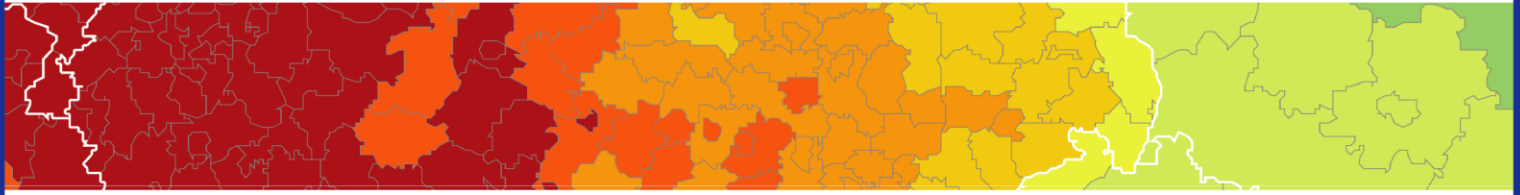


Inspire policy making by territorial evidence



# ReSSI

## Regional strategies for sustainable and inclusive territorial development – Regional interplay and EU dialogue

Targeted Analysis

### **Annex 3 – Coventry Case Study**

Version 30/11/2017

This targeted analysis activity is conducted within the framework of the ESPON 2020 Cooperation Programme, partly financed by the European Regional Development Fund.

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## ReSSI

Regional strategies for sustainable  
and inclusive territorial development  
– Regional interplay and EU  
dialogue

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## Abbreviations

CA	Combined Authority
CCC	Coventry City Council
CWLEP	Coventry and Warwickshire Local Enterprise Partnership
DBEIS	Department for Business, Energy and Industrial Strategy
DfT	Department for Transport
EV	Electric Vehicle
LEP	Local Enterprise Partnership
LGF	Local Growth Fund
LTC	The London Taxi Company Ltd.
OLEV	Office for Low Emissions Vehicles
R&D	Research and Development
RDA	Regional Development Agency
RSS	Regional Spatial Strategies
WMCA	West Midlands Combined Authority
WMCC	West Midlands County Council

# 1 Introduction

This document presents the ReSSI case studies in the Coventry stakeholder territory of the ReSSI project. The document is structured as follows: Section 2 introduces the research questions and research approach. It should be noted that not all of the ReSSI project research questions are addressed in this document, given its focus on the Coventry case studies. As a result, only general research questions (RQ1 and RQ2) and the Coventry-specific research question (RQ3) are addressed. Subsequently, the methodological approach taken is discussed, and the specifics of the two case studies are presented.

Section 3 contextualises the institutional setting for the Coventry case studies. It describes the geography of the sub-regional settings under study, as well as the institutions of regional governance in England over time. This section also discusses the existing economic development priorities and approaches presently employed by Coventry City Council.

Sections 4 and 5 analyse each of the two nested case studies under study, respectively the *Electric Taxis* and the *UK Autodrive* projects. In each: the case is introduced; the actors and institutions involved are described and mapped; the types of prevalent knowledge and knowledge flows are analysed, and; the salient challenges and bottlenecks are identified. A summary of findings for each case study is then provided.

Finally, Section 6 provides overall findings for the stakeholder territory as a whole. The role of regional actors and institutions is analysed, challenges and opportunities are identified, and a set of recommendations for those local and regional stakeholders are presented.

## **2 Research questions and research approach**

The overarching objective of the ReSSI project is to examine how smart, sustainable and inclusive economic development can be promoted by local and regional authorities in Europe, in the context of evolving landscapes of territorial governance and planning. This translates into a series of research questions, of which three are relevant to the Coventry case.

- RQ1. How to promote sustainable and inclusive regional development strategies, taking into account the changing role of regional authorities and the proliferation of stakeholders in functional territories?

The project addresses this research question by analysing the experience of 'doing' sustainable and inclusive economic development in practice in a wide variety of different contexts. This was done by drawing upon professional, academic and ESPON literature, data analysis, and planning case studies in the stakeholder territory of Coventry.

- RQ2. What are good practices in delivering economic development policies in this new territorial governance framework?

A number of models have been developed which describe different modes of economic development at national and regional level. The project characterises the variegated planning regimes in use, and how these impact on economic development policies. This was achieved through case studies in each of the stakeholder territories, which collected evidence of practices to help navigate the planning system, as well as potential bottlenecks and tensions.

- RQ3. What can be appropriate structures that will enable Coventry to share resources and align policy objectives with other participants in the newly created Combined Authority?

A case study approach was used in order to understand the modes of articulation between Coventry City Council (CCC), the Coventry and Warwickshire Local Enterprise Partnership (CWLEP), the newly-formed West Midlands Combined Authority (WMCA) and other local authorities in the West Midlands NUTS1 region.

### **2.1 Methodological approaches**

The research questions were addressed through a number of methodological approaches, which analysed the research topic from the general to the specific. Broadly, these can be divided into two main components: document review and a case study approach.

#### **2.1.1 Document review**

The first methodological approach used was document review. This was used to identify important trends and events in terms of local and regional economic development in the West Midlands region, thus laying the ground for subsequent research.

The various document sources available were sorted hierarchically in terms of their likely relevance and validity. In practice this meant that policy documents and academic literature

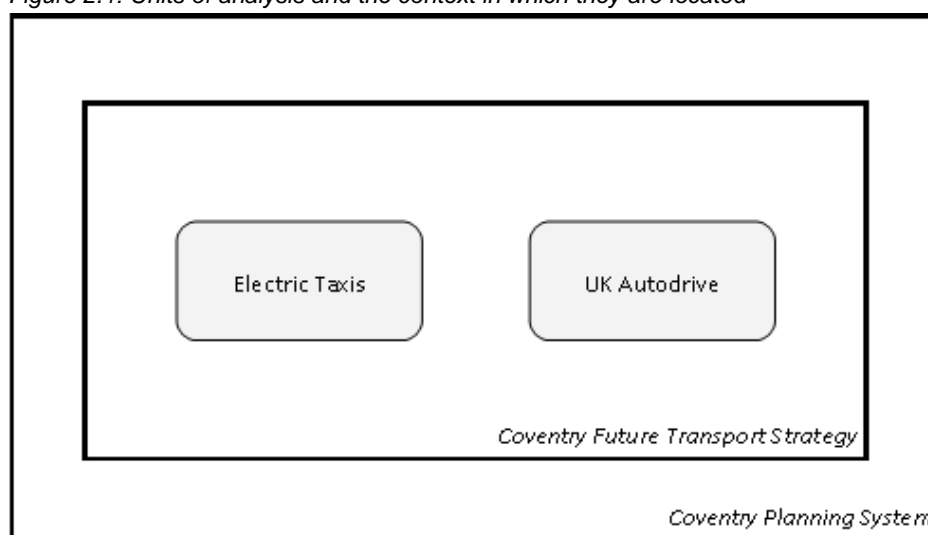


constituted the key sources of information. Policy documents formed the backbone of the analysis, as they indicate the individual planning and governance approaches used in practice, as well as the rationales underpinning them. Academic literature, on the other hand, served as a support to this analysis, especially where it provided syntheses and historical overviews of planning practice. In addition, academic literature suggested models of local and regional economic development, which informed the research framework.

### 2.1.2 Case Study Approach

The second method used employed a nested case study approach (Yin, 2009), in order to ensure comparability of the results. Two cases of economic development projects were selected for analysis, agreed by the Coventry stakeholder and the Coventry University research team: The *Electric Taxis* project and the *UK Autodrive* project. Each case study consists of an economic development project in which Coventry City Council (CCC) is a stakeholder. Despite consisting of discrete units of delivery, both projects are nominally part of a broader plan, referred to by local policymakers as the *Coventry Future Transport Strategy*. This is a relatively 'loose' strategy, through which CCC aims to prepare (and, where possible, promote) innovative transport solutions in the city. The 'loose' aspect of the strategy refers to the fact that the implementation of the various strands is dependent on securing funding. In practice, the 'strategy' is composed of a number of relatively discrete projects for which funding has been made available. Figure 2.1 contextualises the local setting of these units of analysis. Further afield, the projects conform to both the CWLEP and the WMCA's respective strategic plans, giving them a potential regional dimension.

Figure 2.1: Units of analysis and the context in which they are located



Source: authors

Methodologically, both cases triangulate data from different sources, including document sources, institutional mapping and semi-structured interviews with stakeholders. Institutional maps consist of a visual representation of groups and organisations in a community, as well as their relationships and importance in decision-making processes (Aligica, 2006; Rietbergen-McCracken and Narayan-Parker, 1998). The use of institutional mapping not only allows for the characterisation of the actors and the relationships amongst them in each case study project, but also provides a starting point for communicating with stakeholders.

