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Throwing the baby out with the bath water? The impact of Coalition reforms on identifying sub-national transport priorities in England

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Abstract

The coalition government has set out plans to dismantle the regional tier and return powers to localities and Whitehall departments. These changes will have significant implications for the way in which transport policy is formulated and delivered in England. When in power, New Labour introduced a range of measures to strengthen governance arrangements for promoting a more joined-up and decentralised approach to transport policy, including Regional Funding Allocations (RFAs). This paper examines the opportunities and limitations of the RFA process and considers the consequences of removing these regional structures for transport policy in England. We conclude that important progress made in recent years to develop effective arrangements for identifying transport priorities at the sub-national tier could be derailed by the Coalition’s intention to remove regional governance structures in their entirety.
Introduction

The introduction of devolution in Scotland, Wales and Northern Ireland and an elected Mayor in London have fundamentally transformed territorial governance in the UK. However, Labour’s approach in England, outside of London, centered on a limited form of administrative decentralisation focused primarily on regions and within policy and fiscal frameworks defined by the Centre (Jeffery 2006; Hazell, 2006; Pearce, 2008). Following the 2010 UK general election, the Conservative-Liberal Democrat Coalition Government pursued a clear ‘post-regionalist’ agenda which centred on a rescaling of governance within England and ‘a fundamental shift of power from Westminster’ to local councils, communities, neighbourhoods and individuals (HM Government, 2010a: 11). The Coalition’s commitment to ‘localism, localism, localism’ has driven the wide scale dismantling of the regional administrative tier in England and core functions have been devolved to local authorities or returned to Whitehall departments (Pickles, 2010a). However, the extent to which the Coalition’s decentralisation agenda has been driven by a genuine commitment to localism is open to question. The ‘localism’ agenda, for example, has been characterised as a ‘subterfuge for small staters’ (Walker, 2010: 84) to justify an ideologically driven reduction in the role of the state, cuts in government spending and a re-centralisation of functions (Mulgan, 2010; Cox, 2010).

Despite the shift from regionalism to localism, aspects of the Coalition’s reform agenda can be seen to pursue broadly similar objectives to the previous Labour administration in terms of promoting policy integration through enhanced sub-
national discretion over decision-making. In June 2010, for example, the Coalition invited local authorities and business leaders to establish Local Enterprise Partnerships (LEPs) in order to provide strategic leadership around local economic priorities and ‘better reflect the natural economic geography of the areas they serve’, in marked contrast to the ‘arbitrary’ administrative regions established under Labour (HM Government, 2010b: 2). The creation of ‘bottom up’ LEPs was based upon the assumption that the regional tier had generated ‘a huge amount of pointless bureaucracy’ and that regional strategies were primarily used as a device by Central Government ‘to control the actions and choices of all their local authorities’ (Conservative Party, 2009: 6). However, due to the Coalition’s ‘hands-off’ approach to localism the precise remit of LEPs and what involvement they may have in transport policy remains unclear.

Transport policy is acknowledged as an area that has significantly benefited from the economies of scale, shared resources and alignment with associated policy areas that a coordinated regional or sub-regional approach provided (Town and Country Planning Association, 2010; Network Rail, 2010; Centre of Cities, 2010). These benefits have been acknowledged in part by the Coalition in elements of its reform agenda. For example, the Local Transport White Paper, Creating Growth, Cutting Carbon: Making Sustainable Local Transport Happen, published in January 2011, stressed that the Coalition expects LEPs to ‘form a view on the strategic transport priorities which best support sustainable economic growth in their areas’ and play a key role in co-ordinating partnerships between local transport authorities (DfT, 2011: 27). However, doubts remain about whether LEPs will have the resources, expertise or political clout to pursue this role (Centre for Cities, 2010). Indeed, there are question
marks as to whether the Coalition’s plethora of initiatives at the local level and the wholesale rejection of regionalism risks throwing the proverbial baby out with the bath water. While there appears to be a legitimate rationale for removing some elements of the regional architecture, transport policy is an area where regional structures have resulted in some noteworthy gains (Marsden and May, 2006).

New Labour introduced a range of initiatives aimed at promoting policy coordination at the sub-national level (Pearce and Ayres, 2007). The Review of Sub-national Economic Development and Regeneration (SNR), published in July 2007, introduced Single Regional Strategies to integrate economic, social and environmental objectives at the regional level. In addition, the sub-regional tier was strengthened through the creation of Multi-Area Agreements (MAAs) - partnerships of local authorities, set up to agree collective economic development objectives (HM Treasury et al., 2007; Fenwick et al., 2009). Regarding sub-national transport planning and delivery, perhaps the most influential element of New Labour’s programme were the two rounds of Regional Funding Allocations (RFAs), carried out in 2005 and 2008 (HM Treasury et al., 2005; 2008). The RFA process was designed to ‘enhance regional input into government policy development, showing how such priorities relate to each other to form a coherent, credible and strategic vision for improving the economic performance of regions; and how these priorities are aligned to resources’ (HM Treasury et al., 2005: 3). The RFAs required key local and regional institutions and stakeholders to examine integrated priorities linked to major funding streams for economic development, housing, transport, and, latterly, skills and to facilitate a more coordinated approach to long-term planning and investment.
The RFA exercise represented the first opportunity for regional partners to identify regional transport priorities linked to long-term funding allocations provided by the Department for Transport (DfT) (JMP Consulting, 2006). The process of prioritising regional transport projects was perceived by actors at all governance levels as representing a departure from the jam-spreading and political horse trading which had characterised previous processes involving direct negotiations between DfT and local authorities (JMP Consulting, 2006; Faulkner, 2006; Campaign for Better Transport, 2009). However, following the election of the Coalition Government in May 2010, the RFA process was suspended ahead of the autumn Spending Review and DfT announced a review of the way funding decisions would be made around the prioritisation of transport projects (DfT 2010a, 2010b).

