Borderlands: can the North East and Cumbria benefit from greater Scottish autonomy?
Northumberland County Council Briefing, November 2013

Background

1. The Association of North East Councils (ANEC) commissioned Northumbria University, St Chad’s College at Durham University and IPPR North to look at the implications for North East England and England resulting from greater Scottish autonomy. This briefing summarises the findings of the research published in July 2013. A copy of the full report is available here.

Context

2. Increased autonomy for Scotland, either through independence, ‘Devo Plus’ or ‘Devo Max’ options, is not just a matter for Scotland. Such changes can be expected to have substantial ramifications for the rest of the UK, and especially for the North East and Cumbria. It is not difficult to imagine a resurgent Scotland posing a threat to economic development south of the border – but it is also possible to imagine economic development in the North East and Cumbria benefiting from a stronger Scotland. There are both potential threats and opportunities; and it is important that the North East and Cumbria develop a better understanding of what they are, and find ways of mitigating threats and taking advantage of opportunities. This report adopts a positive stance, focusing on the possibilities and benefits of collaborative relationships; it suggests that a more powerful Scotland is not inevitably a threat to the economic fortunes of its ‘closest friends’ across the border.

3. The research utilised a ‘co-production’ model, which aimed to engage policy makers and practitioners from the beginning in identifying and framing the questions that need to be addressed. In doing so, the research sought to capture the views of a range of key stakeholders on both sides of the border. Detailed interviews were undertaken with 25 political, public and private sector representatives; presentations were given to both the North Eastern and Tees Valley LEPs; and discussions took place with a number of senior civil servants. Three roundtable events were held (in Durham, Carlisle and Edinburgh) in late 2012 and early 2013. These events included over 40 representatives from local authorities, economic development bodies, private companies, tourist organisations, government departments, universities, and the media.

A more powerful Scotland: concerns

4. Many of the concerns that people expressed were connected to a perceived imbalance in institutional capacity. It was felt that the demise of the RDAs and Government Offices had created a vacuum that the new Local Enterprise Partnerships were finding a challenge to fill. In comparison, Scotland has the ability to ‘speak with one voice’, and key Scottish organisations have ‘direct access to the First Minister and his government colleagues’ (Business stakeholder). Some participants also attributed Scotland’s consistent inward investment performance to the stability, as well as the strength, of its economic development institutions. One North East commentator has neatly summed up the contrast:

‘An investor looking at the North East has to traipe round the whole of the region knocking on a variety of doors. They go up to Scotland, they go and see Scottish Enterprise, it sorts out grants for the land, it sorts out grants for training, it sorts out all of the support that they require and that obviously makes it a whole lot easier.’
5. A key message from both business and political leaders was that ‘The North cannot compete with Scotland as it stands, unless there is a much more level playing field’ (North East Councillor). The importance of the region responding to the challenge of Scotland now, was similarly expressed by one businessman who felt that it was ‘a real battle at present’ and that ‘things could well get worse’. There are considerable concerns about the powers Scotland already possesses and, looking ahead, about the powers it might well get through the Devo Max option in particular. In the words of one senior local government officer in the North East, ‘the Scots can’t lose – DevoMax is a fantastic consolation prize’.

‘Close friends’: the case for collaboration

6. The interviews and discussions generated some interesting and optimistic ideas about how the North East and Cumbria could benefit from greater autonomy in Scotland. It could, for example, provide for a new perspective on how the region sees itself. One of the round table participants commented:

‘We are so used to being governed by the South East that we have tended to forget just how much we have in common with the Scots in terms of our social and economic challenges. If we could forget that imaginary line on the map, we would see benefits from cross-border co-operation’.

7. Several contributors pointed to the common bond between the north of England and Scotland. It was also felt by some that the North East and Cumbria would now have to look more seriously at trying to develop a more cohesive approach and a stronger voice. In addition, it was thought that the Scottish Government would, in the run-up to the referendum, be genuinely receptive to new ideas for collaboration with its nearest neighbours.