Semi-structured interviews with stakeholders for each case were also used to obtain an understanding of the interviewees' perceptions, how they define situations, how they construct reality, and which meanings they attribute to events (Punch, 1998). Data analysis involved a framework analysis method (Gale et al., 2013). Table 2.1 lists the individuals interviewed in the context of this research, indicating their internal codes, the organisations they work with, their position in those organisations, and what specific case they were interviewed about. A portion of the participants were not interviewed about a specific project, but about the general economic development strategy for the West Midlands, and how the various city authorities, the CWLEP and the WMCA coordinate. Those participants are denoted as *Regional Strategy*.

Table 2.1: Interview participants

Participant code	Organisation	Position	Project/Strategy
UK01	Innovative Coventry (CCC)	Project Manager	Electric Taxis, UK Autodrive, Regional Strategy
UK02	Innovative Coventry (CCC)	Project Manager	Electric Taxis
UK03	Transportation Dept. (CCC)	Intelligent Mobility Portfolio	UK Autodrive
UK04	University	CWLEP Board Member	Regional Strategy
UK05	ARUP	Project Manager	UK Autodrive
UK06	Business Support Team (CCC)	Team Leader	Regional Strategy
UK07	Milton Keynes Council	Project Manager	UK Autodrive
UK08	Consortium (CEO)	CWLEP Board Member	Regional Strategy
UK09	Private Company (MD)	CWLEP Chair	Regional Strategy
UK10	FE College (Principal)	CWLEP Board Member	Regional Strategy
UK11	Private Company (MD)	CWLEP Board Member	Regional Strategy
UK12	Cabinet Member (CCC)	CWLEP Board Member	Regional Strategy
UK13	University (VC)	CWLEP Board Member	Regional Strategy
UK14	Private Company (Chair)	CWLEP Vice-Chair	Regional Strategy
UK15	Private Company (CEO)	CWLEP Board Member	Regional Strategy

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UK16	DBEIS	Assistant Director	Regional Strategy
UK17	DBEIS	Assistant Director	Regional Strategy
UK18	Transport for West Midlands	Project Manager	Regional Strategy
UK19	Wolverhampton City Council	Sustainability Officer	Taxis Project
UK20	OLEV	Manager	Taxis Project
UK21	Coventry City Council	Project Manager	Taxis Project
UK22	Air Quality Team (CCC)	Manager	Taxis Project
UK23	Private Company	Business Development Officer	Taxis Project
UK24	Private Company	CEO	UK Autodrive

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### **3 Stakeholder territory and governance frameworks**

This section describes the broader territorial and governance context in which the Coventry case operates. Following this, governance opportunities and challenges are then identified.

#### **3.1 Governance context**

This section introduces the broader context of the case under study by presenting a historical overview of local governance of economic development in England, followed by an analysis of the main institutions of governance created by the current regime of Local Enterprise Partnerships (LEPs) and Combined Authorities (CAs), and how the Coventry case is affected by them. This is followed by a summary of the current governance opportunities and challenges in the case study.

The analysis of the Coventry case study takes place in a context of rapid change in local governance of economic development in England, initiated by the Conservative-Liberal Democrat Coalition Government (2010-2015). The new governance arrangements, put forward under the banner of 'localism' (HM Government, 2015), consist of the latest episode of decentralisation of English local governance of economic development.

The decentralisation of local governance of economic development in England has been a 'pendulum' process since the 1940s. This pendulum has swung between the 'local' and the 'regional' scale regarding governance (Pike et al., 2016). Local government structures in England were relatively stable post-WW2 having been developed from the 1888 Local Government Act. Major reform in 1972 introduced a two-tier system of Counties, including new Metropolitan Counties, and Districts/Boroughs at lower levels. The West Midlands County Council (WMCC) was established in April 1974 by the Conservative's Local Government Act of 1972 as the upper-tier administrative body for the region with responsibility for transport, emergency services, and strategic planning. This created a regional structure in the West Midlands, with the County taking specific responsibility for strategic planning and economic development at regional level.

The WMCC was, however, abolished 12 years later by the Thatcher's Conservative government whose Local Government Act 1985 devolved most of the functions to the individual metropolitan district councils of Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall, and Wolverhampton. Further reform in 1992 saw a number of English cities become one level or 'unitary' authorities. Despite having no administrative powers, the West Midlands 'County' continued to exist as a ceremonial/geographical entity. However, a significant move towards regionalism came with the creation of nine Regional Government Offices (1994). These were not so much devolved administration but rather Government Departments 'in' rather than 'of' the regions. However, part of their later remit was to oversee the drawing up of Regional Spatial Strategies (RSSs) created in 2004. These were plans for development, environment, transport etc. at regional level.

A further move to regionalism came in 1998 with the Blair-led Labour Government's creation of nine English Regional Development Agencies (RDAs). The RDAs were regionally based agencies with responsibility for driving sustainable social economic development and regeneration and, later, for strategic planning and the implementation of RSSs under a single regional strategy to be agreed with local authorities and with Central Government (Ayres and Pearce, 2013). They had business-led 'boards' which sought to mirror company boards. In some measure, they were created to appease English regions concerned about the growing power and influence of the devolved administration in Scotland. RDAs were funded by direct grant from Central Government leading to criticism that they acted as 'agents of government'. The RDA for the West Midlands region, Advantage West Midlands, was established in 1999. Further regionalism was mooted with proposals for elected regional bodies. In the event public opposition meant these were never created. However, this period can be said to be the peak of regionalism in England.

The pendulum swung back to centralism with the abolition of RDAs and Regional Government Offices (along with Regional Spatial Strategies) in 2010/11, as part of the incoming Coalition Government's debt reduction plan. Responsibility for sub-national economic development reverted again to local authorities but through newly created Local Enterprise Partnerships (LEPs) involving voluntary agreements with private and third sector partners, with the main strategic Board being led by a business representative. These bodies operate on a sub-regional (local) basis, though usually including several neighbouring local authorities. However, a new move to some form of regionalism came following the 2014 Scottish referendum with David Cameron's announcement of new devolved 'powers' for the English regions. In the same year, indirectly elected Combined Authorities were created, covering all the former Metropolitan Counties. Further to this, the Local Government Devolution Act of 2016 created the posts of Elected Mayors covering the areas of the Combined Authorities. Table 3.1 summarises all of these historic and recent changes.

*Table 3.1: Evolution of regional governance in England*

<b>Date</b>	<b>Government</b>	<b>Action</b>	<b>Scale of Governance</b>	<b>West Midlands</b>	<b>Responsibilities</b>
1888	Conservative	Creation of Counties and Municipalities	N/A		
1972	Conservative	New two-tier system of Counties, including new Metropolitan Counties and, at lower level Districts and Boroughs	Regional	West Midlands County Council	Regional Services including Strategic planning and Economic Development
1985	Conservative	Upper tier of Metropolitan County Councils abolished	Local	WM County Council abolished – though remains as a series of joint boards and as a ceremonial/geographical entity	Functions were returned to the municipalities of Birmingham, Coventry etc.

1994	Conservative	Creation of Regional Offices of Government	Regional	West Midlands Government Office – 12 Depts. of Government. Boundary consistent with former County	Deliver Government Policy in the Regions, Administer EU Structural Funds
1998	Labour	Creation of Regional Development Agencies (RDAs) – following creation of Scottish Parliament in 1998	Regional	WM RDA – boundary consistent with former County. Funded by Central Government Grants	Development including economic development. Later also for Strategic Planning
2010	Conservative-led Coalition	Abolition of RDAs	Local		Economic Development returns to local authorities and newly formed LEPs
2011	Conservative-led Coalition	Abolition of Regional Government Offices			
2011	Conservative-led Coalition	Creation of Local Enterprise Partnerships	Local and sub-regional	Six LEPs cover the West Midlands though boundaries are not consistent with the County area	Economic Development together with the local authorities. No Central government funding.
2014	Conservative-led Coalition	Announcement of devolution to the English regions following Scottish Referendum.	Regional		
2014	Conservative-led Coalition	Creation of indirectly elected 'Combined Authorities' covering the former Metropolitan Regions	Regional	West Midlands Combined Authority (WMCA). Strategic cooperation amongst the Metropolitan Boroughs – Birmingham, Coventry, Wolverhampton, Dudley, Sandwell, Solihull, Walsall	Strategic functions such as transport and economic development
2016	Conservative	Creation of Elected Mayors	Regional	Mayor to cover WMCA	Coordination/promotion of housing, transport and economic development

Source: authors

What is striking about these trajectories is that, throughout all the above pendulum swings between regionalism and localism, there has been a constant centralisation of power (Pike et al., 2016), be it political, decision-making and in terms of tax generation. Even at the height of 'regionalism' under the Blair Government, RDAs were reliant on Central Government for funding and for approval of their strategies and actions. Under the current regional devolution, it is still the case that Central Government funding for economic development depends upon competitive bidding for projects. Thus, it is argued that the UK is one of the most centralised countries in the world. This results in the paradox of decentralisation being mandated by Central Government, which prescribes how it should take place in a hierarchical, top-down way. This phenomenon remains visible in the current wave of decentralisation.

