City Regions and Devolution in the UK

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Metro governance dynamics

*Chimera*: a thing which is hoped for but is illusory or impossible to achieve. Synonyms: illusion, fantasy, delusion, dream, fancy. (Oxford English Dictionary)

**Introduction**

Welcome to ‘Devo Sheffield’ – a city region that comprises the South Yorkshire council areas of Barnsley, Rotherham, Doncaster and Sheffield, alongside the East Midlands authorities of Bassetlaw, Bolsover, Chesterfield, Derbyshire Dales and North East Derbyshire. As discussed in the Introduction, with the ongoing processes of constitutional change and devolution in the UK, city regions in England are being brought to the centre stage of policy and politics to address, firstly, paraphrasing Lindblom (1968), the ‘problem’ of economic growth and a rebalancing of this geographically to iron-out issues of spatial combined and uneven development (see Martin, 2015), and secondly, the ‘problem’ of securing effective and accountable governance arrangements, whereby effective economic growth and development is contingent on open and transparent engagements with civil society. This model is being heavily influenced by the US ‘Metropolitics’ agglomeration thinking of Katz and others, transferred at speed into the UK through discourses such as the ‘Northern Powerhouse’, ‘Metro-Mayors’, and promises of additional functions to civil society actors to create the conditions for ‘real control’ (Wharton, 2016: 9).

‘Devo Sheffield’ was accordingly coined on 12 December 2014 (HM Government, 2014) and builds on a City Deal and Growth Deal to roadmap a ‘journey that sees the people of Sheffield put in charge of their own economic destiny’ (Otten, 2014: 1). Launched by Nick Clegg MP, as Deputy Prime Minister, and following ‘Devo Manc’ developments in Greater Manchester, subject to a directly-elected Mayor being in place, ‘Devo Sheffield’ promises to shift power from Whitehall to the SCR, anchored through a £900 million ‘big pot of money’ agreement (£30m of funding for 30 years, ‘immune from any spending review’), and giving greater control over skills, transport, housing and business
support. By combining skills with employment opportunities ‘for all’, the SCR is becoming responsible for the ‘building a new skills system’. In short, ‘Devo Sheffield’ is a ‘historic moment for the great city’, giving responsibilities to local leaders to push forward plans that will seek to strengthen the economy and ‘without waiting for Whitehall to do something to the regions of England’, again (Beardmore, 2015: 8).

As we argued in the Introduction, the promise of a new city-regional era has been made, providing the infrastructure for a ‘second industrial revolution’ to transform Sheffield’s blighted post-industrial city region from ‘slagheap to innovation district’ (Burnett, 2016: 22).

These timely policy developments in England are not anecdotal or insignificant; they have deep ramifications for academic debates in economic and political geography and for how we think about contemporary urban and regional political economy. Firstly, building on the arguments in the Introduction, they hit head-on the new neoclassical urban economics city-region building agendas and critiques of authors such Storper, Overman, Glaeser and others. *Keys to the City*, the leading account on how economics, institutions, social action, and politics shape development, for instance, makes the bold claim that ‘[c]ity-regions are the principal scale at which people experience lived reality’ hence understanding city-region development is ‘more important than ever’ and ‘managing it will pose one of the most critical challenges to humanity’ (Storper, 2013: 4). Focusing on the micro-foundations of individuals, households, firms and groups interacting to make city regions in successful North American cities, Storper’s concern is with the notions of ‘winning’ and ‘super-star’ regions and cities (Hadjimichalis and Hudson, 2014: 213); the ‘big game to be hunted’ (Storper, 2013: 4) appears to be charting growth and change to find success. We hear much less in these literatures about ‘ordinary’ and left-behind regions that have experienced extensive de-industrialisation and continual challenges faced by civil society.

Secondly, building on the Introduction, ‘Devo Sheffield’ talks loudly to the decade of debates on the spatial restructuring of the state (Brenner, 2004, 2019) and changes to the landscape of economic governance more broadly (Keating et al, 2013). This restructuring has often involved a tendency towards devolving employment and labour market policies and functions to city regions. There is a now considerable body of literature that highlights the inherent tensions, conflicts and contradictions embodied in these governance changes – for example, the tensions and conflicts between central and local objectives, competition and cooperation, and entrepreneurial versus
social inclusion objectives and also issues of power and representation (compare Danson et al., 2012; Goodwin et al., 2012; Pike et al., 2015). This chapter argues that, and demonstrates how, all this is being intensified, and not resolved, through the processes and practices of devolution.

This chapter accordingly also flags the need to seriously consider issues of regulatory capacity, regulatory failure and ‘regulatory deficits’ (see Painter and Goodwin, 2000). The next section bridges these concerns and analyses the nature and limits to devolved city-region building and particularly the involvement of civil society actors within devolved labour market governances, given these feature strongly in the ‘Devo Sheffield’ devolution settlement. We suggest that with limited regulatory powers and little direct control over additional financial capacity, ‘Devo Sheffield’ is deeply bound-up with the contradictions facing UK capitalism and the various government priorities in responding to them through devolution and city regions. This is a ‘chimera’ – an apt phrase that is only occasionally used in geographical analysis (see Zuege, 1999; Bailey and Turok, 2001) to describe state projects that are imaginative, even dazzling at times, though deeply implausible when unpacked in reality.

