CHAPTER 18

United Kingdom: Challenges of Horizontal Coordination Within the Context of Asymmetric Devolution

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Introduction

The UK serves as an interesting case for the study of intergovernmental relations, as it is, on the one hand, one of the oldest democracies in Europe with a long-standing tradition of centralisation of power combined with a recognition of distinct nations forming a union-state rather than a unitary state (Bulpitt, 1983). On the other hand, the devolution agreements of 1998 created separate governments and parliaments for Scotland, Wales, and Northern Ireland and started a process of asymmetric increase of decision-making powers in the devolved nations. In comparison to classic federal states, though, devolution in the UK followed a gradual rather than planned process in response to demands and pressures in particular from nationalist parties in Scotland and Wales, and unresolved and violent

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community conflicts in Northern Ireland (Jeffery, 2009). As a result, the UK is characterised by a unique institutional architecture, combining a strong centre with high levels of regional authority for some parts, but not the majority of the territory. The experimental nature of reforming the distribution of power and resources can be witnessed again after Brexit with regard to the negotiations on how to reallocate powers previously exercised by EU institutions with devolved governments demanding the transfer of some of those powers directly into their areas of jurisdiction. The border between Northern Ireland and the Republic of Ireland (ca. 500 km) is the only land border of the UK. Agreements between the UK and Ireland have made that border more porous to facilitate trade and personal mobility. With the UK leaving the European Union, the 'border issue' has become a renewed object of tensions between the UK Government, the devolved government in Northern Ireland, and the Republic of Ireland.

Several aspects of the institutional architecture of the UK are relevant for understanding the type of intergovernmental relations that have emerged, as well as the challenges associated with the creation of alternative, more institutionalised forums of coordination. First, special emphasis is placed in the UK on the notion of parliamentary sovereignty—by the political elites and academic scholars alike (Dicey, 1996). The Houses of Parliament are considered to be the central arena of decision-making, and by constitutional convention, only Parliament can overrule its own decisions. The principle of parliamentary sovereignty has been challenged by devolution and the creation of the Scottish Parliament, the Welsh Parliament, and the Northern Ireland Assembly, legislating in devolved areas of jurisdiction for the people residing in the devolved territories (see Little, 2004). During the passage of the Scotland Bill 1997–98 in the House of Lords, Lord Sewel outlined the policy that the UK Parliament continues to have the legal right to legislate in areas of devolved competences but would not normally do so without the consent of the devolved parliaments. The so-called *Sewel Convention* was included in the Memorandum of Understanding between the executives of the UK, Scotland, Wales, and Northern Ireland providing a guideline for the relations between the governments and parliaments after devolution. However, it placed the responsibilities on the devolved administrations for seeking an agreement on planned legislation by the UK Parliament in devolved areas (MoU, 2013). It was later reiterated in the *Scotland Act*

2016 that also included a permanence clause, protecting the existence of the Scottish Parliament from unilateral decisions by Westminster Parliament.

Second, the size of devolved nations, their number of seats in the House of Commons, and the use of a single-member district plurality system (also called 'First-past-the-post') as an electoral system impact the party system at Westminster but also shapes the dynamics of party competition in each nation. Due to the majoritarian electoral system, the two main parties—the Conservative Party and the Labour Party—have a realistic chance of winning a general election, but a breakdown of winners in each nation reveals distinct patterns of political competition. In the 2015 general election, for example, the Scottish National Party (SNP) gained 56 of the then 59 Scottish seats, the Conservative Party won 319 out of 533 constituencies in England, the Labour Party won in Wales, gaining 25 of the then 40 Welsh seats, and the Democratic Unionist Party won 8 of the 18 seats in Northern Ireland. The picture was repeated at the following elections in 2017 and 2019 with slightly different numbers of seats. A boundary review process between 2021 and 2023 resulted in changes in the number of constituencies within each nation, and hence changed the number of representatives each nation will send to the House of Commons. The number of constituencies in England increases to 543 out of 650 seats in the House of Commons; 57 MPs are elected in Scotland, 32 in Wales, and 18 in constituencies in Northern Ireland. As a consequence of the differences in size of the four countries within the UK, Westminster elections are dominated by the competition over voters in England. The sheer difference in size and political power in Parliament, combined with the absence of devolution for England, form a challenge for devolved governments to establish horizontal coordination bodies at the regional level.

