

Changing Spatial Governance and Sectoral Policy: Evolutionary Conceptualisations in the Context of South-East Wales

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Overview

- City Regions/City Deals as ‘the only game in town’ for sub-national policymaking
- Business as usual or does city-regionalism require new ways of thinking about the economic base and sector development?
- Unresolved policy and policy-making debates relating to sector policy
- Presentation of two halves...
 - Background/context of the Cardiff city-region and its sectoral composition
 - A proposition – inspired by an institutional concept (“macro-meso-micro”) - of how we might think about governance changes potentially shaping sector policy
- Conclusions



Source: Cardiff Council

Policy landscape

- Shift from previous trajectory of inward investment promotion (WDA) to towards technology transfer / skills development / indigenous entrepreneurship
- ‘Priority Sectors’ (9, previously 6...) – wish lists or building on existing capabilities?
- Enterprise Zones (8, 3 in the CCR) as site specific interventions (infrastructure, fast-track planning, business rate incentives etc). Not ‘back to the 1980s’ ?
- Innovation policy ... how it has waxed and waned – ‘Technium’ policy failure, shift to Smart Spec...
- Don’t mention the clusters...
 - But – sector-based policy with some implementation / contextual variety given by local actors? (spatial bits of WDA in past)
 - Symptomatic of a broader policy disconnect between design vs delivery?
- The Cardiff City Deal covers many of the aforementioned policy areas and introduces a city-region perspective

Average LQs for 9 Priority Sectors 2005-2011

Average of LQS 2005-2011										
LQs 2011 Employees Only	Advanced materials / manufacturing	Construction	Creative industries	Energy & environment	Food & Farming	Financial and professional services	ICT	Life sciences	Tourism	In A Priority Sector ³
Bridgend	1.996353791	1.183472	0.420514	0.813795	0.268709	0.686628	0.956354	1.197672	0.861182	0.914198
The Vale of Glamorgan	1.269051752	1.207102	0.583816	0.952748	0.182172	0.570901	0.291663	0.507352	1.298071	0.86675
Rhondda Cynon Taff	1.803363695	0.995074	0.273196	0.966189	0.627775	0.436587	0.388193	1.044153	0.905947	0.804307
Merthyr Tydfil	1.033080383	0.496505	0.202528	0.526629	2.062933	0.432957	1.381741	0.479135	0.820031	0.758277
Caerphilly	2.138315506	1.150055	0.243746	1.333845	1.248758	0.490659	0.685045	1.659651	0.860523	0.949876
Blaenau Gwent	2.566566599	0.79814	0.17219	0.889797	1.962706	0.371635	0.170817	1.629407	0.764314	0.880284
Torfaen	1.953036744	0.973766	0.262475	0.718906	1.299377	0.494703	0.493274	0.304759	0.669194	0.80826
Monmouthshire	1.128962283	1.158618	0.460806	0.907024	0.988958	0.554022	0.730576	0.306442	1.164574	0.839708
Newport	1.510570858	0.837103	0.374771	0.802781	1.093224	1.009472	1.498807	0.208278	0.822688	0.979491
Cardiff	0.433712569	1.069917	1.046484	0.934956	0.470391	1.281329	0.696626	0.872664	1.079836	1.004997
CCR	1.298902921	1.026188	0.570791	0.915513	0.782381	0.826978	0.753745	0.822956	0.961451	0.920645
Wales	1.314205992	1.068443	0.533399	0.915261	0.843321	0.69946	0.600933	0.864999	1.103826	0.908315

CCR: Economic landscape

- Accounts for half of Welsh GVA, broadly proportionate to population, with Cardiff and the Vale of Glamorgan contributing disproportionately.
- Persistent patterns of deprivation can be identified within the city-region, with 8 of the 10 most deprived localities within Wales located in the city-region (WIMD, 2014).
- A large university sector exists within the city of Cardiff itself but there is an apparent challenge in retaining graduates.
- Coming soon- South Wales Metro 'mega project'...
 - Key message is that policy is, and has been for a long time, been delivering very patchy and uneven economic outcomes
 - Until now all this has been a local authority and WG concern with scant cross-LA collaboration (and sometimes the exact opposite...)