To push our conceptual and theoretical understandings further, we suggest that notions of governance and metagovernance failure are important in terms of understanding both the limitations to and contradictions of devolution and city-region building, and the role of civil society actors therein. Metagovernance – the ‘government of governance’ through ‘overseeing, steering, and coordinating governance arrangements’ (Bell and Hindmoor, 2009: 11) – has received minimal detailed attention in urban and regional studies (except by Fawcett et al., 2017; Whitehead, 2003), it is timely to engage with these agendas, show how civil society actors are involved, and we would go as far as to suggest that devolution through city regions in England is producing spatially-articulated metagovernance failures. Governance failure arises because of the primacy of a neoliberal dominated strategy, orientated towards the market and its failure in the delivery of skills. Governance and metagovernance mechanisms are unable to sufficiently coordinate effective responses to address a deep legacy of de-industrialisation, deep-rooted labour market and social inequalities. Depoliticised metagovernance coordination conflicts signal an ongoing democratic deficit in terms of accountabilities and transparency, which in itself leads to legitimation problems between the partnerships and in relation to wider civil society.
'Slagheap to innovation district’? Economic governance and skills in Sheffield

Sheffield is the fourth largest city in England and located in the South Yorkshire coalfield. Its economic base comprises steel making and engineering, and its politics also was formed from a strong labour and trade union movement tradition with the LA controlled for many years by the Labour Party and with an active Communist Party, which influenced workplace and city politics. Sheffield was the centre point of the 1984–85 miners’ strike and prior to that the steel workers strike, which attempted to resist large scale restructuring and closures impacting on civil society. In the early 1980s, the city became a focal point of resistance to the Thatcher Government with the LA and civil society institutions taking a proactive role in developing local economic initiatives, particularly in terms of employment and training. It promoted a progressive redistributive strategy against the dominant neoliberal politics of Thatcherism (Goodwin et al, 1993).

From the mid-1980s though, both the economy and political governance landscape was to change markedly. Between 1979 and 1982, 45,000 jobs were shed in the core engineering and steel industries. Its employment and occupational structure have been transformed over the past 20 years, from a high-paid employment economy with a plentiful supply of skilled jobs, to an economy where many of the new jobs created in the service sector tend to be contingent and low-paid. Also, of importance is the existence of significant proportions of the working age population categorised as economically inactive and in receipt of sickness benefits and where labour market exclusion and poverty occurs at a significant scale. Skills polarisation and segmentation thus became integral features of the labour market. Sheffield faces some distinctive skills challenges on both the supply and demand side of the labour market equation. On the demand-side, the proportion of employers lacking any sort of strategic approach to the skills of their workforce is higher than the national average in Sheffield. On the supply-side, a smaller proportion of the northern workforce has a degree and a larger proportion has no qualifications. In some areas this results in a vicious circle of low skills and low productivity: or what has been terms the ‘low-skills equilibrium’ (Finegold and Soskice, 1988; Henderson et al, 2013).

During the 1980s, the Thatcher government’s neoliberalism had two major impacts – first that the politics of redistribution was replaced by the politics of the market where private interests were accorded prominence in terms of access to and as beneficiaries of urban policy.
The second impact, and related, was the shift in representational structures that increasingly marginalised the role of local government and the electoral democratic process challenging traditional models of accountability in public services. A raft of private sector-led initiatives was developed including Training and Enterprise Councils, as devolved bodies to cities and sub-regions charged with making the skills and training market. Despite there being serious, historical evidence-based, limits to creating an employer-led training market, New Labour continued with supply-side and market-driven skills policies. The devolution of employment and skills was a key element of New Labour’s skills strategy through ‘centrally controlled’ Local Skills Councils, along with RDAs and Sector Skills Councils charged with coordinating skills strategies across the regions. The City Strategy Pathfinder (CSP) pilot was accordingly established in 2006 with the primary aims of devolving welfare-to-work programmes for tackling worklessness and integrating employment and skills strategies. The CSP was seen as a vehicle to promote an element of devolved responsibility to local partnerships in delivering Pathways and was thus seen as a bottom-up process – partnerships and consortia were formed by local employment services along with LAs, the private, voluntary and community sectors where there was some discretion given to develop their own priorities and innovate with project development (Etherington and Jones, 2009).

The UK Government’s skills policy, 2010–2015, was focused on further deregulation and on freeing colleges and training organisations from central and other external control in order to create a purchaser provider market for skills at the city level (see BIS, 2010b). Furthermore, the coordination of skills has been put in the hands of employer-led LEP, established at the city-region spatial scale with a remit to regenerate local economies through investment in business and infrastructure. The Sheffield LEP was established in 2011 bringing together local partnerships within the city-region partners envisaged some link up with both the employment (i.e. the Government’s flagship welfare-to-work programme for long-term unemployed the Work Programme (WP)) and skills agenda (i.e. apprenticeships and work based vocational training) (McNeil, 2010). Within this new governance and policy regime, the Sheffield City Council initiated its employment and skills strategy in 2012, which is coordinated by the Sheffield First Partnership established under the previous New Labour administration.

The Government subsequently established ‘City Deals’ as a means of first seeking to resolve the coordination problems and political conflicts that accompany the new (and old) governance arrangements (see UKCES and Centre for Cities, 2015). Through skills and employment
policies, City Deals are second seen as integral features of devolving funding to create the conditions for ‘open innovation’ – a perspective on innovation districts where economy shaping, place making and social networking come together, ‘mingle’ and are claimed to move places like Sheffield ‘up the value chain of global competitiveness by growing firms, networks and traded sectors that drive broad-based prosperity’ (Katz and Wagner 2014: 1). Sheffield LEP, in conjunction with the SCR’s Skills and Employment Partnership, obtained the ability to control part of the skills budget so that it can respond more effectively to local business needs. The brokerage model, deemed necessary to ‘stimulate businesses to invest in skills’, outlined in the document ‘Made in Sheffield – a deal for growth’ (SCR Local Enterprise Partnership, 2013, 2014), sought to match local contributions (public and private) with national funding (on which, see Payne and Keep, 2011).

