Subnational bodies: Lessons learned from established and emerging approaches
A report for the LGA
July 2020
Executive Summary

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Executive Summary

Economic recovery from the biggest public health and economic crisis we have faced for generations will require a multi-tiered systems approach to economic management. A recovery that builds back better, to level up opportunities cannot just be run from the centre, nor just from local areas, it needs a partnership at local, pan-regional and national level. This needs to recognise the reality of functional economic areas at sub-regional level, and the benefits that can be achieved through strategic collaboration at pan-regional level. The forthcoming Devolution White Paper promises a coherent approach to recovery and devolution.

This report looks at the lessons learned from the experience of subnational bodies and suggests some principles that ought to underpin their further development in the White Paper.

What are subnational bodies?

They are pan-regional partnerships that exist to co-ordinate activity with their member local authorities and Government. They follow from the recognition of the importance of building economic and infrastructure strategy around functional economic areas, both at a sub-regional and subnational level.

There are two main types of subnational bodies: economic partnerships and transport partnerships (some of which support each other). The most established economic partnerships are in the Northern Powerhouse and the Midlands Engine, followed by the newly emerging Western Gateway and Oxford-Cambridge Arc. There are subnational transport partnerships covering most of England, but only TfN currently has statutory status.

What's the policy agenda that is driving them?

There are four main policy drivers for these partnerships:

- **Closing the productivity gap** – the strongest factor driving the initial establishment of the Northern Powerhouse and the Midlands Engine was the need to co-ordinate strategy at pan-regional level to close the productivity gap through investment in infrastructure, skills and innovation.

- **Devolution** – this was underpinned by devolution to Mayoral Combined Authorities (MCAs) established around sub-regional functional economic areas, these MCAs could then collaborate at pan-regional level to further accelerate their impact. But just as devolution is incomplete, subnational bodies have also developed *ad hoc*, rather than coherently.

- **Levelling up** – the Brexit referendum, along with the unequal impact of COVID-19, has made addressing regional and local inequality a major policy priority, and both MCAs and pan-regional bodies are now focusing on how they can drive levelling up.

- **Economic recovery** – in the face of the recession that COVID-19 has caused, the number one priority now for subnational bodies is how they can support economic recovery and build back better, working in partnership with MCAs, councils, Local Enterprise Partnerships (LEPs) and Government.
Pre-conditions for success

The report identifies several factors which are critical to whether subnational bodies can be successful:

- **Economic coherence** – subnational bodies need to have a clear economic geography with good evidence of economic interrelationships.

- **Subnational legitimacy, underpinned by devolution** – empowered local government with strong devolution is key to underpinning the success of subnational bodies.

- **Government engagement** – is very important to make a reality of the commitment to rebalancing, but in practice this has been variable.

- **Scope** – clarity on the purpose of collaboration at this level of scale, which should be about additionality.

Challenges and tensions

Because these bodies have developed in a largely *ad hoc* way, the report identifies several challenges and tensions which they face:

- The need for a clear economic rationale and functional clarity between MCAs and subnational bodies

- A tension between statutory and voluntary aspirations and opportunities

- Incomplete devolution, which can unbalance relationships across the pan region

- The competing dynamics of economic geography vs administrative convenience

- Bottom-up ownership vs Government sponsorship

- How to be an effective pan-regional voice

What next for subnational bodies – principles for devolution & economic recovery

The report outlines a number of principles, drawn from the research, about how subnational bodies could evolve in the context of further devolution and economic recovery.
Further devolution

The pre-condition for successful subnational working is strong & empowered local government. Therefore, devolution needs to be broadened and deepened. This means:

• Extending devolution across all of England
• Further strengthening MCAs so that they can lead social and economic recovery and renewal
• Subnational bodies should be the level at which the local meets the national through a pan-regional partnership

Economic recovery and levelling up

There should be a systems approach to economic recovery & levelling up, with clarity about the role of each level in this process

• MCAs, councils and LEPs should drive recovery & building back better at city region level
• Subnational bodies should have clear remit in a national plan for economic recovery, renewal and levelling up

This should be supported by processes that hardwires this approach into Whitehall.

Functions

Some of the functions that could best be performed at this level to drive economic renewal and levelling up could include:

• A subnational partnership agreement on pan-regional industrial priorities
• A pan-regional equity investment fund
• Devolution of statutory functions and budget for transport & infrastructure
• Trade & international investment with devolution of Department for International Trade (DIT) functions
• Creation and consolidation of economic observatories

Governance

Different pan-regional areas should be able to shape the exact model of partnership that is appropriate for their circumstances and geography. But where these partnerships receive Government funding, as well as member support, then they will need some common governance principles which are consistent across England.

These should support local and national partnership & emphasise complementarity and additionality to the role of MCAs, councils and LEPs. This means a form of governance that:

• Is representative of local government and geographically complete
• Includes key figures from regional business, LEPs and universities
• Has an independent chair, agreed with all partners
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   ➢ 10 subnational bodies
   ➢ Structure

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6 Lessons learned & next steps
Purpose and approach

The purpose of this report is to:

Set out the evolution of subnational bodies in England and situate them in the current policy context

Define what subnational bodies are

Provide detailed case studies of established and emerging subnational bodies

Consider lessons learned from established and emerging subnational bodies

Its findings have been informed by:

Extensive experience working with and alongside subnational bodies and their members

Interviews with >30 key stakeholders in the Northern Powerhouse, the Midlands Engine and other subnational bodies

Perspectives from national organisations and the wider policy network

Desk-based research and review of existing reports and policy papers
Subnational bodies in this report

This report looks at the lessons learned from ten subnational bodies. These are listed below based on whether they are established or emerging.

