New Labour's Regional Experiment – Lessons from the East Midlands

**Martin Quinn – School of Management, University of Leicester,
martin.quinn@le.ac.uk 0116 252 5985**

Abstract

The Labour Governments of 1997-2010 introduced a range of new regional institutions in England, which were subsequently abolished after the 2010 General Election. This paper re-assess the lessons which emerged from the regional policies pursued during this period and argues the Coalition Government elected in 2010 has failed to learn those lessons. The paper identifies three key lessons, that place and scale matter, that local government needs to be centrally involved, and that local economic development initiatives require effective local leadership to gain the buy in of the private sector. The lessons contained in this paper retain relevance for current and future regional development efforts.

Keywords

Regional policy, regional development agencies, local enterprise partnerships, east midlands, governance, leadership, space

Introduction

Sub-national economic development policy in England has tended to alternate between interventions based at the regional tier and those at the level of the city-region (Harrison 2007, Etherington and Jones 2009). The current policy vehicle of Local Enterprise Partnerships (LEPs) was introduced by the Coalition Government following the 2010 General Election and replaced the previous Labour Government's Regional Development Agencies (RDAs), which had been in place since 1998. Debate within the field of regional studies has also largely moved on from regions to the city-region in an attempt to assess the new LEPs as they began their work. However as Harrison (2007) warned the pace at which the scale and type of sub-national intervention changes in the UK carries with it a risk that mistakes from previous policy interventions may be repeated. In addition in moving between policies too quickly Governments may miss the opportunity to fully understand the factors that led to an initiative (not) working in a particular place. This could lead to a repeat of the scenario where Wales was used as an exemplar of a working regional policy which Lovering (1999) criticised as 'grossly exaggerated' and an example of "how *parts* of a regional economy *might* work, placed next to a set of policy ideas which *might* just be useful in *some* cases" (Lovering 1999, p. 384) rather than a cure for all regions ills. Peck's (2011a, 2011b) recent work on the concept of 'fast policy' can be seen to chime with Lovering's critique. Peck talks of the problem of 'mobility mutations' taking place when a policy is transferred from

one place to another without first understanding why it worked in its original setting. This paper draws out the lessons of the regional policies set out by the Labour Governments of 1997-2010 by examining one particular region, the East Midlands and build on appraisals of the RDA's in other regions (Puglais 2010, Pugalis and Townsend 2012). Although the paper looks at one region in England in particular the lessons outlined in the paper are relevant for policy interventions at a smaller tier than the East Midlands so remain relevant for the LEPs. In addition, as the EU continues to expand it is introducing new administrative regions in many of the newer member states (Baltina 2012, Musil et al 2012) and the first major finding in this paper shows that creating new regions can have an impact on the success of governance initiatives.

This paper also contributes to a (re)appraisal of place based economic development strategies by focusing in particular on efforts to gain private sector involvement in sub-national governance and assessing the multi-scalar nature of the regional policy in England. In order to do this, this article presents the main findings of a study into the implementation and impact of the regional development policies pursued by New Labour between 1997 – 2010 and assesses the extent to which the lessons that emerged have been taken into account by the Coalition. The setting for this research was the East Midlands, a region with little no historical precedent and which usually places in the lower half of regional league tables for England. The study's theoretical framework drew on the body of work associated with the New Regionalism. While New Regionalism can rightly be described as a 'chaotic' (Rainnie and Grant 2005) or 'elastic' (Harrison 2006) concept, most writers associated with it stress the importance of gaining the support and indeed active engagement of the private sector in local and regional economic development efforts. This principal of public private sector partnerships can be seen as central to the development of both the RDAs and the LEPs. Subsequently the effectiveness of EMDA's efforts to gain private sector buy-in to their governance attempts became one of the foci of this research.