### **3.1.1 Current decentralisation: Local Enterprise Partnerships and Combined Authorities**

The contemporary decentralisation effort, as described above, has resulted in institutional innovation, including the (mandated) creation of two new types of governance actors: Local Enterprise Partnerships (LEPs) and Combined Authorities (CAs). Both operate at a higher scale of governance to the established local governance actors, local authorities.

LEPs were created with the specific aim of replacing RDAs (DCLG and HCA, 2010). Local authorities and businesses were invited to submit proposals for LEPs according to functional economic areas, with the express desire to see partnerships which ‘...understand their economy and are directly accountable to local people and local businesses.’ (DBEIS, 2010: 12). As of April 2017, 38 such LEPs had been constituted. The results of this strategy were mixed: many of the LEPs took significant time to form, and suffered from an acute lack of resources (Bolton and Coupar, 2011). Furthermore, there is evidence that LEPs have spent much of the period between formation and 2017 producing and reviewing their strategic plans, which has resulted in delays in the implementation (Allmendinger et al., 2016). Despite this some progress has been made, especially after Central Government established the Local Growth Fund (LGF), a part-competitive process through which LEPs could access funding to spend on their strategic priorities (Pike et al., 2013).

Coventry is part of the Coventry and Warwickshire Local Enterprise Partnership (CWLEP). CWLEP covers Coventry City Council (unitary authority) and Warwickshire County Council (an upper tier authority covering the lower tiers of North Warwickshire District Council, Nuneaton and Bedworth Borough Council, Rugby Borough Council, Warwick District Council and Stratford District Council, whilst neighbouring Hinckley and Bosworth Borough Council is also a partner (CWLEP, n.d.).

A second form of institution created in the current decentralisation drive is ‘Combined Authorities’ (CA). These authorities can be established by the Secretary of State (Central Government), at the request of two or more local authorities. In practice ‘requests’ are usually in response to a suggested invitation from central government, since a number of future funding initiatives are channelled through CAs. Each CA has an executive group comprising either one representative of each of the constituent local authorities, or one representative of each of the member authorities plus one elected mayor (Sandford, 2016). The rationale for the creation of CAs is that they will allow local authorities to collaborate across boundaries, and to take advantage of powers and resources devolved from central government (LGA, 2017). To date, seven CAs have been established, with a further three proposed. The first Mayoral elections for CAs took place in May 2017, and it is expected that the CAs will henceforth grow in importance as regional governance actors.

CAs can comprise both constituent and non-constituent authorities. The former have ultimate voting rights on actions and can only be signed up to one CA. Non-constituent authorities can sign up to more than one CA, but have no voting rights. Thus, Coventry City Council is one of

the constituent authorities of the newly-formed West Midlands Combined Authority (WMCA). Other constituent members are Birmingham City Council, City of Wolverhampton Council, Dudley Metropolitan Borough Council, Sandwell Metropolitan Borough Council, Solihull Metropolitan Borough Council, and Walsall Metropolitan Borough Council.

The WMCA also includes a number of non-constituent authorities which have no voting rights: Cannock Chase District Council, North Warwickshire Borough Council, Nuneaton and Bedworth Borough Council, Redditch Borough Council, Rugby Borough Council, Shropshire Council, Stratford-on-Avon Council, Tamworth Borough Council, Telford and Wrekin Council, and Warwickshire County Council (WMCA, 2017). Warwickshire County Council and Coventry City Council are the two local authorities in Coventry and Warwickshire LEP.

### **3.2 Promoting Economic Development**

Over the past twenty years there has been a growing interest in the potential contribution of new forms of governance to solving coordination problems in and across a wide range of specialised social systems (such as the economy, the legal system, the political system, and the health system) (Jessop, 2003). 'Localism' has been promoted as a mechanism to deliver outcomes as varied as spatial rebalancing of the English economy; delivering political advantages; promoting public sector reform; improving political accountability; addressing societal challenges; promoting economic growth; or contributing to deficit reduction (Bentley et al., 2010; Bentley and Pugalis, 2013; Hildreth and Bailey, 2013; Pike et al., 2015, 2016). The varied (and, at times, contradictory) nature of such efforts to decentralise governance is also reflected in the ad-hoc nature in which the process has been conducted (Pike et al., 2016) and has led to ongoing uncertainty about the goals of decentralisation.

Commenting on the variety of regional governance arrangements in evidence, some authors have remarked that a one-size-fits-all approach to devolution is unsuitable (Cox and Hunter, 2015). Consequently, governance arrangements need to emerge from practice, with a focus on flexibility. However, the spatial focus of decentralisation has been primarily cities and city-regions, and only more recently on non-metropolitan and rural areas in counties. The absence of any published guidance or due process has meant that these areas, in looking to negotiate a devolution deal, perceive they are faced with 'a set of unwritten rules' from central government. This suggests that central government continues to hold a strong influence over the process of deal making, despite a narrative of localism (Pike et al., 2016). As such, critics of the process argue that the model of formulating devolution deals is one of privately negotiating packages on a case-by-case basis with local political and business elites that is far more tactical than strategic (Cox and Hunter, 2015; Hudson, 2015).

The dominant narrative of central–local government relations in the UK has been the power of central government to make and remake the sub-national institutional landscape and, in so doing, to erode the institutional cohesiveness, policy competences and autonomy of local



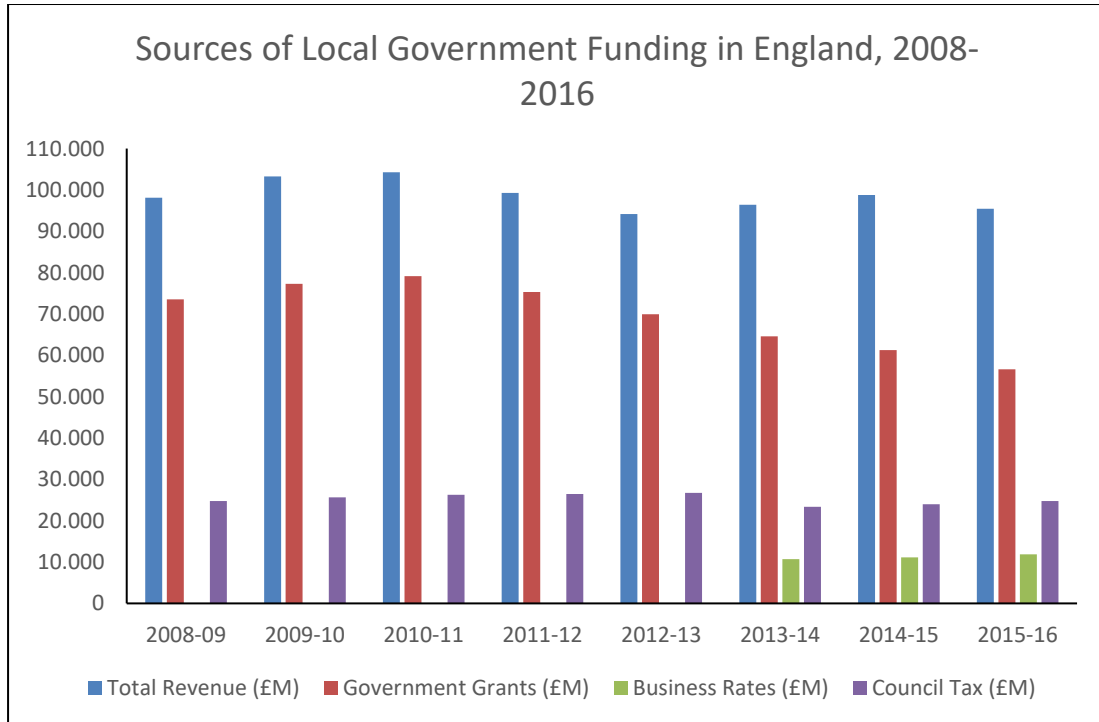
political institutions (Catney and Henneberry, 2016). The government rationale is that public policy is more effective when interventions are focused on territories over which the targeted processes work, for example the labour markets of travel to work areas for skills and transport policy as referenced in a key LEP guidance letter. However, with the exception of London and Greater Manchester, there is a lack of geographical alignment and co-ordination between functional policy areas and institutions across the local authorities, Combined Authorities, LEPs, education, health, police, transport and other partners and sectors (Pike et al., 2016). It is worth noting that, while Coventry is a part of both CWLEP and WMCA, the geography of the two sub-regional bodies does not coincide.