**Established**

- Northern Powerhouse – NP11 & Transport for the North (TfN)
- Midlands Engine & Midlands Connect

**Emerging**

- Western Gateway
- Oxford-Cambridge Arc
- Great South West Partnership
- Transport for the South East (TfSE)
- Transport East
- England’s Economic Heartland (shown by the dotted line)
Structure of the report

2  Policy context
Summarises devolution in England to date, the evolution of subnational bodies and the levelling up agenda

3  Subnational bodies in England
Defines what subnational bodies are and provides an overview of subnational bodies in England

4  Established subnational bodies
Provides detailed case studies of the Northern Powerhouse & the Midlands Engine, focusing on the experience since start-up & key priorities going forward

5  Emerging subnational bodies
Provides case studies of Western Gateway, Oxford-Cambridge Arc, Great South West Partnership, Transport for the South East, Transport East & England’s Economic Heartland, summarising their experience & priorities

6  Lessons learned & next steps
Outlines lessons learned and principles for 2020 subnational collaboration
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Lessons learned & next steps

- History of devolution, subnational bodies & growth
- Levelling up
Devolution, subnational bodies and economic growth from 2010

The original Coalition vision

Devolution in England was a central economic growth project of the 2010-2015 coalition Government and 2015-2016 Conservative Government, led by Chancellor George Osborne. The original devolution agenda was primarily about economic rebalancing rather than extending democratic control to every part of England.

In 2014, Osborne established the idea of a Northern Powerhouse to set the path both for subnational collaboration and directly elected Mayors and investment in transport, science, technology and innovation for northern city regions. This built on earlier developments such as the Northern Way and the transport strategy collaboration that had been driven by Northern Council Leaders. Today the NP11, made up of the eleven northern LEPs, works together to realise the vision of the Northern Powerhouse.

The subnational agenda widened in 2015, with Osborne announcing his desire to see a Midlands Engine, which now operates as a partnership between LEPs, local authorities and universities, governed by two Boards and an independent Chair.

Metro Mayors

In 2017, the new city region Mayors were first elected for Greater Manchester, the West Midlands, Liverpool City Region, the Tees Valley, the West of England, and Cambridgeshire and Peterborough combined authorities. In 2018 the Mayor for Sheffield City Region was elected, and in 2019 the Mayor for the North of Tyne Combined Authority.

Whilst there are important differences in detail between the MCA Devolution Deals, the core devolution includes investment funds and powers in economic growth, skills and transport.

In the 2020 Budget, the Chancellor announced that West Yorkshire would have an elected Mayor.

Transport and subnational bodies

With transport a key element of the subnational vision, in 2015, Midlands Connect, TfN and England’s Economic Heartland Strategic Alliance, spanning Swindon to Peterborough through Oxfordshire and Cambridgeshire, were established as subnational transport bodies. TfN is currently the only subnational transport body which has statutory status.
Subnational, regional and local bodies

Regional growth
For regional economic growth, England had a Government agency led approach from 1997 until 2010 to supplement the system of regional Government Offices. Nine Regional Development Agencies (RDAs) covering England controlled pooled spending from a number of Government departments and held a statutory role in economic development for their region. Rather than devolution, this was a central Government approach to regional economies. Only London’s RDA was accountable to devolved powers (the Mayor), the others were accountable to Whitehall. This lack of local government ownership of RDAs was one the reasons they were scrapped by the Coalition Government that took up office in 2010.

Local growth
After RDAs, Local Enterprise Partnerships (LEPs) were established in 2011 as voluntary partnerships between local authorities and businesses in England. Geographies varied and were not centrally organised, but were to reflect functional economic areas. They each have a private sector Chair and a Board made up of local business, university and public sector leaders. They are responsible for administering local growth funding, European Structural and Investment Funds (ESIF) projects and for developing Strategic Economic Plans and Local Industrial Strategies.

Subnational bodies after 2017
The 2017-2019 Conservative Government promised a Devolution White Paper, to continue the English devolution agenda into the new Parliament. This commitment was renewed in the 2019 Conservative manifesto.

Although new devolved powers were not established from 2017, new subnational bodies were. TfSE and Transport East were launched in 2018, the Western Gateway – an economic partnership across the West of England and South Wales – was announced in 2019, and the Oxford-Cambridge Arc – a subnational strategic partnership between LEPs, local authorities and the existing England’s Economic Heart transport body – was established by a joint declaration with Government in 2019.
Levelling up

The new Conservative Government won a majority in the 2019 Election by winning seats in the so called ‘red wall’ including MPs from northern and midland constituencies that had been represented by Labour for decades, by offering an ambitious ‘levelling up agenda’, as well as getting Brexit done. The focus has been on spreading opportunity across the country, especially to places that have been left behind, through investment in towns, and in infrastructure, technology and education.

The levelling up agenda has many spatial strands, from the continuation of policies from the previous Government of renewing high streets, the Town Deal programme, a Devolution White Paper, and the invitation for local leaders to bring forward proposals for new subnational bodies. Major levelling up policy announcements are summarised in the table below:

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<tbody>
<tr>
<td>1 Executive Summary</td>
<td>• 4 ingredients for success: liveability; connectivity; culture; power &amp; accountability</td>
<td>• Level up through investment in education, broadband and infrastructure</td>
<td>• £3.6bn Towns Fund to unleash the economic potential of 100 towns in England</td>
<td>• An agenda to level up every part of the UK, including towns, cities, rural and coastal areas, through investment and giving places more control</td>
<td>• Level up with better education, infrastructure &amp; technology</td>
</tr>
<tr>
<td>2 Introduction</td>
<td>• Cities, counties &amp; towns need to be more self-governing</td>
<td>• Maximise the power of the North with more Mayors</td>
<td></td>
<td>• A Devolution White Paper to unleash the potential of regions, providing full devolution across England, new Mayors and more devolution deals</td>
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</table>
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Subnational bodies in England

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➢ Overview

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Defining subnational bodies

The Labour Government of 1997-2010 launched a review of subnational economic development to consider the approach in the context of long-established Government Offices for the regions and Regional Development Agencies, and a lack of public appetite for proposed elected regional assemblies. The Treasury reported on its review of subnational economic development and regeneration in 2007, which recognised that sub-regional bodies may be established to manage economic development policy around nodes of functional economic market areas. However, subnational bodies are a relatively new development in the institutional landscape. They build on devolution foundations, to drive economic growth & levelling up and close the productivity gap, through collaboration at scale. The term 'subnational body' itself is not commonly used by local partners when discussing regional economies and devolution, with some consultees commenting that it sounds top down. Others though felt that it implied a drawing down of powers from Government, rather than pulling up from local government.