Third and linked to the previous point, territorial politics is mainly driven by two objectives championed by different actors: on the one hand, the demand of devolved governments and parties with a strong electorate in the devolved territories for further devolution of power. In the case of the Scottish National Party, the Scottish Greens, and Plaid Cymru—the Party for Wales, these demands are fuelled by the idea of gaining full independence from the UK at some point in the future. In the case of the Welsh Labour Party, the Scottish Labour Party, or parties in Northern Ireland, demands for reform are raised on the basis of inadequate devolution arrangements, lack of autonomous sources of revenue, and a desire to make devolution work more effectively and efficiently for the people living

in the respective territory. On the other hand, governments in Westminster have made attempts to decentralise decision-making in England, largely driven by functional and economic considerations to stimulate economic growth in the metropolitan areas beyond London, and to manage the consequences of over-centralisation on the housing market and living costs, particularly in London and the South of England. Even though the most recent City Deal initiative—started in 2010—has been welcomed by local councils and mayors in the metropolitan areas, the central government retains control over the design and framework of those deals as well as the funding allocated to them (HM Gov, 2011). Occasionally dubbed 'devolution for England' by leading politicians, those city deals have little in common with the level of authority or democratically elected institutions created for the devolved governments in 1999.

Current major challenges for UK politics and policymakers include the persistent regional economic inequalities and performance with the Greater London area having a GDP per capita twice as high as that of the Midlands, the Northeast or Wales, and are linked with high levels of centralisation of decision-making at Westminster Government. The 'levelling up agenda' by the Westminster Government under Boris Johnson and Rishi Sunak (2019–2022 and 2022–2024) was directed at the North of England in particular and included improving infrastructure (e.g. high-speed rail, regional public transport, highway links) and increasing economic growth in underperforming regions of the UK. A second challenge arises from the consequences of UK's exit from the European Union for stimulating growth, for internal trade, as well as for the relations between the nations. The vote in favour of Remain in Scotland in the 2016 referendum has fuelled demands for Scottish independence to re-join the EU. More acutely, Brexit has changed the land border between Ireland and the UK into an external border of the EU, making checks at the border necessary. However, the governments of Ireland, Northern Ireland, and the UK aimed at maintaining an open border, mobility, and peaceful community relations at the same time. As a compromise, a 'border' was established in the Irish Sea to implement the difference in the membership. The shift in that demarcation line, however, is regarded as consequential for the future of Northern Ireland and the potential for reunion with the Republic of Ireland. Finally, and similar to other countries, the climate emergency is posing a challenge for the central and devolved governments trying to balance questions of energy security, transition to renewable energy resources, and sustainable economic development. In

addition, and more specific to the UK and England, the privatisation of areas of formerly state-provided public goods in the 1980s, such as water supply or public transport, has resulted in underinvestment in key infrastructures. While shareholders of water companies, for example, received high annual profits, investment in the waterways was lacking. The continued release of raw sewage into rivers and the sea had led to an increased level of river pollution and a surge in public protest. In 2023, several water companies, including Thames Water, were at risk of bankruptcy, calling upon the UK Government for support, as well as announcing an increase in costs for customers to raise money for the required infrastructure improvements.

Intergovernmental Relations—The Polity

Intergovernmental relations in the UK are shaped by the way in which the devolved entities were created following the rising demand for greater decentralisation since the 1970s. When political decentralisation finally happened in 1998, negotiations followed a process of separate, bilateral agreements for Scotland, Wales, and Northern Ireland. Each agreement included the creation of a devolved legislature and government with distinct sets of powers and areas of jurisdiction. While Scotland was given primary legislative power from the beginning, Wales first operated under a conferred powers model under which legislation required the consent of Westminster to be passed in Wales. Only with the *Wales Act 2017* was the model changed to the reserved power and primary legislative powers for Wales. The specific context of community divisions in Northern Ireland shaped their devolution agreement, introducing a consociational power-sharing model for the government in Northern Ireland, while defence and security, the Crown, and Parliament remained matters in the jurisdiction of Westminster. The degree of asymmetry is further enhanced by the fact that devolution is entirely absent in England, meaning that the largest part of the population and territory does not benefit from a devolved government (for more detail, see, e.g. Jeffery, 2009; Mitchell, 2013).

The different tiers of government include the central government situated at Westminster in London, devolved governments for Northern Ireland in Belfast, for Scotland in Edinburgh, and for Wales in Cardiff, as well as local governments in all four parts of the UK. In terms of regional authority, devolved governments enjoy a high level of self-rule while shared rule is less developed for all three governments according to the

regional authority index (RAI).[1] The RAI measures the extent to which regional actors can take policy decisions for the regions independently from the centre as well as to which extent their interests are represented in decisions taken at the centre for the country as a whole. Indicators of shared rule cover the extent to which regional representatives co-determine legislation for the entire country, the distribution of tax revenues, borrowing rules, or tax reforms, as well as constitutional change (Hooghe et al., 2016).