Regardless of this, Coventry City Council, the CWLEP and the WMCA all have an interest in promoting economic growth in Coventry. These governance actors are expected to work together to achieve growth objectives, through dialogue with other important stakeholders, including central government, private businesses, citizens and others. In attempting to achieve these objectives, the actors face a number of opportunities and challenges.

### **3.2.1 Challenges and Opportunities – Austerity and economic development**

While all the bodies outlined above seek to promote economic development in the region, questions remain in terms of the funding to do so. In the UK, the post-2008 financial crisis context has been characterised by austerity, with significant reductions in government spending. A large share of this reduction has been achieved by dramatically reducing the yearly grant paid by central government to local authorities. Furthermore, council tax rises have been capped by successful governments during this period. This was compensated, in part, by allowing local authorities to keep a part of the business rates charged in their areas, but overall the local funding picture suggests a significant reduction in the total amount of money available to local authorities in England. Figure 3.1 illustrates this reduction.

Figure 3.1: Sources of Local Government Funding in England, 2008-2016



Source: authors

It should be pointed out that this reduction comes at a time of increased demand for the statutory public services provided by local authorities, such as adult social care. This is the result of a growing and ageing population, which is increasingly dependent on social services (ICLGF, 2014). The result is a pronounced reduction in the net funding available to local authorities, which has had significant impacts on the capacity to undertake local economic development. The first impact is in terms of how much can be done. Local authorities in England have a series of statutory obligations (mostly around the provision of public and social services) which, by law, must be delivered. The promotion of local economic development is not amongst those obligations, and is seen as a voluntary action. When confronted with reduced funding, local authorities in England have had to cut back on the voluntary actions they undertake. This has led not only to less being done in terms of economic development, but also to economic development personnel leaving local authorities. Various interviewees identified this latter aspect of institutional capacity as a particular concern.

The second impact is in terms of the prevailing understanding of what economic development should achieve. In the previous regime of regional governance (during the RDA years, under a New Labour government), allocation of funds for regional economic development were geared towards reducing inequalities between regions and improving outcomes of individuals in less-favoured areas. This meant that, during that period, funding was channelled to worse-off regions. With the advent of the Coalition Government (after the 2010 General Election),

the prevailing understanding of regional development changed to a focus on maximising the potential for economic growth. The result of this change is that funding is channelled towards investment which is predicted to deliver the highest economic impact. The consequence of this change has been a shift in how money for regional economic development is allocated.

Central Government funding for economic development is increasingly secured via competitive bidding for specific projects. These projects are expected to demonstrate a capacity to result in economic growth in the region, often by mobilising existing assets (such as industry clusters, companies or knowledge) in innovation processes. In the case of the West Midlands region (and Coventry, more specifically) the automotive sector has been a particular focus of said investments. The region has a long history and tradition in the automotive industry. Its heyday was in the early 1950s but, in the following decades, with open trade rules and globalisation, volume manufacture declined. However, there has been a parallel growth in higher-value niche or specialist production, high-value engineering and development services (Donnelly et al., 2005) and the region remains an important centre for automotive innovation and Research and Development (R&D) (MacNeill and Bailey, 2010; MacNeill and Jeannerat, 2016). Through successive institutional frameworks and funding regimes, public authorities and their funding have tried to support the sector to capture high level future technologies. In this respect, public authorities maintain some level of continuity and are important coordinators, knowledge brokers and repositories of tacit knowledge.

### **3.2.2 Challenges and Opportunities – Sustainable, inclusive and smart economic development in the West Midlands region**

Bidding for development funding in the automotive sector is faced with a number of problems. First, there are limitations with regards to which companies can benefit from said funding – many of the major players in the industry are large enough to be disqualified from state funding under trade regulations. Second, investing public money in the automotive sector can be politically sensitive given the widely acknowledge negative environmental and societal impacts of the car. As a result, these investments must be framed in a way which helps address the problems of automotive transport. The framing for these is around *smart*, *sustainable* and *inclusive* economic growth.

There are two fundamental strategies currently in place which guide economic development policies in Coventry – one approved by CCC and another by the CWLEP. At CCC level, there is the *Jobs and Growth Strategy for Coventry 2014–2017*, which is focused on promoting employment in the City, so that growth can be shared by all citizens (Coventry City Council, 2014). This strategy is, consequently, closely aligned with the *inclusive growth* objective promoted by Europe 2020 strategy (EC, 2010).

The CWLEP, on the other hand, has produced a *Strategic Economic Plan* for Coventry and Warwickshire (CWLEP, 2014), which is now in place in a revised format (CWLEP, 2016). The latter document proposes a number of strategic pillars for the partnership area, focusing on

improving employment in the region, prioritising advanced manufacturing and R&D, and supporting innovative and knowledge-intensive start-ups and SMEs with growth potential. The WMCA has also produced an overarching Strategic Economic Plan for the region, which draws on similar Strategic Pillars to the Strategic Economic Plans that have been produced for the Coventry and Warwickshire, Greater Birmingham and Solihull, and Black Country Local Enterprise Partnership Areas (WMCA, 2016). Both of these strategies are very closely aligned with the *smart growth* objective promoted by the Europe 2020 Strategy (EC, 2010). However, these strategic plans have no designated mechanism or agency for delivery – neither the WMCA, the CWLEP nor any of the local authorities can deliver on the plans by themselves. Liaison and collaboration with other economic actors is a requirement for achieving the objectives proposed.

This section has addressed the territorial and governance context of the Coventry stakeholder with regards to local and regional economic development. The next section analyses two specific cases: The *Electric Taxis* and the *UK Autodrive* projects.

## 4 Case 1: The *Electric Taxis* project

### 4.1 Introduction to the case

A key challenge for almost all cities is the reduction of high diesel pollution levels. In response, some UK cities are developing policies to ban or curtail older, more polluting diesel vehicles. For example, the Mayor of London has announced plans to require all Black Taxi Cabs licensed for operation in the city to be Zero Emissions capable (electric or hybrid) from 2018 (Mayor of London and TfL, 2016). The UK Government is also considering a policy of designating six other UK cities with high levels of pollution, including Birmingham, as 'Clean Air Zones' (primarily in city centres) where diesel vehicles would be charged for entering (HM Government, n.d.)

The Coventry *Electric Taxis* project consists of a plan to install a number of Electric Vehicle (EV) charging points in Coventry city centre, to be used only by taxis. The project is financed by a grant from the Office for Low Emission Vehicles (OLEV), a government agency operating under two UK Central Government departments – the Department for Transport (DfT) and the Department for Business, Energy & Industrial Strategy (DBEIS). OLEV set up a competition, dubbed *Taxi Infrastructure*, for a total of £14 million in project funds. Ten local authorities (including a new CA) have successfully applied for a share of the grant. Coventry received the fourth largest share (£1.2 million). Two other West Midlands' cities have also been successful, Birmingham (£2.9 million) and Wolverhampton (£478,000) (OLEV, 2015). Consequently, while the analysis focuses on the aspects involved in implementing the project in Coventry, there is scope to understand a potential regional aspect to the work undertaken. The Electric Taxi project aims to achieve two main objectives: first, to improve the air quality in the Coventry area, via a voluntary phasing out of diesel-powered taxis through encouragement of EVs. Second, the project hopes to increase regional employment rates, by helping promote the recently-launched London Taxis Company (LTC) TX-5, a fully electric vehicle produced in Coventry, as part of the solution. The R&D and manufacture of Electric Taxis in Coventry (and the wider West Midlands via the supply chain) is part of the Advanced Manufacturing and Engineering sector of the local economy. This is a 'growth sector' in Coventry and the wider West Midlands and has been prioritised by both the CWLEP Strategic Economic Plan (CWLEP, 2014) and the WMCA Strategic Economic Plan (WMCA, 2016) for its potential to create jobs and result in skills development. In undertaking such actions, the Electric Taxis project arguably contributes to *smart (technological innovation)*, *sustainable (air quality)*, and *inclusive (employment) growth* policy goals of the EU2020 Strategy.