The East Midland's economy has been described as 'low-wage, low-skill, high-employment' (Felstead et al 2002) and while this does hide variations at the local level it does reflect an economy still reliant on traditional manufacturing industries such as textiles and low skilled service sector business. The findings from this research all relate to efforts to attract the involvement of the private sector in the development bodies that were set up both at regional and local levels and while Regional Development Agencies have since ceased to exist the lessons learned from the East Midlands have important implications for the future of regional policy and for regional development theory in general. The lessons from the East Midlands show that place and space are important in attracting the involvement of the private sector, the East Midlands did not attract the same loyalty and investment from firms as the more recognisable counties, cities and market towns of the region – indeed inter-regional disputes were central to this. Secondly the role of the local government structure in Leicestershire was central to attracting more significant involvement of the private sector than the governance bodies set up, this was in part

due to the fact that respondents saw the involvement of elected local government as adding legitimacy to local economic development efforts. The results from the East Midlands suggest that it may be possible to add a third stage to the Government-Governance continuum identified in the work of Geddes and others (Jessop 2002, Geddes 2006, Geddes et al 2007). Related to this is the third key lesson to emerge from the East Midlands – the role of key individuals in driving local development efforts forwards.

Following a brief explanation of the methodology behind this paper the three lessons identified above will be explored in more depth. The extent to which the Coalition Government has failed to take on board the lessons drawn from the RDAs is assessed and the paper concludes by looking ahead to future regional developments and suggesting a future regional policy model for England.

Methodology

This article makes use of three sources of data, primary data collected during the final year of the RDA's lifespan, desk research on both the RDAs and the LEPs and, finally, participant observation. The author has been a member of the economic advisory group for a series of Leicestershire governance networks since the original Sub-Regional Strategic Partnership (SSP) was established. This group continued to work closely with the Leicester and Leicestershire Enterprise Partnership after its creation in 2010. The desk research covers two periods, firstly the policy and strategy documents connected with EMDA along with academic literature from that time and then more recently a similar exercise has been carried out on literature connected to the LEPs. The interview stage of the research followed Sayer and Morgan's (1985) 'intensive' research methods to thoroughly examine the governance structure of the East Midlands. This involved a series of in-depth case study interviews with 29 actors in the East Midlands economy. In particular the interviews focussed on the work of the RDA, the developments in Leicester and Leicestershire and also the small town of Corby in Northamptonshire. To test the uniqueness of the findings in Leicestershire additional interviews were undertaken with representatives from Nottinghamshire and outside of the East Midlands to form comparisons between areas. Interviews were also carried out with members of the private sector both through umbrella bodies such as the Chambers of Commerce but also individual significant employers from around the region.

Lesson 1: Place and space matter

The first of the lessons to emerge from the East Midlands was that place and space play a key role in the success or otherwise of an economic development initiative. Although EMDA had some notable successes during its lifespan and had a generally acknowledged positive impact on the regions economy (NAO 2009) the difficult nature of the region prevented EMDA from becoming fully embedded within the Governance networks in the region. While the question of what constitutes a 'region' has been the source of a lively debate amongst a select group of academics in the

literature (Paasi 2001, 2009, Jones and Paasi 2013, Cooke and Morgan 1998, Tomaney 2009a, 2009b, Keating 2006, Harrison 2013, Agnew 2013) it has not been seen as central to debates concerning policy implementation at the regional tier (Harrison 2007). The experiences of the East Midlands show that the two debates should not be considered in isolation and the initial make up of many of the LEP's suggests that questions of space and place have been set aside again. While in some instances there is clear evidence of a LEP mapping on to a local labour market (for example Leicestershire or Teeside) there are others that have basically re-applied the boundaries of the old RDA with some minor changes (see for example the North East LEP which covers the old RDA boundary minus Teeside).

The East Midlands as an identifiable area of England is a relatively new concept, first being cited as a possible tier for policy intervention in the work of C.B. Fawcett (1919, 1960) and then as a Civil Defence Area by the military during World War II (Stobart 2001). The area was used in the 1960s by a series of Central Government Departments for policies on hospitals and utilities (Smith 1964). The region as used by Labour between 1997-2010 was established as a Government Office Region by John Major's government in 1994 (Sandford 2005). It's choice as a site for a Regional Development Agency and potential elected chamber as part of the first Blair government's regional development plans was not without question. Hardill et al (2006) argued that the region had little or no identity that would be of use in any governance efforts and Dury criticised the choice on the basis that;

[it]does not constitute a geographical region... [it is] the portion of Britain left over when other, more recognisable regions were filled in. Any coherance, physical, social or economic, the East Midlands might be attributed collapsed as soon as you started serious study of any topic.