Conceptual avenues

- An infant city regionalist project presents new perspectives on the governance of industries/economic sectors
 - How do we conceptualise the emergence of a new sub-national governance architecture and its implications (real or possible) for sectoral/industrial policy?
 - City-regionalism, and cross-local authority working, had antecedents in the Wales Spatial Plan *inter alia*, but the City Deal has triggered a new resurgence
- Explore the new actors and logics for sector policy that will plausibly follow the new governance arrangements

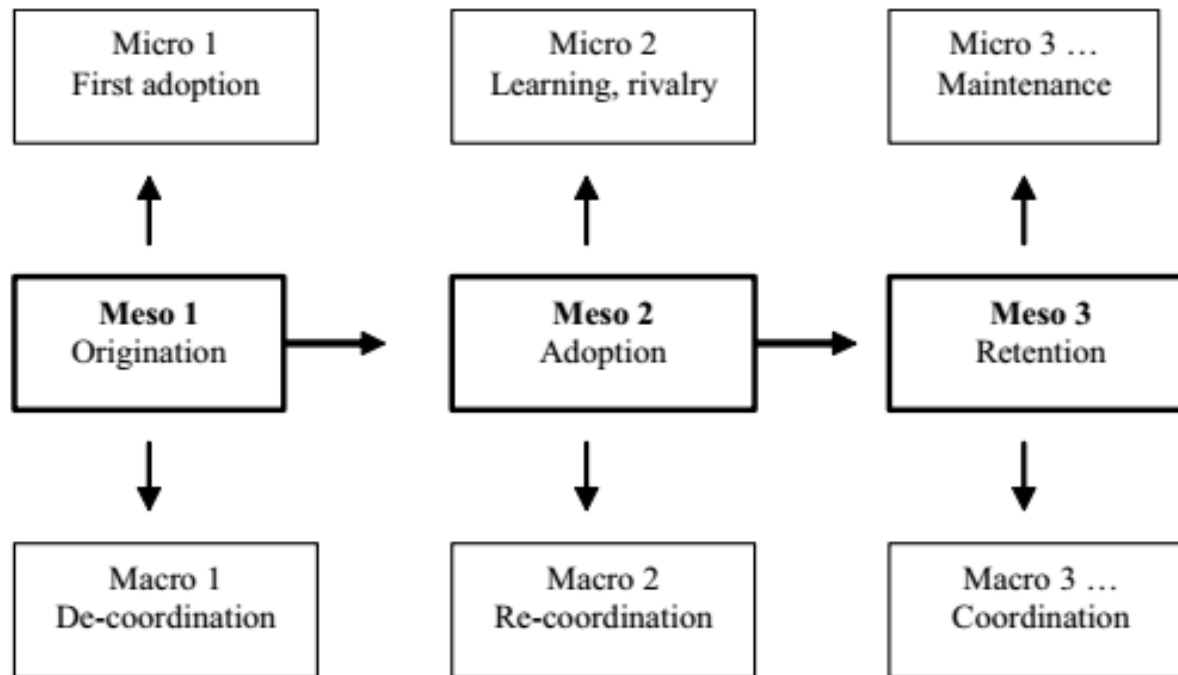
Macro-meso-micro

- Dopfer, Foster and Potts (2004); also see Dopfer and Potts (2008)
- Widely cited framework, though not a “reader’s delight” (Dopfer and Potts, 2010: 401)
- Framework to consider evolution in economic systems (Schumpeterian inspired) – framing persistence and change in a system
- Composition of the inter-linking framework:
 - Micro – rule carrier
 - Meso – rule and its population
 - Macro – order or structure of population
- Developed in the context of an economy, but framework has been applied to governance (e.g. Ostrom and Basurto, 2011)

Key role for the meso

- Micro doesn't sum into macro
- Meso as the key arena for analysis of regional and institutional analysis (Rodriguez-Pose and Crescenzi, 2008)
- Meso phases (Dopfer et al., 2004: 271):
 - Origination
 - Adoption
 - Retention
- Meso trajectory:

“A meso trajectory involves a process of creative destruction, disturbing an initial order and organization with a new idea and a new population which is then subjected to forces of variation and selection, adoption and adaptation before stabilising its structure ...”