### 4.2 Actors and institutional map

The delivery of the Electric Taxis project is based around partnership agreements. CCC is the lead stakeholder, having applied, won and received the OLEV grant. The key local authority department involved is Innovative Coventry, whose role it is to apply for funding for economic

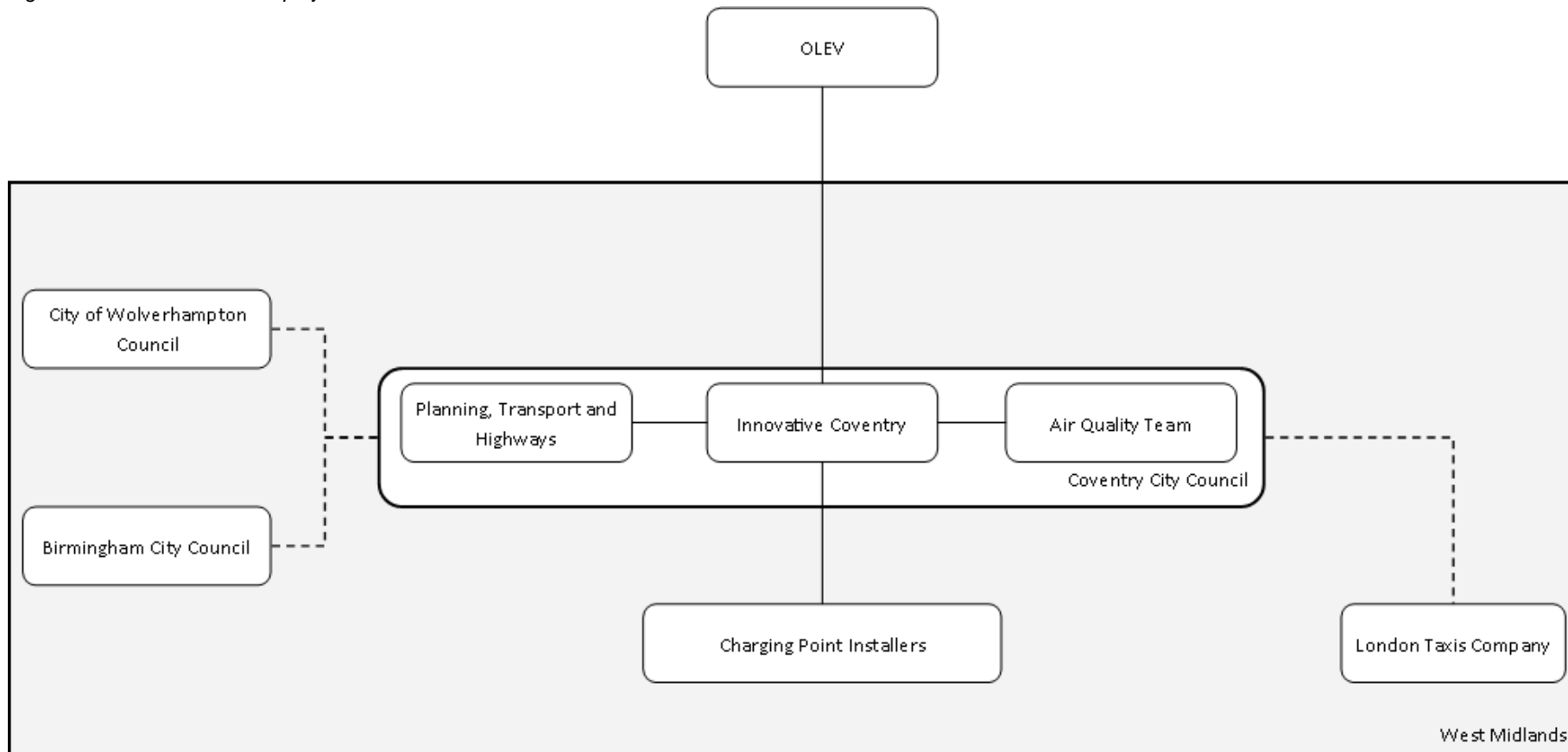
development projects, and manage their delivery once funding is secured. In the context of this particular project, Innovative Coventry has to liaise with: the local authority's department of Transport, Planning and Highways; the local authority's Air Quality Team, and; companies installing the charging points in the city.

However, the role of Innovative Coventry goes beyond managing the project and the explicit partner relationships. The second strand involves more broadly supporting the uptake of the newly-launched LTC TX-5 EV taxi. LTC's parent company, Geely (a Chinese-owned car manufacturer) has reportedly invested more than £300 million in a new facility in Coventry where the LTC TX-5 will be produced, with the expectation that over 1100 local jobs will be created (Allan, 2017; HM Government, 2017). Aware of this fact, Innovative Coventry has established a working relationship with both LTC (makers of the taxi) and local taxi drivers (potential buyers of the TX-5). As a result of these networks, CCC was able to conduct a market research study regarding the willingness of local taxi drivers to potentially acquire and operate an electric taxi (such as the TX-5), and consequently to use the new charging points in the future. Some of this information proved valuable in discussions with LTC, who had focused on the larger markets of London and exports, and did not have a clear view of the taxi market specifically in Coventry. Innovative Coventry has, consequently, partially taken up the role of market intermediary in this context.

In terms of institutional challenges involving CCC, CWLEP and the WMCA, there appears to be potential for structures and processes to be developed to share resources and align policy objectives around Electric Taxi development across Coventry and the wider region. Given that Birmingham, Wolverhampton and Coventry's local authorities have won funding for electric taxi charging point installation, there is scope for sharing of purchasing power, resources and knowledge in the implementation of the project. Looking ahead, the issues around collaboration-building should be considered in the context of the design of the WMCA's structures to enable it to support innovation and business growth at regional level.

Figure 4.1 represents an institutional map of the Electric Taxis project. Continuous lines represent the project partnership relationships, while dashed lines represent other relationships established in the course of this project.

Figure 4.1: The Electric Taxis project



Source: authors

Financially, the difference in values between the investment made by Geely (£300m) and OLEV via CCC (£1.2m) highlights how the role played by local authorities in financing the project is relatively small. Geographically, the setting for the project is mostly 'territorial'. The network presented in Figure 4.1 is located entirely in the West Midlands (with the exception of OLEV, the central government body). Indeed, the project partners are all located in Coventry itself. The clear territorial vision of the project is reflected by the sites for the installation of the charging points (within the City) and by the objectives it hopes to achieve (to improve local air quality and provide local jobs in advanced manufacturing in LTC's new Coventry plant). As a second-order effect, the project is also expected to have an impact on the market for electric taxis in Coventry, in addition to providing drivers with incentives to change their diesel vehicles to EVs using central government subsidies. Overall, there is a clear vision on how centralised financing can be used to deliver the project in ways which have a local impact.

### **4.3 Communication and knowledge**

Communication within the network involved in the Electric Taxis project consists of a mixed of hierarchic and rhizomatic. Amongst the agents involved in the implementation of the funded infrastructure project, communication is mostly hierarchical, thus following the logics of statutory working relations. This is necessitated by the need to ensure transparency and accountability in the allocation and use of public funds. The relationships are mostly contractual, for example between OLEV and CCC, and between CCC and the companies installing the charging points.

It is apparent, however, that communications amongst the wider network are also rhizomatic, criss-crossing the formal structure. Innovative Coventry has had informal conversations with OLEV outside the formal application and contract talks, and has remarked that such conversations are useful in terms of helping drive the future funding agenda by making OLEV aware of local needs and opportunities. While OLEV will always have to consider the wider national picture, it has appeared receptive to these conversations. Likewise, Innovative Coventry did not liaise with LTC during the process of applying for OLEV funding for the Electric Taxis project – as the chargers are not vehicle-specific – but has maintained contact with the company regarding the broader initiative.

The knowledge shared amongst this network does not concern technical innovation *per se*. Several interviewees have remarked that CCC and Innovate Coventry do not possess specialist knowledge about charging points, technology or standards, and that they have had to learn about the existing EV options during and after the preparation of the bid. Instead, two types of knowledge circulate amongst the network. The first is tacit knowledge, especially around planning and project management. Innovative Coventry has a long track record of co-ordinating and managing the delivery of projects of this type, which it can use in order to manage the Electric Taxis project. This understanding of 'how to get things done' and 'who to



talk to' proved very useful during the bidding and is currently being used to select a private contractor to deliver the installation and operation of charging points.

The second type is market-making knowledge. Innovative Coventry has leveraged its knowledge about the taxi market in Coventry to maintain the relationship with LTC, drivers and with OLEV itself.

#### **4.4 Challenges and bottlenecks**

During both the bidding and delivery phases of the Electric Taxis project, the Innovative Coventry team has faced a number of obstacles and bottlenecks.

