

GOLD VI

***Case-Based Contribution
to Chapter 9: Democratizing
GOLD VI Report on Pathways
to urban and territorial equality***

Governance and Democratisation of Urban-Rural Linkages

In partnership with:



Governance and Democratisation of Urban-Rural Linkages

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CHAPTER

9: Democratizing

SUMMARY

The governance of urban-rural linkages is a complex issue, and one which is handled differently in different countries, depending on the economic geography of the country and its institutional structure. Cooperation and coordination built on trust-relationships are critical for rural-urban governance partnerships. The underperformance of many parts of the UK urban and regional system has led to a recent experimental example, the City-Region Combined Authorities. They gather local authorities, with equal voting powers, to pool their governance sovereignty well beyond city limits in order to include the hinterland urban-rural and urban-urban linkages. They are articulated by way of a 'deal-making' process with the national finance ministry and bring together policy decision-making and governance in wider and economically meaningful city-regions. Although it is too early to properly assess the efficacy of the new institutions, the City-Region Combined Authority model is now attracting widespread interest from other OECD countries.



The governance of urban-rural linkages is a complex issue, and one which is handled differently in different countries, depending on the economic geography of the country and its institutional structure. Urban-rural linkages can span many different arenas, including transport, commuting, skills profiles, supply chains, land markets, educational and training systems, public services as well as monetary and financial flows, and they will traverse different combinations of jurisdictions and administrative boundaries in different ways, a level of complexity which implies that in different countries each of these may need to be managed in a different way along the urban-rural continuum.¹ In particular, a primary goal of any form of urban-rural partnership will be the search for complementary assets and capabilities which can be better aligned and dovetailed in order to improve and increase the provision of public services.²

Rural areas have diverse needs given their heterogeneity, but the wellbeing of their residents benefit from productivity growth, greater connectedness to national and international markets.³ On average, urban and rural places which are geographically closer to each other and also where institutions are more inclusive, tend to perform better economically than other types of place relationships which are less congruent.⁴ However, cooperation and coordination built on trust-relationships are critical for rural-urban governance partnerships, and a key means of this is providing groups of local authorities the flexibility to identify which modes of cooperation are most appropriate for addressing the challenges they are facing, both including and also beyond economic development and the appropriate provision of public services.⁵

Map of the ten city-regions.
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1. OECD, 2013; UN-Habitat, 2019

2. OECD, 2013

3. OECD, 2018

4. OECD, 2013

5. OECD, 2013

Such arrangements tend to work well when the scale and prosperity gaps between places are limited, where policy fragmentation is limited and common policy tools are available, where private and public sector bodies are all involved in policy processes, and where monitoring and assessment are all built into the governance systems.⁶ In addition, finding meaningful economic areas which display a common core of functionality across various different dimensions is essential for policy efficacy. Moreover, many of these same urban-rural principles can also be applied to partnerships between urban areas and peri-urban areas, between rural areas and peri-urban areas, as also between large urban areas and other smaller urban areas including partnerships between stronger and weaker urban areas. These principles are crucial for building the most appropriate and effective governance arrangements for enhancing the scale and quality of public and private services available to citizens and for improving the overall commercial climate in which local businesses, entrepreneurs and investors operate.

A recent experimental example of testing these principles has emerged in the context of the United Kingdom. The UK has the most top-down and highly centralised governance system amongst all of the large advanced and industrialised OECD countries, while at the same time it has also has the some of the most severe interregional economic inequalities of any OECD country.⁷ The mismatch between the governance system and the inequalities has been blamed for the poor economic performance of many of the UK's large urban areas outside of the south of England and has provided the catalyst for institutional changes aimed at fostering the development of many of the weaker parts of the UK, and in particular some of the city-regions.⁸ Given their size, many of the UK's

large cities and their hinterlands are much less prosperous than might be expected in comparison to similar cities and regions in comparator countries.⁹ OECD¹⁰ evidence has already demonstrated that local governance fragmentation can undermine the productivity-enhancing advantages of agglomerations, and this also impacts adversely on small towns and rural hinterlands around under-performing cities. The underperformance of many parts of the UK urban and regional system is seen as an outlier by global standards, and increasingly it has become accepted that their highly localised and fragmented urban governance systems were ill-suited to addressing the economic challenges they face.

This awareness has led to the introduction of a highly innovative approach to new forms of governance linking core urban areas to a wider range of smaller urban areas and rural areas. These are the **City-Region Combined Authorities**, and their construction is based on two broad principles. Firstly, the constituent local authorities must agree **to give up and pool many aspects of their sovereignty and powers within the new umbrella governance body**, and secondly their overall institutional construction is articulated by way of a **'deal-making' process with the national finance ministry**, The Treasury, in which the devolved powers and autonomy exercised by the individual Combined Authority is negotiated and agreed between the local governance authorities and the central state. The outline principles for the creation of these new bodies was contained in the 2010 White Paper on local growth¹¹ and the 2011 White Paper on growth in cities,¹² and the 2011 Localism Act¹³ set out the legal provisions underpinning the delegation and transfer of functions to certain permitted authorities.¹⁴ The first combined authority template

