Introduction

The shadow of Brexit looms ominously over any discussion of contemporary political institutions and processes in the UK. Suitably uncertain – not to say gloomy – pronouncements thus characterise much of the recent literature on Devolved Governance within England.

On one level, these capture the challenges faced by local councils whose risk registers have to confront, for example, the end of EU funding, reduction in the number of EU workers in key sectors, the introduction of new procurement regimes and the need for a new legal basis for some public services (House of Commons, 2019). While on another level, there are concerns about the fate of the overall devolution process in England where there are fears that recent attempts (via ‘Devolution Deals’) to give local communities greater power and control over their futures will suffer as Brexit forces the Government to actually go against its own devolution agenda (McCann and Ortego-Argiles, 2019).

Such critical judgement on the impact of the Brexit process on recent developments in subnational governance in England can be also added to the initial concerns expressed over the Government’s plans to encourage the setting up of a number of new Combined Local Authorities, with directly-elected mayors, new powers and resources (British Academy, 2017). Several assessments concluded that such deals lacked clear overarching democratic principles, were conducted behind closed doors, didn’t offer sufficient resources or powers to tackle regional inequalities and created new ‘artificial’ boundaries (see for example, Pike et al, 2016; Tomaney, 2018).

Without resorting to platitudes on ‘never wasting a good crisis’ or underplaying the considerable challenges posed by Brexit, it can also be argued that there are still opportunities in the present climate to develop new innovative approaches to sub-national governance. Approaches that continue to highlight both the resilience of local government in responding to crises (Shaw, 2012) and the flexibilities remaining to reshape - from the bottom-up - the boundaries of traditional place-based approaches to economic development.

As an illustration, this chapter focuses on the development of new sub-national governance arrangements in the North of England and in the Scottish Borders. These developments, encompassing both the Borderlands Growth Deal and the North of Tyne Combined Authority, illustrate how there is mileage still left in the devolution agenda in England and how Brexit, in some cases, has actually allowed ‘space’ for such developments to be conceived and
redeveloped. In this sense at least, the challenge is to recognise that there are some hopeful signs even amongst the despair.

**Brexit and the Devolution Agenda**

The contemporary devolution agenda within England was formed (and developing momentum) well before the 2016 referendum on EU membership. Reflecting the Coalition Government’s rejection of the regional tier of governance, the 2011 Localism Act gave ministers the power to transfer responsibilities to individual cities that came forward with innovative proposals to promote economic growth.

One feature of the Act was to promote a ‘City Deal’ process that would see, in exchange for being granted greater powers, a number of English cities and their wider areas assuming responsibility for delivering growth locally (National Audit Office 2015). The first wave of City Deals covered the eight largest cities (including Manchester, Birmingham and Newcastle) that were in the Core Cities Group. A further, second, wave of 20 City Deal agreements then encompassed the next 14 largest cities, plus the 6 cities with the highest population growth between 2001 and 2010. These included smaller city regions such as Greater Cambridge, Oxford and Oxfordshire, Tees Valley, and Hull and the Humber (Cabinet Office 2013).

Following the May 2015 General Election, the new Conservative Government further revised the approach by announcing an additional ‘Devolution Deal’ which allowed combined bodies made up of a number of councils to ask for additional responsibilities and funding as long as they agreed to accept the introduction of a directly-elected mayor for the new Combined Authority (House of Commons 2017).

However, for some commentators, the entire devolution process has now been derailed by Brexit:

‘The need to control the complex process of delivering Brexit has meant that the Westminster government has excluded sub national government from almost all Brexit-related negotiations. On top of this, the government agenda aimed at enhancing sub-national devolution, which began in earnest in 2014, has almost entirely stalled...The ad hoc, uncoordinated and largely powerless responses of local government to Brexit demonstrate the UK’s sub-national power vacuum in this crucial arena’ (McCann and Ortego-Argiles, 2019, p 47).

Preparing for Brexit has clearly created turmoil at a sub-national level already dealing with austerity, sluggish economic growth and limited funding to prepare for Brexit. Nor have senior local council leaders, including the elected mayors in our largest cities, been adequately engaged in wider negotiations on Brexit.