In turn, this has led to the ‘Sheffield City Region Agreement on Devolution’ (HM Government, 2014) and the later ‘Sheffield City Region Combined Authority Devolution Deal’ (HM Government, 2015b), which considered different options for improving local governance and accountability. The CA was to ‘exercise management functions’ in support of the LEP in implementing SCR’s skills and employment strategies, ‘represent’ the democratic mandate of local leaders and ‘provide accountability in terms of performance, finance and statutory obligations’. Moreover, SCR was to work with Government to deliver ‘integrated skills and training systems across the local area, driven by the needs of the economy and led by the private sector, giving local businesses the skilled labour they need to grow’. A £17 million Skills Bank, governed not by local partners but by PricewaterhouseCoopers, operated alongside this to improve the skills base of the workforce, changing the way skills system operates, by placing the purchasing power of skills in the hands of employers.

The SCR would in turn receive devolved responsibilities in relation to adult skills funding and provision, with the LEP and CA forming a joint venture partnership with the Skills Funding Agency, responsible for ensuring a forward-looking system was in place by 2017. This arrangement covered: the Adult Skills Budget (other than participation funding for apprenticeships and traineeships); the Apprenticeship Grant for Employers; and through an enhanced version of its existing Skills Bank, SCR played a central role in enabling businesses, especially small and medium-sized enterprises (SMEs), to take up and invest in apprenticeships. Working within Government’s reform agenda for apprenticeships, in which funding was to be routed directly to
employers, the Deal looked set to empower businesses to liaise with the SCR Skills Bank or directly with Government.

Last, joint working between the Department for Work and Pensions (DWP) was seen as the way forward, with the possibility of joint commissioning for the next phase of the WP, which involves a ‘provider led’ approach in which welfare-to-work services for longer term unemployed will be delivered by the private sector – usually large scale organisations (‘prime’ contractors) where other support services are sub-contracted usually to the voluntary sector. A ‘black box’ approach to the tendering has been adopted, essentially leaving the ‘prime’ contractors to put together a package of employment support, which meets the specific needs of the local area. Contracting processes – steered from the centre by the DWP and a pricing structure with a payment-by-results performance framework – are central to the governance of this. As part of this model of delivery, the long-term unemployed can be sign-posted to training as part of their personalised support. The programme for the South Yorkshire contract area (covering the north of the SCR – see Figure 2.1) is delivered by two multinational companies – People Plus (formerly A4e) and Serco. Under the Devolution Agreements, the SCR was to be involved in ‘local commissioning’. Whereby funding is combined through a single block allocation and implemented according to ‘local informed choices’.

The central elements of the two strategies are quite similar – promoting employability skills for people of school leaving age, raising attainment levels and developing apprenticeships. For the LEP, a key element of its focus is on business growth and that strategies are linked to ‘flagship’ projects such as building on the ‘knowledge sectors’ and promoting the ‘knowledge economy’ (Sheffield City Region Local Enterprise Partnership, 2014). The changing governance landscape described above involved changes in party control of Sheffield City Council where the Liberal Democrats were replaced in 2010 by a majority Labour party. In essence, the 2000s were characterised by changing control of the LA between the two parties. The current administration has had to manage a rapidly changing governance landscape and negotiate new relationships such as the LEP and WP providers. Alongside this, the Sheffield Labour Party produced the Fairness Commission in 2012 in order to develop a more socially inclusive approach to employment, welfare and the environment (see Sheffield Fairness Commission, 2012). At least in terms of political and policy city-regional rhetoric, the SCR Devolution Agreements provide the basis for taking this forward. For policymakers promoting
Sheffield’s Manufacturing Innovation District, which stands on the ‘Orgreave site where Arthur Scargill led his members from the National Union of Mineworkers as police clashed with them’ (Burnett 2016: 22), this is the ‘dawn of a new era’, providing the basis for a 21st Century export book beyond the volatile EU market with a high skilled, modern manufacturing economy, combining digital innovation; world class experience, academic research, and a strong global brand’ (HM Government 2014, 2015b). We now turn to consider some of the emerging on-the-ground tensions of these shifts in the governance and regulatory environments of the labour market and the economy more broadly, particularly how these are being played out in and through civil society.
Restructuring of representational structures, new accountabilities and ongoing democratic deficits

The Government’s ‘localism’ agenda has involved a shift in responsibilities for labour market and skills policy to city-region actors through the creation of the LEPs with a central role for the private sector in shaping strategic economic development policy (Pike et al, 2015). The emphasis on employer engagement and taking control of the skills agenda and market is a central plank of the LEP skills strategy (the SCR LEP Board is made up of ten ‘business leaders’ from the private sector and nine LA leaders). The shift towards the market in terms of purchaser provider relationship has created tensions within the LEP in terms of provider involvement in policy formation. The college networks have voiced concerns over their role on the LEP where their access to actually influencing or shaping skills policy rather than being seen as a ‘provider’ of skills (Davies, 2011). The LEPs role evolved over time, but its actual link with the existing raft of city partnerships remained unclear.

