**Regionalism, devolution and infrastructure**
**Janice Morphet**

## Equal regional infrastructure investment is unlikely to be delivered by an unconstrained and centralised state

In recent years, struggles over the distribution of power and wealth in the regions and nations of the UK, including questions of central and local governance, have risen up the political agenda. Regional inequality has been a key issue, including inequality of infrastructure. One example is the question of connectivity and transport links - which, like so many other issues, is located in past and future decisions over investment in infrastructure. How, for instance, could HS2, an English megaproject, include Wales as a net contributor? And who decided it should be prioritised over much needed investment in the Northern railway infrastructure? This article considers the changing institutions of infrastructure decision-making in the UK state since the Second World War, and notes the continuing inability of governments of all political hues to make a committed decision to relinquish power from the centre.

If we consider infrastructure as one of the principles of regionalism and devolution, applied through the governance apparatus of the state, we find that, unlike other OECD countries - including France, Germany, Italy, Spain, the US, Canada and Australia - in the UK they are not seen as synonymous.[1] Before the 1930s, these principles of regional governance were applied sequentially in the UK, in short-term bursts of activity. Instances of regionalism were regarded as city provincialism related to trade, particularly during the nineteenth century; or as major political concerns, as in Home Rule for Ireland. Within the territory of the United Kingdom, infrastructure for canals, roads and railways was provided by the private sector and promoted through private Acts of Parliament. An understanding of the local state in its role in supporting the economy through a range of infrastructure provision - such as education, housing, health, clean air, water and energy provision by local authorities - was led by Chamberlain's example in Birmingham in the 1870s during the public health crisis. But this was regarded as a local, not national, matter.

The introduction of regionalism as an organising principle for national policy in the United Kingdom emerged in the 1930s as a response to the economic shocks of the 1920s, and was in part triggered by the fear of bolshevism aroused by the General Strike and by the assessment of risks in any forthcoming European conflict. The Royal Commission on the Distribution of the Industrial Population 1937-1940 recommended the decentralisation of the UK's economic capacity from city locations, which were regarded as potential enemy targets; and the measure was also seen as a mechanism for distributing employment to regions which were not recovering from these post First World War economic shocks.[2]

### The postwar period

After 1945, emphasis switched to the application of the principle of universalism, through central government, as an essential feature of the welfare state. For infrastructure, this focused on the ownership of supply, with regional disparities being recognised through the motorway building programme associated with Ernest Marples. These policies for economic redistribution were supported as part of the post-war recovery for construction, which lasted until 1976 and included the provision of new towns, schools, roads and health services, and some water provision through the creation of new reservoirs.[3] However, there was little investment in rail, local public transport or energy.[4] This post-war infrastructure investment was focused on relieving cities of overcrowding and repairing places that had suffered bomb damage. The economic policies for regions that were increasingly lagging behind others were based on moving jobs from Whitehall and providing investment and employment grants to companies willing to move to these areas through what was known as Selective Assistance.[5]

In 1965, the Labour government, following the creation of the Department of Economic Affairs in 1964, proposed a National Plan, to act as a counterweight to the Treasury in making decisions about national investment. The DEA set up six regional planning boards, chaired by civil servants rather than local politicians. There were concerns expressed by MPs about this separation of decision-making in localities, as evidenced in a parliamentary debate on this issue.[6] Decision-making for sub-national policies and projects remained under the control of central government, but these regional advisory bodies informed decisions and provided a sense of regional coherence through the projects they selected within national initiatives. These approaches stretched across the UK. However, none of these regional advisory bodies had any powers. Below this level, while local authorities had the power to generate income through their power to set local rates, and to borrow funding to implement infrastructure improvements, councils had been stripped of their social and utility services in the period of nationalisation (though there were a few remaining outliers such as the Kingston upon Hull telephone company).[7] In the event, the DEA was short-lived and abolished in 1969. The approaches to regional 'levelling up' in the United Kingdom shifted after 1976 with Labour's Inner Urban Areas Act 1978, but such national initiatives on urban regeneration were still taking a pan-UK approach. In the early 1980s Michael Heseltine, the Conservative government's Secretary of State for the Environment, oversaw a project of regeneration through garden festivals in Ebbw Vale, Glasgow and Liverpool: 'regeneration' programmes were now intended to replace 'new towns' policies.[8]

