

Learning from deals and deal-making

‘Growth Deals Beyond the Cities’, CURDS and Cities and Local Growth Unit, 2021

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Where did deals and deal-making come from?



Origins

- then Secretary of State for Cities Greg Clark's (1992) PhD on incentive payment systems...
- Critique of New Labour's 'top-down' and 'command state' centralism...
- Commercial and financial practice...
- US political horse-trading...even Trump's 'The Art of the Deal'...

THE EFFECTIVENESS OF INCENTIVE PAYMENT SYSTEMS:
AN EMPIRICAL TEST OF INDIVIDUALISM AS A BOUNDARY CONDITION



SUBMITTED FOR THE DEGREE OF DOCTOR OF PHILOSOPHY
DEPARTMENT OF INDUSTRIAL RELATIONS
LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE
UNIVERSITY OF LONDON, FEBRUARY 1992

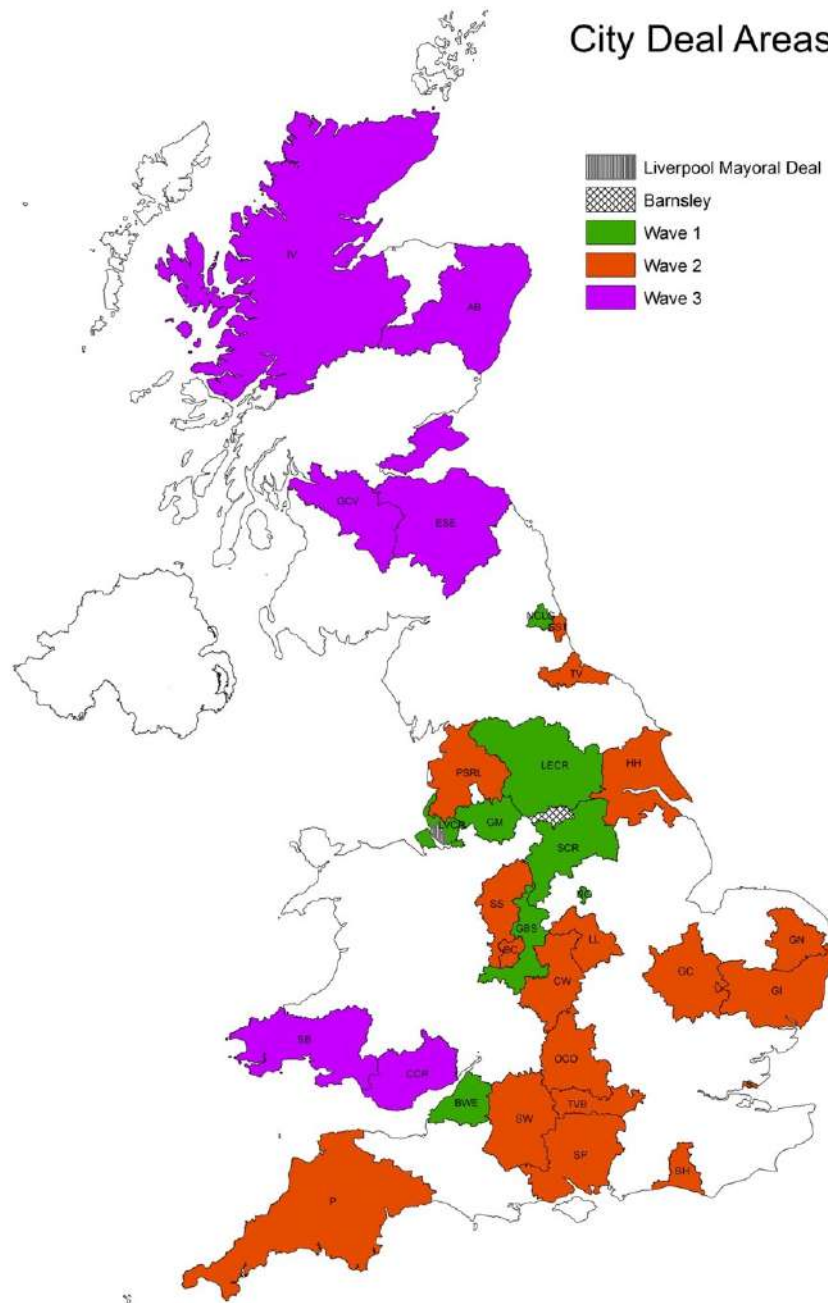
Evolving geographies of deals



Evolving geographies of deals

- **Wave 1** – larger city-regions in England
- **Wave 2** – smaller and faster growth cities in England
- **Wave 3** – remaining city regions + smaller cities, towns and rural areas in Scotland and Wales
- **Wave 4** – extension to Northern Ireland and remaining areas in Scotland and Wales
- **Wave 5?** – more Devolution, Town Deals and new County Deals in England, evolution of deals in devolved territories?