This is also exemplified in the way welfare-to-work programmes (i.e. the WP) are delivered in the city region. The WP has been devolved to regional/sub-regional contract areas (see Figure 2.1). The two providers, Serco and People Plus (formerly A4E), which cover the Sheffield area, involve a proliferation of sub-contractors mainly from the voluntary and private sectors. The influence of the LA on the way welfare-to-work policy is being implemented is minimal and its engagement highly constrained (strategically and spatially), limited to providing ‘wrap around’ services (social, health and basic skills training) for more disadvantaged groups who are unable to access employment.

The LA raised critical questions at the early stage of the implementation of the WP concerning the relationships between local partnerships and other services that support people into employment (Sheffield City Council, 2011). The privatisation model of delivery has been identified by some voluntary sector stakeholders as limiting the possibility of disadvantaged groups and communities in civil society in engaging and influencing policy. According to one source: “The competitive nature of the whole employment programme reduces it to a cattle market, where contracts are given based on criteria where unemployed and disadvantaged groups have no say” (Voluntary Sector Submission, Sheffield Fairness Commission, 2012). This view, concerning a lack of voice, seems to be common within the Sheffield community and voluntary sector. According to another source: “In
recent times, involvement in voice, influence and participation in services has been reduced significantly. This is counter intuitive in the context of the localism agenda” (Interview, Sheffield Third Sector Assembly, 2014). The scepticism about the contracting model seemed to be prevalent among stakeholders. For example, health service professionals considered their views regarding the needs of people with long-term health conditions were not incorporated into the welfare-to-work programmes. The WP offers opportunities for the larger voluntary sector organisations to deliver welfare-to-work interventions, but there are no guarantees that the more experienced voluntary sector organisations in the welfare-to-work market, which have acquired the expertise in terms of delivery, will sustain themselves in light of their radically reduced grant allocations.

As the civil society community and voluntary sectors are incorporated into the welfare market so their influence on policy has been reduced. This occurred also under the previous CSP in Sheffield implemented under New Labour, which promoted local commissioning and contracting in welfare services. According to an interview with one stakeholder:

‘the history of the role of the Sheffield partnerships seems to have given business interests a greater priority than an inclusive agenda. The aspirations of disadvantaged groups and communities has been neglected and there seems to be no indication that the new regime will be any different (the Labour Party took back control of the local authority from the Liberal Democrats in 2010)’. (Interview, Trade Union Official, 2014)

The increasing emphasis on private providers via the WPs seems to have led to greater disillusionment from the voluntary sector in terms of the ability to shape policies and decisions that affect disadvantaged groups. There is evidence that these tensions are prevalent within local government and NHS organisations. The impact of austerity and cuts in funding to social programmes seems to have further destabilised local partnerships.

**Austerity, uneven development and the employment crisis**

A crucial element of the politics of uneven development is the way funding cuts and austerity measures are impacting on employment
and skills provision. The City Council has been facing a significant financial crisis – the revenue budget shortfall was estimated to be between £53 and £57 million in 2012/13 and £154 million and £170 million in 2015/16. Budget cuts initially took place within the local educational providers such as Sheffield College – a major public sector training provider that involved job losses and redundancies. In relation to skills, as Keep observes, the reductions in the government’s Employment and Training spending announced in 2013 represent the point at which the entire edifice of traditional skills policy started to look unstable and probably unsustainable, particularly for provision beyond the compulsory phase of initial schooling. Between 2010/11 and 2014/15, cuts totalling 24.3 per cent have been made in the overall Department for Business, Innovation and Skills (DBIS) budget. Within this overall settlement, the DBIS and Further Education budget was reduced by approximately 25 per cent. On current projections, the overall reduction in the DBIS budget between 2010 and 2018 is estimated to be 42.5 per cent (Keep, 2014: 5).

Although there is no exact estimate of the skills funding gap in the SCR, skills surveys provide some insights into employer demand for skill funding. Businesses have reported, for instance, that they would be able to commit more financial resources to training if trading conditions were more stable or there was more certainty over the economy, and they would be more likely to use external training providers if there was greater public subsidy (42 per cent) or lower course fees (34 per cent), or if training was more tailored to their business needs (38 per cent). Providers in SCR were less likely to report being unable to meet demand, and over two-thirds of the providers in the SCR would have liked to be able to offer new or different provision, but feel they are unable to do so, mainly because of uncertainties over funding and/or the need for capital investment (Ekosgen, 2012). The 2014 SCR LEP Strategic Economic Plan sets out an ambitious funding and project plan in order to close the skills and employment gap within the city region which also entails considerable devolution of control of the way funding is managed and spent (Sheffield LEP, 2014). There is inevitably a question over whether the funding that will contribute to the creation of new jobs will be forthcoming from the Government in the context of current austerity plans.

The continued ‘underperformance’ of the city-region economy is a cause for concern among local politicians and stakeholders. An important example is the persistent jobs gap and shortfall, which characterises the labour market. The jobs gap is calculated by comparing the employment rates, i.e. the share of adults of working
age who have jobs between different areas. The worst districts had an average employment rate of 68 per cent compared with best group of districts comprising 79 per cent. The number of jobs required in the worst districts to reach the national average and the ‘best’ districts is then calculated, and this involves a significant need for new jobs that need to be created (Sheffield First Partnership, 2010: 25; Beatty and Fothergill, 2014). Furthermore a ‘prosperity gap’ of over £1.1 billion due to a combination of economic inactivity, unemployment and low productivity sectors characterises the local economy. It is estimated that an additional 70,000 jobs will need to be created within the SCR to ‘narrow the gap’ with other parts of the country. However, it is important to view this challenge in the context that other comparator areas will also grow. Based on the forecast growth in other parts of the country, the SCR would need to create around 120,000 jobs to have closed the gap with the national average in 2024. This would require GDP growth of almost 5 per cent and ‘nowhere in the UK grows at this rate for such a sustained period of time’ (Sheffield LEP, 2014: 22).