A first obstacle concerns the **availability of funding for local and regional economic development**. Not only has the amount of money for economic development diminished in the context of post-financial crisis austerity, but there has been a narrowing of the sources for that funding. This narrowing appears to represent increased centralisation of funding for local and regional economic development, as most of the money available is distributed by central government or its agencies. In parallel to this, the competitive nature of funding is also a significant challenge. The various local and regional development agents are encouraged to apply for funding via competitive bids, which tends to result in a short-term instrumental view of economic development, focused on securing scarce funding for specific projects, rather than promoting cooperation and coordination amongst agents around a long-term strategy. The result of these two pressures is that local authorities find themselves 'following the money' rather than operating strategically. As an example of this, it is not clear if the installation of electric chargers for taxis would have been such a priority for the Coventry Future Transportation Strategy had there been no availability of funding for this project, which was shaped into the strategy for the short to medium term. Overall, this 'flexible strategy' often appears to be implemented only when or where funding becomes available.

A second obstacle is the **context of ongoing budgetary pressures on local authorities**. By reducing the total grant to local government and not providing alternative sources of replacement income, central government has effectively pressured local authorities to pull back on all non-statutory activities, such as economic development. This has resulted, among other things, in **staff turnover and the consequent loss of tacit knowledge at local level**. Several of our interviewees remarked that experienced operators across a range of local authorities and public-sector bodies have sought alternative careers or taken early retirement. The result is a **breakdown in the communication with the wider network of economic agents**, such as businesses and other regional actors, as well as between various departments tasked with different aspects of project delivery.

## **4.5 Summary of findings**

The Electric Taxis project provides an example of a specific type of economic development approach in the post-crisis austerity context: limited in scope and ambition by the lack of funding and time to deliver the project, based on a contained local network of partners, but looking to leverage such resources into a much wider impact. And while the challenges and bottlenecks identified hinder opportunities, the project also shows potential. In particular, the project aims to use the small amounts of funding available as a mechanism to build collaboration with local and regional partners, with a view to promoting broader economic development. Furthermore, by serving the role of market maker (or, at least, supporter of the adoption of a new technology by taxi drivers), CCC is taking a proactive approach that goes well beyond the original scope of the project.

## 5 Case 2: The *UK Autodrive* project

### 5.1 Introduction to the case

The second unit of analysis in the Coventry case is the UK Autodrive project, currently trialling automated vehicle technology. CCC is one of the 12 members of the UK Autodrive consortium<sup>1</sup>. The project is scheduled to run between November 2015 and October 2018, with the objective of developing and testing autonomous and connected vehicles in limited controlled trials in the streets of Milton Keynes and Coventry. The project is financed by Innovate UK (previously the *Technology Strategy Board*), a government agency reporting to the Department of Business, Energy and Industrial Strategy (DBEIS). The competition, entitled *Introducing Driverless Cars to UK Roads*, allocated £10 million of government funding to the UK Autodrive project, approximately match-funded by the automotive industry and others. Total investment is around £19.4 million (Innovate UK, 2014; UK Autodrive, 2015).

UK Autodrive aims to ‘help to establish the UK as a global hub for the research, development and integration of automated and connected vehicles into society (...), to increase public awareness of autonomous vehicle and connected car technologies, and to enable cities to understand how they can best facilitate and benefit from automated transport systems’ (UK Autodrive, 2016). The project consists of three strands: strand 1 will involve trials of M1 (passenger) vehicles on public roads; strand 2 will consist of testing the use of autonomous driving pods as public transport, and explore their respective business models; and strand 3 involves testing public confidence and acceptance of autonomous vehicles. The stakeholders refer to three strands as ‘evolutionary’, ‘revolutionary’ and ‘public engagement’, respectively.

For Milton Keynes and Coventry local authorities, the project brings other advantages. It allows them to model and understand what impact autonomous vehicles may have for issues such as traffic management and parking. This information can then be fed back to the respective planning departments. Furthermore, because Coventry and Milton Keynes are very different cities, with contrasting planning requirements, it helps both understand how they can future-proof their infrastructure development, in terms of roads and of associated IT infrastructure. Finally, as noted by one of the project managers, it was an opportunity to access funds to promote research in the local area, which would otherwise not be possible.

The project contributes to all three types of economic development in the EU2020 strategy: *smart* development (investment on digital technologies and R&D); *sustainable* development (reducing congestion and pollution), and; *inclusive* development (providing jobs, with a focus on automotive sector). At the same time, the various participants agree that the focus of the project is not solely technological research and that societal issues (public engagement and promoting the acceptance of new technologies) are also a fundamental aspect. This gives the

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<sup>1</sup> The members are Arup, Milton Keynes Council, Jaguar Land Rover, Ford Motor Company, Tata Motors European Technical Centre, RDM Group, MIRA, Oxbotica, AXA, law firm Wragge Lawrence Graham & Co., Transport Systems Catapult, University of Oxford, University of Cambridge, and Open University (UK Autodrive, 2016).

project a 'market testing' function, helping improve awareness and acceptance of these technologies amongst consumers through direct exposure to the potential of autonomous vehicles. In fact, interviewees described the project as turning the city into a living laboratory – a test bed for the application of state of the art technologies into city life.

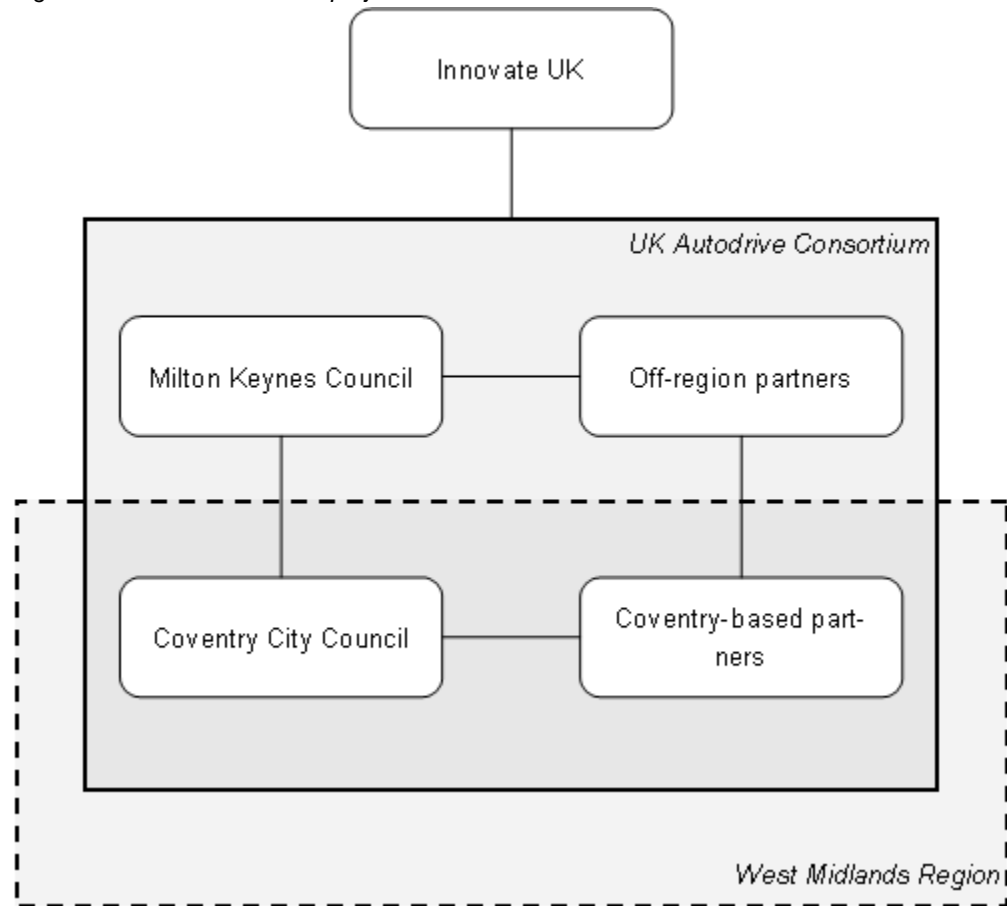
## **5.2 Actors and institutional maps**

The project is co-financed by Innovate UK and the consortium members, as noted above. On the ground, the project is managed by ARUP (a consultancy), working in close partnership with Milton Keynes Council and CCC. Milton Keynes is not located in the West Midlands, but this has led to inter-regional flows amongst consortium members outside and inside the region. The bulk of the West Midlands consortium members are automotive Original Equipment Manufacturers, such as Jaguar Land Rover and RDM – which manufacture respectively some of the M1 vehicles and pods on trial. Whilst these are located within the local economy, most also have global reach.

