

UK 2070 Commission Initial Evidence Submission

Introduction

This initial evidence submission has been prepared by Nottingham Business School in partnership with the Nottingham Civic Exchange at Nottingham Trent University. It draws on our collective experience of regional economic and spatial planning, coupled with insights from a number of current or recent research projects and programmes based at NTU that have explored aspects of local and regional economic development; the concept and application of inclusive growth; the nature and impacts of economic insecurity on communities; the extent and consequences of endemic low pay; and ongoing work that seeks to explore employment quality and the extent to which public policy interventions can make a difference in under-performing regions such as Nottingham and the East Midlands. We are also able to draw on legacy evaluation evidence, policy and research material produced by the former East Midlands Development Agency and now held in NTU's institutional repository.

This submission does not attempt to answer all 16 of the questions posed by the UK 2070 Commission, the focus of this submission is on those questions that align most closely to research undertaken at NTU. Where reference is made to specific NTU research links are provided to the full source material.

What interventions will make a fundamental change in productivity of under-performing economic areas?

Efforts to increase the quantity of outputs are important in the short term, but in the long term a focus on productivity is essential because it is a prerequisite for maintaining and improving international competitiveness, economic and societal wellbeing and, ultimately, living standards.

"Productivity isn't everything, but in the long run it is almost everything. A country's ability to improve its standard of living over time depends almost entirely on its ability to raise its output per worker." (Krugman 1994)

While the causes of recent poor productivity performance of the UK remain contested, it is possible to identify a number of factors that, over the long term, are likely to influence the productivity of under-performing areas. See for example Martin (2005 in the EMDA archive at NTU) for a useful summary. Martin follows Krugman in highlighting the importance of both regional economic fundamentals and externalities – not least because of the impact that they have on adaptive capability.

While there are no 'silver bullets' likely to transform the productivity of under-performing areas, concerted and consistent long term investment in these economic fundamentals alongside attempts to nurture externalities must be at the heart of the policy response. This clearly depends on the availability of resources, there is also increasing recognition of the importance of institutions if underperforming areas are to be resilient in the face of challenges and able to take advantage of opportunities for development as and when they arise. This is certainly a key message to emerge from recent NBS research into economic path creation in post-industrial cities such as Nottingham (Smith et al 2017; Rossiter and Smith 2017).

NTU Sources:

SMITH, D.J., ROSSITER, W. and MCDONALD-JUNOR, D., 2017. [Adaptive capability and path creation in the post-industrial city: the case of Nottingham's biotechnology sector](#). *Cambridge Journal of Regions, Economy and Society*, 10 (3), pp. 491-508. ISSN 1752-1378

ROSSITER, W. and SMITH, D.J., 2017. [Institutions, place leadership and public entrepreneurship: reinterpreting the economic development of Nottingham](#). *Local Economy*, 32 (4), pp. 374-392. ISSN 0269-0942

What cross-cutting criteria could be used to define threshold standards of community well-being?

The EMDA archive at NTU includes an interesting attempt to develop an 'objective' composite measure of economic wellbeing at the regional level in the shape of the Regional Index of Sustainable Economic Wellbeing. Developed in partnership with the New Economics Foundation and Professor Tim Jackson, this measure of economic wellbeing was used as a high level outcome measure linked to the then regional economic strategy (add reference). It served an important symbolic function in signalling a commitment to vision of development for the region that

was not simply a dash for 'growth at any cost'. However, as a composite index, it was a complex and data intensive measure to calculate. It is for this reason that in recent work for the D2N2 local enterprise partnership, we have advocated a simpler, 'balanced basket' approach to outcome measurement.

In our recent contribution to the D2N2 LEP's revision of the Strategic Economic Plan, we made a number of specific recommendations for targets and indicators that could be used to monitor progress towards the goal of 'inclusive growth'. Based on widely accepted principles, we advocated a 'balanced basket of indicators' that combined conventional economic measures, with others aligned to concept of inclusive growth. We submit that a similar approach could readily be applied to the concept of community wellbeing. We therefore highlight this as a model of practice that the Commission may wish to consider adapting or developing.

NTU Source: https://www.ntu.ac.uk/_data/assets/pdf_file/0016/541510/D2N2-Inclusive-Growth-Report-Final-291017.pdf

EMDA archive source: ABDALLAH, S., KNUUTILA, A., JACKSON, T. and MARKS, N., 2010. [The 2009 R-ISEW \(regional index of sustainable economic well-being\) for all the English regions](#). Other. Nottingham: East Midlands Development Agency.

Which decisions are best taken at a national level and which at a city region or wider regional level?

The UK has a curiously piecemeal approach to devolved decision making within the context of an extremely centralised state (McCann 2016). While the devolved administrations (Scotland, Wales and Northern Ireland) are able to engage in meaningful regional spatial planning, in England the situation is rather different. Comprehensive regional spatial planning is absent – leaving something of a vacuum between the national level and local planning authorities. Within this vacuum have emerged a number of vehicles for limited sub-national decision making.

Contemporary thinking about drivers and determinants of regional and local economic development have increasingly emphasised the importance of strong and effective institutions. The institutional architecture underpinning spatial strategy development and implementation in the UK has become

increasingly complex with the emergence of city-deals, devo-deals at varying spatial scales, local enterprise partnerships, combined authorities and wider pan-regional initiatives such as the Northern Powerhouse and Midlands Engine. It is welcome that Government has reaffirmed its commitment to the Northern Powerhouse and Midlands Engine. However, policy in this arena requires greater clarity and consistency. In particular the asymmetry between the funding and powers devolved to these initiatives should be addressed.