Sheffield experiences skills polarisation and has a larger proportion of higher skilled people and University graduates than the national average. With weak labour market conditions, and limited job opportunities, graduates are often taking low-paid, lower-skilled jobs and there are significant numbers of people who possess no or low level qualifications (see Henderson et al, 2013). The number of pupils gaining 5+ GCSEs at grade A*–C including English and maths is low (49 per cent) compared to a national average (58 per cent). As such, Sheffield has moved from being the 3rd best Core City on this indicator in 2006/7 to the 7th best (of 8) in 2010/11. At a time when the skills levels required for many occupations continues to rise, this could preclude many young people from well-paid work (Sheffield City Council, 2013: 73). This contributes to a more competitive labour market and displaces other people further down the skills ladder (creating further unemployment), but it also under utilises the skills of graduates. Currently, SMEs are not considered as the ‘normal’ route for graduate jobs (despite the fact they represent 95 per cent of the business base in Sheffield) and graduates do not know how to access SME jobs. Furthermore, SMEs can be reluctant to take on graduates, often because they feel they cannot offer the time or structured training programmes graduates need to make the transition from university into the workplace (see Sheffield First Partnership, 2012, 2013, 2014, 2016a).

The economic downturn, the lack of good quality jobs and ‘sustainable’ jobs is a key issue for civil society in the SCR. In Sheffield, Job Seeker Allowance claimants have increased from around 8,000
pre-2009 recession, to over 17,000 (2013), with young people aged 16–24 being particularly affected and in total there are 48,000 people claiming out of work benefits (Sheffield City Council, 2013: 75). The ratio of job vacancies to unemployed people has declined dramatically which, when combined with a dramatic increase in long-term unemployment, is an important indicator of how the economic downturn is impacting on Sheffield. With a mean average weekly wage of around £410, low-paid jobs compound these labour market dynamics (see Sheffield First Partnership, 2014: 17; Sheffield City Council, 2011). Discussions have accordingly been taking place in recent years on the ‘fragility’ of the economy, with an increasingly unstable labour market and increasing poverty being witnessed (Sheffield First Partnership, 2013, 2016a, 2016b).

Vulnerable civil society groups in the labour market are experiencing the damaging effects of the emerging employment and skills crisis. For example, differences in occupations undertaken by women showed an underrepresentation of female managers in 2012 compared to the average in England, and the concentration of women employed in services – a sector notorious for its unstable employment and training opportunities. For example, 32 per cent of women were employed in caring and customer service occupations compared with 7 per cent of men (Sheffield First Partnership, 2013, 2016a). Disabled people claiming incapacity benefit make up the largest cohort of people outside the labour market and experience severe barriers in terms of accessing employment and skills (Sheffield First Partnership, 2012: 20).

Lone parents have also been targeted for welfare-to-work interventions through stricter benefit conditionality. This harsher work first regime is not seen to be effective in progressing lone parents into sustainable employment. As one Lone Parent Advisor commented:

‘The new rules for lone parents make assumptions that people with children of school age are “ready” for the labour market and are able to engage with work related activity. The assumption is that the person has sorted problems such as debt and relationship breakdown and often this is not the case. Furthermore, one of the biggest barriers is accessing skills and this is currently a challenge due to the current funding arrangements.’ (Interview, 2014)

The WP performance for ‘signposting’ disadvantaged groups into employment has generally been poor: employment outcomes compared with targets shows underperformance by Providers in South Yorkshire
In theory, the WP should also be giving priority to sustaining employment (in employment for at least 26 weeks), which would mean that providers will give some priority to clients accessing skills. There is a lack of data held at the SCR level to assess this, although national evaluations show that the WP is not providing sufficient opportunities for unemployed people to access training (Devin et al., 2011: iii). The National Institute of Adult Continuing Education (NIACE, 2012) in its own survey of providers found that 11 of 18 prime providers are committed to providing some element of skills training although this seems to be at a very basic level (for example, online employability testing and basic IT skills). This suggests that: “those who are disadvantaged will be provided limited opportunities to break from the low pay ‘no pay-low pay’ cycle. This is why we see the skills strategy as important as welfare-to-work as a route into viable employment” (Interview with Sheffield City Council Officer, 2014). Because of the fear that contractors will override employment strategies produced by local partnerships, as occurred in certain instances under the previous CSP, the implementation of the WP is creating further challenges for the strategic partnerships. As one stakeholder commented “there is little incentive for the contractors to engage with the partnerships”. Another interviewee observed: “contractors are advised to link with local partnerships and it is not mandatory. Nor is there likely to be any sanctions if they don’t” (Interview, 2014). The lack of public transparency in terms of the delivery model of Serco and People Plus was seen as a problem. People Plus would not publicly consult on their delivery plan because of confidential reasons (Interview, 2014).