At the start of the devolution process, the focus was first on the transfer of legislative authority, and responsibilities over health care, culture, language, transport, and tourism were devolved in a first step, followed by parts of energy policy, environmental policies, as well as electoral rules used for devolved parliaments in later rounds of devolution. In contrast, tax-raising and borrowing powers were largely absent from the early devolution agreements (Scotland Act, 1998; Government of Wales Act, 1998). As a result, devolved governments remained dependent on transfers from Westminster Government enshrined in the so-called Barnett formula and connected to spending decisions of the government at Westminster. However, with the election of the SNP into government in Scotland in 2007, constitutional debates about reforming the original agreements started and resulted in the *Scotland Act 2012* which significantly increased the financial accountability and revenue-raising powers of the Scottish Parliament. With the *Scotland Act 2016*, income tax rates and tax bands were transferred to Scotland, followed by an increase in fiscal authority for Wales with the *Wales Act 2017*.

The high degree of self-rule stands in contrast to the weakness of formal shared rule and opportunities for representation of devolved governments in central decision-making. The constitutional reform debates form an exception to the otherwise limited occasions in which representatives of the two levels of governments would discuss or coordinate their policy initiatives. As a result, IGR in the UK is less institutionalised and follows a pattern of informal relations and ad-hoc meetings, providing the central government with more influence over the frequency and the agenda of those meetings (Swenden & McEwen, 2014; McEwen & Petersohn, 2015). The Memorandum of Understanding of 2001 underlines the need

[1] In 2018, Scotland scores 14 out of 18 on self-rule, Wales reaches 13 and Northern Ireland a score of 12 on self-rule. All three regions have a score of 6.5 on the shared rule dimension (Shair-Rosenfield et al., 2020).

for cooperation, stating: "All four administrations are committed to the principle of good communication with each other, and especially where one administration's work may have some bearing upon the responsibilities of another administration" (MoU, 2001—cited from updated version MoU, 2013, p. 5). The MoU provided for the creation of the Joint Ministerial Committee (JMC), bringing the devolved governments and the Westminster Government together either in its 'domestic' variant for discussions of UK policy or in its 'Europe' variant, following the agenda of the European Council meetings, designed during the time when the UK was a member of the EU. Despite their official status, JMCs did not gain the same relevance as intergovernmental conferences have in several federal countries. In classical federal states, the distribution of powers often includes more shared responsibilities, which necessitate greater formalisation and regularity of intergovernmental coordination. With the bilateral nature of devolution agreements, and the absence of a devolved parliament and government for England, the need for intergovernmental coordination is felt stronger within the devolved nations (Gallagher, 2012), but they are limited in their opportunities to create those forums.

The asymmetry in the polity continues at the local level, including variations in size of local authorities, or their responsibilities and resources. While processes of unitarisation were initiated in the 1990s before devolution, the central government started and completed that process only in Wales and Scotland, where existing two-tier local authorities were abolished and replaced with unitary authorities. The jurisdiction over local government is now a devolved power, and decisions over reforms, mergers, or responsibilities are initiated and approved by different governments for the different parts of the UK.

Wales is currently divided into 22 local authorities with a unitary political organisation (single tier), directly elected councils, and variation in size between just under 60,000 residents and 350,000 residents in the capital of Cardiff. The 32 local authorities in Scotland have a unitary organisation and directly elected councils, but a larger variation in their population size due to the sparsely inhabited northern islands. While the Shetland Islands Council and the Orkney Islands Council are each responsible for a population of around 22,000, the Glasgow City Council covers over 630,000 residents. The size of the 11 local authorities in Northern Ireland ranges from around 116,000 to 219,000 people in local authorities outside Belfast, and ca. 345,000 people within the area of the Belfast City Council. In contrast, unitarisation processes remained incomplete in England, and

local authorities there (317 overall) still vary in their organisational type: the majority of rural areas having a two-tier organisation of district and county councils (overall 164 district and 21 county councils), while a single-tier organisation is used in urban areas (e.g. unitary authorities, metropolitan districts, and the London boroughs). Substantial variations in size exist between as well as within the types of local authorities: district councils have on average a population of ca. 116,000 with one third of them having less than 100,000 residents and the largest reaching a population size of ca. 246,000. Unitary authorities are larger on average (ca. 264,000 residents) as are metropolitan districts (ca. 334,000 average population size), but the span between the smallest and largest authority is again quite wide (NRS, 2024; ONS, 2022).

In terms of jurisdiction, local authorities are responsible for a number of mandatory functions, for example for primary and secondary education and adult social care, refuse and recycling, and have permissive or discretionary functions in areas such as economic development, recreation services, or public libraries, allowing them more autonomy to decide how those functions are delivered (Ladner et al., 2020). Local authorities in England have experienced a reduction of their policy scope over time with decisions over housing and transport being centralised in the 1990s and 2000s (Leach et al., 2018) as well as of their funding as part of the central government's austerity policy starting in 2010.