However, there is an alternative case to be made that while the pace of devolution initiatives may have slowed, they have not completely stalled. Indeed, preparations for Brexit have, arguably, allowed space for locally crafted plans for greater devolution to be developed and legitimised and added momentum to more radical calls for greater devolution in a Post-Brexit UK. There is also an argument that following the EU referendum there is greater policy
attention devoted to rural areas, coastal communities and smaller towns excluded from the bulk of devolution opportunities so far.

Indeed, there may be an argument that with Central Government transfixed by the Brexit process, there are opportunities to push ahead with locally inspired plans. Tony Travers has argued that,

‘As Theresa May’s government starts the complex process of renegotiating the UK’s relationship with the rest of the world, Whitehall seems likely to be distracted from domestic policy for several, possibly many, years. Devolution to city and county-regions offers her government an opportunity to concentrate its efforts elsewhere’ (2017).

We may even be witnessing the start of a (slight) shift back towards local government being viewed - in Jim Bulpit’s famous distinction – as ‘low’ politics rather than ‘high’. A key feature of the former being that, for the most part, central elites kept out of local administration and let elected councils deal with local issues in their own way (1983).

Thus, despite the earlier view (above) that the Devolution agenda in England has stalled since 2016, there are still clear signs of life:

• As discussed in the next section, the North of Tyne Combined Authority (CA) has recently joined the seven other combined bodies with elected mayors (in May 2019) and after much-wrangling, agreement has been reached on plans by the four councils within the Sheffield CA (PSE, 26/3/2019).

• Other more traditional ‘deals’ (not involving an elected mayor) continue to be announced – such as the Borderlands Growth Deal (BBC, 2019) which will be discussed in the next section.

• Proposals for the setting up of unitary councils to replace county and district bodies (in former two-tier areas) have been accepted in Dorset (Municipal Journal, 2019) and Buckinghamshire, as have moves to reduce the number of district councils in Somerset. Talks are also underway to move towards unitary councils in a number of other two-tier areas.

• Despite ongoing criticism (particularly of the former) the two pan-regional ‘growth machines’, the ‘Northern Powerhouse’ and the ‘Midlands Engine’ continue to provide at least a vehicle for collaborative approaches. In the meantime, interests continues, in rescaling in terms of a more permanent pan-regional Council for the North (Cox, 2017)

• In the context of Brexit, there are also more fundamental debates ideas on the future of the UK as a whole. In particular, whether - within a Federal Britain - the governance of England is best served by the creation of an English Parliament (Russell and Sheldon, 2018) or by revisiting arguments about the merits of directly elected institutions at the regional level (Blick, 2019). Lord Heseltine has also made a strong case for creating a new Central Government Department of the Regions (and restoring government offices in the regions) in addition to increasing the powers of the Combined Authorities (Heseltine, 2019).
On the ground, the new directly elected mayors are beginning to carve out a niche for themselves and interest in expanding this role continues. This is both in terms of exercising their powers (the Tees Valley Mayor has recently pushed through the ‘municipalisation’ of the ailing Tees Valley Airport: Northern Echo, 4/12/2018) and in making the case out for greater devolution to meet the challenges of Brexit (Burnham, 2019). As one review of the mayoral role argues

‘Brexit will reshape the UK economy and society, as well as how the nation is governed. There is a strong case to introduce mayors in other English cities and to allow them to take a greater role in political life. Elected mayors could, for example, have an important role working with central government to determine what powers might be repatriated to a local level, after Brexit …. There is also scope for elected mayors to influence national and global debates by acting as a united force to demand greater devolution after Brexit’ (Ayres and Beer, 2018).

One feature of the 2016 Referendum vote was the large ‘Leave’ vote in smaller towns, coastal communities and rural areas outside the main urban conurbations – the so-called ‘revenge of the places that don’t matter’ (Pike, 2018). This has strengthened the case for greater policy attention being paid to areas outside the present Combined Authorities to stem what one account has called ‘the politics of resentment’ (Jennings et al, 2019). This also chimes with previous criticisms of the Devolution Deal Process for ignoring the needs of rural economies (IPPR, 2017) and failing to develop the type of coordinated and strategic approach to rural governance and productivity on offer to largely urban combined authorities.