A central element in enhancing skills of unemployed people and workers in Britain over the past 25 years has been promoting the role of employer-sponsored training. Overall the track record for the UK is low compared with international comparator countries and Sheffield reinforces this pattern (see Lindsay et al, 2013). In 2010, for instance, less than half of all employers surveyed in the SCR (49 per cent) had a skills budget and had trained at least one member of staff. Furthermore, only 25 per cent of employers surveyed had invested, or were likely to invest in, apprenticeships. This pattern shows no signs of altering in the current (devolving) context: evaluation data highlights a ‘reticence of employers to use cash to fund activity [which] suggests work is still required to sell the benefits of training’ (BIS, 2015: 12). The result is persistent weak innovation, poor receptiveness to new technologies and, as a consequence, low productivity and weak competitive advantage (Sheffield First Partnership, 2013, 2016a, 2016b).
Despite the rhetoric of ‘localism’ and ‘milestones’ being claimed on a ‘devolution journey’ (HM Government, 2015b: 2), the different actors and coalitions of interests in the SCR are involved in a constant struggle to access, distribute and state a claim in resources and influence. Sheffield’s Fairness Commission represents a turn towards a more socially inclusive agenda, although this is in the context of outsourcing, deep cuts to the local state and implementation of austerity policies by the Council. There is no indication that the Labour controlled Council is taking an oppositional position against austerity policies: the cuts are being implemented, managed and internalised within the Labour Party and the various partnerships. There is growing civil society unrest within the city and protests appear to be intensifying. This is the context to which local policies are now being implemented – increasing tensions and disaffectedness are now apparent within the Town Hall and the partnerships (see Sheffield First Partnership, 2016b).

Given that under ‘Devo Sheffield’ policymakers within the city and city region have given priority to upskilling and wider access to training, the gap between intentions and outcomes can never be greater, as the economy becomes more unstable and the continuing deregulated labour market gives rise to more pronounced social and spatial segmentation. The continued almost ‘path dependent’ nature of policy discourses around engaging employers and greater coordination of different stakeholders, policy regimes, budgets and partnerships represents a re-working of the governance arrangements to provide a ‘best fit’ model to address the employment and skills crisis. So far, despite the Fairness Commission’s good intentions to recognise at least the social divisions that are endemic features of contemporary restructuring, policy actors, politicians and business leaders are locked into the market model of delivery, modes of representation, and subsequent failures in economic regulation. Sheffield clearly has a ‘deficit in local regulatory capacity’ and some state forms and functions are clearly ‘counter-regulatory’ (Painter and Goodwin, 2000). How can we interpret what is happening here and put civil society representation and positionality in its (city-region) place?

Governance failure – the ‘failure to redefine objectives in the face of continuing disagreement about whether they are still valid for the various partners’ (Jessop, 2000: 18) – is occurring. There are a number of dimensions to governance failure, which are embedded in local economic and social development. First, and as we have demonstrated,
is the apparent tension between devolving responsibilities in relation to policy formation and implementation, and the tendency towards centralisation in decision making whereby local actors are charged with implementing nationally determined targets and programmes. The challenge here is the adaptation of national programmes to local conditions. Second is the increasing tendency towards institutional and policy fragmentation at the sub-regional level, with issues of accountability being raised. Governance becomes a new site for conflicts and political mobilisation as the nature and complexity of partnerships means that more and more ‘actors’ and ‘stakeholders’ are involved in design and delivery of labour market programmes. Outcomes at one scale may be dependent on performance at another scale of governance so therefore coordination dilemmas can occur. Furthermore, these coordination mechanisms may have different ‘temporal horizons’ and there may be continuous tensions between short-term and long-term planning goals in policy planning. Third, and related, is the failure of current policies to address deep-rooted problems of labour market inequalities that are integral to market failure. This is exemplified in Sheffield by the employment gap and lack of sufficient sustainable employment growth to ‘revitalise’ the city-region economy. Finally, governance in the form of economic partnerships, dominated by private-sector interests, is continuing to replace elected and representative government in terms of local economic development, which in itself poses a number of problems between government and its elected representation model of democracy and partnerships. These partnerships tend to be elite forming with blurred lines of accountability, often far removed from those who are disadvantaged and disenfranchised. Depoliticisation is occurring, as opaque representational structure and lines of accountability close down and restrict possibilities of negotiation and contestation (see Conclusions).

As noted by Bakker (2010), these processes have been neither ‘tidy in practice’ nor ‘linear in fashion’: market failures, state failures and governance failures coexist, ‘exhibit a range of failures’, and are used to justify the ‘problem’ requiring ongoing state intervention. Moreover, as forms of governance become more widespread, as we have demonstrated, ‘the question of governance failure becomes more acute’ (Bakker, 2010: 45). Given the timely nature of city-region building occurring across the globe, the answer to governance failure is where debates could fruitfully focus next. ‘Metagovernance’ offers one avenue for exploring this.
Metro governance dynamics

