

## **Control. Alt. Delete: Governments and their problem with institutions**

By [Professor Andy Westwood](#), Professor of Government Practice, The University of Manchester and Adrian Pabst, Co-Director of the Institutions and Governance theme at TPI and Deputy Director of National Institute of Economic and Social Research.

The case for levelling up the 'left behind' regions of the UK commands cross-party consensus, but so far there has been little progress in reducing inequalities between London and the South East, on the one hand, and the rest, as well as within some of the bigger cities or regions in England. In fact, regional inequalities are increasing: economic output in London is some 7% above its pre-pandemic level, compared with a 2% drop in the Midlands. Meanwhile, productivity in terms of real economic output per hour worked in London is forecast by NIESR to rise from 64 to 68 by the end of 2024, whereas in the West Midlands, it is projected to fall from 32 to 30.

Going into an election year, inequalities of income and assets will grow, with little real income growth for many, low or no savings, higher debt, as well as elevated housing, energy and food costs. As economic growth and productivity are flatlining, wage growth has so far not been sufficiently strong to offset the impact of inflation on living standards. The UK's economic woes are linked to a high level of political instability and policy churn, which has contributed to low business confidence. This has been particularly pronounced since the 2016 EU Referendum, with the country having had 5 PMs and 7 Chancellors of the Exchequer since the vote took place – including 3 PMs and 4 chancellors in 2022 alone. For big city regions and mayors that's their entire period in office – with the first mayoral elections held in 2017.

But it's not only ministerial churn that characterises this current period in government. Policies and key economic institutions have been constantly chopped and changed too. This has included a series of ever-changing growth strategies and the constant reconfiguration of departments associated with delivering them. From the Conservative/LibDem Coalition and its Departments for Business, Innovation and Skills (BIS), Energy and Climate Change (DECC) to their abolition and creation of a Department for Business, Energy and Industrial Strategy (BEIS) and a Department for International Trade (DIT), then the establishment of a Department for Levelling Up, Housing and Communities (DLUHC) and now to the recent creation of the Departments for Science, Innovation and Technology (DSIT), Energy and Net Zero (DENZ) and Business and Trade (DBT).

These new ministers and departments have brought new policy approaches. First an Industrial Strategy under the Coalition, then its abolition in 2015 and rebirth in 2017. There have been multiple growth plans since - strategies for 'Fixing the Foundations' in 2015, an Industrial Strategy with 'five foundations' and 'four grand challenges' in 2017. Under Boris Johnson there was 'Build Back Better' in 2021 (with five missions) and 'Levelling Up' in 2022 with twelve. All were abandoned under Liz Truss's 'Growth Plan' in 2022 before again being replaced by Rishi Sunak and Jeremy Hunt's five pledges, four E's and a pledge for 'long term decisions for a brighter future'.

Underpinning this succession of ministers and strategies has been a series of institutions at the national, local and sectoral levels that have been established and abolished at will. Local Enterprise Partnerships (LEPs) were established in 2010, reviewed repeatedly and then abolished in 2023. Barely a year after the publication of a 300-page White Paper and a detailed framework for

devolution, this week the PM announced a new series of 'town boards' and a 'towns taskforce' to boost local economic growth in 'left behind' towns. According to Rishi Sunak, 'we need to change our economic model - away from cities', but at the same time as Investment Zones are being negotiated and rolled out across English cities, because 'if Manchester succeeds, so will Bury'.

And along the way, there has been equally ruthless shakeups at the top of many institutions, together with direct assaults on the role and purpose of others. From a series of sackings of permanent secretaries and senior officials to open criticism of – amongst others – the Bank of England, the Office for Budget Responsibility, the Treasury, Universities, the BBC and Channel 4, the Supreme Court, Church of England and even Parliament and the monarchy, the desire to control the agenda of our institutions has been almost as strong as wanting to alter or delete others.

Labour have also been cautious on both devolution and the configuration of national and local institutions. Looking to the experiences of New Labour may not provide much by way of help. Beginning in 1997 with pronounced enthusiasm for devolution - especially to Scotland and Wales and Northern Ireland - arrangements in England were much more muddled and subject to constant change. First creating a super Department for the Environment, Transport and Regions (DETR), Regional Development Agencies (RDAs) and the promise of Regional Assemblies and City Mayors, most disappeared.

By 2007 DETR had been broken up and replaced with a Department for Communities and Local Government (CLG) overseeing local and (some) regional policy. RDAs by then were mainly overseen by BIS – itself a much recast department created first from DTI and then a merger of the Departments for Innovation, Universities and Skills (DIUS) and Business, Enterprise and Regulatory Reform (BERR). Agencies and quangos in key policy areas were also opened and closed - the Learning and Skills Council (LSC) was first created in 2001, reformed in 2007 and abolished in 2008. Regional Assemblies were adopted in 1998 and scrapped between 2008-10 to be replaced by Leaders' Boards and then Local and Multi Area Agreements (LAA and MAA).

This long-term attitude to our institutions comes at a considerable cost. Firstly, longstanding policy and organisational churn contributes to spatial inequality and to poor productivity by exacerbating uncertainty when policy-making is supposed to absorb shocks and provide some more stability. It is every bit as damaging as abandoning major infrastructure projects such as HS2 or HS3 or u-turns on net zero targets and many other industrial strategies.

Despite the temptation, ministers – either current or future - should resist doing such damage and instead look to build long-term capacity and effectiveness into both national and local institutions. They should also learn to work with, and trust, institutions including city-region mayors – even if not from the same political parties, even narrower networks and like-minded cliques. This must be the politics – and economics – of long term stability, increased capacity and sufficient resources that are required if we are to improve and grow the economy throughout the country. Both Labour and the Conservatives are committed to doing precisely this but they will undoubtedly fail if they do not realise the importance of policy stability and strong institutions.