(Dury, cited in Harill et al, 2006, p.168)

This raises questions about the suitability of the region as a site of regional policy. Within the debate on the question of 'what is a region' a number of different definitions for a region are put forward with varying degrees of cohesiveness attached to each one. The level of cohesiveness a region has can have a direct impact on the success or otherwise of a policy intervention. Paasi (2001, 2009) and Tomaney (2009b) argued that in order to attract the involvement of its people and business community a region has to be able to tap into a sense of belonging or loyalty to that region. In order to attain this loyalty or sense of attachment a region needs to be embedded in the consciousness of the people working within it. Peck (1996) showed that labour markets work more effectively when they are led at the local level rather than relying on national intervention. This places a good deal of importance on getting the definition of the space at which policy is operated right, if the chosen area shares few common characteristics then attempts to set up a governance structure reliant on private sector buy-in may struggle to get off the ground. In attempting to define a region Tomaney (2009b) identified five different types of region – cartographic, economic, cultural and ecological while Passi (2009) put forward four types of region – social, political, cultural and cognitive. Keating

(2006), Painter (2008), and Roberts and Baker (2006) have also proposed similar definitions of regions. At the most basic level is the cartographic region, which is formed largely for the collection of headline statistics and planning at the sub-national level. These kind of regions have been formed by governments across the EU to attract EU structural funding and in many ways the East Midlands bears closest resemblance to the cartographic region. Economic and political regions are more development and embedded entities with a single established functional economy and set of political institutions, something lacking in the East Midlands until 1998. Champion et al's (2007) work on functional labour markets in Great Britain identified 27 such areas, none of which fit into the borders of the old RDA regions. Indeed there are four such labour markets identified within the East Midlands (see Figure 1). The disparate nature of the RDA regions leads to questions of how a single body covering such a large area can persuade businesses that they need to work together for the greater good of an 'East Midlands' economy – how, for example might a business in Worksop benefit from the growth and development of the Northants or Leicestershire labour markets? To some extent the establishment of the LEPs in (mainly) smaller areas than the RDA's have helped to exacerbate some of the problems here. However there is still little evidence that place was a central factor in setting up the LEPs areas and this has led to similar problems emerging within the LEP boundaries. The Leicestershire LEP promotes the City economy over that of the Market Towns and in the case of Northamptonshire Corby (the area with the most significant economic problems) is ignored at the expense of Silverstone and the Motorsport industry which has little or no impact on Corby. These smaller areas are more isolated under the LEPs than they were under the RDAs.

Figure 1 Function labour markets of Great Britain

(Source: CHAMPION *ET AL.*, 2007 cited in TOMANEY 2009b, p. 141)

The evidence from the interviews shows that the difficult nature of the region that EMDA was given to work with caused the agency a number of problems in its efforts to attract private sector involvement and its attempts to work at the sub-regional level. The region lacks a 'Capital' city and efforts to give that role to Nottingham through its inclusion in the Government's Core City initiative merely exacerbated alienation in the other areas of the region. The decision to host both the Government Office and the RDA in Nottingham increased feelings of a 'Nottingham bias' and was identified by respondents from Leicester and Northampton as a key factor in their reluctance to work on a regional scale.

One of the things that does gall me is this perception, this urban myth, that Nottingham is in some way the capital of the East Midlands, and I think its just nonsense. Its smaller than Leicester, its stuck off a little branch line on the railway, its difficult to get to from the motorway, it has nowhere near the same product in terms of inner-city, and yet it seems to have attracted vast sums of money in inward investment

(Private Sector Respondent)

While quotes such as the one above may be put down to a certain extent to local chauvinism they do highlight the strength of feeling displayed by respondents from outside of Nottingham. A further issue that emerged from the nature of the region was the lack of a sense of belonging to the East Midlands. The region has more boundaries than any other English region (five in total) and across the region respondents identified with Manchester, Sheffield, Birmingham and the South East far more than the East Midlands. This issue was particularly acute in Northamptonshire where many of the respondents to the research did not realise they were considered to be a part of the East Midlands. This in turn led to EMDA struggling to establish itself in Northamptonshire and ten years into their lifespan only two EMDA board members had ever come from Northants. The East Midlands appeared to be a region with a very small core and a large periphery, which had a serious impact on their Governance efforts.