Metagovernance involves attempts to manage the ongoing complexity, plurality and tangled hierarchies, characteristic of prevailing modes of coordination (see Jessop, 2000, 2008, 2016a). It involves, then, continually defining and redefining and drawing boundary-spanning roles and functions, creating and recreating networking and linkage devices, sponsoring and redesigning new institutions, identifying appropriate lead strategic institutions to coordinate other partners (in this case, the SCR CA), and continually generating discourses and narratives on the economy (the ‘shaping of context’, according to Jessop, 2011) to facilitate relative geographical coherence through repetition of the ‘problems’ to be addressed and the solutions to this. Government plays an increasing role in metagovernance: providing the ground rules for governance and regulatory order in and through which governance partners can pursue their aims and seek to ensure the compatibility or coherence of different governance mechanisms and regimes. It seeks to balance and rebalance power differentials by strengthening weaker forces or systems in the interest of social cohesion or integration, and takes political responsibility in the event of governance failure (Whitehead, 2003). These emerging roles mean that networking, negotiation, noise reduction, and negative as well as positive coordination occur ‘in the shadow of hierarchy’. It also means that, as Jessop reminds us, there is ‘the need for almost permanent institutional and organizational innovation to maintain the very possibility (however remote) of sustained economic growth’ (Jessop, 2000: 24). This is certainly the case in the SCR, which is being produced through a combination of political fiat, central government diktat, and local state opportunism. The research agenda put down by Jessop for doing metagovernance, which we have sought to answer head-on with ‘Devo Sheffield’, is the ‘extent to which the multiplying levels, arenas, and regimes of politics, policy-making, and policy implementation can be endowed with a certain apparatus and operational unity horizontally and vertically; and how this affects the overall operation of politics and legitimacy of the new political arrangements’ (Jessop, 2008: 222). Effective governance and metagovernance, in turn, depends on displacing certain governance problems elsewhere and/or on deferring them into a more or less remote future. Whereas the positively-charged devolution city-region policy discourses framing the Sheffield problem point to a can-do ‘steering optimism’, where there is deemed to be a capacity to engage fruitfully and with purpose to produce temporary spatio-temporal fixes, our analysis in this chapter points to ‘steering pessimism’ and a crisis of crisis management. The
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Chapter has highlighted the underlying long-term structural economic obstacles to effective governance and metagovernance, and that, ‘by virtue of the simplification of the conditions of action, so often lead to the “revenge” of problems that get ignored, marginalized, displaced, or deferred’ (Jessop, 2011: 117). This sort of simplification found in ‘Devo Sheffield’ is evident in attempts to define problems as societal in scope and as requiring consensual governance, rather than as conflictual effects of exploitation, oppression or discrimination that can be only resolved by addressing fundamental structural and strategic patterns of domination. A website, with postings since the launch of ‘Devo Sheffield’, offers some insights into this:

What is ‘Sheffield City Region’? Is it an organisation, some sort of quango, a government department? And how is it to be held accountable? Where’s the role for residents to steer changes and set the agenda?

Sounds like a glorified talking shop. There has been virtually no discussion of these City Deals … for me this is a backward step not a forward one.

The problem is … this handout to city-regions will be instead of a comprehensive devolution agenda, but is simply yet another last minute sticking plaster to hide the fact that nothing of substance has been achieved by yet another government.

Conclusions

Within the context of the Northern Powerhouse, this chapter has explored the implementation of the devolution of employment and skills frameworks within the SCR. The UK Conservative government has taken a ‘localist’ approach to urban regeneration, which positions sub-regional economic development and city-region building as the primary policy tools for growth, democracy, and also tackling spatial inequalities. There is certainly a gap in our knowledge in terms of how city-region growth strategies, welfare-to-work programmes, and employment and skills initiatives contribute to economic and employment growth. The chapter has highlighted the complex issues around facilitating access to employment and skills by disadvantaged civil society groups.

On this, we have highlighted three main tensions in the devolution settlement, as applied to the SCR through the Devolution Agreements. First, devolution is doing very little to address economic and social
disadvantage in the SCR, which is stubbornly embedded on several levels: there is a relative low level of economic performance, with its GVA ranked 38 out of 39 city regions; the lack of employment demand and poor jobs growth compounds this with, as noted above, an additional 70,000 jobs needed to narrow the gap with other parts of the country; low pay, skills and in-work poverty mean that work is not an automatic route out of poverty; disability health and labour market disadvantage is a significant policy challenge; women and young people are particularly disadvantaged in terms of employment and pay, with a higher proportion of women paid below the living wage compared to men in the SCR, and some 22 per cent of those aged 16–24 years old unemployed (see Etherington and Jones, 2017).

Second, employment and skills provision are compounding this through policy fragmentation, limited transparency and accountabilities. According to some stakeholders, the city region as an economic entity faces challenges primarily due to overlapping boundaries – three LAs are in two city regions, and the Derbyshire LAs are also involved with employment and skills initiatives developed by Derbyshire Employment and Skills Board. The cross-border involvement of Chesterfield and Bassetlaw (in Derbyshire) LAs in a South Yorkshire deal subsequently led Derbyshire County Council to seek a (successful) judicial review (on the breadth of the consultation, on its fairness, on the means used to consult, and on the complexity of the information surrounding transfer of powers) of this devolution process, effectively putting back the mayoral election timetable to run the city region’s development corporation. These ‘custody battles’ and ‘regional rows’ (Perraudin, 2016), illustrating how ‘the power of the state is the power of the forces acting in and through the state’ (Jessop, 1990: 270), increased during 2017 through the ambitions of Barnsley and Doncaster’s LAs to be part of a wider Yorkshire Devolution Deal, culminating on 18 September with their withdrawal from, and ‘derailing’ of, the SCR devolution process (Burn, 2017). This triggered central government to withhold the £900 million financial offer, with a possible mayor de facto powerless, while austerity romps on. This situation was not resolved until Dan Jarvis MP was appointed Mayor in 2018 and in 2020 when Barnsley and Doncaster LAs finally ratified the deal (see Hoole and Hincks, 2020). All the time, welfare cuts had continued to bite deep, and austerity impacting further on Sheffield City Council’s budget equated to 50 per cent of funding (£475 million) over the period 2010 to 2020 (Dore, 2020: 1).