City Deal Areas



City Deal geographies, 2017

Source: O'Brien, P. and Pike, A. (2018) "'Deal or no deal?' Governing urban infrastructure funding and financing in the UK City Deals", [Urban Studies](#)

Ten lessons



1. Articulating an ‘ambitious’ and ‘transformative’ vision and strategy



“what you have to do is to make the government an offer it can’t refuse...it needs to be so compelling that what is being proposed is so clearly in the national interest as well as the local interest... demonstrated convincingly with the economic analysis that is available”

(Greg Clark, UK Secretary of State, BEIS, 2017)

2. Tailoring to local assets and circumstances

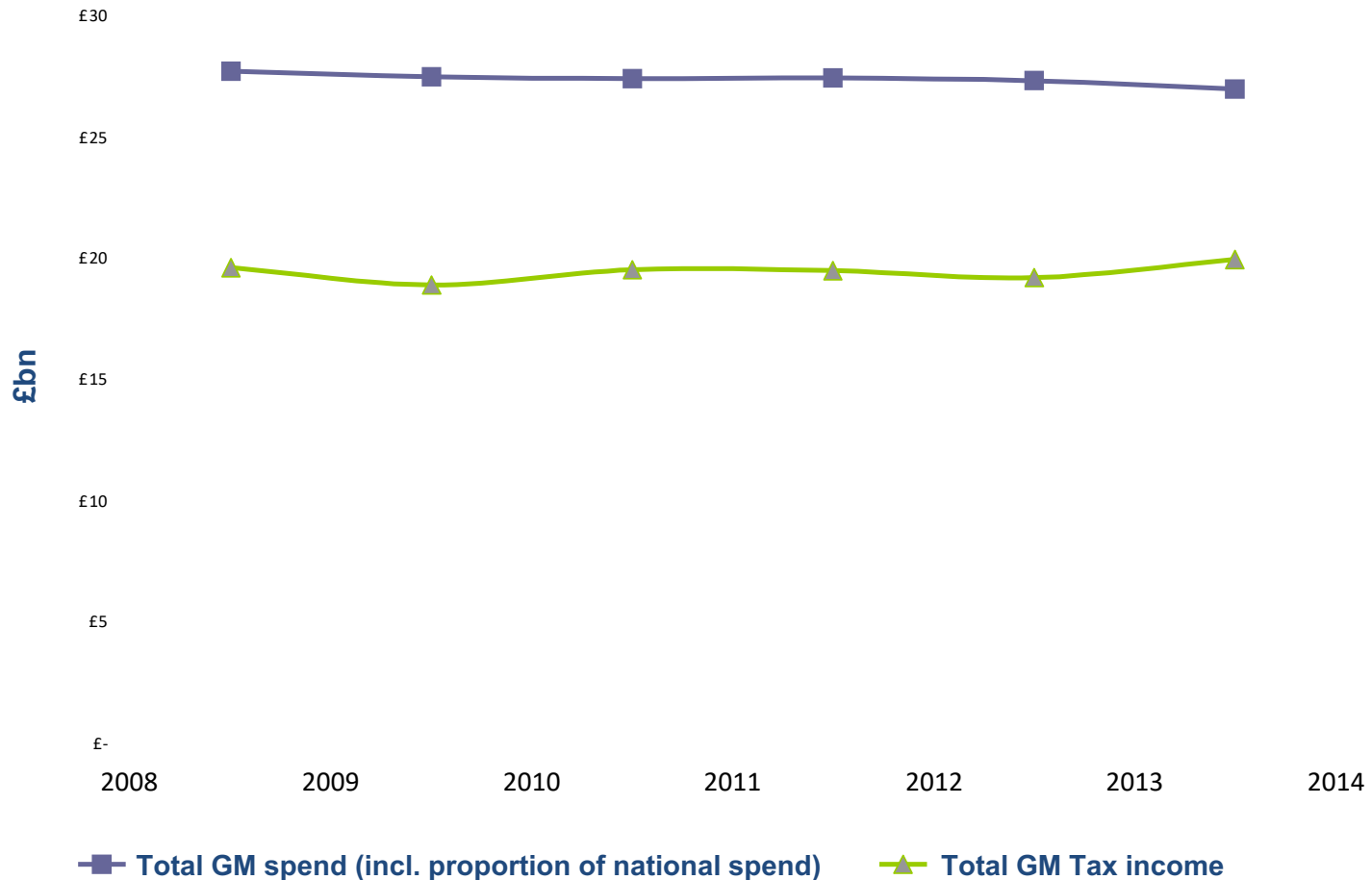
Unlocking growth
in cities

“The aim of these deals is to empower cities to forge their own path, to play to their own strengths and to find creative solutions to local problems”