Local authorities in England are dependent on central grants, while local authorities in Wales and Scotland receive the majority of their funding (ca. 80%) from the Welsh and Scottish Governments, respectively. The budget of local authorities in England consists of a mix of central grants (e.g. Revenue Support Grant), and locally raised revenues, such as the local council tax, the business rate retention (since 2013), and fees and charges (e.g. for library services, parking, parking fines, and planning permissions). The business rate retention scheme allows the local authority to retain at least 50% of local business rate revenues. The business rate revenue is generally used by the central government to fund the Revenue Support Grant and is reallocated to local authorities via that grant. Local authorities that are successful in retaining more of their business rates, however, face a reduction in the funding they receive from the Revenue Support Grant. The central government also legislated that local authorities in England have to hold a referendum on local council taxes should they wish to increase that tax by more than 2%. In the period between

2017 and 2022, around 50% of the income of local authorities in England came from central government grants (HM Gov—DLUHC, 2023).

Despite the already quite large size of UK local authorities in comparison to the median and average population size across OECD countries (OECD, 2019, p. 43), current debates about local government continue to focus on size and unitarisation. In addition, the level of decentralisation and local autonomy is at the heart of reform debates. In comparison to OECD countries, the UK is lagging in terms of decentralisation with only 20% of overall government spending taking place at the local level in 2022—a number that has been declining from around 28% in 2000—and limited revenue-raising opportunities for local authorities (OECD, 2022; Ladner et al., 2020, 2021). Recent initiatives by the Westminster Government are therefore directed at increasing the level of local responsibilities and accountability of local leaders to citizens by means of decentralising revenue raising opportunities and further spending decisions. At the same time, continued arguments about cost savings and efficiency of public service delivery by higher-level governments dominate the debate about the adequate size of local authorities. The Welsh Government's attempt to restructure the number and territorial boundaries of local authorities in Wales was successfully resisted by local councils, and voluntary mergers are now the chosen option. Further unitarisation of local authorities in England can be initiated upon invitation by the Secretary of State and requires the approval of both Houses of Parliament (Gov UK, 2007), but in practice, the central government takes a more bottom-up approach and reviews proposals submitted by the local authorities willing to change their two-tier structure into a unitary one.

Horizontal Intergovernmental Coordination—Policy and Politics

The asymmetric nature of the devolution agreements and the geographic location of the devolved territories structure the opportunities for and challenges of horizontal intergovernmental relations. Coordination between devolved governments is often vertical in its direction of interest representation and is aimed at discussing the impact and conflicts of central government policies within devolved territories. Political competition between governments and the variation in electoral support of parties across the different parts of the UK pose a challenge for the regularity and

functioning of intergovernmental exchanges. Local government coordination in comparison is more varied and takes place within umbrella organisations of all local authorities within each of the four parts of the UK, is focused on issue specific coordination for the delivery of public services (e.g. transport boards), or the stimulation of economic growth in urban centres (e.g. city deals) extending the asymmetric distribution of responsibilities and power to the local level.

Coordination Between Devolved Governments

The devolved territories share a border either with England or with Ireland, but not with each other. Horizontal intergovernmental coordination between the devolved governments is therefore almost always connected to vertical relations or to deal with cross-border issues in relation to England—which can be managed between local authorities on each side of the border but can also involve the central government when dealing with policy divergence resulting from the absence of devolution for England. Intergovernmental relations at the devolved level are furthermore a matter of cross-border relations between the governments on the isle of Ireland. The North-South Ministerial Council (NSMC) was established in 1998 as part of the Belfast/Good Friday Agreement to provide a forum for consultation and cooperation for the Irish Executive and the Northern Ireland Executive. Policy areas such as transport, agriculture, tourism, health, education, and environment were identified as relevant for cooperation and potential agreements over policy initiatives without any government losing power to the NSMC (for more detail, see Coakley, 2002).

Due to the distinct geography of devolved administrations and the asymmetry of devolution of powers, the main focus of building intergovernmental relations is on vertical relations with the central government at Westminster. Horizontal intergovernmental relations between the Scottish, Welsh, and Northern Irish Executives take place on an ad-hoc and informal level and often focus on the exchange of information and positions in relation to the Westminster Government. Key vehicle for intergovernmental relations after devolution is the JMCs provided for by the Memorandum of Understanding (originally passed in 2001, updated version MoU, 2013). JMCs come in different formats: the plenary JMC chaired by the Prime Minister, or a representative, was intended to meet annually, involving the Deputy Prime Minister, Secretaries of State in the

territorial offices, and First Ministers of the devolved territories. More policy-specific, functional JMCs were envisioned to evolve gradually over time. The opportunity to coordinate within JMCs, however, was largely not taken up by the governments, and JMCs remained insignificant in the years after devolution. The exception was the JMC Europe, created for coordinating the UK's position in relation to EU issues, which had become necessary as several competences transferred to the EU were also part of the devolution agreements (e.g. agriculture, fisheries, or elements of environmental protection and waste management). Its meetings were aligned with the timing and agenda of EU Council meetings and took place four times a year (Gallagher, 2012, p. 201; Swenden & McEwen, 2014, p. 495).