The Northern Powerhouse and the Midlands Engine were the first to be set up in the mid-2010s and are now well established. Now Western Gateway has been launched and several areas are exploring opportunities to access subnational funding to drive growth. The development of current subnational bodies has been ad hoc and rooted in local and regional identities.

Emerging subnational bodies have been developed in different ways. For instance, the process of establishing the Oxford-Cambridge Arc reflects a more Government-driven initiative to create a body to drive strategic growth linked to housing. TfSE is an example of local strategic partnership on transport that took advantage of the new opportunity to start subnational transport bodies from 2016 devolution legislation, following the lead of organisations elsewhere.

In a changing economic and political landscape, this raises questions about whether these structures should be formalised and further embedded.

There is no formal definition of subnational bodies in the English context. There are two broad categories, economic partnerships and transport bodies, with differences in the form and structure within these categories.

**Economic partnerships**, including NP11, the Midlands Engine, Western Gateway and Oxford-Cambridge Arc, operate at a regional or pan-regional scale, giving voice to and promoting their areas. They typically have commonalities in their activities and functions, including:

- **Trade & investment** — leading trade missions & promoting their regions at MIPIM to stimulate trade & attract foreign investment
• **Transport** – developing and delivering strategies to enhance connectivity across their regions

• **Innovation and research** – supporting and developing innovation and research strategies with universities and businesses

• **Skills and education** – analysing regional and pan-regional challenges and priorities

However even within this group, economic partnerships differ in their model, structure and governance.

**Transport bodies** often work in partnership with other organisations and parts of local government but have much more of a sole focus on transport. This group includes TfN, Midlands Connect, Transport for the South East, Transport East and England’s Economic Heartland. Some have statutory status, whilst others are voluntary partnerships.

For subnational bodies across England, the tables on the next few pages set out their varied forms in terms of their structure, remit and funding. There is also significant variation in resource and the number of staff, with high levels of capacity in the longest established bodies, such as Transport for London and the Greater London Authority, and relatively low levels in most other subnational bodies. In the emerging subnational bodies, often resource is provided by the constituent local authorities.

For the purposes of this report, we were asked to concentrate in particular on the Northern Powerhouse, the Midlands Engine and the Western Gateway, but we also provide shorter case studies for the subnational bodies that are at an earlier stage of development.
<table>
<thead>
<tr>
<th>Name</th>
<th>Description</th>
<th>Established</th>
<th>Status</th>
<th>Remit</th>
<th>Funding</th>
<th>Organisation</th>
</tr>
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<tbody>
<tr>
<td>NP11</td>
<td>Public/private economic partnership, working with Gov.</td>
<td>July 2018</td>
<td>Non-statutory</td>
<td>Drive prosperity, international competitiveness &amp; inclusive growth and attract investment</td>
<td>Government funded</td>
<td>Board with representatives from 11 LEPs</td>
</tr>
<tr>
<td>Transport for the North</td>
<td>Subnational transport body, working with Gov. &amp; national transport bodies</td>
<td>April 2018</td>
<td>Statutory</td>
<td>Develop &amp; deliver strategic transport infrastructure across the North</td>
<td>Grants from Department for Transport (DfT)</td>
<td>Board</td>
</tr>
<tr>
<td>Convention of the North</td>
<td>Working convention with a common agenda for the future of the North</td>
<td>September 2018</td>
<td>Non-statutory</td>
<td>Hold an annual event &amp; produce a Manifesto for the North</td>
<td>Membership funded</td>
<td>Pan-Northern representation</td>
</tr>
<tr>
<td>Northern Powerhouse</td>
<td>Independent body representing business &amp; civic leaders</td>
<td>September 2016</td>
<td>Non-statutory</td>
<td>Research &amp; policy led approach to improve the impact and contribution of the North to the UK economy</td>
<td>Membership funded</td>
<td>Business-led board</td>
</tr>
<tr>
<td>Midlands Engine</td>
<td>Economic partnership of universities, local authorities &amp; LEPs</td>
<td>December 2015</td>
<td>Non-statutory</td>
<td>Power the UK economy &amp; improve quality of life across the Midlands</td>
<td>Core funding from Gov and match funding from local government and universities</td>
<td>Executive Board, Operating Board, strategic priority groups and task &amp; finish groups</td>
</tr>
<tr>
<td>Midlands Connect</td>
<td>Subnational transport body</td>
<td>October 2015</td>
<td>Non-statutory</td>
<td>Develop, deliver &amp; improve rail and road connectivity to provide economic &amp; social benefits for the Midlands and UK</td>
<td>Government funding</td>
<td>Partnership Advisory &amp; Strategic Boards, Steering Group, Technical Advisory Group, technical sub-groups &amp; leadership team</td>
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<td>Name</td>
<td>Description</td>
<td>Established</td>
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<td>Western Gateway</td>
<td>A cross-border (England &amp; Wales) economic partnership of local authorities, city regions, LEPs &amp; Govs</td>
<td>November 2019</td>
<td>Non-statutory</td>
<td>Improve productivity by strengthening travel connections to local, national and international markets</td>
<td>Government funding</td>
<td>Chaired organisation with regional representation</td>
</tr>
<tr>
<td>Oxford-Cambridge Arc</td>
<td>A partnership of local authorities, LEPs and universities</td>
<td>March 2016</td>
<td>Non-statutory</td>
<td>Developing the corridor into an international economic asset, improving productivity, placemaking &amp; connectivity</td>
<td>Government funding for specific projects</td>
<td>Leaders group, Chief Executives group, independent Business Chair</td>
</tr>
<tr>
<td>Great South West Partnership</td>
<td>A partnership between LEPs, local authorities, universities &amp; businesses</td>
<td>Sept 2019</td>
<td>Non-statutory</td>
<td>Transform the green and blue economy to deliver a secure, prosperous future</td>
<td>N/A</td>
<td>Business-led Partnership Group and Executive Board</td>
</tr>
<tr>
<td>Transport for the South East</td>
<td>Subnational transport body</td>
<td>April 2018</td>
<td>Non-statutory</td>
<td>Identify strategic transport bodies, and develop &amp; deliver a transport strategy &amp; strategic investment plan</td>
<td>Contributions from local transport authorities &amp; grant funding from DfT</td>
<td>Partnership Board, Transport Forum, Senior Officer Group, Programme Management Office</td>
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<tr>
<td>Name</td>
<td>Description</td>
<td>Established</td>
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<tr>
<td>Transport East</td>
<td>Subnational transport body</td>
<td>April 2018</td>
<td>Non-statutory</td>
<td>Identify strategic transport priorities, and develop &amp; deliver a transport strategy &amp; strategic investment plan</td>
<td>Contributions from local transport authorities &amp; grant funding from DfT</td>
<td>Strategic Transport Forum, Management Team</td>
</tr>
<tr>
<td>England's Economic Heartland</td>
<td>Subnational transport body</td>
<td>November 2015</td>
<td>Non-statutory</td>
<td>Identify strategic transport priorities &amp; work with Ox-Cam Arc to develop &amp; deliver a transport strategy &amp; strategic investment plan</td>
<td>Contributions from local transport authorities &amp; grant funding from DfT</td>
<td>Leadership Board, Strategic Transport Forum, Programme Team</td>
</tr>
<tr>
<td>Greater London Authority</td>
<td>Devolved regional governance</td>
<td>July 2000</td>
<td>Statutory</td>
<td>Coordinate between boroughs, policy &amp; budget</td>
<td>Direct Government grant, local council tax, land &amp; property</td>
<td>Mayor of London &amp; London Assembly</td>
</tr>
<tr>
<td>Transport for London</td>
<td>Subnational transport body</td>
<td>July 2000</td>
<td>Statutory</td>
<td>Deliver integrated transport and operate public transport network &amp; principal road network</td>
<td>Revenue (ticket fares &amp; congestion charges), grants, borrowing &amp; cash reserves</td>
<td>Board appointed by Mayor and Commissioner leads management team</td>
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➢ NP11, TfN, Northern Powerhouse Partnership & Convention of the North