The decentralisation agenda pursued by the former Labour Government and Coalition has been driven in part by the assumption that effective sub-national governance arrangements can play an important role in promoting more responsive decision-making and policy delivery (Goodwin et al., 2005). The approaches of the two administrations, albeit at different spatial scales, reflect a wider European trend characterised by a fundamental ‘rescaling’ of the state (Rodriguez-Pose and Gill, 2003). This process of ‘rescaling’ has driven a redistribution of responsibilities across multiple levels of governance, both upwards to supranational organisations, notably the European Union (EU), and downwards to regional and sub-national territories (Hankler and Downs, 2010; Lidström, 2007; Lobao et al., 2009). Changes in territorial governance have also been linked to assumptions about the ‘hollowing out’ of the state, characterised by a shift from hierarchical systems of government towards more complex, networked forms of governance (Rhodes, 1994; Jessop, 1990, 2001).
Jones et al. (2005) argue that linked to the process of ‘hollowing out’ at the national scale is a process of organisational and institutional ‘filling in’ at other spatial scales, notably the regional and sub-regional levels. However, the continued power of Whitehall and the highly centralised management of policy and resources within the UK has led some to question the extent to which the Labour Government’s regional experiment resulted in ‘state rescaling’ of any significance (Holliday, 2000; Cox, 2009; Cairney, 2009). Similarly the Coalition’s abolition of the regional tier has led to the re-centralisation of some functions and questions have been raised regarding the level of commitment to localism across Whitehall (Mulgan, 2010; Cox, 2010).

The aim of this paper is to examine the potential impact of the transition from regionalism to localism for sub-national transport planning and delivery in England. It seeks to address two central questions. (i) What lessons can be learned from the RFA process in terms of promoting effective decision making procedures for identifying sub-national transport priorities in England? (ii) To what extent has the transition from regionalism to localism reflected a genuine rescaling of governance arrangements to the local level? The paper draws on an analysis of official documents and twenty five semi-structured interviews conducted with senior Whitehall and regional officials involved in the transport element of the RFA process between July 2007 and November 2010. Interviewees were asked about the decision-making processes introduced for the RFAs, perceptions of regional governance capacity and the impact of the Coalition’s reforms for sub-national transport policy. Interviews lasted approximately one hour, were conducted under Chatham House Rules, digitally recorded, transcribed and manually coded to illicit elicitation findings.
The paper is divided into three sections. Following this introduction, section one examines the evolving policy and institutional context for transport policy at a national, regional and local level in England under New Labour. Section two critiques the opportunities and limitations afforded by the RFA process for identifying regional transport priorities. Section three explores the Coalition’s ‘localism’ reforms and the potential impact on sub-national governance arrangements for transport policy in England. We conclude by reflecting on the extent to which the transition from regionalism to localism potentially undermines the important progress made in enhancing sub-national governance arrangements for transport policy in England.

The Governance of Transport Policy under New Labour: The National, Regional and Local Dimensions

The Labour Government pursued a significant ‘rescaling’ of transport governance structures, leading to a redefinition and reallocation of rights and responsibilities between the centre, devolved administrations and local level (Mackinnon and Vigar, 2008). New Labour’s commitment to decentralisation was reflected in A New Deal for Transport (DETR, 1998: 13-14), which stated that different parts of the UK would be encouraged ‘to consider their own transport priorities reflecting their different transport needs’. Mackinnon and Vigar (2008: 37) argue that this commitment led to ‘considerable churn in the institutional infrastructure’ and created a complex pattern of governance which included national agencies, such as the Highways Agency and Network Rail, and a wide range of regional and local policy initiatives (See Figure 1). A key criticism of the governance arrangements put forward by the Coalition has been that the Labour Government introduced a highly complex but essentially ‘top-down’
approach to local and regional transport and that sweeping away the regional tier will provide a more ‘bottom-up’, simplified approach focused primarily on local authorities (DfT, 2010b).

**Figure 1.** Institutional Arrangements for Transport Decision-Making in the English regions under the Labour government

The role of the regions within transport policy reflected the ‘creeping regionalisation’ which characterised the Labour government’s overall approach to incrementally building up the functions and resources of regional governance arrangements within England (Tomaney and Hetherington, 2004). In 2000, the unelected Regional Assemblies were given a key role in preparing regional planning and transport policy through Regional Planning Guidance (RPG) (DETR, 2000). However, as Pearce and Ayres (2006: 913) note, this process was perceived as simply ‘restating national policy or defending local interests, and failing to take sufficient account of other regional strategies to deliver sustainable development’. In response to these criticisms, the Labour government introduced statutory Regional Spatial Strategies (RSS), which encompassed Regional Transport Strategies (RTS), to provide the strategic framework for regions for a fifteen to twenty year period and the overarching vision for Local Development Frameworks (LDFs), Local Transport Plans (LTPs) and other regional or local programmes (Vigar and Stead, 2003). In addition to strengthening regional decision-making capacity, collaboration and policy coordination horizontally between local authorities and stakeholders within regions and across policy areas, the Labour
government also sought to enhance collaboration vertically between the regions and Whitehall departments via the RFA process (HMT et al., 2005; 2008).