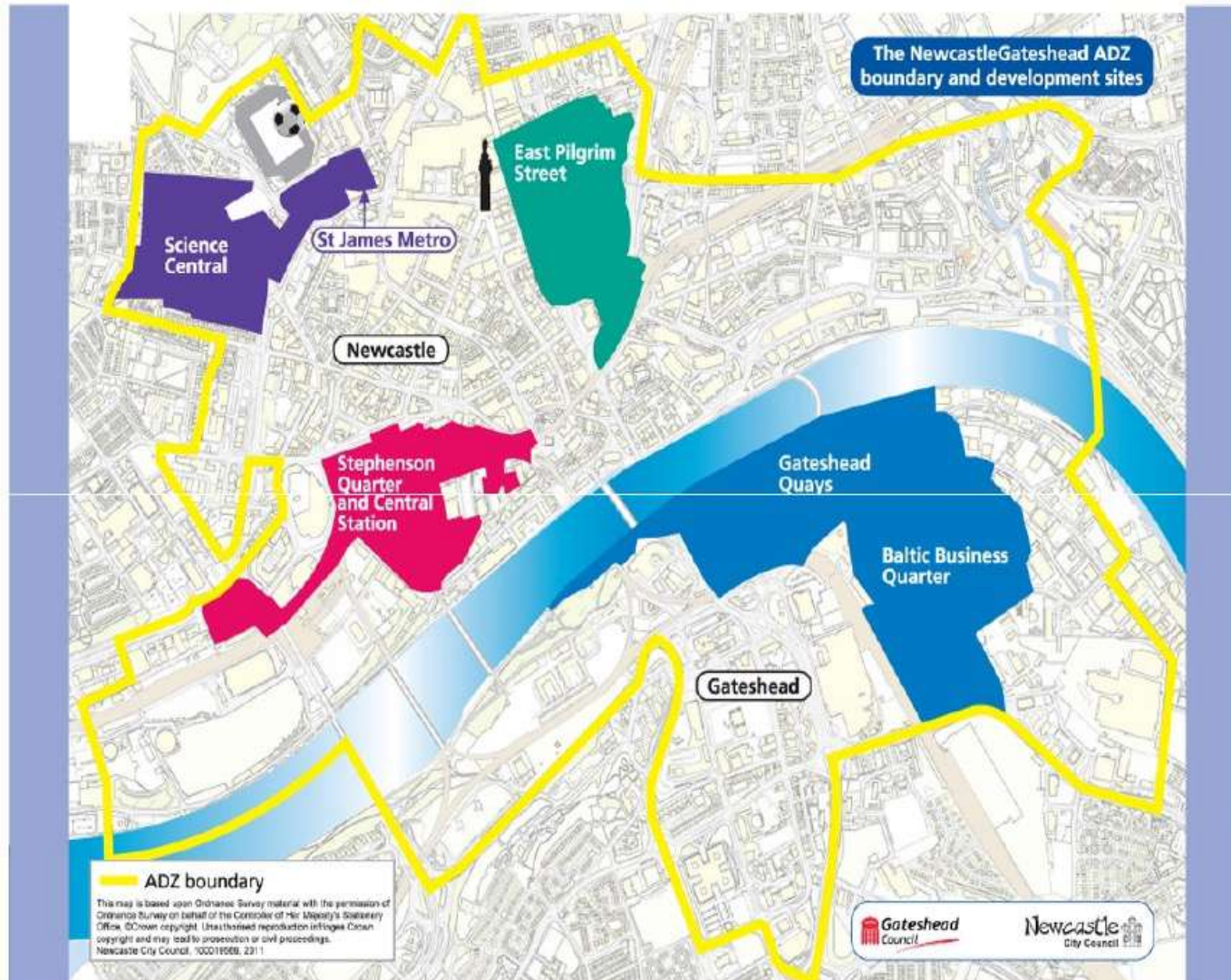
(Nick Clegg, Deputy Prime Minister, Foreword, 2011)

3. Connecting 'growth' and 'public service reform'

GM: from 'cost centre' to 'net contributor' to the national economy...