The next section will provide an illustration of some of these themes by looking at the North East of England, where the political ‘space’ partly created by Brexit has encouraged some councils to consider new and flexible place-based approaches to devolution that may not have been possible under ‘normal’ circumstances. This also reminds us of the continuing importance of the local political dimension in creating and reshaping boundaries where functional economic geographies - devised by national policy-makers - fail to map on to the new and emerging challenges and opportunities. Such proactive approaches also show that ‘local and regional actors are not passive, nor do they simply respond to the initiatives of the centre’ (Pike and Tomaney, 2009, p 29).

'Some order out of chaos': The Borderlands and North of Tyne

On the surface at least, the impact of post -2010 devolution initiatives in the North East could be viewed as producing more fragmented and cluttered governance arrangements. The abolition of the North East Region (its Development Agency and Government Office), the creation of two Local Enterprise Partnerships (covering the North and South of the region) and the plans to create two new Combined Authorities - based on the same North-South demarcation - created considerable upheaval and the loss of a coherent regional 'voice'. Indeed, the subsequent failure of the seven Councils in the 'North' of the North East (as the North East Combined Authority) to agree to be designated (as Tees Valley had) as a formal CA with an elected mayor, further added to the complexity - and confusion (Shaw and Robinson, 2018).
The political impasse created by the inability of council leaders to agree on a Devolution deal for the North of the region, was also the product of the uncertainty produced by both referenda in this period - the 2014 poll on Scottish Independence and the 2016 EU membership vote. The former concentrated minds in the North East on the potential implications for the region of their 'nearest neighbours' becoming independent (Shaw, 2018), while the latter activated a number of concerns from local councils on undermining trading relations with Europe, reductions in EU funding, the drying up of the pool of EU workers and concerns about specific sectors, including the car industry and the large rural sector in the region (Cabras et al, 2017).

When faced with this uncertainty, some North East Councils (including both senior councillors and officials) supported by a range of stakeholders (including local business and the higher education sector) have viewed the changed devolutionary circumstances as providing real opportunities for new forms of innovative political and administrative joint working.

On the one hand, with councils on both sides of the Anglo-Scottish border, via the Borderlands Growth Deal (Figure 1) and between urban and rural authorities in the 'North of the Tyne' Combined Authority (Figure 2).

**Figure 1: The Borderland’s Deal Local Authorities**

The latter, Combined Authority, sees Newcastle, North Tyneside and Northumberland forming North of Tyne (1), which now has to co-exist with the remaining North East councils in NECA (2) and the councils in the Tees Valley CA (3).

**Figure 2: North of Tyne and the Governance of the North East**

Source: Dr Greg and Nilfanion. Contains Ordnance Survey data © Crown copyright and database right 2011.

1. The North of Tyne Combined Authority is made up of areas 1, (Northumberland), 2(a) Newcastle and 2(c) North Tyneside. Areas 2(b), 2(d), 2(e) and 3 make up the separate North East Combined Authority Councils. Areas 4-8 make up the Tees Valley Combined Authority.
2. The remaining North East Combined Authority Councils are: Gateshead (2b); South Tyneside (2d); Sunderland (2e) and Durham (3).
3. Tees Valley Combined Authority councils are: Darlington (4); Hartlepool (5); Stockton (6) Redcar & Cleveland (7); and Middlesbrough (8).
As of March 2019, both the UK and Scottish Governments have recognised and committed resources to the Borderlands Inclusive Growth Deal. As one former minister noted, 'I hope other areas can show the same persuasiveness to enable the government to show it is serious about rebalancing the economy and creating opportunities for the young and for businesses' (O'Neill, quoted in LGC, 2019). On the 1st July, the key Government Ministers and Local Council leaders from both sides of the Border signed the Heads of Terms that sees the five councils add an additional £45m to the deal, taking the overall amount to £394.5m (GOV.UK, 2019). While the creation and development of the original Borderlands Partnership has been covered elsewhere, (see for example, Shaw et al, 2014).

Figure 3 (below) captures its main features and distinctiveness - including the north-south and east-west linkages and placing rural development at the core of plans for inclusive growth.