The RFA process was part of a range of measures driven forward by the *Devolving Decision Making Review* announced as part of the 2003 Budget (HMT et al., 2004). In the two rounds of RFAs, completed in January 2006 and February 2009 respectively, regions were invited to jointly prepare advice to ministers on spending priorities in the immediate spending review period. In addition, they provided indicative planning assumptions for future planned investment in the areas of transport, housing and economic development (HMT et al., 2005; 2008). The total funding included in the exercise amounted to £7.6bn in 2009/10 (economic development £2.2bn, housing £3.3bn, transport £2.1bn). While significant, this represented just 14 per cent of total public expenditure in the three policy areas and 1.5 per cent of public expenditure in the regions (HM Treasury and National Statistics, 2009).

The Government’s guidance stressed that advice needed to be evidence-based, agreed within the region, realistic in terms of cost estimates and consistent with existing national and regional policy objectives (HMT et al., 2005). In order to facilitate policy alignment, the exercise provided regions with an opportunity to vire or transfer funding across the policy areas or to defer spending from earlier to later years within the programme. Funding for economic development and housing had, however, already been decentralised via earlier reforms. As a consequence, the process tended to restate existing priorities, leaving minimal scope for manoeuvre. However, it was the first time that allocations for transport funding had been identified at the regional
level, opening up the possibility of enhanced sub-national discretion. In response, Regional Assemblies established a variety of regional transport partnerships to facilitate discussions between key transport partners and stakeholders. These arrangements focused on formal regional Boards or Forums made-up of Regional Assembly members and supported by officer and advisory groups, which drew on transport expertise in the regions (see Figure 1). The design and membership of these structures differed from region-to-region. For example, the most robust partnerships were in the South East and Yorkshire and Humber regions, which were set-up by the Government Offices (GOs) prior to the RFA process in order to examine if there was a case for more formalised statutory Regional Transport Boards (DfT, 2004).

In terms of transport planning at the local level, the primary functions of local authorities under the Labour Government was the delivery of transport schemes and the development of Local Transport Plans (LTPs). LTPs set out five year local transport strategies and required consultation with local people, businesses, transport operators and community groups. Shepherd et al. (2006: 307) noted that ‘the establishment of a single process covering the whole of England was itself a major challenge’ given the variations between single and two tier local authorities and the existence of Passenger Transport Authorities and Executives (PTA/Es) in large conurbations. The distinction between regional and local funding streams for transport became increasingly blurred under New Labour. In the first round of RFAs, for example, regions were asked to prioritise schemes within two funding streams (i) capital funding projected for major schemes under the LTPs and (ii) major Highways Agency schemes, other than on those roads of the greatest strategic national and international importance (HMT et al, 2005). However, in the second round of RFAs
the entire LTP block grant for the region was included in the process and regions were asked to consider the split between Major Schemes, Highways Capital Maintenance and the Integrated Transport Blocks (HMT et al., 2008; DfT, 2008).

The inclusion of the LTP block grants was designed to ‘ensure the effective delivery of both local strategies and major schemes’ (DfT, 2008: 3). However, only the Yorkshire and Humber, South East and South West regions transferred funding between the local and regional transport strands (Yorkshire Forward et al., 2009; SEEDA and SEERA, 2009; South West England, 2009). The concerns of the other regions were reflected in the North West’s advice which argued that there was a lack of sufficient evidence to make changes to the balance of funding and that ‘to do so without such evidence could adversely affect the ability of local authorities to deliver local transport plans’ (NWDA and 4NW, 2009: 14). The blurring of transport policy and planning at the local and regional levels was also exacerbated by shifts in the Labour government’s wider approach to decentralisation, for example, with the increased focus on the sub-regional tier within the SNR (HMT et al., 2007).

Identifying sub-national transport priorities: Lessons from the RFA process

The RFA exercise was underpinned by several key objectives which still have resonance within the Coalition’s reforms. Therefore, an examination of the opportunities and limitations afforded by the RFAs process provides valuable insights into the scope and feasibility of future transport reforms at the sub-national tier. An analysis of the Labour Government’s official guidance on RFAs combined with
interviews with DfT officials working on RFAs revealed four overarching objectives (HMT et al., 2005; 2008):

- Enhancing regional discretion in identifying realistic investment priorities,
- Promoting policy coordination across policy areas,
- Building governance and decision-making capacity within regions, and
- Improving vertical intergovernmental relations between Whitehall and the regions and horizontally within regions.

Based on a recent comprehensive examination of the RFA process, the following discussion explores the extent to which RFAs helped to secure the four objectives identified above.