➢ Midlands Engine & Midlands Connect
The ‘Northern Powerhouse’ is a brand with several partnership-based organisations linked to it.

There are two subnational bodies, NP11 and TfN, which form the majority of this case study. Two further partnership organisations will also be touched on here, the Convention of the North and the Northern Powerhouse Partnership.

In the Midlands, there are two subnational bodies, Midlands Engine and Midlands Connect.
Established subnational bodies

- NP11, TfN, Northern Powerhouse Partnership & Convention of the North
- Midlands Engine & Midlands Connect
NP11 experience since start-up

NP11 was established to provide the business-led voice for the North, bringing together the 11 LEPs in the North of England. It was given £500k of funding to spend over a two-year period when it was established in 2018.

The NP11 Board is made up of the Chairs of each of the northern LEPs and is led by the Chair of the Leeds City Region LEP, Roger Marsh. It works in partnership with the public and private sector, as well as with other institutions in the North, such as the Convention of the North.

Together with Convention of the North, NP11 developed a Manifesto for the North. This builds on the Convention of the North event in September 2019, where people came together to discuss key priorities. It sets out the direction the North needs to take to unleash its potential.

What has worked well

The strength of partnerships relies on the strength of leadership across the North. Consultees felt leadership was strong and engaged.

Partnership across the North works well when it focuses on collating evidence and best practice, and the benefits that agglomeration can bring to regional economic strategy.

There has been an effective focus on a limited number of strategic priorities, including a net zero carbon emissions strategy and trade and investment collaboration.

The business leadership of NP11 LEPs has provided businesses across the North with a collaborative voice.

NP11 represents a large and varied group of places across the North, and despite different priorities and challenges in different places, has forged consensus.
NP11 key priorities going forward

NP11 is focused on developing a thriving, connected and economically prosperous Northern Powerhouse which can deliver the additional £97bn of GVA and 850,000 jobs by 2050 that the Northern Powerhouse Independent Economic Review identified with six main priorities:

**Trade & investment** – delivering a step-change in trade & investment activity. One of the game changers in the Manifesto for the North is ownership of and freedom to lead investment and trade activity.

**Clean growth** – responding to the climate emergency and transforming energy assets. The Manifesto for the North outlines that a green industrial revolution would be a game changer for the North.

**Connectivity** – enabling every part of the North with access to good quality employment opportunities within 45 minutes. In the Manifesto for the North, a transport budget to enable full delivery of plans is seen as a game changer.

**Innovation** – enhancing world leading industries and research institutions to make the North internationally recognised for the effectiveness of its innovation ecosystems by 2030.

**Supply chains** – building and strengthening supply chains by combining place-based and sector-based approaches.

**Placemaking** – working towards inclusive & sustainable growth, and strengthening the place offer to attract people, businesses & investment.
TfN experience since start-up

TfN, the first Subnational Transport Body in England, was created to transform the transport system in the North, providing the infrastructure needed to support sustainable economic growth, provide high quality of life and opportunities for all and rebalance the UK.

John Cridland chairs the Partnership Board (Mayors/leaders, LEP Chairs, local rail authority representatives & delivery partners) & Operations Board (Chief Executives/ directors). Partners include local transport authorities, business, Network Rail, Highways England, HS2 & Government

What has worked well

TfN has successfully convened civic & business leaders to build a pan-Northern partnership.

TfN is the first and currently only regional transport authority with statutory status, which is a major success. This empowers TfN to formally advise Government and to communicate its investment priorities in a statutory plan. It also formalises relationships with key delivery partners (e.g. Network Rail and Highways England).

As the most substantial Northern body, it commissioned the Northern Powerhouse Independent Economic Review (NPIER), which recognised that transport investment at a strategic pan-Northern level is fundamental to achieve the economic ambitions of the North and to rebalance the UK. Based on this TfN has developed their Strategic Transport Plan. Continuing to develop their evidence base, including land-based models, will speed up investment decisions.