EMDA set up sub-regional strategic partnerships (SSPs) in an attempt to overcome some of the issues they were having at the sub-regional level and these were more successful in gaining buy in than the region wide strategy. The 2007 Sub-National Review (SNR) further strengthened the position of the sub-regional bodies set up by EMDA by insisting on the increase role of Local Government and handing over some element of control over these bodies to the local tier. Some of the reasons for this will be discussed in the following sections on the role of Local Government and the intervention of key leaders but the fact that the SSPs were based on largely recognisable borders enabled them to attract involvement from a wider range of private sector actors than the regional tier had managed. What the example of the East Midlands shows is that it is vital to consider the space being used as a site for regional or local economic development. There has to be some degree of coherence within the space chosen and secondly, the core, or perceived core, cannot be allowed to dominate at the expense of the periphery. In places where the core is

contested this makes the chances of a fruitful governance network emerging even less likely.

The key to successful regional developments, according to most New Regionalist writers is partnerships between the public and private sector. This research suggests that in order for those partnerships to move beyond mere talking shops and become embedded and effective working partnerships, they have to be based around the most appropriate scale. At the level of the East Midlands, EMDA was able to enter into a fairly good partnership with business representative bodies such as the Institute of Directors, Chambers of Commerce and (despite their criticisms in the Regional Select Committee Report), the Federation of Small Businesses. This meant that EMDA could legitimately claim that the strategy for the region put forward in the RES was based on a widespread consultation with partners in the private sector. What this did not do, however, was gain the buy-in of key businesses at the more local level, nor did it gain active involvement of the business community beyond consultation processes. Moving down the scale to the 'city-region' or county, a different pattern emerged in both Leicestershire and Corby where the local business community took active, and in some cases leading, roles in the post-SNR set ups in Leicestershire and in the longer-established efforts to redevelop Corby.

In the 2006 iteration of the Regional Economic Strategy, EMDA used different definitions of the spatial sub-areas of the region: Peak (to describe the rural areas of Derbyshire), Northern (the North Nottinghamshire and Derbyshire coalfields which border South Yorkshire), Eastern (which largely covers Lincolnshire), Three Cities (Derby, Leicester and Nottingham), and finally Southern (based around Northamptonshire) (EMDA 2006). These areas work to a certain extent, but the Southern area risks leaving Corby ignored at the expense of the more affluent Northampton, and the rationale for combining Derby, Nottingham and Leicester is tenuous at best – especially given the tensions between the cities and the extent of 'local chauvinism' that exists.. Taking this forward to the current set up in England we can see similar issues emerging in some of the LEP areas with the districts of Leicestershire being left out of the arrangements being put in place for the City-Region and Corby being largely ignored by the new Northampton LEP. A better approach may be to allow partnerships to develop around the larger economic centres in the region (Nottingham, Derby, Leicester, Northampton) and let them drive their own strategy, leaving a regional level body to manage the economies in the remainder of the region

Lessons 2 : The role of local government can be crucial in gaining private sector buy-in

Moving on from the nature of the region itself the experiences at the sub-regional level in the East Midlands showed that getting the territory right is not the only factor in creating workable governance networks. The Leicestershire City Region was cited by a number of the respondents in the research as an exemplar of collaborative local economic development initiatives. The private sector in

Leicestershire played a far greater role in the post SNR settlements in the County than they did in similar set ups in Northamptonshire and Nottinghamshire. Respondents identified two elements within Leicestershire at the time of the interviews as reasons for the differing levels of success the County was experiencing. Firstly that Leicester City Council and Leicestershire County Council were prepared to play a central role in the SSP and secondly that the sub-region benefitted from strong local leadership that was absent in other areas of the region.