\textit{i. Enhancing regional discretion}

A desire to enhance regional discretion over transport priorities reflected the Labour Government’s broader objectives around decentralisation. A key failure of previous attempts, including the Regional Priority Documents in 2001 and Regional Emphasis Documents in 2003, was their inability to force regions to abandon so-called ‘wish lists’ and make hard decisions around regional priorities and the limited influence that they had in Whitehall (Ayres and Pearce, 2005). A Treasury official noted that regions still ‘saw themselves as lobbying organisations asking for more money without realising the public sector spending constraints that Central Government operates within’. The RFA guidance sent a clear message from government that it expected regions to move away from the practice of ‘jam-spreading’, which ensured all local authorities got their slice of the cake, and instead engage in a ‘grown-up’ process of identifying strategic priorities (DfT official). A DfT official explained that
the RFAs had forced regions to begin to make trade-offs between proposed schemes and therefore hypothetically ‘if they wanted a £300 million scheme it meant that ten £30 million schemes wouldn’t be funded’.

During the first round of RFAs, the majority of regions commissioned consultants to develop prioritisation methodologies to assess transport schemes against a number of criteria, including (i) policy fit with existing regional and national strategies (ii) value for money and (iii) deliverability (Faulkner, 2006). In contrast, the decision-making process in the second round of RFAs focused primarily on managing slippages and cost increases within the existing programme of transport schemes. For example, a GO official from the North West pointed out that ‘there had been some significant increases in Highways Agency schemes and so the big questions were could we still afford those and did we think that they were still the most important things to do?’ Although the RFA exercise clearly established mechanisms to enhance regional discretion and facilitate prioritisation, a number of factors served to undermine this process.

First, the need to secure a regional consensus around transport priorities meant that a degree of ‘jam-spreading’ was almost inevitable and ‘many schemes were included solely for fear that rejecting them would put delicate agreements in jeopardy’ (Campaign for Better Transport, 2009: 3). A local authority official in the North East, for example, noted that a couple of schemes were ‘shoved into the programme’ in order to secure support from all local authorities. Second, the degree of flexibility in the development of RFA transport programmes was constrained by schemes that had been inherited from pre-RFA processes and which were ‘politically untenable’ to
simply cancel (South East Regional Assembly official). Third, the level of funding included within the RFA exercise was relatively low in comparison with the total level of expenditure within regions. For example, in 2008-9 the funding streams included within the second round of RFAs varied from 15 per cent to 21 per cent of the total identifiable expenditure on transport within regions (HMT et al., 2008; HMT and National Statistics, 2010). This issue was exacerbated by the so-called ‘whales in the pond’ problem facing many regions, whereby very large infrastructure projects swallowed large chunks of the RFA budget (South East Regional Assembly transport official). Finally, the first round was criticised as being a ‘partial exercise’ as key areas of transport policy, such as rail, were not included. However, the exercise developed incrementally and, by the second round regions were encouraged to consider small-scale rail projects and the distribution of funding across a wider range of funding streams (DfT, 2008).

ii. Promoting policy coordination

The Government’s guidance for the second round of RFAs encouraged regions to ‘develop and deliver a regionally agreed, coherent investment programme which aligns aspects of spatial planning, transport, economic development and housing, taking account of economic geography’ (HMT et al, 2008: 6). However, in practice the ability to coordinate strategic planning and policy objectives across policy areas was severely limited. A GO official from the North East explained that the region had established a ‘high level coordination group’ to ensure that there was alignment across the three elements of their RFA submission. However, the official conceded that the
region had adopted an approach which rendered any meaningful attempt to integrate redundant,

‘The three streams came up with their recommendations and then the job of the coordination group was to stitch it altogether and make it look as if it was integrated. But, to be honest the recommendations of the three streams didn't change’.

This fairly cosmetic exercise typified what occurred in other regions. In the North West, for example, a GO official described the process as ‘three different exercises badged under one heading’.

The inability to effectively join-up these distinct policy areas was viewed as a consequence of a range of factors. First, the short timescales involved in both rounds of RFAs meant that it was difficult to coordinate the contrasting decision-making processes introduced in the different policy strands. A GO official from the East Midlands noted that ‘the difficulty was that each strand was using a different mechanism and methodology to identify priorities and that was being carried out by different groups.’ Second, the RFA exercise struggled to overcome the silo mentality which characterised policy development. A GO official from the South West explained that,

‘In transport all of the decisions about which priorities were going to feature within the programme were led by, and primarily only involved, Transport Directors [of local authorities]. So you didn’t have the housing people saying
“this is what we need in order to deliver the houses”. You didn’t have that conversation on a regular basis’.

Third, the influence of national targets and pre-existing funding commitments meant that there was little room for manoeuvre across the policy strands (SQW, 2006). A GO official in the North West stated that integrating the transport strand with housing and economic development was undermined because ‘the housing pot had very little discretionary funding…and the money contained within the RDA’s budget was tied into the Corporate Plan for the foreseeable future’. Finally, the regions lacked an adequate evidence base to underpin integration across the different funding strands and overcome entrenched positions or the ‘dialogues of the deaf’ which characterised the decision-making process (Koppenjan and Klijn, 2004).