The key to dovetailing spatial strategy with wider devolution initiatives is to consider more explicitly and consistently the relationship (or fit) between spatial scale and specific functions or policy domains. From a Midlands perspective it may be argued that strategic transport integration as a key policy and practice domain that should be addressed at the scale of the Midlands – this is the rationale for Midlands Connect – an institution established in response to longstanding concerns about east/west connectivity and transport planning in the Midlands. But there are other policy and delivery responsibilities that should also reside at the level of the Midlands. Responsibility for inward investment and destination marketing should both be fully devolved to this level. Similarly the geographic extent of key sectoral strengths linked to manufacturing, engineering and energy, coupled with the presence of 24 universities in the region, suggests that this is also the spatial scale at which it is sensible to devolve key responsibilities for innovation policy and industrial strategy.

In the East Midlands there is a growing political awareness that the absence of a mayoral combined authority or devo-deal on the scale of Manchester or Birmingham represents a major challenge for the region. Not least in terms of its ability to communicate consistent messages to Whitehall relating both to challenges faced and opportunities for action. This is further illustration of the problems associated with our present piecemeal experimentation with sub-national decision making.

What can we learn from international and our own past experiences?

A key lesson to be drawn from international experience, is the importance of regional institutions that are stable, enduring and adequately resourced to discharge their strategic responsibilities. The absence of such institutions in England (since 2010) is a curious anomaly that requires examination. This is one of the most obvious ways in which the UK experience contrasts with those of other comparable nations in Europe. We comment on historic experiences below.

What lessons can be drawn from 50 years of policy initiatives to address geographical inequalities?

Policy interventions that have sought to address spatial inequalities within the UK go back to the 1930s. Despite periodic episodes in which this object has been prominent in government policy, differential regional performance is a phenomenon that has proved remarkably resilient to these efforts. Indeed McCann (2016) and Martin et al (2015) have convincingly demonstrated that the UK is notable both for the scale of regional disparities and for the fact that they are becoming more pronounced. In part this may be a function of the financial and economic scale of the policy levers that have been deployed. It may also reflect the need for a more consistent policy focus over the very long term and more stable and enduring regional planning institutions.

There is a sizeable body of evaluation evidence on the efficacy and impact of individual economic development interventions. The RDAs invested heavily in project and programme evaluation (evaluations commissioned by EMDA remain accessible in the NTU institutional repository) and this work has been further developed by more recent initiatives such as the 'What Works Centres'. At the project and programme level these studies have tended to find evidence of positive impacts and yet in aggregate, these efforts have done little to fundamentally alter the development trajectories of the English regions. That this is the case points to the deep seated and structural nature of the causes of geographic inequalities.

What levels of geographical inequality will persist over the longer term on the basis of current and potential socio-economic trajectories?

We are not in a position to forecast the nature and extent of likely future inequalities, but we are in a position to highlight some of the problems associated with the persistence of low pay, poor quality employment and the experience of economic insecurity in places like Nottingham in the East Midlands. The Nottingham Civic Exchange, NTU's place based think tank, is engaged in a number of recent and ongoing research projects that have sought to explore the nature, extent and consequences of these problems at the community level.

Notable projects that have explored these issues include:

Out of the Ordinary – a programme of work that seeks to explore the lives of ordinary working families from a local perspective <https://www.ntu.ac.uk/about-us/nottingham-civic-exchange/out-of-the-ordinary>.

Addressing economic insecurity – a collaborative project undertaken in partnership with the RSA this report makes the case that economic insecurity is a political, economic and societal challenge that public policy must understand and address. https://www.ntu.ac.uk/_data/assets/pdf_file/0037/496657/rsa-addressing-economic-insecurity-report.pdf

What forms could a UK-bespoke regional and national spatial development programme take?

The UK Government has experimented in regional and national spatial planning at various points. From the Regional Economic Planning Councils of the 1960s, regional planning conferences in the 1990s and then regional spatial strategies developed by the English Regional Assemblies between 1997 and 2010. However the model of regional planning that perhaps had most promise, was that of the Integrated Regional Strategies proposed following the aborted Sub National Review of Economic Development and Regeneration in England (2007-8). The concept of a single regional strategy encompassing both economic and spatial

planning domains was sound. Never fully implemented due to the Coalition Government's abolition of regional planning functions, this is a model of integrated spatial and economic planning that is worthy of re-examination – albeit perhaps in the context of more workable governance arrangements than were proposed at that time.

The biggest obstacle to a reversion to this form of regional planning is the absence of regional institutions with the strategic capabilities necessary to discharge these kinds of planning functions. Reversion to a form of regional spatial planning would require significant investment in strategic capability at the sub-national scale. Nevertheless, a number of RDAs and Regional Assembly did undertake detailed scoping exercises of the work and capability required to produce an Integrated Regional Strategy. It may be worthwhile to revisit some of this thinking in order to inform consideration of what might be done within current administrative structures/capabilities. A number of NTU staff were involved in these processes should this be of interest to the Commission.

Sources:

Nottingham Civic Exchange publications: <https://www.ntu.ac.uk/about-us/nottingham-civic-exchange/publications>

EMDA archive https://irep.ntu.ac.uk/view/collection/emda_Knowledge_Bank/