

A STRATEGY FOR
REGENERATION ; THE CASE
OF THE SOUTH WALES
VALLEYS.

SEEMA MANCHANDA

M.Phil. TOWN PLANNING

University College London

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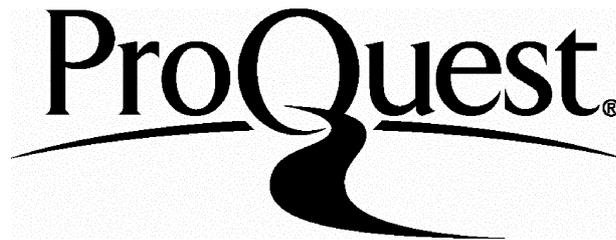
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TABLE OF CONTENTS.

ABSTRACT.	4
ACKNOWLEDGEMENTS.	5
CHAPTER ONE : INTRODUCTION.	6
1.1 LOCAL ECONOMIC POLICY.	6
1.2 DEFINITION OF LOCAL ECONOMIC POLICY.	8
1.3 FORMAT OF THE THESIS.	9
CHAPTER TWO : LOCAL ECONOMIC POLICY.	11
2.1 THE DEVELOPMENT OF LOCAL ECONOMIC POLICY.	11
2.2 REASONS FOR THE GROWTH OF LOCAL ECONOMIC POLICY.	12
2.3 THE ORGANISATION OF LOCAL ECONOMIC POLICIES	13
2.4 GROWTH COALITIONS.	22
2.5 THE PARTNERSHIP APPROACH.	23
CHAPTER THREE : RESEARCH QUESTIONS AND METHODOLOGY.	30
3.1 RESEARCH QUESTIONS.	30
3.2 THE AIMS OF THIS STUDY.	31
3.3 THE CASE STUDY AREA	32
3.4 EVALUATION OF LOCAL ECONOMIC POLICY.	38
3.5 METHODOLOGY.	40
CHAPTER FOUR : LOCAL ECONOMIC POLICY IN THE SOUTH WALES VALLEYS.	42
4.1 INTRODUCTION.	42
4.2 THE STRATEGY FRAMEWORK.	48
4.3 THE FUNDING SCHEMES.	59
4.4 IMPLEMENTATION	70
CHAPTER FIVE : ECONOMIC DEVELOPMENT PARTNERSHIPS IN THE VALLEYS.	78
5.1 INTRODUCTION.	78

5.2 A CLASSIFICATION OF PARTNERSHIPS IN SOUTH WALES.	78
5.3 THE CASE STUDIES.	83
CHAPTER SIX : CONCLUSIONS.	93
6.1 THE AIMS OF THE THESIS.	93
6.2 PROBLEMS WITH THE RESEARCH METHODOLOGY.	93
6.3 LOCAL ECONOMIC POLICY IN SOUTH WALES	94
6.4 QUESTIONS FOR FUTURE RESEARCH	105
BIBLIOGRAPHY.	107
APPENDIX I: ABBREVIATIONS	115
APPENDIX II: LIST OF INTERVIEWEES	116
APPENDIX III: MAP OF THE VALLEYS AREA.	117

ABSTRACT

Local economic policies have been growing in importance in the UK. The focus of most work on this subject has concentrated on individual initiatives. In contrast, this thesis attempts to examine the links between all the various local economic initiatives in the South Wales Valleys area. It does this by examining three key processes which occur in local economic development. These are strategy formulation, funding and implementation. In-depth interviews were carried out with those working on economic development. The thesis identifies an important role being given to partnerships in the sphere of local economic development. The major finding is that despite an impressive economic development strategy in the Valleys there is still scope for greater co-ordination.

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CHAPTER ONE : INTRODUCTION.

“A role for local economic policy has become part of the common sense of the age.”

(Eisenschitz and Gough, 1993, p. 4)

1.1 Local Economic Policy.

Local economic policies can take varied forms, have many different objectives and can cover a geographical area that ranges from a few hectares of derelict land to an entire region. The diverse nature of local economic policies make definition difficult and, indeed, few authors attempt an all-encompassing definition. Eisenschitz and Gough (1993) find most local economic policies tend to share a distinct ideology that rests on local control of the economy, the use of indigenous resources, the encouragement of enterprise and the development of community co-operation.