The barriers to policy integration were reflected in the failure of any regions to take advantage of the option to vire (or transfer resources) across funding streams. A GO official in the South West stated that the major obstacle to virement had been that ‘once there is money on the table people tended to revert to their silos and get quite protectionist…there just wasn’t the appetite for it’. Several regions had begun to experiment with limited forms of virement through Regional Infrastructure Funds, which provided a mechanism for future infrastructure projects by leveraging in resources from the three funding strands (EEDA et al., 2009; SEEDA and SEERA, 2009; South West England, 2009). However, the support for virement that had developed within the regions was quickly rebuffed by participating Whitehall departments ‘who were supportive of the principle of virement but did not want to see any money coming out of their pot’ (DCLG Official). Nonetheless the RFA exercise
forced regions to think seriously about virement and although this was not reflected in the final submissions in the first or second rounds, there was a sense that progress had been made regards policy coordination.

iii. Building governance and decision-making capacity

RFA guidance stressed that advice should reflect a regionally-agreed view of priorities and that these should be underpinned by an evidence-based understanding of economic, social and environmental challenges (HMT et al., 2005; HMT et al., 2008). The process of developing these priorities was perceived by DfT officials as delivering ‘noteworthy efficiency savings’ within the department and regions because local transport authorities required approval from Regional Transport Boards. This resulted ‘in the removal of unsuitable schemes before the costly and time consuming process of appraisal at the Centre’ (DfT official). The regional tier was seen to provide a ‘gatekeeper’ function within the decision-making process that prevented local transport authorities from ‘spending lots of money working up schemes that had no chance of being funded’ (DfT Official).

The exercise also provided the Regional Transport Boards and Partnerships with a clear remit to provide political leadership in the prioritisation process and broker a regional consensus. Prior to the RFA exercise, regional transport partnerships were criticised as ‘talking shops’ which lacked a clear purpose or influence over resources (DfT, 2004). However, the RFA’s impact on the perceived value of these structures varied across regions. In the South East, for example, a Regional Assembly official stated that the statutory Regional Transport Board had demonstrated ‘good
legitimacy’ within the region and was generally perceived positively by local authorities and stakeholders as ‘a board that questions and seeks to understand issues within the region, not just saying that it knows it all’. In marked contrast, the Interim Regional Transport Board in the North East was established on a ‘task and finish basis’ to carry out the RFA process and then dissolve. As such, a North East Assembly official pointed out that the board lacked legitimacy within the region and stated that ‘the cynic in me tells me it has all of the legal status of our office tea fund’. These contrasting accounts highlight the challenges faced by Regional Transport Boards in identifying strategic priorities but without clear democratic and accountable structures.

Despite this, RFAs were perceived by Whitehall and regional officials as enhancing the quality of the analysis and evidence base that underpinned decision-making. A South West Regional Assembly official noted that,

‘It was quite apparent that in the old process, the allocation of resources was quite scattered and didn’t fit the fact that there was a limited number of places where major growth and change was happening’.

A key factor in securing regional agreement around priorities was the evidence-based prioritisation methodologies developed in many regions (Faulkner, 2006). In most instances, key personnel working on transport submissions rallied to get different stakeholders and partners signed up to the logic underpinning the methodology. Then, once all the data had been processed, stakeholders had to agree with the outcomes whether they approved or not.
However, questions were raised regarding the quality of the evidence utilised in the RFA exercise and the reliance of regions on scheme promoters to provide estimates on timescales and costs (Nichols, 2007; Campaign for Better Transport, 2009). A number of schemes included in the first RFA round substantially increased in cost or were significantly delayed, leading to underspends in the short term and delays within the overall programme. A South East Regional Assembly official explained that scheme promoters were either ‘semi-incompetent’ or deliberately overly-optimistic in cost estimates in order to get their schemes included in the programme. The evidence provided by scheme promoters was often not subject to detailed analysis at the regional level due to a combination of a lack of resources and the tight time constraints imposed by the RFA timetable, potentially undermining the ability of regional actors to manage long-term investment decisions (Faulkner, 2006; Campaign for Better Transport, 2009).

iv. Enhancing intergovernmental relations

A key objective of the RFA process was to develop robust and transparent relations vertically between Whitehall and the regions and horizontally between actors within regions. A DfT official stated that in the previous system local authorities had tended to lobby government for schemes which ‘always added up to far more than the available budget and then DfT had to prioritise schemes in a fairly opaque way’. This highly centralised decision-making process tended to exacerbate tensions between the Centre and local authorities. By contrast, the RFA exercise clearly improved the quality of information exchange between the regions and the Centre. DfT established secondments between the Department and regional bodies and regular working
arrangements which included biannual meetings with regions to review the progress of the RFA programme. A DfT official explained that these ongoing meetings were crucial because ‘scheme costs and profiles are always fluid…so the snapshot of the funding profile of the schemes at the time of the advice is immediately out of date and shifts.’

Nonetheless, there were accusations that the RFA process had simply moved responsibility for tough transport decisions to the regions, whilst the capacity for final funding decisions remained firmly in Whitehall (Marshall et al., 2005). For example, a North East Regional Assembly official speculated that the RFA exercise was partly motivated by cost-cutting through ‘getting schemes out of central budgets’ and ‘delegating some of the more unpopular political decisions down to a regional level’. A North West GO official argued that DfT,

‘never delegated responsibility for programme management, so whilst the region did a very good job of keeping tabs on things and chasing progress, the actual individual scheme appraisal and monitoring rested, and has always rested, with DfT’.