The need to move from Government to Governance is one of the central themes of New Regionalism (Peck 1996, Jessop 1997, 2002, Cooke and Morgan 1998, Keating 1998, Geddes 2005, 2006). Governance networks are seen as the most efficient way of connecting the significant actors in a regional or local economy together and allow a greater voice for the private sector in local economic planning. However the reality of many governance networks was that they were dominated still by the public and voluntary sectors and that private sector involvement was largely undertaken by umbrella bodies such as Chambers of Commerce rather than key local businesses themselves. Geddes (2006) and Geddes et al (2007) reviewed a series of local strategic partnerships that had been set up by RDAs and found that from an average membership of 14 the private sector would account for just 1.5 of those places.

In the East Midlands, EMDA initial efforts to set up governance networks for the region as a whole followed the pattern identified by Geddes et al in that they were able to attract the involvement of bodies such as the East Midlands Chamber of Commerce and the East Midlands Small Business Federation but not the larger individual businesses in the region and certainly not the key players in the Leicestershire and Northamptonshire economies. Respondents simply did not see EMDA as a legitimate actor in their local economy. EMDA did acknowledge some of these problems when setting up the Sub-Regional Strategic Partnerships (SSPs), however progress in establishing meaningful links between the public and private sectors in the East Midlands did not really take hold until after the Sub-National Review (SNR) of 2007 which placed the control of the SSPs in the hands of Local Government. At this point in Leicestershire the City and County Councils seized the initiative away from EMDA and produced a Multi Area Agreement (M.A.A.) which focused on the development of the City Centre and its cultural quarter as a way to regenerate the Counties economy. They worked together to produce a new governance structure which gave the private sector a prominent role in local decision making by involving key local businesses in the Leadership Board shown in Figure 2 below. This new set up proved attractive to the Business Community in Leicester and the fact that it heavily involved the elected local councils was seen as adding legitimacy in the form of a mandate to the economic policies the new sub-regional structure was advocating, something that EMDA never managed to achieve as a non-elected quango.

Figure 2: Post SNR Set up in Leicestershire

The LEPs are designed specifically to be partnerships between local authorities and the local business community. In this sense the role of local government is more concrete under the Coalition than it was under Labour and the RDAs. However the role the local authorities are expected to play is unclear and many LEPs still cross several authority boundaries. This in itself need not be a problem but were the M.A.A. created formal partnerships between local authorities with clear joint strategies and goals this is missing in the Leicestershire LEP where the focus has shifted from the County as a whole to the City. Under the M.A.A. the Councils had a clear leadership function which gave them a visible role in the economic development of the sub-region. As already discussed this proved very popular with the business community in Leicester who could see a clear link between the on going regeneration of their City and County and their local council leaders. This link has become blurred under the LEPs. What the LEP policy fails to do is understand and articulate the role local authorities should be playing in their local economies.

Lesson 3: A region/locality needs leadership

The increased involvement of the Councils in the M.A.A. structure was driven by the strong and charismatic leadership of the two council leaders (one Labour and one Conservative). They were able to come together to produce the plans for the MAA and work effectively with local businesses. Collinge and Gibney (2011) and Sotarauta et al (2012) have argued that leadership of local economic development strategies is a dangerously under researched area of the regional studies literature. The impact that local leaders can have on their locality can be huge and the lack of a leader can be a key factor in the failure of local governance efforts. Research from

other areas such as Gdansk (Czepczynski 2009), Birmingham (Barber and Eastaway 2011) as well as the evidence from Leicester support this assertion that local leadership can play a key role in bringing together the actors in a given locality.

from the point of view from having a Tory county council working with a Labour city council, that's pretty impressive really. Particularly when what went before was, to my mind, there seemed to be almost a bloody-minded sort of approach or *modus operandi* I suppose of just not talking to each other, of deliberately trying to fall out. And this isn't a party political point at all but I think ... (they)... deserve a lot of praise in terms of, to some extent, burying their political differences , identifying the need that city and county do need to work together.