In Europe and North America local economic strategies have been playing an ever increasing role in policy matters. In Britain over the last decade local economic policy has been increasing in importance while regional policy has played an ever decreasing role. Armstrong and Taylor (1985) show expenditure on regional policy as a percentage of gross domestic product fell in the early 1970s, rose between 1973 and 1975 and has been falling steadily since then. In contrast, observation has shown that local economic policies have been increasing over this time (Eisenschitz and Gough, 1993; Campbell, 1990; Geddes and Bennington 1992; Murray, 1991). However, few or no comprehensive attempts have been made to measure this growth either in terms of actual number of initiatives or expenditure.

Why do institutions carry out economic development functions at a local level ? Traditionally economic policy has been a central government function. Moore (1991) outlines the consensual model of central-local government relations, based on a division of high and low level politics, in which the role and function of each government tier was clearly understood. Economic policy has long been a ‘high level’ central government role carried out with the use of traditional tools such as determining the level of taxes

and the amount of public expenditure. In terms of particular assistance to certain localities economic policy was carried out by means of centrally determined regional policy.

There has however been a breakdown in this model of government function and economic policy is increasingly been seen as an activity carried out by the local tier of government. This change has been associated with the ideas of the 'New Urban Left', (a faction of labour government), who saw a different role for local government including that of restructuring the local economy. Furthermore, councils are not the only new players in this policy arena there is now a strong role for QUANGOs, private sector agents, voluntary bodies and interest groups. At the same time, attention is being directed to local economies from both Westminster and Brussels. The increasing number of agents in this policy field has heightened the importance given to the role of consultation. The government now requires local authorities carrying out local economic development to consult other local bodies when preparing their economic statements.

The importance of economic development at the local government level is small financially; less than 1% of total local government expenditure in 1989-90 went directly on economic development (Audit Commission, 1989). Yet many local authorities now have either an economic development unit or an economic development officer. Table 1.1 below shows the percentage of English and Welsh authorities who had dedicated economic development staff in 1994.

TABLE 1.1: Percentage Of Local Authorities with Economic Development Personnel in 1994.

LOCAL AUTHORITY	PERCENTAGE
<u>ENGLAND</u>	
County Councils	97%
London Councils	94%
Metropolitan District Councils	100%
District Councils	65%
<u>WALES</u>	
County Councils	100%

District Councils	100%
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(Municipal Year Book, 1994).

The overall picture of local economic policy in the UK is complex, involving as it does many initiatives and many organisations. This thesis will examine the overall picture of local economic policy in one case study area; the South Wales Valleys. Two important questions will be researched in this study. Firstly, the overall pattern of local economic policy will be examined and secondly the role of partnerships in LEP will be considered. In order to do this a definition of local economic policy will be formulated.

1.2 Definition of Local Economic Policy.

Local economic policy, (or local economic development), tends to be described either in terms of its broad aims or strategy or the mechanism by which policy is implemented (e.g. Urban Development Corporations, Enterprise Zones). I would describe it instead in terms of certain key processes and the links between them. Local economic policy will be defined for the purposes of this thesis as :

an activity in which broad economic aims for a locality are met by utilising limited funds after developing a strategy, i.e. making choices, and then by implementing this strategy in that locality.

Locality will be interpreted loosely to include an area of any size over which a strategy for economic development is in operation. However, the size of the locality becomes important in respect of who carries out the policy, how it is funded and how it is implemented.

This definition implicitly assumes three broad processes which are common to local economic development :

- policy formulation
- developing and using appropriate funding mechanisms
- policy implementation.

Actors involved in development activity may not become actively involved in all three processes but the activity must include all three processes. The partnership approach to local economic policy can also be interpreted in terms of these processes. The definition is very wide as it does not narrowly define the strategy which may be adopted. Indeed Eisenschitz and Gough (1993) find many different local economic strategies have been adopted by decision makers. The definition enables individual projects and schemes to be incorporated into a wider consideration of local development, rather than being considered in isolation.