In a bid to promote (horizontal) relations and partnership working, RFA guidance emphasised the importance of developing a regional consensus around priorities and engaging a wide range of organisations and stakeholders in the decision-making process (HMT et al., 2005; HMT et al., 2008). The DfT’s review of the first round stated that regions had been ‘remarkably successful in securing broad acceptance of their advice’ and a variety of consultation mechanisms had been used (Faulkner,
2006: 20). However, these consultation exercises were constrained by the remit of RFAs. A South West Regional Assembly official pointed out that the timetable for the first round was ‘quite tight’ and therefore the region ‘needed to move away from the full engagement process…to meet the deadlines that had been set’. The official went on to argue that this problem was replicated in the second round and led some stakeholders to reflect that prioritisation had been ‘imposed rather than worked through by general consensus’. This point was reflected in DfT’s own review, which stated that stakeholder consultation was ‘possibly more important as a way of developing understanding and acceptance of the process and methodology than for any substantive contributions towards the thinking’ (Faulkner, 2006: 19). Likewise, the Campaign for Better Transport (2009) found that environmental groups felt excluded from RFA negotiations.

The opportunities and limitations of the RFA scheme

The experience of the RFA process offers important insights and reflections that might inform the Coalition’s reforms of transport policy in England. Overall, the RFA process delivered a range of potential benefits for sub-national transport planning and delivery. Although the degree of progress was uneven across the four key objectives identified above, there was a clear sense that the exercise was an ongoing process and that unresolved areas, such as the virement of funding, might have been addressed in future RFA rounds that were announced by the Labour Government before their departure (HMT, 2010). However, the scope and remit of the exercise was constrained from the start and even the best regional strategies and collaborative efforts could not overcome the fundamental weaknesses brought about by Whitehall’s
reluctance to cede genuine control over to the sub-national tier. The Coalition also appears intent on delivering more effective transport planning and delivery through decentralising decision making. Nonetheless, if it is to achieve this it will need to build upon the positive aspects of previous sub-national transport initiatives and learn from past mistakes. The following discussion explores the potential impacts of the Coalition’s planned reforms for sub-national transport planning in England.

**Coalition reforms for transport planning at the sub-national tier**

The Coalition’s ‘post regionalist’ agenda is underpinned by a fundamental critique of New Labour’s approach to territorial management within England (Clark and Mather, 2003; Conservative Party, 2009; Shaw and Greenhalgh, 2010). Regional governance arrangements have been criticised as over-bureaucratic, expensive, top-down, undemocratic and artificial constructs, which failed to reflect real economic geographies and local aspirations (Clark, 2010; Pickles, 2010b; 2010c). Despite this, the Coalition recognises that localities will need to ensure economies of scale and promote policy cohesion through partnerships that span local authority boundaries (DfT, 2011). This was emphasised in the Localism Bill, published in December 2010, which provided for a duty on local authorities and other bodies to co-operate with each other in order to ‘maximise effective working on sustainable development and use of land, in particular in connection with strategic infrastructure’ (HM Government, 2010c: 47). The Bill also provided local authorities with the power to ‘put their collaborative strategic planning work on a statutory footing if they wish to’ (DfT, 2011: 28). However, doubts remain about whether new arrangements will be able to deliver more effective policy coordination given the continued uncertainty
surrounding the remit of future local governance arrangements and the lack of clarity over available funding.

LEPs form a central pillar of coalition plans for strengthening governance at a local level. They are intended to provide strategic leadership around local economic priorities and potentially a range of other policy areas, including planning, housing, local transport and infrastructure (HM Government, 2010b). The tight timetable to develop LEP submissions set out by the Coalition led to an intense period of negotiations between local authorities and business communities and produced a high level of diversity across the 62 submissions received by government (HM Government, 2010b; SQW, 2010). A North East GO official reflected that the experience within the region suggested that although the Coalition ‘was trying to get a thousand flowers to bloom…we have ended up with half a dozen roses and lots of dandylions, so there is a big weeding process to be done’. This ‘weeding process’ was reflected in the White Paper, *Local Growth: realising every place’s potential*, published in October 2010 (BIS, 2010). The White Paper confirmed that 24 LEP submissions had been approved but that failed proposals could be revised and resubmitted - a further four LEPs were announced in January 2011 (BIS, 2011). However, not all commentators are convinced that the emerging governance arrangements will have the necessary capacity, powers, funding and geographic coverage to fulfil the strategic functions envisaged by the Coalition (SQW, 2010; Centre for Cities, 2010; Pugalis, 2010; Johnson and Schmuecker, 2010).

The Coalition’s approach to the governance of transport policy at the sub-national level combines the localism agenda with the need to identify strategic priorities within
the context of significant reductions in government spending. A key element of the reforms on sub-national transport has been the simplification of local transport funding by reducing funding streams from 26 to 4 - the Major Schemes Programme, Local Highways Maintenance, Integrated Transport Block and Local Sustainable Transport Fund (DfT, 2011). The Local Transport White Paper argued that this simplification of funding would provide local authorities ‘greater flexibility in how they spend their funding, which is crucial if they are to deliver efficient and effective transport for their communities at a time of limited resources’ (DfT, 2011: 29-30).