A key priority now, and which was set out in the Manifesto for the North, is for the devolution of a transport budget for the North.
TfN key priorities going forward

The Strategic Transport Plan sets out four pan-Northern objectives to support world class transport infrastructure that enables sustainable economic growth, high quality of life, and improved opportunities.

The flagship TfN programme is Northern Powerhouse Rail, a major rail programme to transform rail services and improve connectivity between towns and cities through upgraded railways. In the 2018 Budget, £40m was set aside to support the development of Northern Powerhouse Rail.

- Transforming economic performance.
- Increasing efficiency, reliability, integration and resilience in the transport system.
- Improving inclusivity, health and access to opportunities for all.
- Promoting and enhancing the built, historic and natural environment.
Other Northern partnership based organisations

There are two other significant partnership based organisations in the North, which are not technically subnational bodies.

**Northern Powerhouse Partnership**

The Northern Powerhouse Partnership, launched in 2016, is an independent body to represent business and civic leaders. It is governed by a Board with representatives from major businesses, local government, universities and TfN. It is chaired by George Osborne (former Chancellor) and funded by membership. Influential figures such as Lord O’Neill are becoming increasingly central to it.

Some consultees describe it acting as a *Praetorian Guard for the Northern Powerhouse*, protecting and advancing the project without seeking to be the body that holds the money or the power. It organises events and publishes policy proposals that help promote the Northern Powerhouse.

**Convention of the North**

The Convention of the North was established in 2018. It acts as an umbrella organisation for the North, with consultees commenting that it *puts aside differences and works towards a common agenda*. It offers a united voice for the North to Government.

Once a year, it organises the biggest gathering of northern leaders with representatives from local government, youth parliaments, businesses, LEPs and other stakeholder groups. The purpose of this is to discuss and shape joint priorities together. In 2019, following this event, the Convention of the North worked with NP11 to develop A Manifesto for the North, which was covered in 33 different titles and featured as the tomorrow’s frontpage story on BBC Newsnight. The resulting report was discussed with Government and is now being reflected in the Northern Powerhouse refresh process.
4

Established subnational bodies

- NP11, TiN, Northern Powerhouse Partnership & Convention of the North
- Midlands Engine & Midlands Connect

Metro — Dynamics
The Midlands Engine was established to provide a collective voice for the region. It acts as a catalyst for change and enabler of accelerated delivery, focusing on increasing productivity & economic growth, and improving quality of life.

Sir John Peace chairs the Executive Board (Council Leaders, WMCA Mayor, University Vice Chancellors & LEP Chairs). The Operating Board includes LEP & local authority Chief Executives. Both Boards have geographic representation across the Midlands and are supported by a full-time secretariat.

In 2017, the Vision for Growth set the ambition to close the GVA gap with the national average & add £54bn to the economy by 2030. In May 2020, the Midlands Engine Independent Economic Review (MIER) was published, the result of detailed analysis by the Midlands Engine Economic Observatory & academics.

What has worked well
The Midlands Engine takes a pan-regional approach, which is not solely city focused. It has produced three landmark documents, a combined Science & Innovation Audit, Vision for Growth, and the Midlands Independent Economic Review, all the result of pan-regional collaboration, analysis & engagement.

Working with the private sector & DIT, the Midlands Engine has led trade missions, including to India, China & Dubai, to promote its trade and investment opportunities, and has formed MOUs. It has also collectively promoted the Midlands at MIPIM and the UK/China Regional Leaders’ Summit has been awarded to the Midlands Engine.

The Midlands Engine Economic Observatory, bringing together researchers from universities & the private sector, has recently launched the MIER. It provides evidence and intelligence to both the Midlands Engine and partners.

It has attracted Government investment, including the £2m East Midlands Development Corporation to accelerate development & strategic transport connectivity, £70m for the Defence and National Rehabilitation Centre and the £250m Midlands Engine Investment Fund.
Midlands Engine key priorities going forward

The overall ambition set out in the Vision for Growth is to close the GVA gap with the national average and add £54bn to the economy by 2030. There are five ambitions which sit under this.

- **Investing in transport for growth** – connecting people, businesses and markets within and beyond the Midlands to increase business growth, productivity and prosperity.

- **Accelerating innovation and enterprise** – strengthening links between universities and business to support higher levels of innovation and productivity in significant sectors.

- **Powering an ultra-connected region** – enabling communities and businesses to maximise and benefit from opportunities through excellent digital connectivity and access to real time data.

- **Trading with the world** – expanding into new markets by promoting the region internationally and attract investment.

- **Amplifying the voice of our region** – promoting the Midlands as a great place to live, visit, learn, work, invest and do business within the UK and internationally.
Midlands Connect experience since start-up

Midlands Connect was established to identify the transport infrastructure improvements needed to encourage economic growth across the region.

There is a Partnership Advisory Board & Strategic Board (Chair: Sir John Peace), a Steering Group (Chair: Chris Loughran) and Technical Advisory Group & Programme sub-groups. Partners include 22 local authorities, nine LEPs, regional airports & Chambers of Commerce, and DfT, Network Rail, Highways England & HS2 Ltd.

Midlands Connect Strategy was published in March 2017, setting out a programme of strategic rail and road improvements over a 25 year period to provide certainty, improve quality of life and skills, and ensure residents and businesses have access to opportunities.

What has worked well
From the outset it was clear to partners that the region needed a strategy and pipeline, so they did not fixate on the establishment of the body itself. By successfully building regional consensus from the start, this helped generate agreement with Government.

Midlands Connect has a clear mandate, focus and priorities, with cross-party backing locally, regionally and nationally.

It has made good progress on key priorities, including the rail hub and privatisation. In the 2020 Budget, £20m was awarded to develop the Midlands Rail Hub, progressing plans to significantly improve rail across the region.
Midlands Connect: key priorities going forward

The Midlands Connect Strategy sets out six early priorities.

- **Regionally connected** – improving east to west connectivity to improve access to markets, supply chains and labour markets.

- **UK connected** – improving links between economic regions through strategic road and rail improvements, to increase productivity and improve access to markets and international gateways.