Whilst the decision to allow trials of autonomous vehicles on public roads involves planning and transport aspects, it also has a significant political dimension. All the M1 vehicle trials will take place in the city of Coventry, meaning these vehicles will have to share the public highways with other road users, with the consequent risk of accident. As a result, the CCC's Cabinet, composed of democratically-elected representatives, were tasked with deciding whether or not to authorise road tests. The civil servants (Transport, Planning and Highways) had an advisory role on this issue, but ultimately the decision must be approved by elected representatives.

The institutional challenges centre on two aspects: first, to devise mechanisms by which CCC can co-ordinate with project partners, both within the region and outside of it. Second, to identify how knowledge and resource-sharing in the project can contribute to local and regional economic development beyond the lifetime of the project itself. Figure 5.1 maps the institutions involved in the project.

Figure 5.1: The UK Autodrive project



Source: authors

Figure 5.1 demonstrates that, geographically, the project is strategic: the actions of actors are driven by their relevance to the implementation of the project no matter where, and a number of the strategic stakeholders are external to the region. Interviewees consulted during fieldwork confirmed that the project is driven by a strategic vision set out by central government (via Innovate UK), and followed by Milton Keynes Council. The project's long-term impacts are unlikely to be felt in the relatively short period of project delivery, but these aim to address local and regional priorities around innovation in the automotive sector.

### 5.3 Communication and knowledge

Communication within the wider network is mostly hierarchic, following the logic of statutory relations. This is because the project is subject to strict standards of reporting in terms of timelines, spending (both under and overspend are strongly frowned upon) and outcomes. The result is a very hierarchical structure of governance and control, geared towards matching outcomes and spending along a series of pre-determined milestones. At the same time, the various consortium members have a degree of latitude to communicate amongst themselves. This type of communication appears to be more concerned with technical and innovation aspects, and does not necessarily involve the wider formal structure of the project. However, it should be noted that interviewees noted a strong focus on hierarchical communication, as necessitated by the contractual nature of project.

In terms of knowledge production, the project aims to produce innovative technical knowledge by developing technologies for autonomous vehicles, which is to be shared amongst the partners. At the same time, it also aims to produce knowledge about individuals' attitudes and preferences about autonomous vehicles. This knowledge is public, and the results of a first survey with UK residents were published in August 2017 (UK Autodrive, 2017). Given that the objective of the project is not only to study consumers' acceptance of autonomous vehicles but to promote it, there is potential to do more in terms of promoting findings to wider society. In fact, the issue of how to communicate the project's progress and findings is pressing: interviewees remarked on the need to manage expectations about when autonomous vehicles may be made available for public use, especially after the launch and first tests of the project received widespread press coverage.

### 5.4 Challenges and bottlenecks

From the point of view of CCC, as a local authority, the UK Autodrive shares many of the same challenges and bottlenecks as the Electric Taxis project.

The first such challenge relates to the **lack of funds for local authorities to invest in economic development**, and the subsequent **dependence on competitive bids (and match-funding) for government funding**. Managers described how Innovate UK created the concept for the bidding competition based on the view that the UK should be at the

forefront of autonomous vehicle development, to which Milton Keynes Council showed interest. Milton Keynes then consulted with ARUP, which brought interested industry partners to the bidding consortium. CCC was eventually invited to join the consortium due to the fact that a good proportion of OEMs are located or have facilities in Coventry. Overall, while the project fits with the strategic vision promoted in the CWLEP and WMCA's plans, it was nationally designed, and consequently reflects the national funder's objectives and priorities.

A second challenge concerns the **difficult role attributed to local authorities**. CCC is expected to permit the testing of autonomous vehicles on the city's highways which, while generating excitement, creates concern as to the **risks associated with the testing of prototypes**, as well as **potential liabilities and political backlash in case of accidents**. As a local authority, CCC has limited **specialist technical knowledge in terms of autonomous vehicle technology** but, in addition, is entering into uncharted waters in engaging with live tests of these vehicles. While the consortium will presumably be tasked with developing the testing protocols, CCC will have to engage heavily in the topic in order to understand the potential consequences and ramifications of these tests, and to assess risks. The same is true of Milton Keynes, which will have to do the same for the autonomous pods (likely to share paths with pedestrians and cyclists). Overall, while local authorities may wish to promote their cities as 'living laboratories', there is some political risk. They may need to invest significant time and financial resources into this area in order to prove the viability of the concept.

A third challenge facing local authorities is the ongoing existence of **organisational silos**. As noted in the Electric Taxis project, there are challenges in ensuring regular and timely communication in the progress of project activities given that there are significant numbers of stakeholders from a wide range of disciplines, many of whom operate in large organisations. Examples from the UK Autodrive project include communication challenges between Innovate Coventry, the Transport, Planning and Highways department, Procurement, and the Council itself, where the democratically elected representatives reside. This has resulted in **difficulties with communication** at various points in the project. This problem is not exclusive to CCC: one of the project managers noted that it occurs across all organisations involved, and that very often their role is to continuously try to break down these barriers and then keep communications open, as such barriers tend to rebuild without pro-active intervention. This problem is exacerbated by the increasing turnover of staff in many local authority departments and other public-sector environments, leading to **loss of tacit knowledge** and subsequent retrenchment within departmental structures.

The local authorities are also expected to commit to public engagement on the topic of autonomous vehicles, helping promote the technology and its advantages locally. However, it is unclear if they are equipped for a public engagement exercise at this scale, which is often resource intensive. Small and shrinking budgets and teams, little time for execution and a focus on project delivery may contribute to **difficulties in communicating with societal stakeholders**. The problem goes beyond communicating with citizens alone, and extends to

communicating with other stakeholders, including the press. The project team has learned the need to **manage expectations** and **control the message** that is put out to wider society. This continues to be a challenging agenda, given the constant changes in technology in this arena, and growing interest from increasingly diverse groups of stakeholders.

Finally, managers have commented on **the difficulty of aligning an R&D project, which can be disrupted by technical innovations from other researchers in this area, with a management and reporting system which seeks to prescribe deliverables and spending two to three years from the inception of the project.** Interviewees have commented on these difficulties, which are associated with the needs for transparency and accountability which are expected in publicly-funded projects. While this has caused problems, those same interviewees have remarked that, in their opinion, this is not something which can be easily addressed. It is a feature of public funding for research.

## 5.5 Summary of findings

From the viewpoint of local authorities, the UK Autodrive project presents an interesting situation. It is an opportunity to work in partnership with industry and access government funding for research which would otherwise not be available, but simultaneously it has only a limited potential to deliver smart, sustainable and inclusive growth, at least in the short term. This puts CCC in a novel position. On the one hand, it is once again 'following the money' made available centrally, and attempting to fit that funding within a broader strategy. This increases the dependence on central government, as the local authority is effectively delivering on a strategic priority from Innovate UK. On the other hand, as the project's remit goes beyond R&D to include public engagement and the 'city as laboratory', it does give the two local authorities the opportunity to think differently about the topic of autonomous transportation, possibly with a view to promoting inclusive development, and to be at the forefront of the gradual implementation of autonomous vehicles into society. Given that the potential positive economic impacts are likely to take place sometime after the project is concluded, it would be important to extend the monitoring and evaluation of the project.



## 6 Overall findings

### 6.1 The role of regional actors

As mentioned, Coventry is part of two institutions operating at 'regional' level in the West Midlands – the Coventry and Warwickshire Local Enterprise Partnership (CWLEP) and the West Midlands Combined Authority (WMCA). The institutional context in which both institutions find themselves is, for now, emergent. The WMCA was only created in mid-June 2016, and its Mayor only elected in May 2017. However, several interviewees referred to the fact that much of the WMCA's activity so far has focused on internal matters, such as establishing its preferred organisational structure. As a result, it was suggested that the organisation has so far contributed relatively little to the economic development of the region. At the same time, the CWLEP updated its Strategic Economic Plan in 2016 to more accurately reflect the evolving socio-economic needs and opportunities facing the region (CWLEP, 2016). It is also responsible for managing a £13m government-funded Growth Deal programme on capital infrastructure enhancements, and oversees three major ERDF-funded business support programmes. This suggests that the CWLEP is an important repository of tacit knowledge in managing regional development funds.

Several interviewees highlighted that the emergence of the WMCA raises questions about where CWLEP fits in the longer-term economic development and political landscape. Interviewees remarked that the role of LEPs may change, as the CAs may become the *de facto* institutions of regional governance. One of the mechanisms through which this may happen is the possibility of central government funding for the region and its localities being channelled through CAs rather than LEPs, again highlighting how much of England's decentralisation is in fact dependent on central government.