The lack of boundary alignment also underlines an inherent problem with coordinating city-region and LA employment initiatives with
WP providers. The growth model in itself will contribute to increased numbers of jobs but there is a view that these will not be accessed by disadvantaged groups. There is a concern that this model is weak in terms of social inclusion policies and that it restricts the voice of disadvantaged groups being heard within the city-region policy process. Moreover, there have been weak links between welfare-to-work programmes and city-region initiatives and partnerships. The WP seems to have been ‘parachuted’ into the regions with relatively little consideration in terms of how provision is coordinated with local services.

Third, in the context of austerity, funding cuts are adversely impacting on the employment and skills system and the devo ‘big pot of money’ (see above) is not plugging this gap. The National Audit Office (2013) reports that over the 5-year period 2010/11 to 2014/15 the government will have spent £6.2 billion on local growth programmes, including that spent via RDAs and their legacy and spending on new funds and structures. By comparison, the RDAs spent £11.2 billion over the preceding 5-year period 2005/06 to 2009/10. Adult Skills budget cuts have been ongoing for a number of years and, we would argue, are unsustainable. The Government is prioritising apprenticeships in terms of skills policies and funding and an issue raised is how disadvantaged groups are to access Apprenticeships, given the importance of Further Education colleges (which are experiencing funding cuts) in providing training for disadvantaged groups. A significant funding gap is emerging within local government as a result of this and we have underlined how LA cuts are undermining and hindering the effectiveness of skills and employment programmes. Those services that are crucial to assisting civil society disadvantaged groups into employment are delivered or coordinated by LAs and are being cut back. We would argue that these cuts are hindering city-region growth objectives.

City-region building frameworks clearly have a long way to go to address these dilemmas, and the current obsession with deal-making public policy, which is ‘founded upon territorial competition and negotiation between central and local actors unequally endowed with information and resources, leading to highly imbalanced and inequitable outcomes across the UK’ (O’Brien and Pike, 2015: 14), will only compound the deeply historical problem of uneven growth that is occupying much media attention in the UK (see Pike et al, 2016). Devolution deals are concerned with arrangements for individual city regions and beyond the aspiration for a larger collective contribution to national economic output; there is no focus on the relationships with and between city regions and hence the overall functioning of the
economy is bereft of strategic planning (Goodwin et al, 2017). In effect, there is an asymmetric distribution of powers: the devolution deals encourage competition over collaboration between city regions, which exacerbates existing inequalities, whereas the fantasy of ‘neoliberalism promises that everyone will win’ (Dean, 2009: 72) prevails in policy and political discourses. This is heightened by the welfare and LA cuts, as many of the policies that previously distributed the proceeds of the UK’s finance-centric economic model have been ended by the broader austerity agenda. We maintain that public sector and public investment should play key roles in supporting and leading growth, but this stance ‘is being directly hampered by a big withdrawal of state funding for this purpose’ (RSA, 2016: 6).

Building on the innovative thinking of colleagues seeking to effectively spatial rebalance the economy in advanced capitalism (Martin, 2015), we would favour approaches that: offer growth based on social inclusion for civil society (adopt options which ensure that economic activities are more jobs rich, the poorest benefit the most); exercise redistribution and fairness (central government needs to acknowledge that the poorest areas, after decades of de–industrialisation and underinvestment, need a ‘hand up’); and promote excellent public services to attract economic success (we need a new central–local relationship, founded on trust and a genuine localism, which appreciates the wider value of local government activity and strengthens local capacity to act in the interest of local people, communities and places). This in turn suggests the need for inclusive and accountable models of governance and commissioning; a needs-based approach to employment and skills; a targeted job creation programme; re-focusing the outcomes of employment support on earnings and not performance indicators based on benefit off–flows; and targeting funds around integrated employment and skills to provide in–work support and progression.

Last, in terms of its analytical contribution, the key arguments put forward are that concepts of governance failure and metagovernance are important for analysing the development, tensions and contradictions of city-region economic governance within the context of the UK Government’s devolution and localism agenda (in particular ‘Devolution Agreements’). Using the tools of geographical political economy, it is time to grasp the contradictions of space and start thinking about ‘devolved’ city-region building as spatially-articulated metagovernance failure, where different and multiple spatial frameworks appear to be operating at the same time and evoking a crisis of crisis management (Jessop, 2016a, 2016b).
On this, and building on Rancière (2007), there is an urgent need to consider the links between, in this case, the ongoing depoliticisation of economic development and its governance in and through the existence of what have been termed ‘post-democratic’ and ‘post-political’ frameworks of performative and situated (apparent) consensus building (see Allmendinger and Haughton, 2012), and the ongoing ‘march of neoliberalism’ (Hall, 2011: 6) as a market-making machine continually depoliticising civil society through its economisation. Behind the chimera of the SCR is an ongoing brutal logic of labour market segmentation, flexibilisation and shifts in power relations between capital and labour through the weakening of collective bargaining and employment rights, creating the conditions for control over work arrangements and the casualisation of employment (part-time, temporary and zero-hour jobs). We must, as Rancière (2007: 106) points out, ‘repoliticize [these] conflicts so that they can be addressed, restore names to the people and give politics back its former visibility in the handling of problems and resources’. The next chapter tackles this agenda through the lens of ‘austerity urbanism’ and city regions.