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# **Institutional Innovation in Wales for Delivery of Regional Economic Development Interventions**

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# Review of Institutional Structures

The context:

- Developing Strategies
  - UK Industrial Strategy
  - Welsh re-formed Industrial Strategy
  - Brexit
- Governance Reforms
  - City Region Development (also in England)
  - Local Government Reorganisation
  - Discussion on Delivery Vehicles: Executive Agencies



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# Models for Government



Smart Specialisation (Foray, 2014).....

- Central to EU's Regional Development agenda
- Entrepreneurial discovery process but latent economic opportunities unexploited hence
  - need to stimulate organisations such as research institutes/ executive agencies
  - Find areas of activity complementary to what exists and could generate new activity
  - Invest in accessible horizontal technologies to generate human/physical/ legal infrastructure

.....requires an embedded State (Morgan, 2016)

- Communicates effectively with a variety of partners in order to identify emergent opportunities
- Contrast with an excessively centralised state/an excessively autonomous institutions- a balance required
- Potential for remodelled Economic Development Executive Agency(/ies)



## Structures, Institutions, and the Embedded State

- In Wales, new/ modified structures are potentially emerging in a number of areas: City Regions; Local Authority reorganisation
- An interest in Economic Development Executive Agencies; Infrastructure Commission; Investment Bank; new finance models e.g. the Mutual Investment Model (public sector developments)

### Important need:

- shift attitudes toward economic governance embracing an embedded State
- public agencies to maintain intimate knowledge of industrial landscape, to nurture, facilitate, rather than to direct
- land-use, economic, and infrastructure development need regional perspective



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# City Regions and Local Authority Reorganisation

Two processes happening simultaneously:

- LA Reorganisation proposed by voluntary Joint Governance Committees – risk to accountability for delivery
- Governance of City Region - slow progress to set up delivery vehicles



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# Industrial Strategies: Governance

## Welsh Industrial strategy informed by UK level (Green Paper)

- Devolved policy area
- No guaranteed like-for-like replacement for European Structural Investment funds, priorities, programmes
- Strong regional focus/ place based approach promised at UK level

## Welsh level

- Regional perspective instead of 22 Local Authorities' strategies
- Firm allocation of personal responsibility to region: regional representatives/ mayor and/or Combined Authority with an Executive Agency
- Executive Agencies for Infrastructure Development (national and 3-regional)



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# Institutional Innovations: Concluding Thoughts

Institutional innovation will be required in several areas to:

- improve capacities in delivery and achieve an embedded State for practical support and advice
- build capacities and look for opportunities to support and develop e.g. Entrepreneurial Account Managers
- And responsive instruments e.g Continuity Finance

Responsiveness to entrepreneurs, with competitive advantage at firm level, may be more important than preconceived priorities



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# Thank You

(<http://welsheconomicchallenge.com>)