1.3 Format of the thesis.

Chapter two outlines the form of local economic policy (LEP) today. This is based on a literature review of the subject. It looks, in particular, at the role of central government, local government and partnerships in LEP.

Chapter three builds on this background to identify avenues for further research. The evaluation of local economic development policies is discussed. The research questions which will be investigated by this study are identified and the methodology adopted is described.

Chapter four outlines the structure of local economic activities in the South Wales Valleys. It is based on reviews of strategic policy documents and interviews with key individuals involved in the process. The motives of players are discussed and their method of strategy formulation and implementation. This chapter uses a certain amount of interpretative evidence in order to highlight the motives of key agents in the process. The reason for this is to attempt to get beyond the flowery language within which policy aims are often couched. Policy is examined in terms of the three processes which I have argued define local economic policy. These are strategy formulation, funding and implementation.

Chapter five looks at the role of partnerships in the local economic policies of the South Wales Valleys. It attempts to adapt a classification set out by Bailey (1993) to the partnerships in the area and looks in more detail at four case study partnerships.

Conclusions are drawn in chapter six and some suggestions made as to how local economic policy may progress in the future.

CHAPTER TWO : LOCAL ECONOMIC POLICY.

2.1 The Development Of Local Economic Policy.

Eisenschitz and Gough (1993) identify four practices which have influenced the development of local economic policy. These are: regional policy; welfare policies; land use planning; and the encouragement of enterprise. In each field local economic policy has been seen as the solution to a problem.

Regional policy has been used since the 1920s to redistribute resources between regions in order to reduce regional imbalances, particularly in employment opportunities. The 1970s saw a growing disillusionment in the belief that centrally defined regional policy would improve the lot of the deprived region. In several non-federal countries such as Britain, Belgium, France and Spain there were growing calls for regional autonomy. In Britain this was to a certain extent achieved in 1976 with the establishment of the Welsh and Scottish Development Agencies. This led to the notion in several European countries that economic strategies could be developed at this new, regional level.

In the 1960s there was renewed concern about poverty combined with a current appreciation of some of the characteristics of poverty. It was understood that poverty was caused by several phenomena, such as poor environment, few education opportunities, low quality housing, occurring over long periods of time. Together these factors reinforce poverty in a spatial location. Locally co-ordinated action was therefore seen as a solution. In the late 1960s and early 1970s there was increasing awareness of the links between social and economic problems. Neighbourhood poverty programmes became more economic in their outlook, concentrating more heavily on employment. At the same time the nature of welfare was being challenged with the political right identifying a 'dependency culture' in which certain individuals had passed self-responsibility to the state. The political left also criticised the welfare system for being insensitive to the needs of the individual. The solution to both matters was greater self help and self management by individuals and localities.

Land use planning, like welfare policy, has also influenced the development of LEP. Hall et al. (1973) showed how planning decisions had reinforced spatial imbalances in income distribution. Jane Jacobs (1965), in her critique of blueprint planning, accused comprehensive planning of destroying the variety, vitality, and social networks which traditionally operated in lively communities. Other critiques of planning went as far as offering a 'non-plan' system. In response favour fell on the side of practical, flexible community projects.

Emphases given to the small and medium sized enterprises (SMEs) sector as a potential motor of economic growth by the government and certain academics (see for example Birch, 1979; Storey, Deasey, Watson & Wynaczyk, 1987) have made enterprise a buzzword of the time. A strong small firm sector is thought to be flexible, innovative, and dynamic. Since, small enterprise tend to be geographically limited local sources of help seem appropriate and so enterprise has become a strong element in most local strategies. Although, others argue that in some areas, e.g. former mining or steel areas, the conditions for new firms are very poor and these policies are likely to have limited success (Turner, 1992; Moulaert et al 1994).

