

# BRITAIN'S LEADING EDGE

## PROGRESS ON DEVOLUTION IN ENGLAND

### MAY 2020

#### 1. Introduction

Britain's Leading Edge is a collaboration of 12 upper tier rural authorities without major cities: Cornwall Council, Cumbria County Council, Dorset Council, Durham County Council, East Riding of Yorkshire Council, Herefordshire Council, Isle of Wight Council, Council of the Isles of Scilly, Lincolnshire County Council, North Yorkshire County Council, Rutland County Council, and Shropshire Council. Together we represent 11% of England's total population and account for 8% of England's GVA.

Britain's Leading Edge was launched in July 2019 to provide a fresh voice in Westminster for rural areas without a major city. We want to work with government to unlock the power of our rural economies and truly "level up" opportunities across the whole of the United Kingdom.

The inquiry on 'Progress on Devolution in England' aims to understand 1) the impact of the current approach to devolution and 2) if tailoring devolution to each locality has improved decision making, the local economy and public services.

In this submission, we argue that:

- 1) The current approach – which concentrates devolution deals within the 'policy corridor' which runs across the centre of England and with cities favouring the metro mayoral governance model – continues to ensure that overwhelmingly regions in Britain's Leading Edge are being left behind;
- 2) The current *lack* of tailoring policy and funding decisions to the place-specific context of rural areas without a major city has held back the powerful economic contribution our regions have to make to the national economy.

#### 2. The case for devolution to rural areas without a major city

Research by Britain's Leading Edge<sup>1</sup> shows that at present a 'policy corridor' runs across the centre of England, in which government has concentrated its innovation investment, devolution deals and core funding for essential local services.

The recent House of Commons briefing paper<sup>2</sup> on 'Devolution to local government in England' highlights the progress made on devolution in mainly metropolitan areas. Whereas areas such as Greater Manchester have managed to secure greater funding and flexibility to address local challenges through their devolution deals; only 1 out of 12 Britain's Leading Edge

Figure 1: A policy corridor

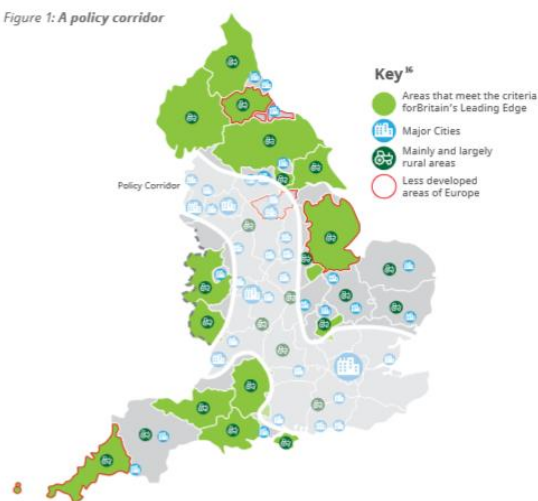


Figure 1 - Policy corridor

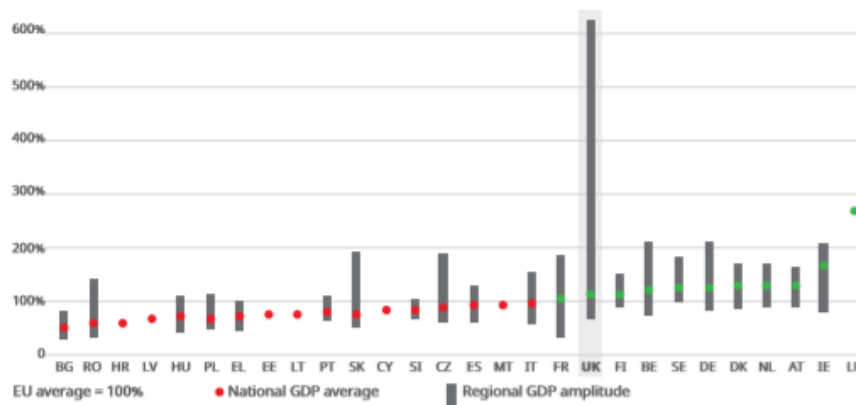
<sup>1</sup> Britain's Leading Edge (2019) *Tomorrow's Society Today*. Available [here](#).