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<th>Figure 3: The Borderlands Growth Deal</th>
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<td><strong>The Partners:</strong> The Borderlands Partnership brings together for the first time the five cross-border local authorities - Carlisle City Council, Cumbria County Council, Dumfries and Galloway Council, Northumberland County Council and Scottish Borders Council.</td>
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<td><strong>Development:</strong> Discussions between the main councils and relevant Government Departments on both sides of the border began in earnest following the 2013 publication of the Borderlands Report which indentified the common opportunities and challenges facing councils on both sides of the Border and articulated the case for using the independence debate to stimulate cross-border initiatives given the centralised polity and unbalanced economy dominated by London and the wider South East (ANEC, 2013).</td>
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<td><strong>Common challenges</strong> include: a large proportion of their populations living in rural areas, which provide challenges in relation to accessibility, connectivity with regards broadband and mobile infrastructure, transport infrastructure, and the economic future of market towns; particular problems with low level of wealth creation, low pay, a lack of representation of high growth economic sectors, the outmigration of young people, and an ageing population (The Borderlands Proposition, 2017)</td>
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<td><strong>Common assets</strong> include: a population of over 1 million people and incorporates almost 10% of land area of Great Britain; high levels of self-employment in the area and the growth in micro and small businesses are opportunities which could be exploited; opportunities to develop energy production, both on and off shore, and adding value to the tourism product; Just under 25% of the workforce work in agricultural, forestry and fishing businesses: a sector that provides a potential opportunity given the change in consumer demands for higher quality, locally-sourced, produce over mass production (Shaw et al, 2015).</td>
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<td><strong>The Plan:</strong> The Borderlands Inclusive Growth Plan has six key programmes: Digital; Borderlands Energy Investment Company; Destination Borderlands; Quality of Place; Knowledge Exchange Network and Business Infrastructure Programme (Scottish Borders Council, 2018). Many of its strategies highlight the rural context of development.</td>
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<td><strong>The Deal:</strong> In July 2019, the Scottish and UK Governments announced combined investment of £394.5m in the Borderlands. £85 million over 10 years from the former. £260m from the latter and £45m from the 5 councils themselves. The Deal aims to deliver over 5,500 jobs, dramatically improve transport</td>
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and digital connectivity, boost tourism and generate around £1.1 billion of economic benefits for the region. (BBC, 2019).

**Key Projects:**
- up to £19 million for a world class mountain bike innovation centre in the Scottish Borders
- up to £5 million for the development of the Lilidorei play village at Alnwick Gardens, a year-round visitor attraction to boost local economic growth
- up to £10 million joint funding with Scottish Government to assess the feasibility of extending the Borders Railway from Tweedbank to Carlisle
- up to £15 million in improvements at Carlisle railway station, as the largest station in the Borderlands, to enhance connectivity and access into the wider Borderlands region
- up to £16.2 million in the South of Scotland to improve digital connectivity
- up to £7.8 million to the development of a new business and employment site at Chapelcross, a former nuclear power station in Dumfries and Galloway
- up to £4 million to support research and innovation in the dairy industry

Alongside new developments across the Anglo-Scottish border, new sub-national arrangements have also recently emerged 'North of Tyne' as the new body elected its first mayor in May 2019. Forced to confront the leadership conflicts, territorial antagonisms and arguments over the acceptance of an elected sub-regional mayor, three of the North of England Combined Authority (NECA) councils (Newcastle, North Tyneside and Northumberland) split off and went on to negotiate their own 'Devo-Deal' with Government (Figure 4). This now leaves the other four local authorities (Durham, Gateshead, South Tyneside and Sunderland) as the remaining partners of the original NECA.

**Figure 4: The North of Tyne Combined Authority**

**The Partners:** Newcastle, North Tyneside and Northumberland local authorities. First two council Labour controlled, the last, Conservative. Labour mayor elected in May 2019. The CA board comprises the mayor, council leaders and deputy leaders and the chair of the North East Local Enterprise Partnership (NELEP).

**The Area:** It begins at the most southerly boundary of Northumberland and continues north to the border with Scotland, and spans from the North Sea on the east coast to the border with Cumbria in the west. The area has a population of 880,000, a local economy of £17 billion, over 360,000 jobs and it is home to 23,000 businesses.

**Challenges:** consistently higher unemployment than the national average; lower productivity than the national average; social inequality with pockets of deprivation and a lack of job opportunities in some areas.

**Opportunities:** one of the fastest-growing technology sectors outside of London; the highest-skilled workforce in the North; excellent transport links nationally and internationally; innovation, research and development hubs in two universities and world-leading businesses; a huge range of natural, historic and cultural assets (North of Tyne, 2018).