During the time of government congruence between Westminster, Scotland, and Wales, relations between governments were managed informally, within the Labour Party and reliant on personal networks. The electoral victory of the Scottish National Party in 2007, and the change to a Conservative-Liberal Democrat coalition in Westminster in 2010, changed the context, made internal party channels obsolete as mechanism for intergovernmental coordination, and brought more formal JMCs back. However, the hierarchical nature of intergovernmental relations continued to shape the use of JMCs, and meetings remained ad hoc, dominated by the central government's agenda without an interest in establishing a coherent machinery of intergovernmental meetings, as found in federal states (Swenden & McEwen, 2014; Anderson, 2022).

Coordination for Service Delivery and Interest Representation

Horizontal coordination is more varied and practiced among local governments, local councils, and in partnership with private- and third-sector organisations. Task-specific governance boards exist in each part of the country and connect local authorities in joint boards, for example, transport boards or health boards. In Wales, fire and rescue authorities covering multiple local authorities are still in place, which are joined up in public service boards together with local authorities to improve service delivery and wellbeing across the different functions and areas. Coordination for access to services also takes place between local health boards, for example, for access to specialist treatment in hospitals across the border of devolved territories and England.

In line with the focus on self-rule in the devolved territories, and the absence of shared rule linkages between devolved governments and Westminster, local government associations are also organised separately in the four parts of the UK: all Welsh local authorities are members of the Welsh Local Government Association (WLGA), the equivalent in Scotland is the Convention of Scottish Local Authorities (COSLA), with the Northern Ireland Local Government Association (NILGA) and the Local Government Association (LGA) representing local authorities in Northern Ireland and England, respectively. The functions of these associations are directed upwards to represent the interests of local governments in relation to the upper-level government (devolved governments or the central government) as well as downwards to strengthen local democracy, improve public service delivery and the lives of people in local communities. Since the responsibility for local government and local funding is devolved, four associations operate within their territorial remit without an umbrella organisation.

Regional Development and Metropolitan Areas: City Deals and City Region Deals

A different form of horizontal coordination exists at the local level between authorities situated within the same county or as part of central government's regional strategies. Over time, these forms of coordination have been subject to reorganisation and experimentation by different central governments, often occurring after economic downturns and general elections to address the 'regional problem', the gap between the local and the national level of government that is regarded to be a barrier to economic recovery or growth. Regional policies of Labour governments often aimed at strengthening the upper-tier level of England's two-tier structure of local government, creating regional institutions with planning powers (Regional Economic Planning Councils, Regional Development Agencies, RDAs) with the goal to introduce elected Regional Assemblies under the Premiership of Tony Blair (1997–2007). In contrast, strategies of Conservative-led governments favoured local approaches and the strengthening of local democracy and abolished regional planning councils (Pugalis & Townsend, 2013, 2000). More recent initiatives have introduced the city region in 2010 as the latest spatial scale, after the 'new regionalism' and 'new localism' agenda (Deas & Ward, 2000; Bentley et al., 2010).

The general aim of the Coalition Government (2010–2015) between the Conservative Party and the Liberal Democratic Party was to use decentralisation measures to reverse the over-centralisation in England, to rebalance economic growth between the North and South and to support the economic recovery of different regions within England after the financial crisis of 2007–2008. The *Localism Act 2011* assigned the general power of competence to local authorities, gave them more control over business rates to attract firms and investments, and introduced the option to establish directly elected mayors after holding a local referendum. The creation of Local Enterprise Partnerships (LEPs) formed a first step towards a stronger 'place-based' approach (Hildreth & Bailey, 2013) after the abolition of the nine Regional Development Agencies (RDAs) in 2010. The formation of LEPs was voluntary by design but required a public-private partnership with local industries and businesses as well as a governance structure based on private sector-led management boards. In response to the initiative, 39 LEPs were formed in 2011 to cover the entire territory of England, largely respecting the boundaries of the previous RDAs. LEPs were also key vehicles for the administration and processing of EU funds, developing and implementing projects within their area in partnership with local businesses and organisations.