<sup>2</sup> Sandford, M. (2020) *Devolution to local government in England*. House of Commons Library, Briefing Paper, number 07029, 26 March 2020

authorities<sup>3</sup> have a devolution deal (Cornwall) and only two authorities are in an advanced stage of the discussions (Cumbria and North Yorkshire) (see Appendix 1).

This narrow approach to place leadership is exacerbating the regional inequality that, unfortunately, still characterises the United Kingdom. While Britain is home to the richest regions in Europe, stark inequalities mean that the disparity in Britain between the richest and poorest is the biggest in Europe. It is overwhelmingly regions in Britain's Leading Edge that are being left behind. Without changes to government policy, the prospects for the household incomes of our 6 million strong population look bleak, with average median earnings already around £2600 less than the England average.

### Regional disparities in the EU



Source: Conference of Peripheral Maritime Regions (2010)  
(Based on 2014, 2015 and 2016 regional GDP average, expressed as a % of the EU28 average)

Our regions stand ready to lead the way in decarbonising the national economy, finding solutions to an ageing population and tackling the challenges of the productivity puzzle. But we face significant challenges, often unique to rural areas which miss out on the agglomeration effect of a major city. The LGA report on devolution<sup>4</sup> highlighted seven key challenges for the future success of non-metropolitan England:

1. Distortions in local housing markets that are making it impossible for many residents to buy or rent a suitable home at an affordable price in their local community.
2. Public services which are finding it harder to support residents to maintain their health and wellbeing across dispersed populations
3. A significant decline in bus transportation provision and inadequate national funding of local road and rail infrastructure
4. A lack of mobile and broadband connectivity which is excluding residents and businesses from opportunities of growth
5. An over-centralised skills system which is struggling to train and upskill residents, especially in more rural settings, and failing to meet the needs of businesses.
6. A sub-national trade and investment policy framework that could do much more to help local businesses to export and attract foreign direct investment.

<sup>3</sup> Northumberland, a rural authority that meets the criteria of Britain's Leading Edge but is not engaged with us, also has a deal as part of North Tyne.

<sup>4</sup> Local Government Association (2019) *The future of non-metropolitan England. The freedom to lead local places.*

7. An approach to local growth that risks fragmentation and fails to harness opportunities for increased local productivity.

In tackling these challenges there is an obvious role to be played by national government. However, as the Industrial Strategy already acknowledges, a one-size-fits-all approach does not work. Rural proofing – a commitment made by government to ensure that people and locations in predominately rural areas of the UK receive comparable policy treatment to those in more urban parts of the country – has proven to be flawed, as its application has been inconsistent and there has been insufficient consideration of rural needs<sup>5</sup>. The failure of blanket policy frameworks is laid bare in the finding that our region’s average per capita GVA is lower and growing more slowly than the England average. Our regions require policy which has the flexibility to reflect the way people in rural communities live and work, which is different to those with access to major cities.

Britain’s Leading Edge face a very place-specific context to the above listed challenges, including a dispersed settlement pattern, a small and micro business base, deprivation and an ageing population. But there does not need to be a policy corridor in England. The rural economy offers opportunities that are focussed on promoting sustainability and community well-being. Local authorities hold the expertise to ensure investment and funding is targeted and addresses the challenges specific to the region. A modern approach to place leadership will transform the way we tackle challenges which are holding back the powerful economic contribution our regions have to make to the national economy.

Cornwall is proof that devolution can work in an area that has an alternative governance structure to a Combined authority mayoral system. As the first rural authority to receive a devolution deal in 2015, Cornwall has been delivering a strong track record – independently verified by the Ministry of Housing, Communities and Local Government, as well as in the Warwick Economics evaluation for BEIS, due to come out this spring/summer. The Cornwall Deal has been a first step towards ‘closing the gap’ that characterises Cornwall’s position vis-à-vis national averages. By securing freedoms to design local policy solutions to the place-specific challenges of their rural and peripheral communities, Cornwall Council has delivered significant achievements, including crucial improvements to their transport infrastructure to better serve local need, the launch of a Growth & Skills Hub, and tackling the higher than average fuel poverty rate<sup>6</sup>.