4. Linking growth 'cores' with their 'peripheries'



5. Demonstrating innovation

‘Financial Innovation Name Generator’©

Terms (select 1 from each column)	
<i>Earn</i>	<i>Back (Greater Manchester)</i>
<i>Gain</i>	<i>Share (Cambridge)</i>
Benefit	Boost
Dividend	Growth
Growth	Hike
Improvement	Claim
Increment	Enhance
Kick	Back
Lucre	Divvy
Payoff	Fragment

6. Integrating programmes

City Deal Area	Public policy areas						
	Skills	Housing	Investment/ Funding	Transport	Low Carbon	IT	Business Support
Greater Birmingham & Solihull	✓	✓	✓		✓		
Bristol & West of England	✓		✓	✓			✓
Greater Manchester	✓	✓	✓	✓	✓		✓
Leeds City Region	✓		✓	✓	✓		
Liverpool City Region	✓		✓	✓	✓		
Nottingham	✓		✓	✓	✓	✓	✓
Newcastle & Gateshead	✓	✓	✓	✓	✓	✓	
Sheffield City Region	✓		✓	✓	✓		

7. Creating locally appropriate governance arrangements

Governance model	Example
Elected Mayor	Liverpool City; Bristol City
Combined Authority	North East Combined Authority; West Yorkshire
Elected metro-mayor and Combined Authority	Greater Manchester; Sheffield City Region; Liverpool City Region; Tees Valley; Greater Birmingham and Solihull; West of England
Joint Committee	Black Country; Coventry and Warwickshire; Hull and Humber; Oxford and Oxfordshire; Plymouth; Thames Valley Berkshire; Glasgow and Clyde Valley; Cardiff Capital Region; Aberdeen; Edinburgh and South East Scotland; Swansea Bay
Single Local Authority	Inverness
LEP or private sector-led	Greater Ipswich; Preston; South Ribble and Lancashire; Swindon and Wiltshire
Economic Board	Nottingham; Greater Brighton; Greater Cambridge; Greater Norwich; Leicester and Leicestershire; Solent; Southend; Stoke-on-Trent and Staffordshire

8. Ensuring accountability, scrutiny and transparency



“...two mafia bosses carving up Apulia. There was no white paper or consultative document, let alone a debate in parliament. Manchester’s deal was reached by sleight of hand, by one man with a political problem to solve and another who saw this as an opportunity”

9. Building research, analysis, monitoring and evaluation capacity



The What Works Centre for Local Economic Growth aims to significantly improve the use of evidence in the design and delivery of interventions for local economic growth. A key part of this is engagement with practitioners to share best practice and guidance about improving policy development and evaluation.

This paper, produced by John Holden at New Economy and Alan Harding at the University of Liverpool Heseltine Institute presents a case study of the approach to evidence-based policymaking taken in Greater Manchester and offers a series of good practice lessons for other local policymakers.