Greater Scottish Autonomy: Ten Opportunities for the North East and Cumbria (quotes from roundtables)

‘There’s a shared sense of values between Scotland and the north of England about wanting to live in an equitable country with a sense of fairness’

‘A campaign on economic cross-border collaboration focusing on a few distinct themes, such as tourism for example, could be run alongside the independence campaign’.

‘We can maximise opportunities and make common cause with Scotland on issues such as transport’

‘Cross-border collaboration between universities is an area where there could be scope for innovation’

‘We mustn’t be too negative….a growing Scotland could lead to a growing north of England if we are able to share in that growth’

‘The North East, Cumbria and Scotland have considerable natural resources such as wind, water, coastline, and space. Scotland plus the north could become a centre for renewables.

‘Our region could use the focus on possible Scottish independence to reinforce the argument for greater fiscal devolution in England’

‘The Scottish issue could be a catalyst to bring northern business and political leaders together’

‘Greater devolution to Scotland will spill over into the north of England, making us define ourselves in relation to what we’re good at – not just in relation to Scotland and London’

‘There is still great uncertainty in Scotland about how things will pan out; this is an opportunity for the north of England to get stuck into the debate about constitutional change’
8. Throughout the consultations, there was much agreement that what the North East and Cumbria needed in order to make the most of this situation was clear leadership, a sense of common purpose, and a realistic, ‘pragmatic’ offer to Scotland in areas where collaboration can bring mutual benefit. There were also those who hoped that the focus on a more independent Scotland would provide a useful agenda around which to reinvigorate what one participant called ‘east-west co-operation’ within the north of England.

**Opportunities for collaboration**

9. It is evident that there has not been a sustained or consistent approach to joint working between the north of England and Scotland in recent years. Despite the contemporary lack of collaborative working, the recent interviews and round tables did identify a range of potential collaborations between the North East, Cumbria and Scotland. These included:

- Joint approaches to economic development in terms of key sectors
- Joint approaches across a range of sectors based on relevant geographical areas
- Policy co-ordination
- Development of a common ‘voice’ and capacity to influence

10. There was also general agreement on the range of economic sectors where greater cross-border collaboration could benefit both the north of England and Scotland. These were:

- Transport (including High Speed Rail; Roads; Ports; and Airports)
- Energy (particularly renewables and North Sea oil and gas)
- Tourism (particularly in the border area)
- Rural Development (including superfast broadband, food and forestry)
- Business Development (including SME support)
- Education and Skills (including the role of further and higher education institutions)

11. In the main, these sectors were recognised as appropriate for collaboration by participants on both sides of the border. Indeed, a comparison of key sectors in Scotland and in the North East and Cumbria LEPs (highlights a fair amount of overlap, which suggests a number of opportunities for collaboration. The priority sectors that feature both north and south of the border are Renewables, Chemicals, Life Sciences, Tourism, Food and Drink and Creative Industries. Some of these - Life Sciences, for example - are global growth sectors and there could be considerable potential for collaborations of mutual economic benefit.

12. In examining previous approaches that might be relevant to the development of new cross-border relationships one previous initiative - The Border Visions Partnership - was mentioned by several people consulted. This initiative operated in the early 2000s and brought together the county councils of Cumbria and Northumberland and the Scottish regional councils of Borders and Dumfries and Galloway.

13. It was underpinned by a Memorandum of Understanding which recognised that: ‘the borderlands of England and Scotland share a proud common history and a continuing sense of common interest today’. Border Visions had a strong focus on rural regeneration, and provided an opportunity for the partners to discuss issues of common interest and work together to enhance the economy of the borders area, whilst sustaining environmental quality and a shared heritage. The particular policy areas identified for collaboration by Border Visions were: Tourism; Transport; Food Production and Marketing; Forestry; and (given the circumstances of the time) Foot and Mouth Recovering Planning.

14. However, the Border Visions format - of an annual conference with a set theme – ensured that it was hard to maintain momentum throughout the rest of the year. In addition, the limited resources available to build an organisational infrastructure, the lack of clarity over what the
joint issues were, and the absence of tangible outcomes, meant that the Partnership ran out of steam after a few years.