- **Resiliently connected** – providing reliable transport to reduce business costs and increase productivity.

- **HS2 connected** – investing in complementary connectivity, spreading growth unlocked by HS2 across the Midlands and UK.

- **Globally connected** – improve international transport links through ports and airports to increase exports.

- **Intelligently connected** – applying innovation to transport and maximising open data.
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Western Gateway experience & priorities

The Western Gateway is a cross-border economic partnership of local authorities, city regions, LEPs and national Governments (in Wales & Westminster).

Its creation was driven by Great Western Cities, Bristol, Cardiff & Newport with the first report making the case for this published in 2016. Building on the perceived success of the established subnational bodies, a follow up report was launched at a House of Lords event, hosted by Lord Kerslake, in July 2019. This identified an economic geography spanning Swindon to Swansea. In November 2019, this new subnational body was formally established by the UK and Welsh Government with core funding of £400k.

Following an independent governance review, a Leadership Board, chaired by Katherine Bennet (VP of Airbus) with leaders of all partners will drive overall direction. The Executive Board will be chaired by a nominated Chief Executive on a rotating basis with council Chief Executives & senior officers. A secretariat will provide support.

Western Gateway has published a prospectus, and plans to develop a Vision, following an Independent Economic Review (IER), which will build on Local Industrial & City Region strategy evidence bases and has already received support from Government in the 2020 Budget.

The Western Gateway aims to deliver more than £56bn to the UK economy by 2030. Its overall ambition is to propel a greener, fairer, stronger Britain. Sitting underneath this are three ambitions:

**Connectivity** – Deliver world class physical and digital connectivity, boosting productivity, unlocking housing growth and leading our transition to a net zero future.

**Global Gateway** – Become Britain’s gateway to global markets, increasing export and investment-led growth, marketing our industries and expertise to the world.

**Innovation** – Spark collaboration and innovation in our distinctive high-tech sectors, universities and R&D assets, making the most of the region’s renewable and environmental assets.
Oxford-Cambridge Arc experience & priorities

In 2017, Government commissioned the National Infrastructure Commission to publish a report setting out the Arc’s economic opportunity, after which it was prioritised as a key growth corridor. A joint declaration of ambition was agreed between Government & local partners in March 2019. In total, there are 31 local authorities, a Combined Authority, four LEPs and ten universities.

Their Economic Vision, published in April 2019, sets out the ambition to deliver sustainable & balanced growth through a network of economic clusters. Each LEP has a common chapter on the Arc in their Local Industrial Strategy.

Emerging structures have been established, including a Leaders Group (leaders & LEP Chairs), a Chief Executives Group (local authorities & LEPs), and thematic groups (LEP, local authority & subnational transport body officers).

The March 2020 Budget announced plans to develop a spatial framework for the period up to 2050 and the intention to examine the case for up to four potential Development Corporations. Government also intends to develop a new section of railway between Bedford & Cambridge, including the new Cambridge South station.

The joint declaration sets out four ambitions which underpin the work led by local partners and Government:

- **Productivity** – providing support to businesses and improving skills levels.
- **Placemaking** – delivering affordable, high-quality housing and providing health and education services.
- **Connectivity** – delivering physical and digital infrastructure and utilities.
- **Environment** – meeting ambitions for growth whilst preserving the environment for future generations.
Great South West Partnership experience & priorities

Established in 2017, the Great South West Partnership reflects the locally perceived need to develop a regional approach for the South West. This reflects the distinctive character of the area, namely that it is more rural, with generally smaller towns and cities than other parts of the UK. It is a ‘powerhouse’ brand to promote the region and is not yet established as a statutory body and has no Government funding.

The Partnership is made up of three LEPs (Cornwall & Isles of Scilly, Heart of the South West, and Dorset), seven county and unitary authorities, six universities and major businesses that meet regularly.

The Partnership held a South West Growth Summit in late 2017 and benefitted from complementary work by the South West Rural Productivity Commission. An All-Party Parliamentary Group (APPG) for the Great South West was established in early 2019. In January 2020, the Partnership published a prospectus, setting out the vision and immediate priorities.

Their vision is to promote the region, drive a green & blue economic revolution, and add up to £45bn to the economy, creating 190k new jobs. There are four priorities:

- **Reap the rural dividend** – improving digital connectivity, supporting agriculture & fishing, & setting up a Rural Task Force.

- **Speed to the West** – improving strategic road & rail corridors and reducing environmental impact.

- **Pushing the boat out** – developing autonomous marine systems, expanding the marine enterprise zone and growing trade & investment.

- **Inspiring destinations** – setting up a Tourism Zone, improving skills & productivity, and using technology to improve services.
TfSE experience & priorities

TfSE was established as a Subnational Transport Body in 2017 to ensure there is an effective regional voice in the prioritisation & delivery of transport improvements.

Significant effort has gone in to bringing 16 transport authorities & five LEPs from across Berkshire, Hampshire, Surrey, West & East Sussex and Kent together. Consultees mentioned that it speaks with a single voice, on behalf of the region.

The Partnership Board, responsible for decision-making and advised by the Senior Officer group, is made up of leaders & councillors, businesses, protected landscapes and delivery partners. A Transport Forum engages wider stakeholders and a Programme Management Office develops strategy.

The Transport Strategy was published in summer 2020 and a strategic investment plan will follow in 2021. Member authorities contribute resources and TfSE has received some grant funding from DfT, for instance £1m in May 2018 to support development. TfSE is keen to obtain statutory status to ensure sufficient long-term capacity funding.

TfSE has a vision to be a leading globally for net-zero carbon, sustainable economic growth with integrated transport, digital and energy networks. In its Strategy, it sets out **three strategic goals:**

- **Economic** – improve productivity to grow our economy and better compete in the global marketplace
- **Society** – improve health, wellbeing, safety and quality of life for everyone
- **Environmental** – protect and enhance the South East’s unique natural and historic environment
Transport East experience & priorities

Transport East was borne from recognition that Norfolk, Suffolk, Essex, Southend-on-Sea and Thurrock lacked a transport board for the East. The Subnational Transport Body was launched in March 2018, offering a chance to remodel poor regional transport connectivity, and provide a collective voice as well as build infrastructure for the next generation.