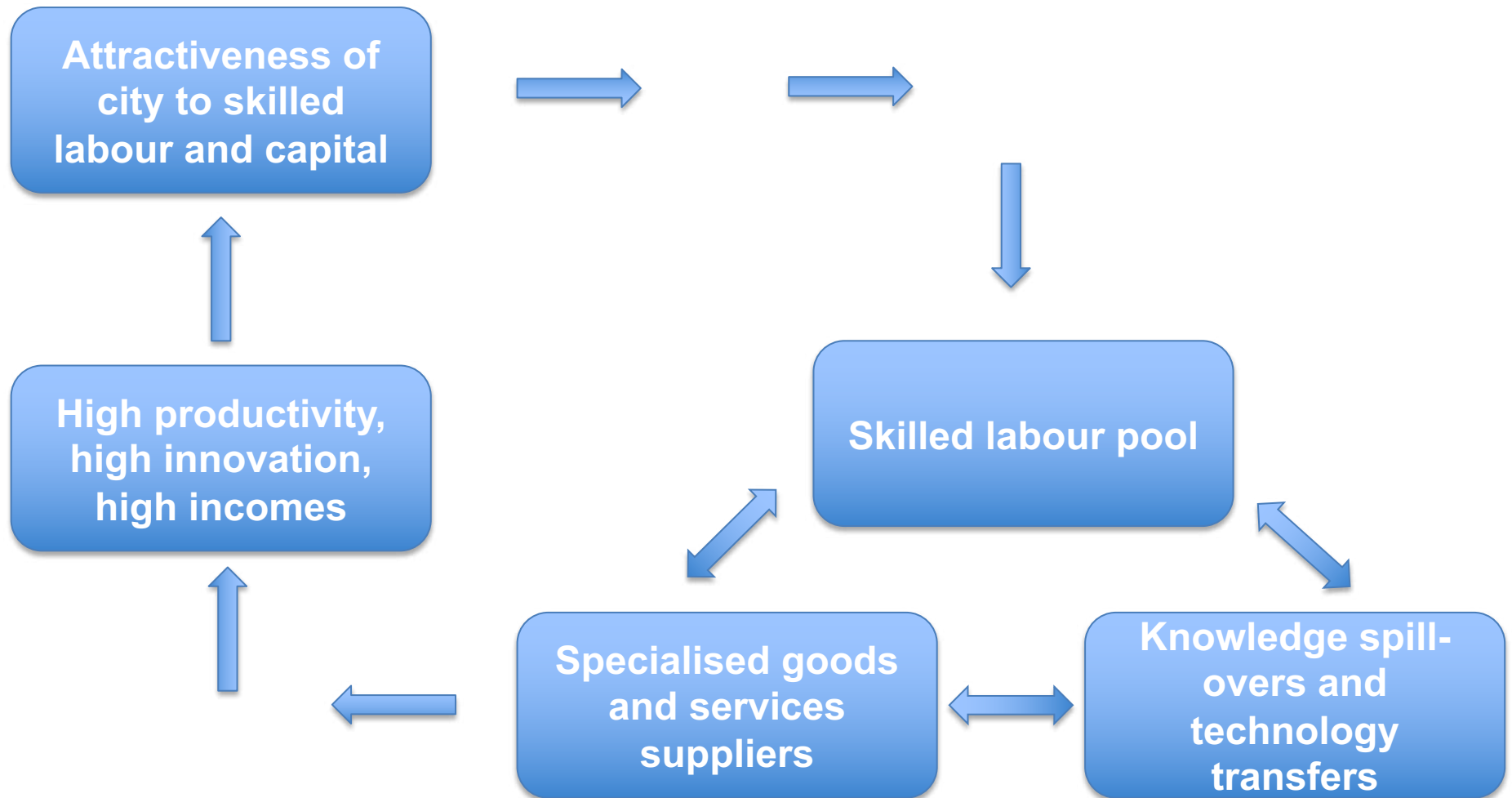
Key questions for Growth Deals beyond the Cities...



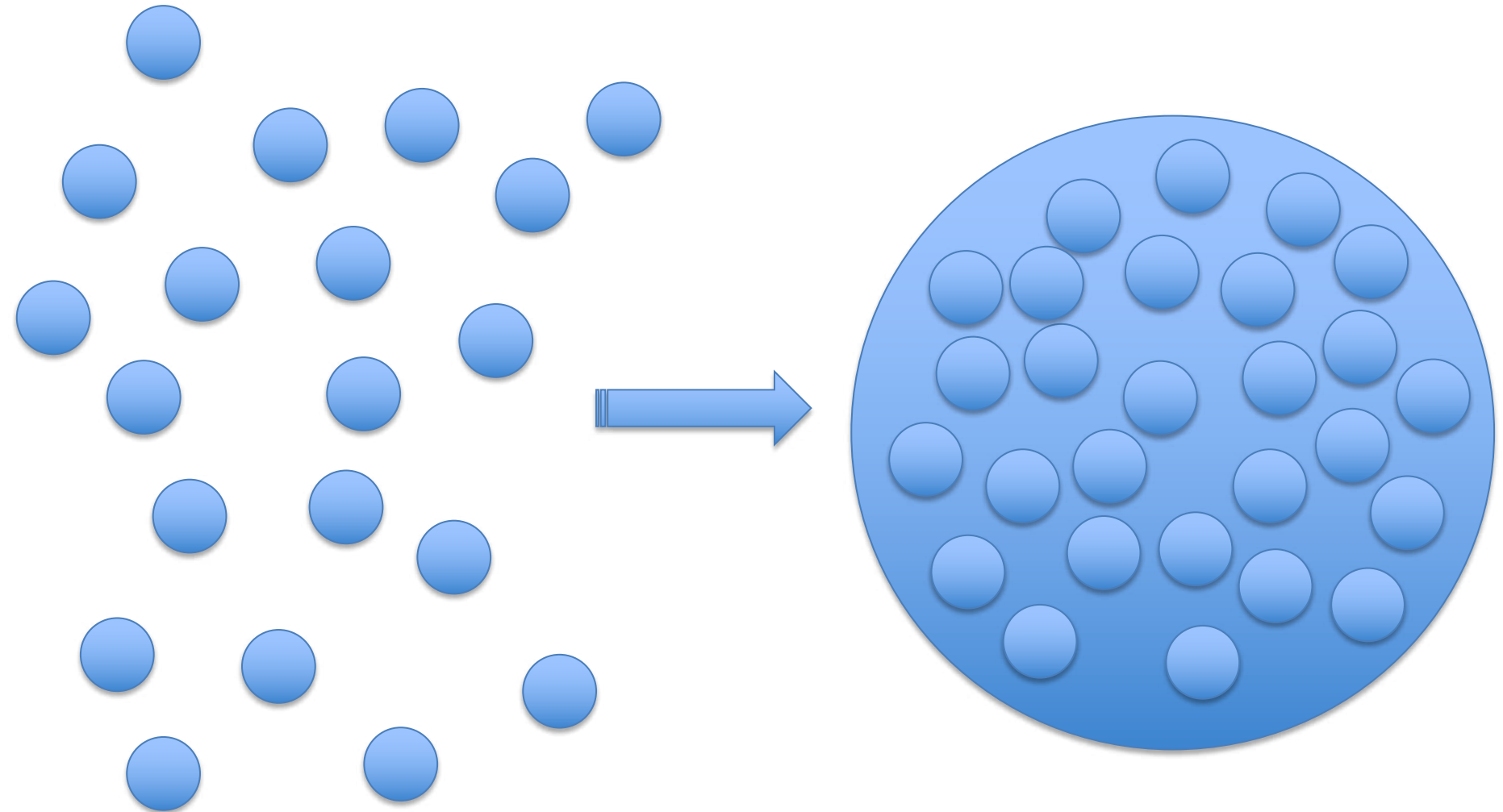
#1 How to demonstrate economic, productivity and jobs growth beyond cities?



