

# Devolution dilemmas - making the top-down meet the bottom up

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As the devolution agenda has gathered momentum this last year, I've been lucky enough to spend a fair chunk of my time in varying cold community centres and council rooms, clutching variously strong caffeinated drinks, marvelling at the consistently high level of creativity, innovation and sheer will power of people driving the development of the economy from the grassroots up, in some of the most deprived corners of England.

The unifying theme amongst a huge range of approaches, strengths and legacies, has been an eagerness to tap into wider regional economic strategies, including devolution deals. But this has been coupled with frustration at how difficult it seems to be to marry the more local priorities of 'community economic development' – such as increasing people's prosperity, business sector resilience, local money flows, sustainable resource use, and democratic influence over economic decisions – with the priorities of regional economic strategies focussed on high-end GVA growth.

## **'Growth' drives the strategies**

Few people I meet object particularly to the idea of growth, notably – there is just a weary acceptance that the world of 'economic development' seems to sit in a parallel universe from the social and environmental outcomes of interest to the people I'm working with (whether council officers, community

development workers or residents). And particularly worryingly, the devolution agenda seems to be understood at all levels as, primarily, a drive to increase GVA growth – a hope to even out the regional imbalance in GVA growth in the country – not as a drive to change how the economy actually functions for the citizens in those regions. Of course – there is always talk of increased jobs. Yet this tends to be in the same breath as talk of attracting new workforces into the region – more graduates, more ‘economically active people’. Through our analysis this year of the Greater Manchester devolution deal, which we will publish over summer, we began to understand how this maps across the various different strategies – building the right kind of higher-end housing; reforming education not just to produce a differently skilled labour market, but to attract different kinds of labour force to an area; regeneration of certain areas close to the city centre with a vision of larger, more affluent suburbs at the cost of removal of industrial and work space that, currently, does not directly serve a high-end growth economy.

### **How communities are missing out**

A couple of months ago, as part of a project we have run with **New Start magazine**, I attended an **excellent event in Liverpool** at which some of these questions were dissected by those involved in the bottom up, small business led regeneration of Toxteth and Anfield. Huge appetite was there for small and medium enterprise growth, and a strongly supportive introduction from the deputy mayor and several local council representatives bodes well for this approach to economic development. Nonetheless, much of the discussion revolved around the difficulty of joining up what was perceived as a national agenda for devolution, with goals that relate to national growth, with a bottom up, community focussed agenda for a stronger local economy. Really, the crux of this difficulty lies at the connection point between the large scale businesses and developers who are recipients or beneficiaries of large scale inward investment, and the smaller scale, locally owned, and also socially oriented businesses, who simply are not connected by any supply chain to this inward investment when it does come. Our partners in Liverpool who hosted this event are trying very hard to engage with some of the bigger developers and businesses active in their local area to build this supply chain proactively, but have struggled to open doors, largely because – to be fair – there appears to be little motivation for larger companies to make this kind of effort. It does not enhance their profit margins or stability particularly.

And in some instances, this focus always on the large scale, high end – without thinking about how that supposed new wealth trickles down to, and through, the local economy – not only means the smaller scale, local community sector is overlooked, but in fact swept away altogether.

Regeneration plans underway in Collyhurst in Manchester are currently facing a tension between the needs of the city's economic plan, to house more incoming workers in new, relatively high end accommodation, with the survival of the local industrial estate which currently houses three successful medium sized enterprises with a sizeable workforce between them. Bringing new residents into the local area in itself is hoped, by the community already there, to promised a new wave of spending power which could be channelled in turn through new local enterprises – but retail space is not currently part of the regeneration plans, which will make this challenging.

### **Re-thinking devolution from the bottom up**

NEF is keen, therefore, **to see a new focus emerge in the devolution debate**. How can we ensure that attempts to decentralised spending, decision making, and economic strategy, be sure to deliver stronger local economies, stronger local supply chains and a fairer distribution of wealth within a region – if their success, and indeed the condition for the devolution of budgets, relies only on delivering an increase in the region's productivity? Our experience is that it does not happen on its own – **London's economy demonstrates** that it is totally possible to build an economy that is highly successful at generating GVA growth at the same time as being highly unsuccessful at generating low poverty levels, equally distributed wealth, affordable housing and strong small-scale local economies. For those cities currently negotiating and beginning to implement devolution deals, therefore, if devolution is to deliver real, tangible benefits to local residents and local business, it will be crucial to invest attention and creative thought in building that middle bit of the supply chain, of the economic infrastructure, and stimulating the regional economy from the bottom up.