(Leicester Private Sector Respondent)

What became apparent was that this process within the framework of UK government policy was very much reliant on someone in the region putting themselves forward to carry out this role. In the case of Leicestershire this was taken on by the political leaders of the City and County Councils who shared a vision and an acknowledgement that they needed each other to succeed. In Corby this vision was driven by the leading civil servants on the local council. Other examples that emerged during discussions with participants included the West Midlands, Manchester and Newcastle. In the West Midlands, a leader of a district authority brought the various actors together to produce a strong regional agenda for the whole of the West Midlands, obviously with Birmingham at the heart, but one that did not ignore the smaller authorities.

the Regional Agenda Birmingham dominated and the rest of the Districts and the Counties didn't want to play, and then that got sorted through an awful lot of work by the Leaders, it eventually got in to a position where the West Midlands as a region became very strong, and it was led by a Leader of a District, which was unusual, and it was actually my Leader, it was Lichfield's Leader David Smith who chaired the LGA, he then chaired the assembly. And it started to come together because it was seen to be not Birmingham and the rest, it was seen to be the West Mids.

(Local authority respondent)

Within the East Midlands, this has been lacking, with the leadership that has emerged preferring to concentrate on their local area rather than the region as a whole – however, this again could be linked to the polycentric nature of the East Midlands. In the West Midlands while the smaller authorities and towns obviously are important, they are dominated by Birmingham in a way in which none of the three larger cities of the East Midlands can manage in their own region. Meanwhile, in Manchester local politicians such as Graham Stringer were vital in leading community development and in winning arguments about the future economic direction of the city (discussions with Harrison and Hudson 2009). The re-styling of the city centre and remaining impact of the cultural sector in Manchester's claim to

be *the* second city can be linked to the work and charismatic (but shambolic) civic leadership of figures like Tony Wilson. With Newcastle, the example of T. Dan Smith (later convicted for fraud) is a controversial but nonetheless important one as it demonstrates how an individual within a locality can grab the bull by the horns and produce a vision and strategy for an area. Described by the BBC as the 'nearest thing that Britain has ever got to an American style "city-boss"' (BBC 2003), Smith promoted a vision of a cultural regeneration of Newcastle complete with a new Metro public transport system and decent homes.

The key point here is that these examples tend to be the exception rather than the rule, despite the fact that in each case the other urban areas in the regions that included Manchester, Newcastle and Leicester had similar funding and structures available to them. Within the East Midlands, the lack of leadership of the sort provided by Council leaders in Leicestershire was noted as a key factor behind the failure of both Nottinghamshire and Northamptonshire to follow in Leicestershire's footsteps in getting their post-SNR settlements up and running.

not to be too unfair to our political leaders but there is a significant lack of a real, dynamic leadership in Northamptonshire, it's not one of those places where I think there's a leader who grabs the bull by the horns and pulls everybody along with him.

(Northamptonshire respondent)

The examples from the 2007-10 period highlight the impact strong local leaders can have but they also emphasise the weakness of relying on individuals to emerge in their locality to lead. As Sotarauta et al (2012) have argued for this leadership to survive from one era to the next an area needs to be able to build a lasting leadership capacity where clear leadership roles are identified and taken on by the institutions in that area. Barber and Eastaway (2011) showed that progress in Birmingham stuttered when individuals moved on and it was unclear who was supposed to take that role on. With the LEP in Leicestershire and Northampton the leadership roles are not explicitly stated in their strategy documents beyond the partnerships being 'private sector led' and the local authority providing an infrastructure lead. Where no-one comes forward to take these roles on the LEPs have struggled to get off the ground (Sundaram and Kasabov 2013).

Conclusions – What next for Regional Policy

This paper has drawn out the lessons from the East Midlands experiences between 1997 – 2010 and then considered whether the Coalitions LEP policy has learned any of those lessons. From the evidence gathered in the interviews for this research and the literature three key factors to attracting private sector involvement emerge: a) that the development takes place within an area of economic functionality, b) credible, strong local government, and, c) strong effective local leadership. The LEPs established in the East Midlands have not been able to solve the problems experienced by EMDA, partly due to the dramatic drop in funding, and also due to

the fact that those key factors do not appear to have been central to the development of the LEPs. What does this mean for future policy development in England?