Secondly, cities were identified as engines of growth important for economic recovery of the UK, and the central government acknowledged that cities in England were lagging regarding their levels of GDP per capita in comparison to other European cities (HM Gov, 2011; Parkinson et al., 2004). The city deals were advertised as opportunity to shape decentralisation according to local preferences and strategic decisions based on policy priorities at the local level (HM Gov, 2011). The Coalition Government laid out an 'illustrative menu of options' in 2010 for the kind of powers it was willing to devolve, including investment decisions, planning powers over housing development, local and regional bus and rail services, infrastructure projects, and investment in skills and skill development according to private sector needs (HM Gov, 2011). Additional financial resources under the existing Growth Funds and new funding schemes administered by the Treasury were made available to combined local authorities, that is, local authorities that agreed to establish a joined-up governance architecture and a directly elected mayor for the area. Nevertheless, the process included a bottom-up element, as local councils would draft a proposal together with their respective LEPs and negotiate the details of each agreement with central government, including funding

levels, implementation plans for delivery, and performance targets. Dubbed as 'devolution for England', Sandford (2017) argues that these deals take more the character of public sector contracts rather than resembling the decentralisation of decision-making powers. City Deals and City Region Deals follow the example of bilaterally negotiated agreements, in this case between the UK Government, local government, and local business leaders but aim more narrowly at increasing economic performance and efficiency of public services delivery.

In the first round of negotiations between 2010 and 2012, the group of core cities[2] outside London was prioritised by Westminster and six city region deals, and two city deals were negotiated with Birmingham, Bristol, Leeds, Liverpool, Manchester, Newcastle, Nottingham, and Sheffield (HM Gov, 2012). For the second round, the UK Government invited local authorities in England to submit a proposal, but the process was opened to all who were interested in entering an agreement. Until 2015, 18 city deals were agreed upon in that bottom-up process and cities such as Ipswich, Southampton, or Peterborough with a population below 300,000 people joined into the scheme. A third round of negotiations started after the general elections in 2015, in which the UK Government opened the process to cities outside England, moving the initiative beyond the original aim of reducing the over-centralisation in England. What started as an initiative focused on the large cities outside London now includes a range of mid-sized cities and their surrounding local authorities as well as cities and city regions in Scotland (e.g. Glasgow City Region, Aberdeen City Region, Inverness and Highlands City Region, Edinburgh and Southeast City Region, Stirling and Clackmannanshire City Region), Wales (e.g. Swansea Bay City Region and Cardiff Bay City Region), and Northern Ireland (e.g. Belfast Region city deal). In 2023, negotiations for further such deals were ongoing with local authorities in England as well as in the devolved territories.

In terms of participating local authorities, policy focus, transferred powers, and the political composition of coordination bodies, city deals vary from one another to a certain extent. While cities such as Nottingham, Newcastle, Southend-on-Sea, or Stoke-on-Trent formed city deals as individual local authorities, most of the city deals involve between four and ten local authorities. In terms of content, each city deal reflects the central government's agenda for private sector-driven growth and economic

[2] Cities of a size between 300,000 and 750,000 inhabitants are in the Core Cities Group.

development and includes plans to attract private sector investment, to create jobs, and to balance the economy away from the public towards the private sector. On the other hand, the content of the deals reveals a certain degree of local priorities and policy problems, and a more place-based approach for the suggested plans to deal with those problems (see also Morphet, 2022 for an overview). The Black Country City Deal, for example, focuses on high-level manufacturing and includes the creation of apprenticeships in high-level manufacturing based on the industrial legacy of the region (Gov UK, 2013). The Bristol city deal, in contrast, highlights problems with infrastructure, transport, and housing in the region resulting from higher growth rates, inward migration of high-skilled people, and low levels of unemployment. The building of the Greater Bristol Metro, hence, lies at the centre of the investment strategy within the city region deal (Gov UK, 2012). In contrast, the Aberdeen city deal focuses on the oil and gas industry and the recovery of the remaining oil and gas reserves from the UK's continental shelf, and to anchor the supply chain for the oil and gas industry in the UK (Gov UK, 2016), while the Swansea City Region Deal promotes the city as 'Internet Coast', covering four themes specifically: the internet of economic acceleration, the internet of energy, the internet of life science and wellbeing, and smart manufacturing (Gov UK, 2021). To a certain degree, local priorities could be enshrined in the city deals, but, at the same time, the overall objective of private sector-driven growth and investments for growth had to be adhered to.

In terms of political composition, only seven of the city deals formed in wave 1 and wave 2 were made up of the same political majorities at the time of negotiating the deals. The other 19 deals included a mix of Labour-led, Conservative-led, and Liberal Democrat-led local councils, not all of which were controlling a majority in the council. The mayors and leaders of the city regions and combined authorities have formed the Core Cities UK Group as a way to work together horizontally, despite being from different parties and being situated in England or the devolved territories. Their shared interest and expertise in the development of metropolitan areas bring them together to influence legislation on further devolution to cities, to share information with each other, and to generate ideas for achieving growth in the city region. The incentives to attract funding to the local area and stimulate growth by coordinating for a proposal for the entire area are superseding political competition or ideological differences between parties. Local authorities who wished to negotiate a city deal or city region deal had to agree to establish a joint decision-making body

involving representatives (often the leaders) of the local councils participating in the deal as well as members of the LEPs. Joint management boards and Regional Boards (e.g. for Swansea Bay Region) have been formed with private sector involvement to take decisions for the area together.