6. OECD, 2013

7. McCann, 2020a

8. OECD, 2020b

9. McCann, 2016

10. OECD, 2015

11. HMG, 2010

12. HMG, 2011

13. See: <https://www.legislation.gov.uk/ukpga/2011/20/part/1/chapter/4/enacted>

14. HoC, 2017

was articulated for Manchester in 2011¹⁵ and the new authority was fully established in 2015-2016 with the election of a Mayor in 2017. Since then, the deal-making process has given rise to different structures and systems in different parts of the country¹⁶ and many of the elements which are central to their design are consistent with the OECD¹⁷ and UN-Habitat¹⁸ principles outlined above. At present, there are ten city-region deals in England,¹⁹ nine of which have directly elected mayors and one which does not; six city-region deals in Scotland;²⁰ two city-region deals in Wales;²¹ and one in Northern Ireland.²² Mayoral elections are set for every four years and public democratic support for the new institutions is very high²³ and even more so as their role in addressing the coronavirus pandemic has become more apparent.

The key aspects of Combined Authorities are to **bring together policy decision-making and governance in wider and economically meaningful city-regions** which coherently link core cities to their smaller satellite towns and rural hinterlands. Improved management of the local urban-rural linkages along with the local urban-urban linkages between large and small centres are all central to the design of the City-Region Combined Authorities and powers across a range of social, economic and environmental dimensions are available. Accountability is paramount and in most cases is facilitated via the election of a directly-elected City-Region mayor. Importantly, all parts of the city-region are part of a collective local voice and many formerly marginalised smaller-urban and rural areas in the hinterlands of large cities now hold central positions in wider decision-making processes that directly affect them. The city-region authorities are expected to galvanise local private sector and civil society engagement and participation in their poli-

cy-making activities and to ensure that their chosen policy actions and interventions are a result of inclusive and deliberative processes.

In each of the new City-Region Combined Authorities, each local authority has equal voting powers and unanimity of voting is required in order to sign off on many of the key policy agendas. However, shared responsibilities across different local authorities, which themselves are often controlled by different political parties, imply that the key role of the Mayor is to build cooperative relations across political and jurisdictional divides. Public accountability and moral suasion **encourage local authorities to cooperate and coordinate rather than compete or isolate**, and also to work locally across political divides. For a country such as the UK, where the first-past-the-post adversarial political system discourages cooperative working practices, this is a radically new venture in democratisation. The new fledgling authorities are so new that it is still too early to assess their effectiveness across a range of societal dimensions. However, the enthusiasm with which the public has responded to them along with the growing nationwide public profile of these new institutions, provides real grounds for optimism.

In some sense the ideas embedded in the construction of City-Region Combined Authorities are borrowed from the Mayoralties of US cities, but the idea of local authorities pooling sovereignty and the **extending of pooled governance sovereignty well beyond city limits to include the hinterland urban-rural and urban-urban linkages** is something genuinely new. In addition, these new institutions are seen as being central to the UK 'Levelling Up' agenda aimed at reducing interregional inequalities. Interestingly, the model is also supported nationally by all political

15. NAO, 2017

16. https://docs.google.com/spreadsheets/d/1iAgZjg5jpd57VPtKns10EjbtlHEtB2RFy3KP_55yl/edit#gid=0

17. OECD 2013; OECD, 2019

18. UN-Habitat, 2019

19. See: <https://www.local.gov.uk/topics/devolution/devolution-online-hub/devolution-explained/devolution-deals>

20. See: <https://www.gov.scot/policies/cities-regions/city-region-deals/>

21. See: <https://houseofcommons.shorthandstories.com/welsh-affairs-committee-growth-city-deals/>

22. See: <http://www.niassembly.gov.uk/globalassets/documents/raise/publications/2017-2022/2020/economy/3220.pdf>

23. See: <https://www.centreforcities.org/data/what-do-the-public-think-about-devolution-and-the-metro-mayors/>

parties, with the Mayoralities themselves currently held by different political parties. This direct election approach is intended to galvanise leadership and accountability as part of the democratising of these new governance and institutional systems within the UK political and policy-making landscape. In the UK context, this is the most radical and far-reaching territorial governance reform in decades.

The City-Region Combined Authority model is also now attracting widespread interest from other OECD countries, especially in other highly-centralised countries and also in countries where there is a large variation in devolved powers but not in terms of local powers governing urban-rural linkages.²⁴ As already mentioned, it is too early to properly assess the efficacy of the new institutions, but already international delegations are increasingly seeking out insights and experiences from these institutions in order to examine the extent to which this model might provide new opportunities in other countries for addressing their urban-rural and urban-urban linkages challenges.

24. OECD, 2019

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In particular, the present paper has contributed to Chapter 9 on “Democratizing”, which focuses on the challenges and opportunities for local and regional governments in implementing meaningful participatory processes, and democratizing decision-making, unpacking asymmetries of power and the underpinning trends affecting processes of democratization. The chapter explores how local and regional governments can promote more egalitarian, participatory and democratic processes, giving voice to marginalized groups of society, minorities and other groups, and thus contribute to urban and territorial equality.

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