A long-term strategic vision strives to connect people & communities, and industry & business, as well as improve connectivity between ports and airports.

Transport East has ambitions to become a transport authority with freedom over finance and power, and to achieve statutory status. Momentum towards this ambition includes the appointment of a Strategic Director in April 2020, publication of a 100-Day Plan and development of a Transport Strategy.

Four priority areas outlined in the 100-Day Plan include: establishing Transport East as an effective Subnational Transport Body, a Transport East evidence base and strategy, investment and delivery planning and partnerships, and communications and advocacy.

The Strategy will set out ambitions and priority areas for improved connectivity, building upon established growth strategies and corridor specific evidence-based campaigns. There are three key themes:

- **Global Gateways** – better connect ports & airports to help businesses thrive and boost the economy through greater access to international markets and investment
- **Multi-Centred Connectivity** – enhance links between the fastest growing places & business clusters, improving economic functionality & productivity
- **Energised Costal Communities** – a reinvented, sustainable coast focusing on becoming the UK’s foremost all-energy coast, with a competitive visitor offer
England’s Economic Heartland experience & priorities

England’s Economic Heartland (EEH) was founded as a Subnational Transport Body in 2015. It covers Bedfordshire, Oxfordshire, Northamptonshire, Milton Keynes, the Cambridgeshire and Peterborough Combined Authority, Hertfordshire and Swindon. It is focused on transport, as well as digital and utilities infrastructure.

EEH established a Strategic Transport Forum in February 2016, allowing partners to work together with one voice when formulating policy in the region. EEH receive funding from DfT, as well as member contributions.

The subnational transport body has ambitions to become a statutory body with a devolved budget and powers, and in July 2020 submitted a Proposal to Establish a Statutory Sub-national Transport Body. Statutory status would enable EEH to deliver their Transport Strategy by providing one voice, facilitating economic growth, delivering benefits for the travelling public, and achieving the longer term vision.

Their Draft Transport Strategy was also published in July 2020.

Their vision is focused on sustainable growth opportunities, improved quality of life and harnessing the region’s globally renowned centres of innovation to unlock a world class, de-carbonised transport system. This vision supported by four key principles in a Draft Transport Strategy:

- **Achieving net-zero carbon emissions** – from transport no later than 2050
- **Improving quality of life & wellbeing** – an inclusive transport system accessible to all which emphasises sustainable and active travel
- **Supporting the regional economy** – connecting people & businesses to markets & opportunities
- **Ensuring the Heartland works for the UK** – enabling efficient movement of people & goods regionally & to/from international gateways
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➢ Established & emerging subnational bodies
➢ 2020 subnational collaboration
Lessons learned – Prerequisites for success

This section focuses predominantly on lessons learned from the established subnational bodies. There are several prerequisites for success:

1. **Economic coherence**

Subnational bodies need to have a clear economic geography with good evidence of economic interrelationships. It is important that there is a shared focus on improving east to west connectivity and complementarity, given that the focus of infrastructure development tends to be on north to south connectivity. There needs to be a strong evidence base for the economy of the region from which strategies and plans can be developed. This will enable partners in the subnational area to develop a clear understanding of the economic prize that can be achieved through collaboration at this scale.

2. **Subnational legitimacy**

Empowered local government with strong devolution is key to the success of subnational bodies. Where there are gaps in devolution, for instance in the East Midlands or Cheshire & Warrington, this can make subnational working harder. There needs to be shared ownership and commitment across the super region to the subnational body, which is further strengthened through shared cultural identity and the existence of other institutions on a similar footprint.

3. **Government engagement**

From the interviews, it is evident that this has been variable and is often dependent on the priorities and personalities of Ministers and the Prime Minister and Chancellor. Also, departmental engagement across Whitehall is patchy with MHCLG, BEIS and DIT cited as the most involved departments. One of the challenges is that funding is often short-term and there is a lack of clarity around their future role, making it hard for subnational bodies to make long-term plans.

4. **Scope of role**

There needs to be a clear agreement to the purpose of collaboration at this level of scale. This is about additionality to what is done at the local and combined authority level.

It is also important that subnational bodies are not a unit of Government, but a partnership of co-ordination and agreement of super-regional priorities.
Lessons learned – Successes

Since being set up, established subnational bodies have had a number of successes and achievements.

They have successfully set a clear objective about economic rebalancing and closing the productivity gap.

Both the Northern Powerhouse and the Midlands Engine have created a regional economic voice, based on the principles of subsidiarity, complementarity and additionality. This has raised the profile of these regions and embedded subnational strategy at the heart of Government and its functions.

The Northern Powerhouse and the Midlands Engine feature as a key heading in all major policy and fiscal announcements.

In establishing an independent economic evidence base, the established subnational bodies have been able to shape and develop clear priorities, programmes and plans. For instance, the development of strong regional transport investment plans.

Another success is developing a pan-regional brand, which has resonance nationally and internationally, and garnering business support for this. This is particularly true of the Northern Powerhouse. This has enabled the pan-regions to create scale in their investment pitch for trade and investment promotion.

The established subnational bodies have achieved wider stakeholder engagement and a pan regional voice through Convention of the North and the development of Northern Powerhouse Rail and through the development of the Midlands Engine’s Vision for Growth.
Lessons learned – Functions which have worked best

The functions that have worked best at this level include:

- **Infrastructure** – transport planning and co-ordination to drive agglomeration benefits
- **Internationalisation** – trade and investment activity, based on scale of international offer
- **Innovation** – co-ordinating innovation and research based on university collaboration
- **Voice** – providing a regional platform for civic, business & voluntary sector to agree collective priorities
- **Economic data** – establishment of Economic Observatories and generation of high quality, detailed and robust economic evidence to inform strategies, plans and programmes
Lessons learned – Key issues for emerging subnational bodies

Emerging subnational bodies are at a different stage in their development and have a slightly different set of key issues.