Source: Dopfer et al., 2004: 273

What the framework may expose in an applied context

- City-region formations as a new way of shaping and conceiving sectoral policy
- A new idea/rule to design organisation (2004: 271) – “boundary crossing”;
 - previously, this was about local authorities, with a rationality scarcely extending beyond administrative boundaries, and a Welsh Government perceived to centralise (or hoard powers)
- Applied framework composition (through the new idea):
 - Micro – policymakers, business leaders ... other interested parties/rent seekers
 - Meso – idea of how sectoral policy should be pursued and pursued by city-region groups
 - Macro - Welsh approach to sector policy (not limited to the city-region)
- Focus on origination – the emergence of city-regionalism in sectoral policy and governance – which may lead to (through a new meso trajectory):
 - New actor roles within rule configurations
 - New priority considerations

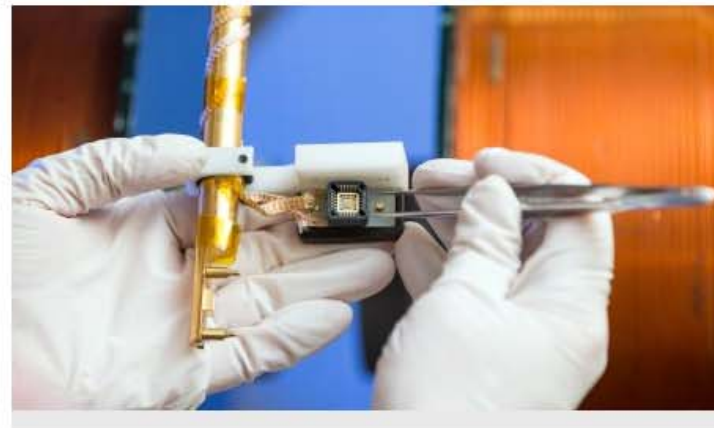
Actor roles (example) - Universities within emergent city-regionalism

- Universities have a prominent role within the City Deal (especially Cardiff University)
- Universities seen as authenticators of city-regional process and governance
 - logic of collaborating with city-region stakeholders
- Borne out in sectoral influence – semiconductors
 - New research centre
 - Private sector collaboration
 - £37.9 million



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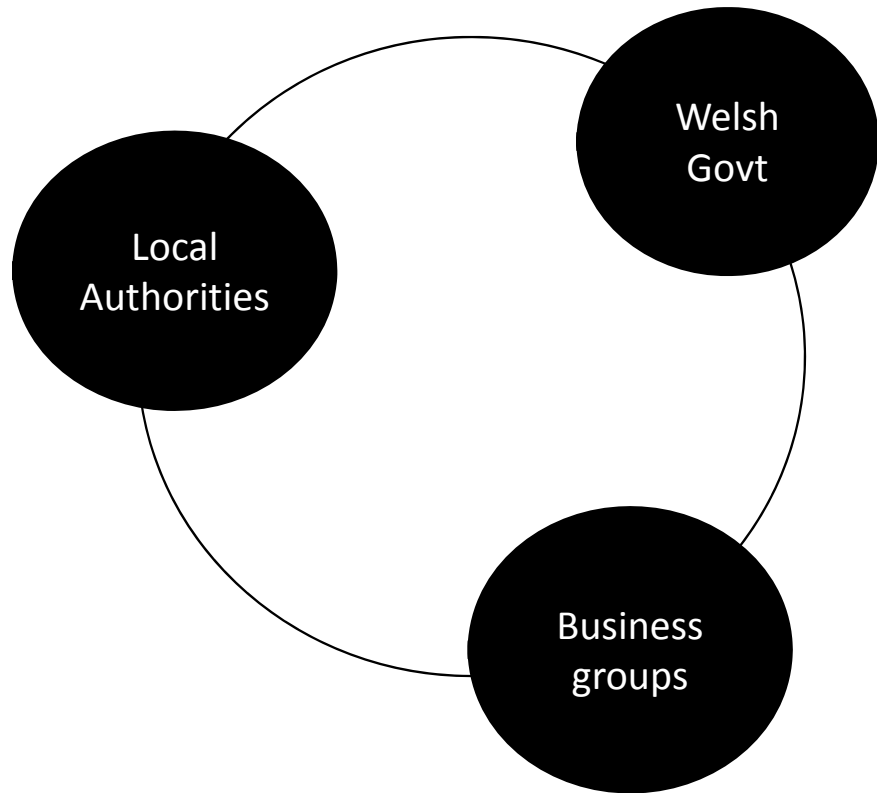
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Approaches to policy (example) - Sector focus/prioritisation

