) '*Tees Valley Unlimited responds to North-South divide poll'*
http://bdaily.co.uk/news/enterprise-and-startup/11-11-2011/tees-valley-unlimited-responds-to-north-south-divide-poll/

Centre for Cities, (2011) *Cause celebre or cause for concern? LEPs one year on.*
http://www.centreforcities.org/assets/files/11-10-27_Cause_celebre.pdf

Centre for Cities, (2009) *Regional Development Agencies: the politics* .
http://www.centreforcities.org/assets/files/09-12-17%20RDAS_the%20politics.pdf

CLG, (2011) *'Hundreds of North East Businesses to be created'*
http://www.communities.gov.uk/news/corporate/20095121

CLG (2010). *Proposals to introduce a Community Right to Buy - assets of community value: Consultation paper.*
http://www.communities.gov.uk/publications/localgovernment/righttobuyconsultation

Conservative Party, (2009) *Control shift: returning power to local communities*. Policy Green Paper No.9. London: Conservative Party:

Conservative Party, (2007) *Cities renaissance: creating local leadership* (London: Conservative Party)

Cooper, H (2011) *Tiers shed as regional government offices disappear.* The Guardian (29/3/2011) http://www.guardian.co.uk/society/2011/mar/29/regional-government-disappears-1500-jobs-lost

Cousins J et al (1974) 'Aspects of contradiction in regional policy: The case of North-East England', *Regional Studies*, Vol 8 No 2, pp 133-144

Goodchild, B and Hickman, P (2006) ' Towards a Regional Strategy for the North of England ? An Assessment of the "Northern Way"', *Regional Studies* Vol 40.1 pp 121-133.

Harding, A. (2010) *Economic development and regeneration: an early reading of coalition government runes, Election Unplugged II; Northern Reflections on the Coalition's Programme for Governmen*t. Newcastle: IPPR North.

House of Commons, (2011a) *Communities and Local Government Committee - Sixth Report: Regeneration.* London: HMSO.

House of Commons, (2011b) *Communities and Local Government Committee Third Report: Localism.* London: HMSO.

IPPR, (2011a) *Drawing on all resources? The involvement of the voluntary and community sector and social enterprise in Northern Local Enterprise Partnerships*. Newcastle: IPPR North.

IPPR, (2011b). *Northern Economic Futures: Call for Evidence*. Newcastle: IPPR North

IPPR, (2010). *Well North of Fair: The implications of the Spending Review for the North of England. Newcastle:* IPPR North

Jones, M (2003) "The regional state and economic regulation: Regional regeneration or political mobilisation?", D Valler and A Wood (eds) *Local and Regional Economies: Institutions, Policies and Economic Development.* Aldershot: Ashgate.

Kelly, R (2011)   What's Left for the North East ?; An Essay. Newcastle: Durham Book Festival/New Writing North.

NBF (2011). *North East Economic Partnership: briefing for NBF members*. http://www.nepic.co.uk/WebformFolder/NEEP_BriefingforNBF.pdf

Local Government Chronicle, (2011) *'Structure set up to strengthen local links'* 13/10/2011.

Local Government Chronicle, (2010) *'Cost of abolishing RDAs rises to £1.5bn'*: 23/10/2010

Meagher, K. (2010) 'Talk of RDA abolition is premature'. *Regeneration and Renewal*, 6/7/2010.

North East Chamber of Commerce, (2011) *Bridging the Gap: NECC Skills Policy Report.* Durham: NECC

Northern Business Forum, (2011) *The North East Economic Partnership: briefing for NBF members.* http://www.nepic.co.uk/WebformFolder/NEEP_BriefingforNBF.pdf

Regeneration and Renewal, (2011) *Heseltine: mayors at heart of regional rebalancing.* 10/11/2011.

Shaw, K. and Greenhalgh, p. (2010) 'Revisiting The Missing Middle in English Sub-National Governance' *Local Economy* 25(5/6): 457-475
Shaw, K. and Robinson, F. (2007) 'The End of the Beginning'? Taking Forward Local Democratic Renewal in the Post-Referendum North East' *Local Economy* 22(3): 243-260

Shaw, K. and Robinson, F. (2006) 'Governance in the Post-Referendum North East', *Northern Economic Review* 37: 5-24

Shaw K, and Greenhalgh, P 2010). (2010) 'Revisiting The Missing Middle in English Sub-National Governance' *Local Economy* 25(5/6): 457-475

Sunday Sun, (2011) *'MPs clash over whether region is too 'pessimistic'* 30/11/2011.

The Journal, (2011a) *Commission will be watching the UK* (20/4/2011)

The Journal, (2011b) *'Blast at North East's 'civil war' over LEP decision'* 20/9/2011.

The Journal (2010b) *No unity as Teesside goes it alone'.* (26/7/ 2010).

The Northern Echo, (2011) *'Running our own affairs'*, 29/10/2010.

The Northern Echo, (2009) *'Middlesbrough Town Hall hosts Regional Grand Committee'* 26/9/2009

The Smith Institute (2011) *Rebalancing the economy: prospects for the North*: *Report of the 'fair deal for the North' inquiry.* London: Smith Institute.

Tees Valley Unlimited, (2007) *The Story so Far*.
http://www.teesvalleyunlimited.gov.uk/documents/storysofar.pdf

Valler, D and Carpenter, J. (2010) 'New Labour and Spaces of Competitiveness', *Local Economy*, 25:5-6, 438-456

Wallace, M (2010) *Axe the RDAs.*
http://conservativehome.blogs.com/localgovernment/2010/05/axe-the-rdas.html

Wilson, D (2003) ' Unravelling control freakery: redefining central-local relations', *British Journal of Politics and International Relations* Vol 5 No 3 pp 317-346

Wood, A and Valler, D (2003) *Governing Local and Regional Economies: Institutions,. Politics and Economic Development* Ashgate. Aldershot, Hants.