Economic priorities
Emerging subnational bodies have played an important role in galvanising thinking about their strengths, challenges and pan-regional priorities. This is particularly important for transport bodies, such as TfSE, as economic considerations are a central driving force for determining planned investments.

In places where there are emerging subnational bodies, a common strategic approach at a more regional level opens up opportunities for regional strategic projects, whereas by necessity, Local Plans and Local Industrial Strategies are focused on local issues.

Capacity and funding
Emerging subnational bodies would benefit from a more formal status and dedicated capacity funding as have been realised in London, the North and the Midlands. A lack of reliable funding from Government means that capacity is dependent upon the contribution of members.

Despite relatively low levels of capacity and funding, compared to the established subnational bodies, all emerging subnational bodies have produced strategic statements which are valuable in identifying regional priorities and in some cases have helped inform Government policy.

Local considerations
Collaboration, partnership and institutional structures will work differently in different places. For example, the Western Gateway needs to work in a cross-border set up.
Subnational bodies have evolved in a largely *ad hoc* manner, reflecting both local and national government priorities at different stages and for different geographies. This has inevitably generated a range of challenges and tensions which have been identified by consultees and which are summarised below:

- **Economic rationale** – for subnational bodies to fulfil their potential, there needs to be a settled view about their core purpose. For instance, what is their role in helping to drive recovery and levelling up?

- **Functional clarity between MCAs and subnational bodies** – there also needs to be clarity about their functions and how these complement, rather than duplicate or detract from those of MCAs.

- **Statutory vs voluntary** – achieving statutory status for transport bodies can be a double-edged sword, unless accompanied by substantial devolution of budgetary responsibility.

- **Incomplete devolution** – gaps in devolution, such as in the East Midlands and parts of the North can undermine the effectiveness of pan-regional collaboration.

- **Economic geography vs administrative convenience** – there is an ongoing tension between the original purpose of subnational working in relation to economic corridors and the inevitable desire of Government for administrative tidiness.

- **Bottom up ownership vs Government sponsorship** – subnational bodies to be legitimate must be owned by accountable local government (otherwise they will feel like quangos) but they also need Government engagement and funding to drive their economic ambitions.

- **How to be a pan-regional voice?** – they need to represent their pan-region and the main organisations within it, without becoming unwieldy, so they need to get right balance between voice, representation and executive leadership.
Principles for 2020 subnational collaboration – Devolution and recovery

The Government is committed to publishing a White Paper on devolution in September. This will need to set out a plan for creating a system of economic governance that can drive recovery and levelling up.

The White Paper should outline some clear principles; for further devolution; on the partnership that will be required to drive economic recovery and levelling up; on the functions of subnational bodies; and on their governance.

Further devolution

The pre-condition for successful subnational working is strong & empowered local government. Therefore, devolution needs to be broadened and deepened:

- Extending devolution across all of England
- Further strengthening MCAs so that they can lead social and economic recovery and renewal
- Underpinned by subsidiarity principle, that decisions should be taken at the most local level possible, and that only a small number of strategic functions should be exercised at pan-regional level

- There should therefore be a coherent plan for devolution, which draws down more powers, & long term funding e.g. on skills & employment support
- Subnational bodies should be the level at which the local meets the national through a regional partnership

Economic recovery and levelling up

There should be a systems approach to economic recovery & levelling up, with clarity about the role of each level in this process

- MCAs, councils and LEPs should drive recovery & building back better at city region level
- Subnational bodies should have clear remit in a national plan for economic recovery, renewal and levelling up
- This should be supported by processes that hard wire this approach into Whitehall, possibly via Cabinet sub-committee
- There should be a plan for relocation of Government functions both at policy and delivery level to & across the regions – with centres of excellence & department hubs strategically located to build capacity and key sectoral strengths outside London
Principles for 2020 subnational collaboration – Functions

The core purpose of pan-regional bodies should be about coordinating subnational strategy to build back better, on the basis of collaboration & partnership with MCAs, LEPs and councils.

Some of the functions that could best be performed at this level to drive economic renewal and levelling up could include:

• **A subnational partnership agreement on pan-regional priorities** – this could align pan-regional industrial priorities & strategic funding with prime capabilities highlighted in Independent Economic Reviews. It could be a partnership agreement with Government underpinned by UK Shared Prosperity Fund investment in key growth areas such as renewable energy and strategic Government relocations/centres of excellence to support this.

• **Pan-regional equity investment fund** – building on the principles of the Midlands Engine Investment Fund and the City UK recapitalisation report, largescale patient equity investment could be administered by subnational bodies focussed on SMEs in key growth sectors, and aligned to Environmental, Social and Governance (ESG) impact investment principles.

• **Transport & infrastructure devolution** – the subnational transport bodies could all be put on a statutory footing, but this should be supported by devolved pan-regional transport and infrastructure budgets that enable integrated delivery linked to long term sustainable transformation.

• **Trade & international investment** – trade and investment is already a crucial function for subnational bodies, this could be supported by devolution of DIT functions, which could be co-ordinated at this level.

• **Economic observatories** – the quality of industrial, business and labour market data at local and regional level is a major constraint, which COVID-19 has further exacerbated. Independent Economic Reviews and the Midlands Engine Economic Observatory, have started to build better quality economic evidence, but this could be consolidated into the establishment of real time economic observatories in partnership with local universities.
Principles for 2020 subnational collaboration – Governance

Different pan-regional areas should be able to shape the exact model of partnership, that is appropriate for their circumstances and geography. But where these partnerships receive Government funding, as well as member support, then they will need some common governance principles which are consistent across England.

These should support local and national partnership & emphasise complementarity and additionality to the role of MCAs, councils and LEPs.

This means a form of governance that:

- Is representative of local government and geographically complete
- Includes key figures from regional business, LEPs and universities
- Has an independent chair, agreed with all partners
Metro —— Dynamics

LONDON
3 Waterhouse Square
138 Holborn
EC1N 2SW
(+44) 0203 865 3082

MANCHESTER
Elliot House
151 Deansgate
M3 3WD
(+44) 0161 393 4364