Beyond ensuring that policy and funding decisions are place specific and support the development of rural economies, devolution would bring control closer to the people. Britain’s Leading Edge includes some of the highest ‘leave’ voting areas in the referendum on EU exit, making it clear that our people want to ‘take back control’. Now that we have left the European Union, it is time to ensure that this historic step gives people a real stake in the national economy, greater local prosperity and more influence over the decisions made for their communities.

### **3. Our asks and offer**

The existing devolution deals can be “characterised as consisting of a ‘menu with specials’”<sup>7</sup>. A number of items have been made available to most areas, but each deal also contains a few unique elements. The local authorities represented by Britain’s Leading Edge have their own views on how a deal can

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<sup>5</sup> Morgan, C. & Shepherd, J. (2020) *Land of Opportunity – England’s Rural Periphery*. New Local Government Network.

<sup>6</sup> Cornwall Council (2019) *Cornwall Devolution Deal – Impact Assessment*.

<sup>7</sup> Sandford, M. (2020) *Devolution to local government in England*. House of Commons Library, Briefing Paper, number 07029, 26 March 2020

serve the unique and specific context of their region. As Britain's Leading Edge we want to highlight three components that we deem crucial for rural areas without major cities moving forward:

- **When further powers are devolved to councils and combined authorities, it is critical that they are accompanied by adequate resources to enable them to be delivered effectively.**

The devolution that has taken place to rural areas has been 'light', meaning that although Cornwall has had devolution which has had significant impact on the ground this deal was not supported fiscally. It could be argued that the deal has only been so successful due to the local funding commitments made by the local authority and LEP. Devolution and capacity for additionality needs to be part of a wider discussion on permanent and long-lasting fiscal and functional devolution. More broadly, implementation of further agreed devolved powers must be sustainably resourced. This is especially true in the context of unfair funding for rural authorities. Local councils in England's rural counties are the lowest funded authorities; receiving just £240 per person for public services – 60% less than residents in inner London (£601) and 46% less than councils in metropolitan and city authorities (£419). This while rural authorities face greater rural delivery costs in delivering public services.

- **Devolution of the powers to enable local leadership**, particularly on a just transition to a zero-carbon economy.

Britain's Leading Edge already produce 37% of England's renewable energy – four times more than the major cities – thus providing a stable and secure supply of clean renewable energy to the UK. Investing in clean growth projects in our regions will create a greener more productive economy, driving up exports to new global markets and help to regenerate our rural communities. It will help deliver on the government's Industrial Strategy while capitalising on our unique strengths. We have been making a strong case with Treasury officials and Ministers for a strategic investment in our renewable energy grid, which would unlock our ability to provide households in England with clean, local energy.

Indeed, our regions have seized the initiative on climate change. Achieving the ambitions we are setting for ourselves and realising the opportunities we have identified would be facilitated by a further devolution of certain powers, including strategic planning powers (higher standards for low carbon new homes), direct finance investment towards emerging technologies (e.g. geothermal energy sources) and local projects, and support more integrated transport solutions.

- **A correction of the spatial disparity currently found in infrastructure investments, e.g. through the intended review of the current Green Book Rules for Infrastructure Investment.**

A 2019 House of Lords report<sup>8</sup> stressed that in not providing the services and infrastructure that rural areas need, the government is exacerbating pre-existing challenges in the area. Infrastructure plays an important role in dampening the economic potential of our areas: fettering productivity growth, social mobility, labour market access and wages, and access to our natural assets.

Research from Cambridge's Bennett Institute for Public Policy<sup>9</sup> highlighted the spatial disparity in transport investment. In particular it referenced the role of the appraisal process for projects in the Green Book methodology, and the need for a strategic view of development to guide investments. As a result, government intends to review the current Green Book rules for infrastructure investment as

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<sup>8</sup> Lords Rural Economy Committee (2019) *Time for a Strategy for the Rural Economy*. HL Paper 330. Available [here](#).