By contrast, the RFA exercises were criticised for placing ‘influence in the hands of indirectly elected Regional Assemblies and unelected RDAs’ (DfT, 2010b: 5). Instead, new local governance arrangements will be centred on a ‘bottom-up’ approach where LEPs and local authorities, working individually or in partnership, will play the central role in strategic decision-making. There was, however, recognition from DfT that these partnership structures are unlikely to be in place in the short term and therefore the department outlined a centrally-managed competitive bidding process for transport schemes prioritised by the RFA exercises (DfT, 2010b). The extent to which the Coalitions plans are able to combine an emphasis on localism, while facilitating strategic transport decision-making processes and economies of scale is difficult to assess given the infancy of the plans. Nonetheless, there are significant doubts about the ability of local authorities to coordinate their activities in the absence of regional governance structures to facilitate a more joined up response.
Past lessons and future prospects?

Our analysis of the RFA process has revealed a number of important lessons that are particularly pertinent to the Coalition’s reforms for transport policy in England. These include,

- The dangers of ‘excessive localism’,
- Undermining sub-national governance and decision-making capacity, and
- Enhanced conflict between tiers of governance.

The following discussion explores these potential pitfalls in light of the Coalition’s ongoing reforms and critically assesses what might be lost by the removal of regional transport structures and decision making.

i. The dangers of ‘excessive localism’

The RFA exercise encouraged a more collaborative, partnership-based approach to identifying strategic regional transport priorities. Transport officials at all governance levels agreed that the process had moved beyond the parochialism and political horse-trading of previous decision-making arrangements towards a more objective, evidence-based process. However, there is a potential tension between the Coalition’s commitment to localism and the need to develop effective sub-national strategic transport planning. Vigar and Stead (2003: 65) note that regional level transport planning provided an opportunity to ‘secure agreement over wide areas on more strategic priorities and avoid a degree of inter-locality competition, enabling more
radical policies to come forward.’ The two RFA exercises highlighted that the brokering of regional strategic priorities remained highly challenging for local authorities given the pressure to ‘get their pet schemes off the shelf that been lying dormant for many years’ (South East Environmental Stakeholder).

Indeed, the need for transport planning on a larger spatial scale has been recognised in statements by the Parliamentary Under-Secretary of State for Transport who argued that ‘transport is no respecter of local authority boundaries’ and the Department is keen to ‘engage with effective partnerships wherever there are strategic issues to be considered’ (Baker, 2010). The LEPs or consortiums of LEPs have been identified as a potential route for considering wider strategic issues and it is clear that many LEPs envisage some form of transport function (SQW, 2010). However, there are concerns as to the capacity of the LEPs to fulfil this role. For example, a GO official from the East Midlands pointed out that,

‘The worry is that some LEPs are effectively just County LEPs. How is that going to work unless they enter into confederations of LEPs and develop a bigger geography? But, if that does happen, you call into question whether the politicians will buy into that at the end of the day’.

Therefore, the Coalition’s decentralisation agenda risks ‘excessive localism’ characterised by self-serving local authorities acting individually. (Larkin, 2010).

Indeed, there is a danger of a return to the parochialism that characterised sub-national decision making on transport before the introduction of RFAs. Furthermore, these issues highlight a tension between different departments within the Coalition.
government in terms of how localism and decentralisation are operationalised. A GO official from the East of England indicated that there was a ‘real tension’ between the communities-orientated ‘localism, localism, localism’ agenda pursued by Eric Pickles and DCLG and the DfT agenda which argued that ‘regions are actually quite helpful’. These contradictions within Whitehall reflect similar tensions that emerged under the previous Labour Government in terms of the regional agenda (Ayres and Stafford, 2010). While some departments were supportive of decentralisation others were not, significantly undermining the cohesiveness of Whitehall’s approach to sub-national policy making in England.

ii. Undermining sub-national governance and decision-making capacity

The second key lesson highlighted by the RFA process focuses more narrowly on the potential impact of the Coalition’s reforms on decision-making capacity around sub-national transport planning and policy-making. First, there are question marks as to whether LEPs or individual local authorities will have ‘adequate expertise and knowledge’ to develop major transport projects (South East GO Official). Second, there are potential risks related to maintaining the quality of the evidence base which underpinned regional decision making. The institutional repositioning created by the reforms could lead to knowledge and evidence being lost or dissipated amongst diverse organisations. Regional officials explained that the GOs and RDAs had put in place ‘knowledge transfer’ arrangements to ensure that technical information and research was retained but that it was ‘inevitable’ that some capacity and data would be lost. Finally, the level of resources available to LEPs and local authorities to develop transport projects and schemes is likely to be extremely limited. A North East GO
official explained that ‘it is a devil of a job to start to develop a major project because all of the money that you invest in the early stages is at your own risk’. This concern is exacerbated by wider public spending cuts as local authorities struggle to deliver core statutory functions at the expense of long term strategic projects. For example, a South West Regional Assembly official indicated that their focus was likely to be ‘making sure that potholes are filled in and not a lot else’.