Critical Assessment of Deal-Based Decentralisation and Coordination

Parliamentary inquiries into the workings of the city deal five years after their introduction highlighted the problem of a lack of transparency about responsibilities as well as information about how private businesses or organisations can get involved with the city deal (HoC Committee of Public Accounts, 2015; Senedd Economy, Infrastructure and Skills Committee, 2017; see also Jones et al., 2017). A second problem identified in different parliamentary inquiries and by the National Audit Office lies in the lack of clarity over criteria for success, benchmarks, and monitoring the delivery of the objectives outlined in the city deals (NAO, 2015). Gross value added has been enshrined in each deal as measure of economic development. However, local authorities have no option to include additional measures or to focus on inclusive growth instead of GVA, or to go further in terms of sustainable growth (Jones et al., 2017; Etherington & Jones, 2016). In the Welsh context, the Commissioner for Future Generations also highlighted that the city deals in Wales need to speak to the Wellbeing of Future Generations Act that requires Welsh legislation to address questions of sustainability and wellbeing beyond the measures for the current parliamentary period (Senedd Economy, Infrastructure and Skills Committee, 2017).

Third, the dependency on central funding and budget decisions made by the Westminster Government puts the longevity of the city deal on the line. Introduced by the Coalition Government in 2010, the offered additional grants were nowhere near enough to cover the losses that local authorities in England were facing due to the cuts and austerity policies passed simultaneously. City Deals span across a longer time period of up to 30 years, but within England, funding is only guaranteed for the first five years and afterwards subject to review of achievements and delivery on set objectives. For city deals and city region deals within the devolved nations, the Scottish, Welsh, and Northern Ireland governments committed funding for 10 or even 15 years, thereby binding resources towards an

agenda driven by the central government instead of their own priorities (see Morphet, 2022 for this argument). Finally, with each city region deal, the boundaries of governance structures are changed, and neighbouring local authorities have limited opportunities to engage with the projects and objectives covered in the city region deal. The evaluation of the first wave of city deals in England already pointed out the risk of inequality of the generated economic benefits between local councils participating in a deal (HoC Committee of Public Accounts, 2015). With the focus on private sector growth, neighbouring local authorities with higher levels of deprivation might be further disadvantaged in catching up when the closest city with greater growth potential signs a city region deal that does not cover their area—a point highlighted in the Senedd inquiry by councils in the Welsh Valleys to the northwest of Cardiff (Senedd Economy, Infrastructure and Skills Committee, 2017).

Legacy of EU Membership for Intergovernmental Coordination

The UK's Membership to the European Union impacted vertical and horizontal coordination in the form of the JMC Europe as well as of funding that LEPs and local authorities received from European Structural and Investment Funds. The legacy of the membership was felt beyond the referendum to leave the EU in June 2016 and the actual exit in 2020. All devolved governments had established offices in Brussels as part of their international presence to raise their profile internationally, to support businesses and trade with major economies, to facilitate education, research collaborations, and student exchange, and to represent their interests within EU institutions. The majority of those aims are still relevant after the UK has left the EU, and the Brussels offices remain part of the international relations that devolved governments maintain in addition to the diplomatic relations of the UK Government.

In order to deal with the implications of Brexit, the Joint Ministerial Committee—Europe experienced a revival for discussions on 'repatriation' of responsibilities, the loss and replacement of EU funding streams, or questions of whether some of the Europeanised policy areas, for example, agriculture, should be transferred to the devolved governments directly, as parts of those policy areas were already devolved. A subcommittee, JMC EU Negotiations, was formed to facilitate those

conversations, and members of devolved governments would meet in a preparatory horizontal setting to discuss their positions vis-à-vis the Westminster Government. Despite its more numerous meetings between 2016 and 2020, the effectiveness of the JMC meetings in allowing for meaningful discussions or addressing conflicting positions in a constructive way has been questioned again (McEwen et al., 2020, p. 634).

Another concern in the aftermath of the referendum was the question about how EU funding would be replaced once the UK had left the EU. The UK Government had pledged that it would provide for a similar level of funding via the 'Shared Prosperity Fund' (SPF), matching previously received amounts under the European Regional and Development Fund (ERDF) and the European Social Fund (ESF). In 2022, the SPF was finally put in place; funding was designed to be allocated to local authorities upon application but based on needs rather than competitive bidding, and in line with the previously existing European funding formulas. Despite wide support from local authority associations and voluntary organisations, some areas of concern and criticism remained, for example, a gap in the end of previous EU funding and the start of funding from the SPF, a shorter time period (three years) of guaranteed funding, and central control over the design and allocation of funding that reduces the influence that the Welsh Government and Scottish Government previously had on funding decisions (Brien, 2022).