It is possible to trace strong ideological and practical reasons behind the new local economic policy approach. According to Eisenschitz and Gough (1993) the approach took on economic, social and political aims. It was flexible in implementation as policies could be developed with different emphases according to local political and economic circumstances.

2.2 Reasons For The Growth Of Local Economic Policy.

It has already been stated that the numbers of local development policies have been increasing, (see chapter one), the reasons for this increase have been accredited to a number of factors. Campbell (1990) attributes the growing importance of LEP in both policy practice and academic study to the following factors. A recession or recovery affects the economics of different areas in highly differentiated ways thus spelling out the need for local response. Locally defined initiatives were used by local authorities to pursue their own economic and political objectives. Central government used such policies to tackle the inner city problem. There was growing opinion that local initiatives could help regenerate the national

economy and this consequently led to a high level of debate about the effectiveness of different policies and the different agencies involved.

Eisenschitz and Gough (1993) argue that there was a political reason for the growth of LEP during the 1980s. Local development was seen by people of all political persuasions as an appropriate approach to policy making. For the political right, LEP encouraged individual responsibility and led to a self-help society. The right held neo-liberalist views, believing the role of the state should be minimised in activities such as production, welfare provision and the regulation of firms. Local government services were being privatised, provided by voluntary groups or the private sector and local wage bargaining was being encouraged. Changes were leading to greater local variability and with increased local differentiation there was a strong need for a local role. The political centre, identified by the belief that intervention was required only where the market had failed, found LEP a solution as market failure was increasingly seen as a spatial phenomenon. For the political left, LEP enabled increasing democracy through local, popular organisation. Labour controlled metropolitan councils, such as Sheffield City Council and the Greater London Council (GLC), took actions to build up their local economies. These initiatives included selective assistance to small and medium sized enterprises (SMEs) and the provision of equity capital to key firms. Many of the left's more ambitious policies were halted by the abolition of the metropolitan councils in 1986.

Peck and Tickell attribute some of the growth in initiatives to the *“hiving off of functions from local authorities and from arms of central government to specialist bodies such as local enterprise agencies, TECs and UDCs”* (1994, p. 253).

2.3 The Organisation of Local Economic Policies

The Central Government Approach.

The central government approach to local economic policy since the 1980s has been dominated by its inner city policies, although there is still an element of regional policy. The key central government bodies directing urban policy are the Department of Environment, the Scottish and Welsh Offices. Their role is to make operational the Government's approach to urban areas.

In 1988 the government produced the White Paper *Action for Cities* which was supposed to bring together the various urban initiatives at the time. In Scotland the equivalent document was called *New Life for Urban Scotland*. It has been argued that, “*there is ...no national urban policy in any meaningful sense - there are individual programmes, but no overarching policy framework*” (Spencer, quoted in Atkinson & Moon, 1994, p. 272).

Atkinson and Moon (1994) point to the lack of a strategic urban framework to co-ordinate the efforts of large schemes such as Enterprise Zones, UDCs, and City Challenge. They cite the extreme case of the North west region of England where there are three UDCs and six City Challenge projects but no mechanism for linking the activities of each. They state that under the circumstances in which urban policy is currently operating it is not possible to talk of a Conservative urban policy.

However, there have been a number of identifiable key themes running through the government’s urban policies during the 1980’s

- the government wished to see the private sector as the dominant driving force behind regeneration
- it was assumed that the proper role of government was to make urban areas more attractive to the private sector
- urban programmes targeted economic regeneration and employment predominantly through capital expenditure projects
- there was a proliferation of independent initiatives, each with their own limited resources and specific rules of operation
- initiatives tended to be short-lived and were developed in response to particular shocks e.g. 1981 inner city riots
- new implementation agencies were created which were not democratically accountable i.e. QUANGOs

(Harding and Garside, 1995).

Funding for urban policy has increased steadily over the 1980s. In 1987/88 total urban expenditure by the DoE was £534.4 million, in 1992/93 this had almost doubled to £1013.9 million. In 1993/93 expenditure had fallen back down to £952.3 million (Harding and Garside, 1995). The pattern of expenditure has also changed over the time period. Initially the biggest slice of DoE expenditure was Urban Programme (UP). Over time a higher proportion of funds have been going to UDCs and since 1993/94 to City Challenge.