15. Nonetheless, this attempt to create a single voice to articulate common concerns does seem to offer some interesting lessons for cross-border collaboration today. Firstly, while involving the four local authorities, the four annual conferences organised through the partnership were chaired by an independent figure, Eric Robson, a well-known writer and broadcaster, who has strong links to Cumbria and the wider region. This seems to have been widely regarded as a successful appointment which added value to the partnership. Secondly, research support for the partnership was provided by the Centre for Regional Economic Development at the University of Cumbria, which produced reports on: Economic Regeneration; Transportation; Foot and Mouth Economic Recovery Plans; and Forestry. The reports each analysed the position throughout the area, identified areas of competition and overlap and potential joint working opportunities. Border Visions was seen to be at its most successful when focusing on very specific issues or sub-sectors, such as forestry.

16. In terms of place-based collaboration, the four areas covered by the Border Visions partnership continue to provide opportunities. The four ‘borderland’ local authorities are similar on many economic and demographic indicators and, by extension, experience similar economic problems. They all have a large proportion of their populations living in rural areas which provides challenges in relation to connectivity and business engagement. They also both have an above average percentage of tourism related jobs and relatively large proportions of self-employed workers. Each of these areas has an unemployment rate below, or at, the national average, ageing populations and low pay. Many people in the ‘borderlands’ have difficulty accessing job opportunities and services compared with those residents in more densely populated areas.

**Recommendations**

17. The North East and Cumbria, and Scotland, need to show they wish to support each other’s future development and growth, that they wish to retain and further develop their mutual links, and contribute to each other’s resurgence. To facilitate that, the North East, Cumbria and Scotland need to establish connections that help create and sustain cross-border relationships, and identify potential synergies that can be the basis for collaborations. At the same time, there are also opportunities to reinvigorate co-operation between the North East and Cumbria around areas of mutual concern. The main recommendations stemming from the research are summarised overleaf.

**Conclusions**

18. The report has shown that the north of England views with some envy and admiration the sophistication and stability of much that Scotland has to offer in economic development policy and practice. It is also clear that the north of England shares many of the same challenges that face Scotland. In the period up to and beyond the Independence Referendum, there is an opportunity for Scotland’s ‘closest neighbour’ to find new ways of working together with Scotland on ideas and common interests.

19. It has also highlighted some of the real benefits in Scotland and the north of England working collaboratively in economic sectors such as energy and transport, tourism, forestry and food. The Scottish Borders, Cumbria, Dumfries and Galloway and Northumberland, which form such a substantial area between Scotland and England, also share a common challenge. This combined area, which is bigger than any of the cities, could share and provide new services to support businesses, such as broadband technology.
Promoting Economic Development

- The three Local Enterprise Partnerships in the North East and Cumbria, in partnership with Scottish Enterprise, could encourage and facilitate sector-based groups covering areas of the economy that have strong cross-border interests, such as transport, tourism, renewables, oil and gas, skills, universities and port facilities.
- All key partners should be involved in looking at ways of improving transport connectivity on both sides of the border.
- There are also opportunities for the offshore and subsea sectors in North East England to benefit from the current expansion of the oil and gas sector in Aberdeen. There is a growing recognition that there are supply chain opportunities that will benefit both ‘North Easts’ and that there is potential for more formal links between the two in the oil and gas sector.
- As rural economic development is a major challenge and opportunity on both sides of the border, there is an opportunity to develop a network that brings together rural councils in Scotland, the North East and Cumbria to share best practice and consider collaborative approaches to European funding, broadband, transport, and tourism.

‘Voice’ and Influence

- Working through the LEPs, local authorities and the business community, the North East and Cumbria should consider opening up a dialogue with Scotland on fiscal changes that may have a negative impact on their competitive position.
- The LEPs could use the current economic development powers available in Scotland as a model for securing enhanced autonomy in the North East and Cumbria, particularly in relation to the offer for skills and training, business support and transport.
- More effective use should be made of individuals outside the ‘normal channels’ - but with strong links to the North East and Cumbria – whose voice could be of value when developing new ways of working across the border.