Recent Developments

Trends in territorial governance in the UK are characterised by numerous attempts to counter the over-centralisation in England and accommodate demands for more powers raised by devolved governments. The style of bilateral agreements dominates negotiations for further devolution as well as decentralisation towards local authorities within England. As a consequence, no coherent plan is guiding the distribution of power or the management of the resulting interdependency between governments of the same level or across different levels.

Intergovernmental relations have been shaped by hierarchy and centralised control, ad-hoc meetings with a centrally decided agenda, and competition between the levels of government over voters and visibility as representatives of the respective territories. The general election of 2024 brought the competitive attitude over policies to light again with the debate about a 20 m/h speed limit in residential areas that was introduced

by the Welsh Labour Government for Wales but refuted as not in the UK Government's plans for England should it win the election—much to the irritation of local governments in England in which jurisdiction such a decision would fall after all.

With the Labour Party's electoral victory in July 2024, the vertical relations may again be set on a path of more cooperative style but with the potential to rely again on internal party channels and personal relations between heads of governments as experienced during the early years after devolution. The immediate visits by Prime Minister Keir Starmer to all three nations and meetings with all directly elected metro-mayors have been welcomed by devolved and local leaders. The King's Speech included a commitment to an English Devolution Bill, transferring further powers to combined authorities and metro-mayors, as well as further decentralisation over bus services. Together with the announcements made by the Deputy Prime Minister in support of meaningful decentralisation to local authorities and cities in England, the new government signals plans to continue with existing city regions (Stacey, 2024).

The question of funding and independent resources, however, will remain an issue in those future decentralisation deals and potential area for conflict between governments and regions. The announcements by the new Chancellor of the Exchequer after the election point towards cuts in public spending which could jeopardise the formation of continuous mechanisms of coordination underpinning the relations between core cities, metro-mayors, or devolved governments.

Concluding Reflections: Challenges Ahead and Lessons Learnt

The asymmetry in the distribution of power between the four nations within the UK, the focus on self-rule and autonomous decision-making in the devolution settlements, and the remaining high degree of centralisation in England provide an institutional framework for more bilateral and vertical intergovernmental relations in which the central government maintains a dominant role. The high level of self-rule enshrined in the devolution agreements directs each government to focus on policymaking within their territory and in response to their respective voters. Due to the variation in public attitudes and voting behaviour in each of the four nations, statewide parties in Westminster are not equally challenged to

take the perspectives of devolved governments into account when drafting policies for the entire country, with an increasing proportion of central government legislation applying mostly to England or England and Wales. The institutional and political context, therefore, encourages competition more than cooperation and sets incentives to focus on voters' preferences within each nation instead of the country as a whole. The uptake and functioning of forums of (vertical) intergovernmental coordination has been connected to electoral outcomes, congruence or incongruence of government constellations and has not yet been transformed into a more permanent and institutionalised mechanism for managing complex policy problems.

Horizontal coordination often takes place between neighbouring governments to facilitate mobility, economic development, or the delivery of public services. Borders matter for the establishment and frequency of horizontal coordination mechanisms. As devolved governments do not share a border with each other, horizontal coordination is practiced more widely and frequently between local governments in the UK. The comparatively low level of own sources of revenue and the dependency on funding from the central government or devolved governments, however, challenge the formation of long-term, self-sufficient coordination mechanisms between local governments. Recent trends have included more deal-based agreements between local authorities around major cities and the central government providing guaranteed funding for the first five years of the decentralisation agreement. Those deals also reflect central government priorities in stimulating economic growth in cities, and they can be subject to changes if general elections result in a change in priorities of the central government as the deals are subject to review every five years.

Intergovernmental coordination mechanisms are set up using a bilateral mode of agreements between individual local or devolved governments and the central government. The notion of competition between regions is intentional with the aim to stimulate innovation and growth (see Morgan, 2006) and has been enshrined in the later formed city deals and city region deals as well. Questions of territorial justice, regional inequalities, and redistribution between the North and South of England as well as between the four nations remain open and provide the ground for continued intergovernmental conflict. Despite the central government's claim of incentivising a locally driven agenda for coordination to achieve local aims, the recent deals (formed prior to the general election 2024) still

include a strong flavour of the priorities of the Conservative Government of private sector growth and investment.

Finally, the high degree of self-rule for devolved governments allows for policy experiments and innovation to deal with current policy problems, such as climate change or the environment. While interministerial meetings on net zero, energy, and climate change that took place under the Conservative Government remained driven by the central government's agenda, devolved governments make use of their powers to promote the transition to renewable energy, air pollution (e.g. speed limits), reduction of plastic waste (e.g. ban on single-use plastics) and often spearhead change in policies that are then adopted by other governments. Even if the scale of the problem would benefit from coordination, political competition dominates the formulation of policy responses but nevertheless occasionally results in innovative solutions rolled out across the country by means of voluntary adoption.

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