UP expenditure is available to local authorities in 57 Inner Area Programme districts (IAP). Much status was given to attracting IAP status as without it no UP could come to an area. IAP designation also increased the possibilities of other types of funding, e.g. City Grant, to come into an area. From 1993-94 UP was only being given to existing commitments. UP will be terminated in 1996-97. This will remove the last source of funding to which local authorities are automatically entitled (Harding and Garside, 1995). The consequence is that funding for urban policy is increasingly dependent on competition in which the various local authorities are required to bid for funds.

An evaluation of the Government's inner city policies in England was carried out by Robson et al (1994). Their main findings were that policy has lacked coherence. On one hand resources have been targeted on special localities and are growing but on the other hand core resources to local authorities have absolutely decreased. They identified a need to improve the coherence of programmes and to create linkages between policy instruments.

In the 1990s changes by central government have included moves to simplify the system (Robson et al, 1994; Harding and Garside, 1995). In April 1994 twenty separate programmes were combined to form the Single Regeneration Budget. At the same time the UK regional offices of the departments of Trade and Industry, Employment, Environment and Transport were combined to form Integrated Regional Offices (IROs). Other moves include the creation of TECs, English Partnerships and the City Challenge Initiative. For example, the City Challenge initiative represents a simplification to the existing system as it pools various resources and enables them to be managed by a single implementation agency. It aims to transform specific run down inner city areas and improve the quality of life for local residents. The

resources for successful City Challenge authorities are made up of core funding of £7.5m per year in addition to funding from other mainline programmes and private leverage. No new money was put into City Challenge, instead resources are top sliced from pre-existing grant regimes. The money is allocated on the basis of annual competition from IAP authorities who put together a five year plan for their chosen area. An implementing agency is then established based on a partnership between the local authority, private sector and the community.

Urban policies are closely linked to the economic development policies of local authorities for two main reasons. Firstly, many local authorities are strongly reliant on national programmes to support their local economic policies. Secondly, because the introduction of certain urban policies has enabled central government to further marginalise the role of local government, for instance, Urban Development Corporations (UDCs) and Enterprise Zones (EZs) usually result in a loss of planning powers for the planning authority in whose constituency it is designated. Tensions between central and local government are clearly apparent in the realm of economic development policies.

The Local Authority Approach .

In contrast to the Central Government's concentration on inner urban areas during the 1980s local authorities, whether Conservative or Labour controlled, have implemented local economic development in both urban and rural locations.

Before the 1989 Local Government and Housing Act (LGHA), local authorities had no explicit powers to undertake economic development, although, section 137 of the Local Government Act 1972 has long enabled authorities to spend up to the product of a two pence rate to meet the needs of the local area. This has been used by authorities, particularly the former metropolitan counties, to undertake economic activities. Economic activities were however becoming a standard function for most authorities by the early 1980s (Miller, 1990) and the 1989 LGHA was a formalisation of this activity.

Section 33 of the 1989 LGHA laid down a power to enable authorities to undertake economic development as they see fit for the first time ever on the statute books. In order to exercise that power local authorities must now prepare an annual statement which includes all expenditure which will be spent.

Section 35 of the LGHA 1989 lays down a requirement to consult on the new economic statements.

Consultation must be carried out with

- those bodies in the area which represent commercial or industrial interests,
- any person carrying on commercial, industrial or public works with whom the authority feel it appropriate to consult with
- and with any other persons the local authority think it desirable to consult about the proposals.

The new regulation has limited certain actions which were previously available to local authorities. The Secretary of State has the ability to impose financial limits on what can be spent and can decide that certain avenues of expenditure will be disallowed, for example because they are covered by other bodies such as TECs (Newman, 1991).