### iii. Enhanced conflict between tiers of governance

The final key lesson which can be drawn from the RFA experience centres on the potential impact of the Coalition’s reforms on vertical and horizontal governance arrangements. The Coalition’s preference for a ‘hands-off’ role for Whitehall may actually signal a move away from the partnership approach characteristic of RFAs and could lead to increased conflict between tiers of government as more decisions are taken at the Centre with little engagement with the sub-national level. A GO official in the East Midlands argued that,

‘What we don’t want to return to is the bad old days where priorities were determined nationally and it was he who shouts the loudest gets the cash. We had a system developed through RFAs which was much broader, more strategic and much more effective. I think that there is some concern that the localism agenda might drive things too far down and leave DfT unable to determine strategic priorities apart from at the Centre’.
In addition, the rationale underpinning localism places an onus on local authorities and LEPs to take responsibility and financial liability for decision-making. A DfT official pointed out that,

‘There is bound to be a greater level of risk and rewards that get pushed down to the local level…if they get it wrong and they spend money on a scheme that actually doesn’t do much good for the economy, then I suppose that is where the risk lies’.

This process is potentially exacerbated by the abolition of the GOs which provided key links between the Centre and sub-national level. Without this intermediary, there will be increased fragmentation in sub-national governance arrangements which will place greater strain on DfT resources in managing intergovernmental relations at a time of budget cuts and reductions in staffing.

The Coalition’s reforms have received varying levels of support from regions and localities. Transport officials across many regions, notably the East of England, East Midlands and North West, identified a commitment to retain some form of regional partnership which could facilitate collaboration and discussions around transport. An East of England GO official explained that members of the Regional Transport Forum had voted to continue meeting but that it was unlikely that the forum would survive if ‘there was no money to talk about’. The potential for continued regional collaboration was notably least apparent in the South West, where officials from both the former South West Leaders Board and GO noted that there was little appetite for regional
working and that regional meetings between officials would ‘die fairly quickly’ without strong leadership.

Moreover, the constant institutional and political repositioning brought about by Coalition reforms could jeopardise the commitment and engagement of wider social and environmental stakeholders. Regional structures and the RFA process emphasised the importance of engaging a wide range of social, economic and environmental partners in decisions about transport priorities. Practice may not have always met the rhetoric but the intention afforded a range of partners a seat at the table. By contrast, LEP proposals place the primary focus on business groups with minimal reference to engagement with the third sector or environmental groups (House of Commons Business, Innovation and Skills Committee, 2010).

**Conclusions**

This paper has critiqued the opportunities and limitations of New Labour’s attempts to promote enhanced sub-national control over transport planning via the RFA process. These findings have been utilised to drawn attention to what might be lost as a consequence of the Coalition’s reforms. This analysis can be utilised to answer the first of the key questions posed at the beginning of this paper (i) What lessons can be learned from the RFA process in terms of promoting effective decision making procedures for identifying sub-national transport priorities in England?

The RFA exercise was perceived by transport stakeholders at all governance levels to deliver significant added value in terms of promoting a more collaborative, strategic
approach to sub-national transport planning. Although the process had clear weaknesses, it was seen to offer considerable benefits in terms of enhancing inter-governmental relations, transforming regional ‘wish lists’ into programmes of long-term strategic priorities and providing a more consensual, transparent and evidence based approach to decision-making. The abolition of the GOs, RDAs and Regional Leaders Boards has left a substantial institutional vacuum at the sub-national level. It is unclear as to whether the plethora of Coalition reforms will be able to establish robust partnership arrangements to fill this ‘missing middle’ in English governance and build upon the progress made by initiatives like the RFAs (Shaw and Greenhalgh, 2010). Unless the Coalition provides clear incentives and mechanisms to facilitate joint working across localities and between governance tiers there is a very real risk that the progress made towards building a strategic and holistic approach to transport prioritisation at the sub-national level could be undermined.

The findings presented here also offer insights into the paper’s second question (ii) To what extent has the transition from regionalism to localism reflected a genuine rescaling of governance arrangements to the local level? Undoubtedly, the Coalition’s localism agenda will fundamentally transform governance arrangements for sub-national transport planning and delivery in England. However, the extent to which this transition will result in empowering localities and communities to take territorially distinct transport decisions remains unclear. The Coalition has argued that its reforms are underpinned by a desire to remove Whitehall involvement in monitoring sub-national transport planning and delivery at a local level. However, DfT appears to have retained a strong controlling and coordinating function, at least for the immediate future (DfT, 2010b). On the one hand, the Coalition’s commitment to
‘localism’ might be interpreted as a radical departure from the former Labour administration’s ‘top-down regionalism’ (Hazell, 2006: 48). While, on the other hand, the emphasis placed on economic geographies and city-regions represents a marginal departure from previous governance arrangements set out in New Labour plans for sub-regional partnerships (Mawson, 2009; Pugalis, 2010). The emerging evidence indicates that whilst the rhetoric of ‘localism’ heralds a fundamental rescaling of power, in reality accountabilities and funding streams remain firmly in Whitehall.

The Coalition has emphasised that the move to ‘localism’ has received enthusiastic support from a wide range of civic and community groups, business leaders, housing and planning professionals and local authorities (DCLG, 2011). Nonetheless, transport is an area which has benefited from a regional focus and there is a very real danger that a more strategic, consensus and evidence based approach to identifying sub-national transport priorities could be lost. As one RDA chair observed, the perception remains that ‘there is not only a danger of throwing the baby out with the bathwater, but there is a danger of throwing the bath out as well’. In order to mitigate these risks, the Coalition government and transport stakeholders must consider past lessons in order to avoid the pitfalls identified above. If they do not, there is a danger that attempts to enhance sub-national discretion over transport policy could be derailed.

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