From 1972 onwards, the UK's membership of the EU had boosted these urban regeneration initiatives, and, more importantly, it introduced a principle of policy and funding intervention for economically lagging regions. This was one of the main 'asks' of the UK government on joining the EU - that selective spatial funding policies should be applied. In 1988, the Labour politician Bruce Millan became European Commissioner for Cohesion and Reforms, and took on the role of leading a new policy and programme development that focused on support for economically lagging regions - before this, policy in the EU had taken a whole-territory approach. Within the UK, however, the new EU sub-national economic support initiatives remained centrally led.

Some member states, including Spain and Ireland, used the new EU initiatives to support infrastructure development, particularly of roads, as a means of improving access to more prosperous markets at the heart of the EU's territory. Initially there was some disquiet over the use of EU funding for roads, in anticipation of the Earth Summit in Rio, but after 1992, following the growth in EU membership ofAccession states from Eastern Europe, there was a new focus on communication and connections within the EU's expanding territory, brokered by UK prime minister John Major. By 1996, the EU had developed and adopted a funded policy for strategic transport corridors across its territory, following an east/west orientation - TEN-T.[9] In the UK, beneficiaries of this approach (in terms of both legal certainty and funding) included upgrades for the A14, accompanied by the Cambridge Guided busway, the Elizabeth Line and the NW rail corridor.[10] Other transport benefits achieved as part of this TEN-T programme included upgrades to public transport access to airports and rail freight transfer stations.

Following this, a similar Trans-European policy for energy was introduced - TEN-E. These EU policies provided the strategic approach to infrastructure delivery that was incorporated within the 2008 Planning Act in England and Wales, which was marked by a move away from an adversarial planning inquiry system to one that was inquisitorial and achieved results through examination.

**Regional policy changes 1997-2010**

Within the UK, a move back to a regional strategic approach emerged with the Blair government of 1997: individual central departments were expected to contribute to a unified regional spatial strategy. Most government departments ignored this integrated approach, however, and developed stand-alone regional policies within their own spending priorities.[11] These separate regional strategies included proposals for infrastructure - including rail, health, universities, water, energy - many of which had by now been privatised, under the provisions of the WTO's Government Procurement Agreement (GPA).[12] The governance of these regional strategies remained within central government through the Government Offices that had been created in 1993, and with enhanced advisory Regional Assemblies. In Scotland, Wales and Northern Ireland, however - following devolution in 1999 - national plans or whole-nation strategies were developed under the governance of their own Parliaments and Assemblies. But there was no regional devolution of decision-making for infrastructure in England, though some regional development agencies, intended to co-ordinate local development, were set up following the Regional Development Agencies Act of 1998.

The existing apparatus for the English regions was dismantled through the Labour Government's Local Democracy, Economic Development and Construction Act 2009, which was confirmed by the incoming Coalition government in 2010, and through the Localism Act 2011. From 2010, the Coalition government replaced the Government Offices for the Regions, and Regional Development Agencies, with self-appointed Local Enterprise Partnerships (LEPs), which were intended to perform the same centrally-led role, while providing an outward narrative of more regional decision-making, including for transport projects.[13] However, the institutional structures once more remained within the control of central government, and the means of selecting projects at the regional or sub-regional level has remained in the hands of Whitehall departments. Moreover, the National Audit Office later found that the LEPs did not have the capacity to deliver these projects, because of their poor governance and lack of accountability.[14]

The LEPs did, however, represent a major shift in the organising principles of regional development - towards sub-national Functional Economic Areas (FEA) or Functional Economic Market Areas (FEMA). These are primarily, but not exclusively, based on urban commuting distances for economic activity, with an hour's journey time defining an upper limit for any given area (they rarely conform to administrative boundaries). Research undertaken by the OECD from 2000 onwards has found that such areas do generate additional national GDP where they have decentralised and devolved powers of decision-making exercised through a strong democratically elected leader, as exemplified initially in the Catalan region and its relationship with Barcelona.[15] Here, the significant factors are local leadership, knowledge and decision-making, which together are found to be essential to economic growth. This includes decisions about social, economic and physical infrastructure, which is locally understood and prioritised to support communities and employment.