Central government is opposed to local authorities having any direct role in the running of private businesses (Audit Commission, 1989). Part V of the LGHA 1989 limits the ability of local authorities to set up companies to undertake development. These rule were introduced to ensure accountability over councils financial assistance to companies and to stop some councils from circumventing capital controls (ibid.). The measures under section V of the Bill inhibited the formation of companies designed to promote economic development. There are currently plans to reduce the Part V restrictions on local authorities ability to set up private companies in an effort to encourage private-public partnerships. Local authority associations have stated that the changes would not be enough to make any impact on the development of joint ventures as the rules were still restrictive and complex (Planning Week, 30.3.95, p. 6).

The Association of District Councils has reviewed local economic functions carried out by English and Welsh district councils during 1990(ADC, 1993). Four similar studies were carried out in 1982, 1984, 1986 and 1988. They attempt a quantitative account of economic development amongst district councils viewed at the regional level. They note the general rise in economic functions of their members since, in

1982 13% of respondents were not involved in economic development activity at all and by 1990 this had fallen to 6%.

The studies show the development of types of assistance over the ten years. There has been a shift from the traditional role of councils as provider of site and premises to one in which councils are undertaking more varied and innovatory policies. It also highlights the difference in activities between various districts and between regions. For instance the districts in Wales are more likely than those in other regions to partake in joint ventures with either the public and private sectors (see Table 2.1).

Table 2.1: Percentage of district councils in Wales in joint ventures: 1988 and 1990.

	Joint working with the public sector. *		Joint working with the private sector. **	
	1988	1990	1988	1990
Wales	67%	97%	44%	71%
Overall	43%	64%	42%	70%

Source: ADC, 1993

* including Regional Development Agencies, WDA, DBRW, RDC, Govt Dept., IBB, LA, EEC programmes and others.

** including developers, TECs, local business forums and others.

While this study offers a welcome analysis, as few people have attempted to measure this growth, it is very simplistic and fails to give an indication of the quality of district council measures or effects of this activity on the local economies.

Evaluation of local authority participation in local economic policy was also carried out by the Audit Commission in 1989. This report concentrated mainly on the role of local authorities in local economic development. Although, there have been many changes in economic development since that document was published, including the introduction of the 1989 LGHA, the single regeneration budget, City Challenge, and the creation of English Partnerships, many of its findings are still pertinent. It provides a more qualitative analysis of the friction between i.e. central government and local government in the regeneration process. The main sources of friction between central and local government are identified as being:

- the marginalisation of the role of local authorities by central government
- the fact that central support programmes are a 'patchwork quilt' of 'complexity and idiosyncrasy' which baffles both the local authorities and businesses alike
- over complex rules lead to compartmentalised policy rather than a coherent strategy
- the existence of failed partnerships leading to operational problems

(Audit Commission, 1989).

The European Policy Response.

The European Union is also an important player in local economic policies. In terms of regional assistance the EU decided in the 1970s to establish the Structure Funds comprised of the European Regional Development Fund (ERDF) and the European Social Fund (ESF). The purpose of the funds were to help those regions of Europe which would suffer as a result of moves towards the European Community. At that time the funds were limited and tended to be purely financial assistance to the member states to be spent in assisted areas determined by the member states themselves (Armstrong, 1993).

In the mid 1980s moves were being made towards a more competitive and fully integrated Europe. The core idea behind these moves was one of creating prosperity by freeing the market (Bennington, Geddes & Mair, 1992). A supply side shock would occur in Europe's over productive industries through savings in production costs, increased efficiency due to restructuring and mergers and a knock on effect to the economy through international competitiveness of European firms. The 1987 Single European Act ratified the principles of the internal market and at the same time realised that these principles would require greater 'economic and social cohesion' if they were to be met. 1992 brought the realisation of the Single European Market and with it came accelerated concentration and control over industry and employment (Bennington et al, 1992).

The forces of centralised control and restructuring would not increase Europe's' prosperity at even rates throughout the Union but would do so at the expense of increased regional variances. The cost of this

integration would be job losses in areas at the sharp end of restructuring, initially these costs would fall heavily on areas of Britain and Italy (ibid.). The net result could well be a zero sum game since 'winners' could not be produced without also producing 'losers' and the belief that positive effects will 'trickle down' have been largely discredited (Bennington et al, 1992; Cooke, 1988).