<sup>9</sup> Coyle, D. & Sensier, M. (2018) *The Imperial Treasury: appraisal methodology and regional economic performance in the UK*. Bennett Institute for Public Policy, working paper no: 02/2018

part of its levelling up agenda. Britain's Leading Edge was to ensure rural areas have a voice during these ongoing discussions to correct the historical spatial disparity in infrastructure investments.

As Britain's Leading Edge we very much welcome the 'Shared Rural Network' agreement between the government and the UK's mobile network operators to improve mobile coverage. The role of infrastructure in terms of internet and data access, speed and latency rates, as well as computer skills, are "new" sources of regional disparities. This is particularly relevant as the supply and demand of goods and services is increasingly delivered digitally, including across borders. Hence, rural communities are likely to face the most serious economic issues of any locations in the UK over the next 20-30 years<sup>10</sup>. The 'Shared Rural Network' agreement is a positive step forward in ensuring people in rural areas are connected – both physically and digitally.

#### **4. A concluding note on COVID-19 and the case for modern place leadership**

At time of submission, we are six weeks into the lockdown and starting to gather evidence on the impact and consequences of our response to Covid-19. It is too early to make very conclusive remarks on this matter, but what this crisis has clearly shown is how different parts of the United Kingdom, even the world, respond differently to the same problem. It also showed how blanket policies affect regions differently. The economic damage done by Covid-19 is felt differently across the country. It has once more underlined the need for policy making tailored to the place-specific context of areas.

- **Devolved powers need to be matched by adequate resources**, e.g. for adult social care.

The infection rate in rural areas was slower than in urban settings, giving the NHS more time to prepare. However, with a population 4 years older than the England average and an underfunded adult social care system (at 60% less per person than residents in inner London and 46% less than councils in metropolitan and city authorities) the existing challenges of fewer medical settings, greater sparsity and greater distance have been exacerbated and have put further pressure on the care system.

When looking at devolution, its effectiveness and the possibilities for the future, it is therefore of crucial importance to ensure not only powers are devolved, but that this is matched by sufficient funding. Moreover, with a population older than England's average, our regions are the perfect pilot area for new care technologies, new housing models and innovative savings products for retirement to find innovative solutions to this Grand Challenge. Investing in our regions will therefore benefit the whole of the United Kingdom.

- **Ongoing commitment to improve digital connectivity**

Working from home is feasible for many jobs in urban areas, but a lack of connectivity still excludes many in sparsely populated parts of the country. The crisis has therefore underlined the regional disparities in access to digital infrastructure, and therefore the ability to stay connected or indeed, work from home. To avoid these geographical inequalities becoming more entrenched, digital policies need to acknowledge the gap in current coverage.

- **Devolution of the powers to enable local leadership**

Policies and regulations introduced at national level, including the job retention scheme, Small Business Grants Fund and the Bounce Back Loan Scheme, have been undeniably important to cushion the impact of the lockdown. Yet, research is showing the significant place-based variation in the size of economic

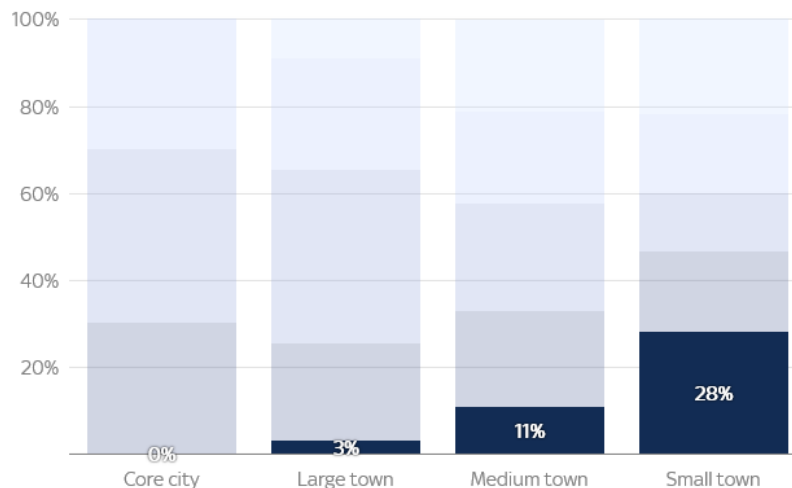
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<sup>10</sup> From the Marches LEP submission to the Treasury Select Committee Inquiry into regional imbalances in the UK economy