The first of these factor leads to the question of is there an optimum or most appropriate scale for regional economic intervention? Does this mean intervention is most appropriate at the level of the region (East Midlands), the local or city region (Leicestershire/ Leicester), or perhaps as part of a mega-region (either as part of a wider Midlands, dominated by Birmingham or even an addition to the London mega-region). The findings presented in this paper suggest that the answer is not necessarily about identifying a single scale for regional development, but about identifying where the areas of economic functionality are, regardless of the size and scale involved. Based on the results of this study an approach focused on an area of economic functionality (such as the Leicestershire labour market, or the town of Corby) had more success in setting up governance structures than one set up on a larger scale covering several, competing, labour markets (EMDA and the East Midlands). The key then is a multi-scalar approach which takes into account that some large areas work coherently, but that this can leave behind smaller, potentially more deprived areas, that will need the assistance of a body at a larger, regional tier rather than the local level.

In some cases these areas of economic functionality (like the three cities of the East Midlands) are county-wide areas dominated by a single city and with a population of around a million people; in others they may be more akin to the 'mega-regions' described by Florida (2008) and based around the wider conurbations dominated by London, Birmingham, Manchester-Liverpool and Glasgow-Edinburgh. At the other end of the scale, the example of Corby shows a much smaller area of economic functionality based on a target population of around 100 000 people, or they can be seen to focus around areas formerly dominated by a single industry (such as the former coalfields of North Nottinghamshire and Derbyshire, and North West Leicestershire). What this demonstrates is that it is important to recognise that within a single country there is no such thing as a uniform region and that any regional policy that is to be implemented must be flexible enough to be workable on areas of vastly differing (and changing) populations.

In many of these cases, the area of economic functionality was not immediately apparent when Labour came to power in 1997 and has emerged in part as a result of the implementation of RDAs and regional governance. This leads to a conclusion that there is no 'correct' scale at which to implement an initial regional policy and that the most appropriate areas will emerge given time. It is important then to have a flexible enough policy mechanism to respond to new areas emerging, and to divert funds and powers accordingly. Neither the RDAs or the LEPs have this level of flexibility in their make up and local economic development suffers as a result of this.

In the section dealing with the East Midlands's experience of establishing Governance structures the evidence showed that the role of Local Government was key to attracting the involvement of other actors in a local economy. Related to this is the equally important role that leadership and key individuals can play in establishing local partnerships and economic development strategies. The concept of leadership is one that has been relatively under-discussed in regional studies until recently (Gibney et al 2011, Sotarauta et al 2012) but is one that needs to be explored in greater detail. The theories of innovation put forward by Schumpeter (1934), and subscribed to by New Regionalist writers such as Cooke and Morgan (1998), argued that for innovation to work it needs to be recognised as a social process and not an individual act of heroism. The findings here suggest the reality is more nuanced than this. According to Cooke and Morgan (1998) innovation systems based on partnerships between firms and between the public and private sectors need to be established if a region or locality is to thrive. The experiences of both Leicestershire and Corby shows that in these areas the progress that has been made is due in no small part to the leadership of key individuals who have driven the process forward and have established working relationships with the various actors involved. In the case of both Leicestershire and Corby, these individuals emerged from the local government structure. For this short period of strong individual leadership to translate into a more sustainable leadership capacity the role of local government and local institutions need to be clearly articulated in government policy than they have been under either the RDAs or the LEPs.

The focus of a new regional or local economy policy for England should be to allow a process in which the natural areas of economic functionality, or areas where the social motivation for development exist become apparent over time. In the first instance, however, it may necessary to build infrastructure and a culture of public-private sector cooperation at a level below national governments. The task of these initial bodies should be to create the governance structures within a given region, but to be flexible enough to move powers and, crucially, spending powers down to the scales that emerge over time. Part of this process also needs to involve a willingness to include local authorities as they can play a vital role in adding legitimacy to the networks set up. One of the problems with UK policy is that the institutions created have been unwilling or unable to react particularly quickly to the emergence of these local partnerships and divert funds accordingly.

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