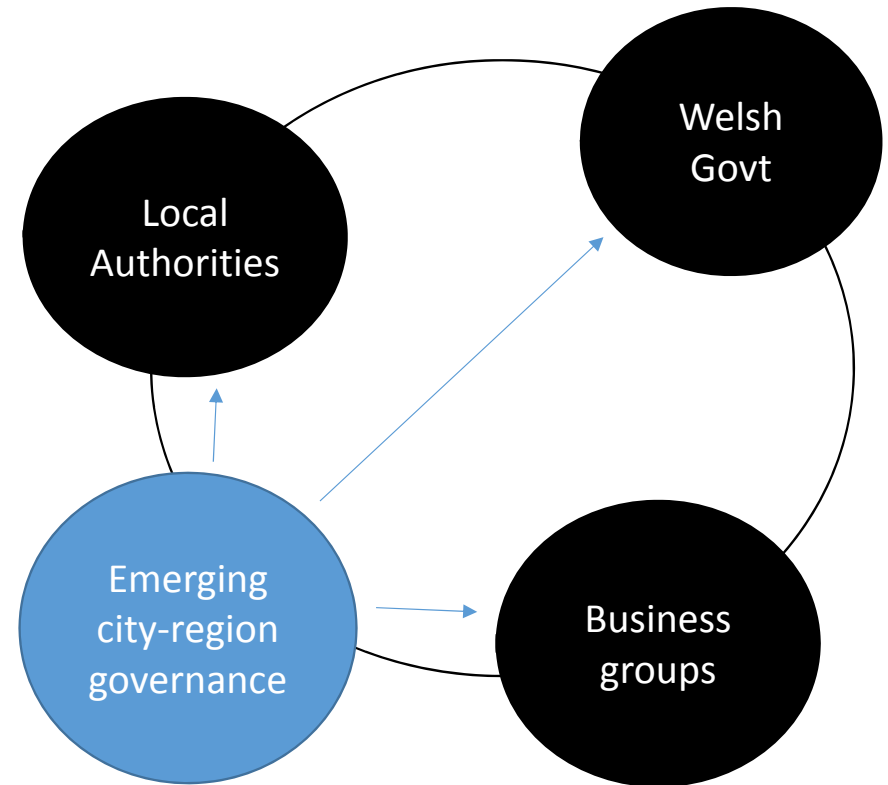
- New framings at the city-region level – notably, how Cardiff interacts with its hinterland
- Implications for coherence/tractability of the 9 WG priority sectors?
- Given this, and with political demands for a dispersed economic base across the city-region, consideration may be given to:
 - Financial services (a growth sector but is a Cardiff CBD focus sufficient? Implications for EZs?)
 - Foundational economy (is this a possible approach for jobs support in parts of the Valleys?)
 - How will the South East Wales Metro shape the dynamics of sector/firm locations?
- Looking at a different spatial definition - and re-shaping governance to fit - raises questions about what sectoral policy will be most effective and politically palatable.

Reprise of the City-region meso trajectory

- City-regionalism is emergent, but is filling the gap that local authority-WG tensions have left open, whilst being encouraged through a City Deal funding pot – this is how the idea got legs!
- “Origination” of an idea is distinct, however, from “adoption”
 - Consider Cardiff vis-à-vis Manchester in terms of city-region developments
 - New ideas and formation may not take effect or have little bite (Dopfer and Potts, 2008); lots of talk about city-regionalism, but is it just hype, reflective of fad based policymaking?
 - “Most rules will fail to be viable” (Ostrom and Basurto, 2011: 334)
- The M-M-M framework offers a way to think about how the deepening and maturing of city-regionalism, within the Welsh governance system, may play out



Meso trajectory for sector policy up until 2016, pre city-regionalism



Meso trajectory for sector policy after the 2016 City Deal (which triggered new city-region governance and possibly actor coordination on sector policy)

Empirical and theoretical connections

- Regarding the M-M-M framework ... critique concerning a lack of specificity in setting out the nature of rules (Martin and Sunley, 2007)
- Ostrom and Basurto (2011) use a case study to develop detail on rules
 - Distinguishing strategies, norms and rules
 - Rule typology
 - “Dopfer and colleagues’ approach ... does not provide us with enough details about the nature of rules ... We believe that our discussion on what rule structures look like, what are some of the processes of rule change, and how to measure changes in rule configurations can help to ground the arguments of Dopfer et al.” (2011: 334)
- A priori framework fleshed out – for specific rule contexts - with empirical material
- Hinges on a restlessness between structure and agency (mediated through the meso)
 - parallels with, or supportive of, Archer’s notion of morphogenesis?

Conclusions

- Sectoral policy has gone through many fashions and fads
- Institutions, as in England, have been compulsively re-organised (e.g. the WDA)
- City-regionalism as, potentially, a new rule configuration for sector policy in south-east Wales
 - Links sector policy to a different spatial orientation/focus
- Framework has been proposed to consider how city-regionalism may reconfigure industry policy
 - Governance actors orchestrated in a different manner, asking different questions