contraction resulting from the coronavirus shut down. The analysis underlines the importance of viewing the economic impact of the coronavirus through a place-based lens.<sup>11</sup> It appears that small towns are most at risk from the lockdown. In fact, 44 of the 50 worst affected towns were small, with the other six only listed as "medium" towns. More specifically, half of coastal towns are in the top 10% most at risk. This is not unsurprising as coastal towns have comparatively higher levels of unemployment and rely heavily on single sectors, such as leisure and tourism.<sup>12</sup>

### Small towns most at risk from lockdown

Proportion of places at **highest risk** and **lower risk**



Source: Centre For Towns and the University of Southampton

Britain's Leading Edge regions indeed fear for the decimated tourist industry. In Cornwall, through the hospitality and leisure sectors, the tourism industry employs almost 50,000 people and contributes around 30 percent to Cornwall's economy. For Cumbria, the industry is worth nearly £3 billion. As such, the Local Resilience Forum has established the subgroup Business and Economic Response and Recovery, which is specifically responsible for assessing the direct economic impacts of the pandemic on Cumbria's businesses. Locally driven groups such as this not only have the potential to collect much wanted statistics, but they also provide an important communication channel that can share intelligence between local authorities and businesses during this time of crisis.

The economic impact of COVID-19 is felt differently all across the country. We can therefore not return to a system which tailors its decision making to cities and larger towns. Any post-coronavirus economic rebuilding strategy requires a balanced economic development plan for the regions. It is argued that policymakers should reconsider previous solutions such as the devolution of fiscal and political powers, and that government should seek to provide a supportive environment that not only re-frames the narrative around 'the central and the local', but grants regions a greater level of control over their own policymaking and development<sup>13</sup>.

A modern approach to place leadership is required to ensure regional inequalities are tackled rather than further become further entrenched in the UK's future society. As Britain's Leading Edge we see it as critical that any support programme from the government is locally led and provides place-based support, thereby recognising the unique challenges its areas face. Looking ahead, a restored and

<sup>11</sup> Centre for Progressive Policy (2020) *Which local authorities face the biggest immediate economic hit?* Available [here](#).

<sup>12</sup> Centre for Towns (2020) *COVID-19 and our Towns*. Available [here](#).

<sup>13</sup> Bardalai, Anjalika (2020) *"Covid-19 and the UK regions."* TheCityUK, Publications. Available [here](#).

reenergised 'levelling up' agenda will be one that takes stock of each region's current place-based challenges and integrates these unique characteristics into a dynamic and locally orientated policy response.

## APPENDIX 1 – OVERVIEW OF DEVOLUTION DEALS, MARCH 2020

Existing deals	Cambridgeshire & Peterborough
	<b>Cornwall and the Isles of Scilly</b>
	Greater Manchester
	Liverpool City Region
	London
	<b>North of Tyne*</b>
	Sheffield City Region
	Tees Valley
	West Midlands
	West of England
Deal imminent	West Yorkshire
Advanced discussions	Cheshire and Warrington
	<b>Cumbria</b>
	Lancashire
	<b>North Yorkshire and York</b>
Early discussions	East Midlands
	Essex
	Hertfordshire
	Humber (incl. <b>East Riding of Yorkshire</b> )
	<b>Lincolnshire</b>
	Norfolk and Suffolk
	South of Tyne (incl. <b>Durham</b> )

Figure 1 - LGC Devolution Map, March 2020. Source: LGC Plus

\* Northumberland, which is part of the North Tyne Devolution Deal, meets criteria for Britain's Leading Edge, but is not part formally part of Britain's Leading Edge