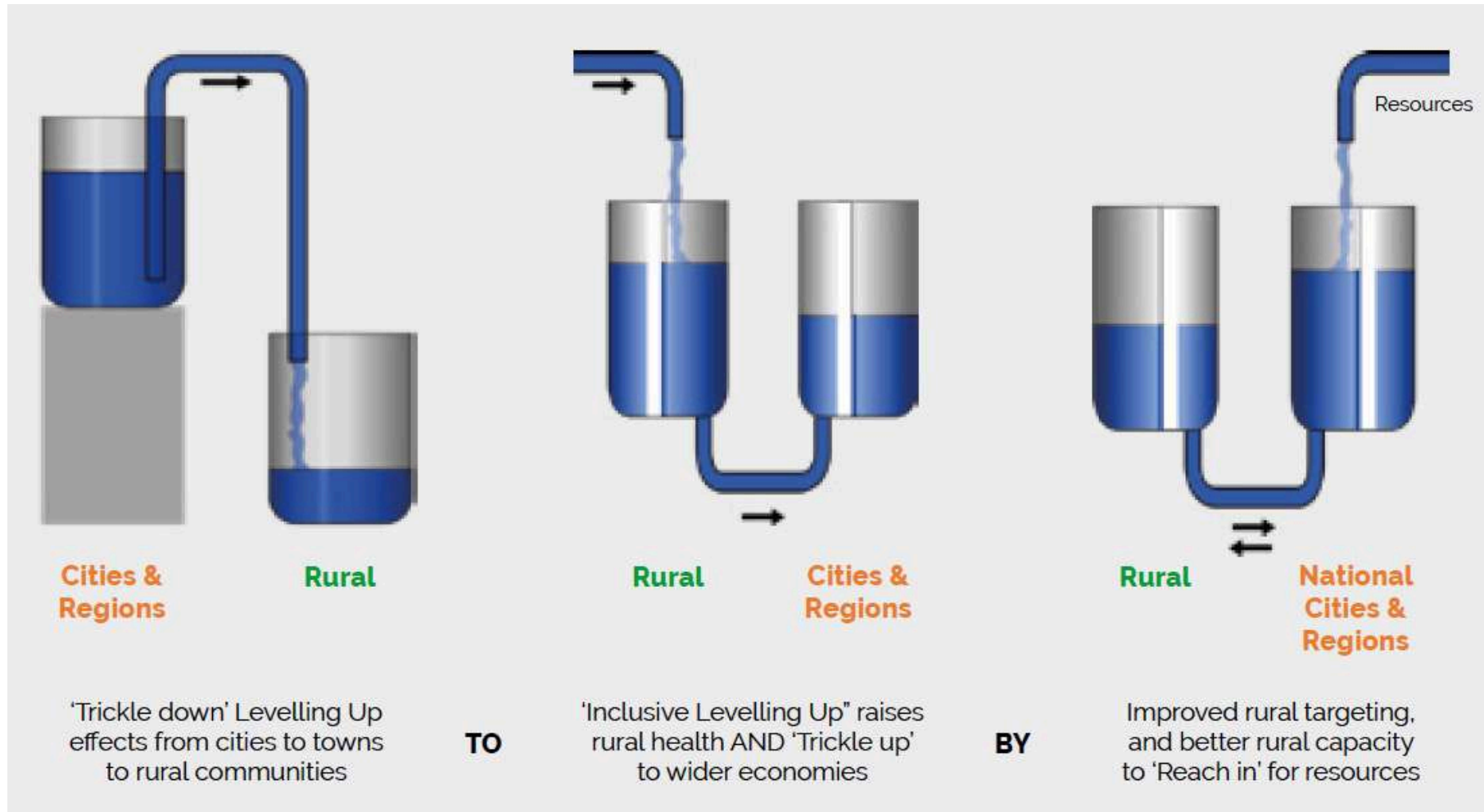
‘External economies of agglomeration’