Potentially as a result of these issues, there is little initial evidence from either of the case study projects analysed that engagement of the regional level, via the WMCA, has formally taken place. The projects are strongly located in, or have strong connections with, Coventry and clearly involve CCC, yet have little reference to other local authorities in the West Midlands. The lack of regional engagement probably reflects the fact that formal structures within WMCA around innovation, business support and economic development are still to be fully developed. Combined with the national nature of many policies and funding streams, which invite cities to bid *separately*, this has contributed to a lack of regional engagement.

If such regional systems were put in place, however, it is likely that the scope for regional level co-operation could increase, improving the prospect of the successful delivery of projects at the regional scale. Issues around transportation are especially well-suited to regional cooperation, by aligning infrastructure development and supporting the supply chains of the automotive industry. The findings so far suggest that further work is required here, and the necessary structures need to be introduced or consolidated to achieve this co-operation. However, interviewees posited that this was the product of repeated institutional changes to regional governance in the West Midlands, leading to the loss of tacit knowledge and

networks of collaboration. From the findings, we also note that the model of funding – competitions for funding for relatively small amounts of money – fail to promote broader strategic cooperation amongst actors.

## 6.2 Opportunities and challenges

The discussion above highlights how there are opportunities for improving regional coordination and developing more effective strategies to deliver smart, sustainable and inclusive economic development in Coventry and the West Midlands. However, these opportunities are accompanied by a series of challenges which need to be addressed.

From the viewpoint of CCC, the creation of the WMCA constitutes an opportunity for Coventry and the West Midlands. In particular, the WMCA promises to achieve a **scale** which allows the region to be considered as an important player when addressing central government. The hope of the proponents of CAs is that, given how centralised the English governance system is, **a larger regional player may be more successful in defending the interests of the region and its localities than smaller governance institutions.**

The WMCA also offers the potential of **improved cooperation and coordination amongst the various local actors in the region.** This might also help reduce some of the ‘follow the money’ bidding, as the WMCA may have the strategic power to help influence what central government funds.

However, there remain important challenges in this process. A pressing issue concerns **how to coordinate the disparate interests of local authorities in the context of the WMCA.** Interviewees suggested that the sheer size and scale of the combined authority may result in specific local issues being marginalised for the sake of the ‘regional good’. This is especially problematic when the variety of needs and priorities across the WMCA is considered: policies which address issues in specific areas may run counter to other areas’ needs.

A second problem concerns the difficulties in coordinating such a complex regional governance structure. Despite their stated differences, the CWLEP (and the other two LEPs in the West Midlands region) are now effectively in competition for government funding with the WMCA. In the case of Coventry and Warwickshire, this tension about regional governance is made more complex by the fact that **the geographies of the WMCA and the CWLEP don’t match.** This means that Coventry may be faced with different priorities in either of the two governance structures. These ongoing changes to the governance system can make long-term strategic planning challenging.

Finally, these changes are taking place in the context of one of the greatest overhauls to the multilevel governance system in Europe – the process by which Britain is negotiating to leave the European Union (‘Brexit’). This is likely to have very serious implications in terms of the funding for regional development in England, and possibly in terms of the objectives of that development as well, given that the European Regional Development Fund (ERDF)

specifically aims at delivering the Europe2020 objectives. While the impact of Brexit on local and regional economic development in England is yet to be seen, the uncertainty surrounding the process is an undeniable challenge to regional governance.

### 6.3 Recommendations

The results suggest that there is a potential keystone role for the local authority (Coventry City Council) in the regional context. The institutional changes associated with the pendulum of decentralisation can result in repeated losses of tacit knowledge. While LEPs and CAs are relatively 'young' structures, local authorities are effective and stable institutions, whose presence can help to reduce the disruption caused by such change.

Simultaneously, the findings suggest the limitations of the current funding regime for local and regional economic development in England. The two case studies illustrate how economic development projects are not always embedded in territorial understanding and needs. The funding decisions and investment priorities are centralised, which means that local and regional actors must follow the priorities set by the funders. These tend to focus on measurable innovation and technological outcomes, whereas local and regional priorities often involve developing cooperation between different actors and strengthening supply chains. The Electric Taxis project is driven by centralised funding by OLEV, but presents a clear potential for future economic development in Coventry, whereas the UK Autodrive is a national project, only a part of which is implemented in the region. The challenge for Coventry is to capture some of the economic benefit, leading to future investment. It is, therefore, important that as well as capturing funding, regional and local actors seek to maximise the long-term economic development of their territories. Local authorities have a key role in this.

The recommendations below should be read in this context: that while structures can be put in place or eliminated, local authorities are likely to continue to have an important role.

#### 6.3.1 Economic development strategies

The analysis of the Coventry cases suggests that, because of budgetary limitations and the nature of available funding for economic development (centralised, based around competitive bids), local actors can find themselves following whatever funding is available which broadly fits their objectives. Furthermore, the ongoing process of the UK leaving the European Union ('Brexit') could result in further centralisation and dependence on central government. In this context, the following recommendations are made:

- **Recognise the important new role of Local Authorities as brokers.** Whilst no longer having resources and personnel to be direct drivers of development, they are important brokers amongst private and other public-sector players and are a store of tacit knowledge on the 'who, what and how' of economic development.

- **Further strengthen and nurture relationships with funding agencies.** Given the centralised nature of funding, it is important for regional partners to understand central government's strategic priorities, and to be able to influence how these are financed. As such Local Authorities are able to link different strategies and funding initiatives to maintain continuity of purpose.

### 6.3.2 Cooperation and collaboration

As noted in the Coventry case findings, the geographies of the sub-regional bodies (WMCA and CWLEP) do not match, leading to inconsistent objectives and actions. Furthermore, the ad-hoc nature of the relationships between regions and central government helps create a relatively unpredictable institutional milieu. This contributes to tensions between regional and local actors, leading to competition for resources between local actors as well as a suspicion that the most powerful actors may benefit their particular local authority to the detriment of others. It also means that the virtues of scale attributed to the WMCA in terms of addressing central government can be negated locally by its perceived drawbacks. This is a consequence of the fact that the WMCA is at an early stage of development, with many of its business and innovation support functions still in development. However, this can constitute an opportunity for embracing and influencing the working of those cooperation-building functions. In this context, the following recommendations are made:

- **Use a portion of funding to promote cooperation across the West Midlands region.** Related to the recommendation above, the delivery of any strategy will necessarily involve cooperation and coordination with other local authorities and private businesses. Such coordination cannot be taken for granted, and requires that tacit knowledge about who and what to do is maintained at all times.
- **Create a shared database of ongoing projects, bids and ideas at WMCA level.** Given that the nature of funding is unlikely to change in the near future, a shared database would at least reduce the duplication of efforts, and might promote cooperation amongst local and regional actors.

### 6.3.3 Coordinating networks and knowledge

The current models of local and regional development depend on private actors to deliver innovation and economic growth. It is not the role of the local and regional authorities to produce or hold specialist technical knowledge. However, they can enhance their role as coordinators and facilitators, operating as hubs for existing networks and relationships which have an expected benefit. The following actions can be taken in this regard:

- **Promote the region as a testbed for product testing and market development.** One of the Unique Selling Points of local and regional authorities is the possibility of providing a setting for physical testing of innovations and soft market launching of respective products. This should help build relationships with businesses interested in testing their potential products, while helping rebuild some of the tacit knowledge that has been eroded over time.

- **Further strengthen partnerships with Universities.** This could help obviate the lack of explicit knowledge. Universities may be able to provide technical input through economic analyses plus advice in issues such as innovation policy, public engagement or organisational change.

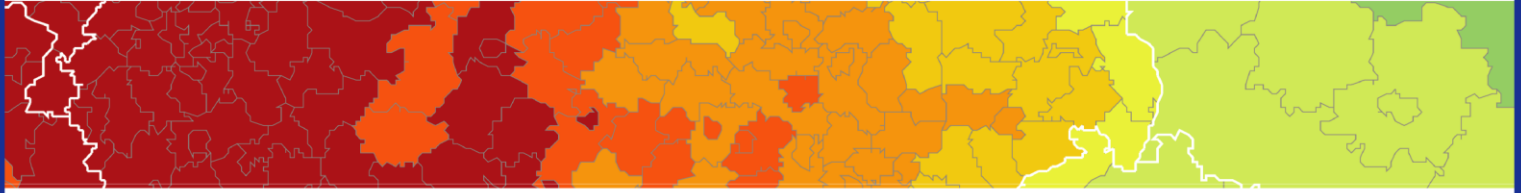
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