Collaboration, Partnerships and Networks

- ANEC, in conjunction with public and private partner organisations in the North East and Cumbria, should consider facilitating a Strategic Forum event bringing together key stakeholders from Scotland, the North East and Cumbria.
- ANEC should consider taking the lead in developing a network through which the 12 local authorities in the North East and the 7 in Cumbria could meet regularly to discuss issues of mutual concern and develop collaborations.
- ANEC and the individual local authorities concerned could look at the possibility of revitalising the earlier ‘Border Visions’ approach by convening a similar network facilitating collaborative working across the four local authorities on both sides of the border. They could work towards a ‘Borderlands deal’ to be taken to both the UK and Scottish Governments.

Evidence and Analysis

- ANEC, in conjunction with partner organisations in the North East, Cumbria, and Scotland should consider jointly commissioning a detailed analysis of the economic linkages between the north and Scotland, covering travel to work, shopping and leisure flows, labour markets, migration, inward investment, and sectoral linkages, including supply chains.

20. The north of England is also a very important trading partner for businesses in Scotland. On this basis, there is considerable benefit in developing a better understanding of the strong and growing economic relationships that lie not just across the border, but between the cities
as well, in relation to growth sectors, notably advanced manufacturing, oil and gas, life sciences, creative industries and professional business services.

21. Developing a new relationship with Scotland is neither a panacea for the many economic and social challenges facing the North East and Cumbria, nor will it be easy to achieve. In addition, the scale of economic competition provided by a powerful Scotland now, irrespective of the outcome of next year’s referendum, is clearly an issue that the North East and Cumbria will want to address. However, this report places emphasis on the positive benefits for the North East and Cumbria that stem from the granting of greater economic and fiscal powers to Scotland. In doing so, the report also identifies how working more collaboratively with Scotland raises issues within the North East and Cumbria in relationship to leadership, joint-working and the identification of a common ‘voice’. And, whilst acknowledging the uncertainty of the result of the 2014 referendum and the post-referendum outcomes, the report has argued that, despite the undoubted anxieties created by this situation, there are genuine opportunities, now, for creative and innovative approaches to emerge.

The Way Forward from a Northumberland perspective

22. The vast majority of the recommendations of the Borderlands report are not specifically directed at Northumberland to action. The Council’s contribution to taking the work forward would largely be through the work of the LEPs and ANEC.

23. Nonetheless, there remains scope for the Council to further develop relations with Scotland, most notably with the two local authorities – Scottish Borders Council and Dumfries and Galloway Council – immediately on the other side of the border. These would primarily focus on areas of work that the Council is already implementing that are of common interest to our neighbouring authorities (including Cumbria and Durham).

24. Current examples include:

- Roll out of superfast broadband – particularly with respect to securing coverage to the most 10% remote properties and in promoting digital inclusion
- Tourism development – particularly in continuing to strengthen and deepen the visitor offer so that visitors stay longer through the year and spend more when they are here
- Forestry and Timber sector – particularly in understanding the contribution that could be made to the emerging North of England Forestry and Timber Growth Plan
- Building upon the Rural Growth Network – particularly in maintaining sustainable and thriving market towns and in stimulating entrepreneurial and business start-up activity
- East Coast Main Line – particularly in influencing the franchise tender process and lobbying for upgraded rail services and facilities

25. The Scottish Parliament is planning to hold a meeting of the Leaders of the four local authorities that straddle the boundary by the end of January 2014. This may lead to the resurrection of the ‘Borders Vision’ approach – although it should also be noted that four most northerly County Councils in England already regularly get together to discuss common issues. It may just be a case of adding the two Scottish councils to that Forum. But regardless of whether a pan-Border mechanism is put in place, there remains scope to identify one or two areas of common concern where greater collaboration would bring the maximum added value.

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