Scale, density and economic integration



‘Rural levelling up’



#2 How to build Green Book compliant rationales for public policy intervention?





HM Treasury

THE GREEN BOOK

CENTRAL GOVERNMENT
GUIDANCE ON APPRAISAL
AND EVALUATION

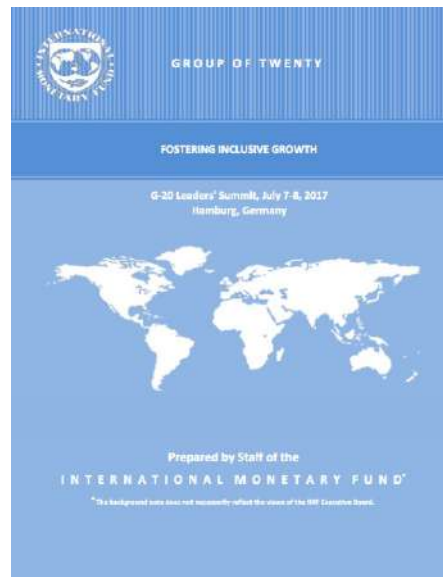
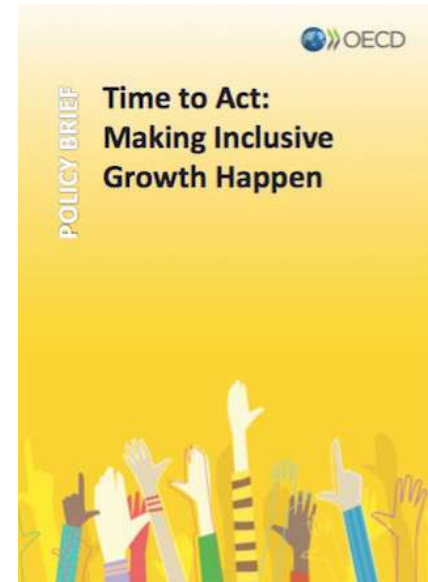
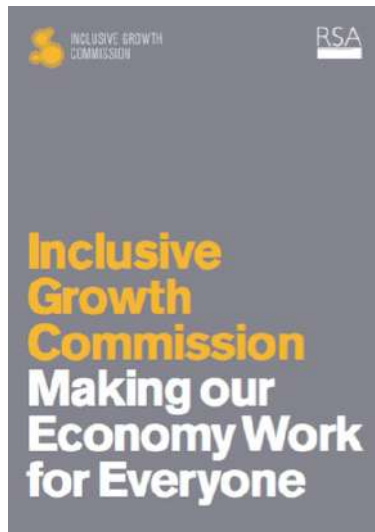
2018

- Business cases for public investment assessed on their current economic or market value and rated using Benefit-Cost Ratios (BCRs)
- Projects located in more productive and stronger economies produce higher BCRs
- City centres generate higher BCRs = rationale that £1 of public money invested in city centre generates higher GVA and employment for benefit of wider city-region than £1 spent elsewhere

#3 How to change the yardsticks for deal objectives and measuring success?