The shift in UK government policy towards FEAs came through the Treasury Sub-National Review of 2007, and the consequent Labour government reforms of governance at this scale, which were not implemented after the 2010 general election.[16] In addition to the creation of the LEPs, the Coalition government added the Mayoral Combined Authorities (MCAs) to its range of governance models that are not located in primary legislation, and which are *sui generis* in their legal construction. The mayors of MCAs are not provided with any basic powers and rely on a menu of specific government agreements for the competences that they use to undertake any actions. This UK approach - of LEPs and MCAs in England and local growth deals in the devolved administrations - can provide the strong leadership identified in the OECD research, but these bodies are not able to create the other conditions necessary to allow FEAs to add to the economy, or to assist in the self determination of initiatives that might support more confidence and 'levelling up'. In the context of post-Brexit Britain, with poor economic growth expected for years to come, continuing state centralisation is another blow being inflicted on sub-national economies by government policy.

After 1999, competency for decision-making over transport projects and investment was included in the powers of the nations with devolved powers, and of the Greater London Authority, which was created in 2000.. The devolved nations each had their own sets of powers related to these issues - which the UK had pooled within the EU.[17] Whereas the UK government had negotiated the ways in which these matters of pooled sovereignty were to be developed within the EU, the devolved settlement gave the powers for their implementation to these new administrations, and adopted a 'devolve and forget' policy in Whitehall.[18]

However, since 2014, the UK government has sought to return these devolved powers to the centre. The Labour government had agreed to increased subsidiarity in the state in 2009, and it was expected that this would be implemented through the EU Cohesion programme 2014-2020. However its successors in government used the provisions of the programme to undermine devolution through making local deals. Rather than providing more decentralised power over funding and project selection across the whole of the UK, HM Treasury introduced local authority deals in Scotland, Wales and Northern Ireland that not only reduced local authority decision-making - with all project decisions being taken in London - but also sought to fetter the budgets of the devolved administrations through commitments to long-term infrastructure projects.[19] These deals, controlled by the Treasury and Cabinet Office, were similar to those that had already been introduced into England from 2012 onwards; and they now cover the territory of all three nations, as demonstrated in the Levelling Up White Paper in 2022. This, like the following Levelling Up and Regeneration Bill 2022, applies to the whole of the UK and not only to England.

**The effects of Brexit and the 'levelling up' agenda**

The reduction of devolved powers in Scotland, Wales and Northern Ireland has subsequently continued, through the removal of devolved competencies in post-Brexit legislation, including through the European Union (Withdrawal) Act 2018, the Internal Market Act 2020 and the Subsidy Control Act 2022, as well as through the repeated failure to adhere to the Sewel convention on legislative consent.[20]

Brexit is bringing about other changes in the way in which infrastructure decisions are made in the UK. The legal basis of the Planning Act 2008 was an EU regulation on TEN-T, which had primacy over UK law, and as a result of Brexit the government is having to rethink the legality of the inquisitorial process for the Nationally Significant Infrastructure Projects that were included in this legislation. This implies a move back to the principle of development that was established in the Town and Country Planning Act 1947, when all development land rights were removed from owners and occupiers. This principle requires that the need for any development project is established in the planning application and through its assessment, and, where alternatives are considered, in extremis, through a public inquiry. It is noticeable that the smooth process for approving Development Consent Orders using the Planning Act 2008 procedure has faltered since 2020, with both ministers and the courts refusing consent for a range of different reasons; these have included failing to establish the need for energy that was proposed to be generated, and failing to examine the alternatives to solving transport issues, as in Stonehenge.[21] The role of the 'do-nothing' option has emerged in public policy-making as part of this post Brexit shift.