**The Deal:**
- Control of a £20 million per year allocation of revenue funding, over 30 years (£650m) to be invested by the Mayor-led North of Tyne Combined Authority to drive growth and take forward its economic priorities;
- Establishment of an Inclusive Growth Board, with Government participation, to better integrate skills and employment programmes across the area, including a North of Tyne Education Improvement Challenge;
- Driving improvements to rural growth and productivity, and becoming a Rural Business Scale up Champion for England;
- Devolution of the Adult Education Budget for the area to allow North of Tyne to shape local skills provision to respond to local needs;
- Establishment of a Housing and Land Board, with powers to the Combined Authority to acquire and dispose of land, and mayoral powers to take forward compulsory purchases and establish Mayoral Development Corporations, as a foundation for North of Tyne’s housing and regeneration ambition;
- Collaborative working with Government to support North of Tyne in taking forward its considerable ambitions around digital capability and infrastructure, and low-carbon energy;
- Create a statutory Joint Committee to exercise transport jointly on behalf of the North of Tyne and North East Combined Authorities.

What is also noticeable in the new organisations mission statement is a realistic emphasis of Brexit and the wider challenges:

'Brexit will, of course, present both opportunities and challenges; we need to negotiate a new relationship with Europe and ensure that we continue to have the skills base needed for businesses to thrive. But there are longer term challenges too, such as increasing automation, an ageing society and the global need to tackle climate change' (North of Tyne, 2018)

It is also clear that the aim to become, 'a national exemplar for rural growth and stewardship' means that the New Combined Authority will not only produce a North of Tyne Rural Productivity Plan but also work across the 'wider North East and Borderland geographies, including via the emerging Borderlands Growth Deal' (DHCLG, 2018 p 20). Evidence, on the ground at least, that some order and coherence is also emerging across different local jurisdictions and devolution deals.

Conclusions: grounds for hope?

Despite the challenges and uncertainties created by Brexit at the sub-national level, the process has not completely derailed moves towards devolution within England. Indeed, the pressures of Brexit on Central Government have both created a political space for local initiatives to act in a proactive and creative manner and allowed a new generation of local leaders to argue that for Brexit to succeed, greater devolution is needed. In this sense, Brexit has served to strengthen the case for localism:

'In the longer term, there is also now a unique opportunity to re-evaluate the distribution of powers between central and local government and determine how greater devolution can be used to obtain the best possible outcomes for people and communities' (House of Commons, 2019 p 16)
Moreover, as the exemplar of the North East of England also illustrates, the two new developments in sub-national governance - the Borderlands Deal and the North of Tyne Combined Authority - also reflect the need to keep Brexit within a realistic perspective:

‘While Brexit is clearly the most pressing challenge facing the UK, it is important to recognise that other issues exist that both predate the 2016 referendum and bring their own problems. Without Brexit, we would still have major issues to grapple with, such as public sector cut-backs, the reshaping of the benefit system, the pressures on health and social care, the restructuring of local government spending by 2020 and demographic pressures. Indeed, is there a danger that Brexit can serves as a distraction when trying to meet these challenges?’ (Cabras et al, 2017, p 11).

Crucially, developments in the North East also herald the development of a more explicit rural dimension to local policy-making. Both in the Borderlands and North of Tyne, the new governance arrangements look forward to a much more integrated and coherent strategic approach to rural economic governance and rural productivity post-Brexit. So much so that a recent report has outlined the ambition of the region from the North of Tyne to the Scottish border to be a ‘test bed for rural innovation' and captured both the challenges and opportunities for the rural north (Cowie et al, 2018)

There are still challenges and uncertainties. While the 'patchwork quilt' of sub-national initiatives are beginning to be stitched together in the North East, the position of the remaining NECA councils remains a problem (Shaw and Robinson, 2018) as does the lack of a wider regional framework or mechanism to allow the wider North East region (including Tees Valley) to collaborate or provide voice. There must also be the possibility that the Borderlands Deal will have to stand the test of another referendum in Scotland and the possibility of an independent Scotland applying to remain in the EU. However, as this contribution has argued, there are still - undoubtedly- grounds for hope that a more locally-constituted and meaningful form of devolution will emerge from the shadow of Brexit.
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