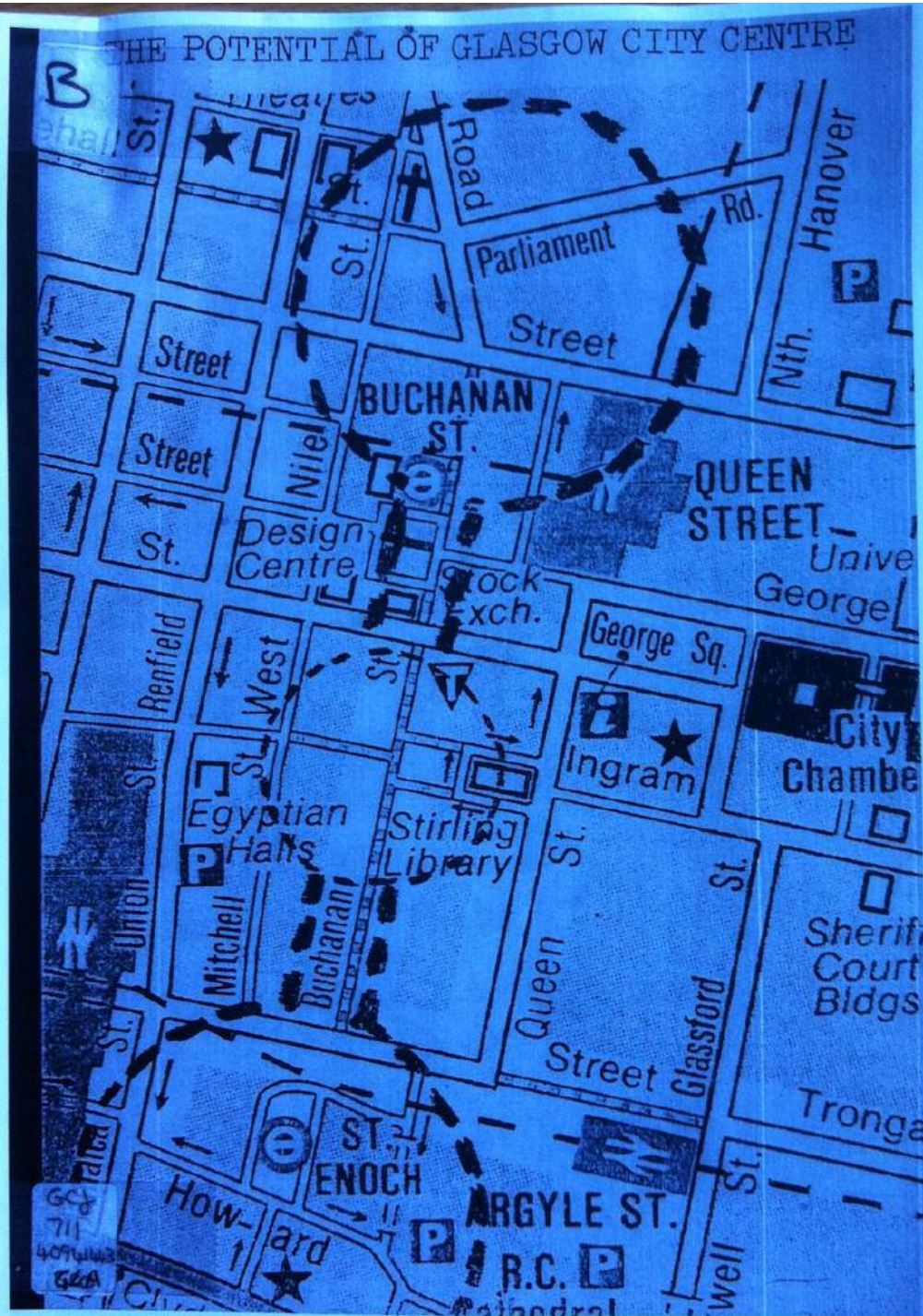


Connecting to inclusive and sustainable growth and wellbeing agendas for post-Brexit and post-pandemic recovery



#4 How to develop a policy repertoire beyond 'city centrism'?





McKinsey & Co. (1985) The Potential of Glasgow City Centre, McKinsey & Co.: London

'City centrism' policy repertoire

- Urban service economy model for city regeneration
- Attraction and promotion of business and consumer services
- Upgrading of urban service functions through attracting and growing HQs, knowledge-intensive and exportable services
- Supply-side provision of sites and premises and education and training
- Improvement of intra- and inter-city transport connections
- Encouragement of firm-university linkages
- Improvement of city business environment and image to attract people and firms
- Liberal planning and regulation to attract new investment and support urban core economic dynamism and critical mass
- Public-private partnership and governance of 'functional economic areas'

Acknowledgements



Engineering and Physical Sciences
Research Council



Structural Transformation, Adaptability and City Economic Evolutions