Where does all this leave decision-making on infrastructure projects, their selection and funding? In 2020, HM Treasury changed the Green Book, which sets out the basis for evaluating schemes delivered using public funding, to favour locations with less growth. Other government bodies, such as Homes England, have had their investment targets changed, to include more projects in locations needing 'levelling up'.[22] The awarding of funds is also often subject to a bidding process, the mechanics of which are not always clear. Thus, after the 'levelling up' fund for localities was open for bids, the government delayed access to the funding application portal where local authorities could submit their bids.[23] When the successful bids were announced in January 2023, it was found that the government had changed the priorities for the Fund after it had closed; and, in February 2023, it was announced that the Treasury had inserted its own approval process on all capital expenditure arising from decisions of the department responsible for the scheme - the Department for Levelling Up, Housing & Communities. When the scheme was announced, the government stated that all bids needed to be supported by local MPs - who had never had these responsibilities before. Although this condition was subsequently downplayed, it is interesting to note that many bids were for parliamentary constituencies rather than local authority areas, and local MPs were frequently quoted as supporting these local proposals. Other localised funding regimes, such as those for regenerating town centres, have also been the subject of charges of pork barrel politics, from both Parliamentary Select Committees and other independent commentators.[24] In the Hartlepool and Tiverton and Honiton by-elections in 2021, Conservative candidates were openly claiming that only votes for their party could guarantee funding for local public investment in services.

There have been a number of calls for a change in the way that the UK constitution is conceived, which clearly could have beneficial consequences for regional structures. Gordon Brown has chaired a Commission on the Constitution for the Labour Party.[25] Lord Hennessey has stated that it is time to move away from the 'good chaps' theory of government and towards a written constitution.[26] Others, such as Carwyn Jones, the former First Minister in Wales, have proposed that the UK state should be created as a federal structure;[27] whilst the Mayor of Greater Manchester, Andy Burnham, is calling for the introduction of proportional representation and the reform of the House of Lords into a senate of the regions and nations.[28] (Proportional representation and reform of the House of Lords were two of the most important Liberal Democrats' 'asks' for the Coalition government 2010-2015. These were not delivered, but may be the basis of a new power-sharing agenda after the next general election if there is no overall parliamentary majority.)

Where does this leave the UK in respect of national infrastructure planning and investment, including its role in 'levelling up'? In 2015, the UK committed to the UN's Sustainable Development Goals, including SDG 11, which includes the requirement to prepare a national land use plan - a commitment that was in 2022 seized on by DEFRA in formulating its National Food Strategy.[29] But the UK, unlike any EU member state, has no national development or infrastructure plan that could address these goals.

In Ireland, the government has developed an approach to infrastructure investment through alignment with its national plan, identified spatial scales of decision-making, and set this within the UN's SDGs.[30] Ireland's growth rate currently far outstrips that of the UK, and this certainty about infrastructure investment, focused on connections for the whole country, is stated as a key determinant of its economic success.[31] In the UK, on the other hand, infrastructure investment primarily goes into schemes that are in London, East and South East England; there is little transparency in decision-making and no formal substate democratic input. Government decision-making on infrastructure investment remains within the purview of the Treasury's practice of short-termism.[32] (The recent further long-term postponement of parts of HS2 is a recent and egregious example of the uncertainties of the UK infrastructure programme.)

The cultural politics of 'levelling up' therefore remain set within a centralised state, with no mechanisms for specific interventions to make social, economic and physical differences to localities that are left behind.[33] As James Graham, author of the 2022 BBC serial *Sherwood*, expressed it, the provinces of England were forgotten forty years ago and remain in the same position today.[34] Many of these areas describe themselves in terms of the past, and are blamed for the effects of deindustrialisation on their present. They are also divided, and this reduces their ability to influence politicians. There is no government plan for infrastructure investment to address 'levelling up', as was seen in the 2021 decision to scrap the Leeds leg of HS2, and to cut back on planned inter-North rail links.[35] In spite of a proclaimed desire to retain the red-wall constituencies that voted Conservative in 2019, the degree of centralisation has increased throughout all the government's leadership changes - whilst devolved decision-making and 'levelling up' have not.

**Janice Morphet** has been a local authority chief executive, senior adviser to central government and secretary of SERPLAN. She has published many articles in the learned and technical press and is the author of a number of books including *The Impact of COVID-19 on Devolution: Recentralising the British State Beyond Brexit?* (2021) and *Outsourcing in the UK* (2021). She is a Fellow of the Academy of Social Sciences and the Royal Town Planning Institute, and a Visiting Professor at UCL.

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