Changes in Western Europe towards greater integration were accompanied by the disintegration and disaggregation of Eastern European Countries. The principle of European cohesion was also challenged by the acceptance of East Germany's Lander into the Union at the start of the recession in 1990.

The changes in the political, social and economic conditions, both within Europe and within the Union, have to some extent paralleled the structure fund reforms of 1979, 1984 and 1988. The reforms have given more decision making powers over how and where the structure funds should be spent. The main elements of the current structure fund system were established under the 1988 reforms. The main aim of these reforms was to accept that moves towards the Single European Market would deepen the problems for some of Europe's peripheral regions.

The broad aim of reforms to the structure funds was to create a policy instrument with real economic impact. The EC took responsibility for establishing the funds priorities both in terms of how the money should be spent and geographical targeting. The main changes were that the structure fund budget was substantially increased so that in real terms the 1993 budget was double that of 1987 and represented approximately 10% of the entire EU budget; partnerships of all those actively involved in structural policy, including regional governance structures, were encouraged; there was a shift from project support to programme support; increased co-ordination of funds was encouraged. To this end five specific regional policy objectives were decided upon and each objective was linked to spatial areas which were decided upon by the Commission. These objectives were:

Objective 1: promoting development in regions where it is lagging behind i.e. Areas which have less than 75% of Community average GDP;

Objective 2: conversion of areas in economic decline;

Objective 3: reduction of long-term unemployment;

Objective 4: measures to assist the youth;

Objective 5a: adjustment of agricultural structures and objective 5b: to support rural development.

In 1990 a Cohesion Fund was established to direct extra resources to Europe's most impoverished regions, chiefly those in Greece, Southern Italy and Northern Ireland. The most recent changes to the funds were made prior to the allocation of funds for the period 1994 to 1999. These reforms requested that regions of member states put together local economic strategies for their area to demonstrate how the potential funds would be spent. This has meant a stronger role for regional governance in their dealings with the EU, especially on matters relating to local economic policies.

A new EU institution, the 'Committee of the Regions' (COR), was proposed by the German and Belgian Governments, who wished for a stronger body than the already existing Consultative Council of Regional and Local Authorities. It was established in March 1994 despite opposition from France, Spain and the UK. The Committee is made up of 189 members, who are representatives of local and regional bodies and are appointed for a term of four years. Jaques Delors, at the inaugural meeting of COR, said, "*the task ...[of] your Committee...[is to] help to close the gap...you will communicate local concerns and grass root reactions ...and have the task of explaining Community policies to the people back home*" (Delors quoted in European Access, 1994, no. 3).

While attention has so far focused on policy emerging from DG XVI, the Directorate General for Regional Policy, it is also true that many initiatives relevant to local economic policies come from other Commission Directorates. The ever increasing role of the EU has led to modifications of the way in which local government operates. A variety of responses have emerged from local authorities, most recognising the need to address the opportunities offered by the EU in terms of assisting local economic policies. For example, local authorities have joined with each other to form Europe-wide pressure groups (Geddes and Bennington, 1992), to prepare regional development strategies to qualify for structure funds

(Martin & Pearce, 1993) and have set up offices in Brussels (John, 1994) and to have representatives on COR.

2.4 Growth Coalitions.

The increasing importance given to private business in the carrying out of local development in the UK has led several academics to look at the concept of growth coalitions (Lloyd & Newlands, 1988; Cooke, 1988; Harding, 1991; Lawless, 1994). The idea was formulated by Molotch (1976) who developed the theory to explain the processes of urban development in the USA in the 1970s.

The key points to his theory are that landowners are the prime movers in organising local growth because they are interested in increasing the value of their property assets which would result from a growing economy in the area. Growth is taken to mean industrial expansion but also increasing labour force, rising retail and commercial activity, higher population density and increased financial density. Local government is supportive of these growth coalitions because they too are primarily interested in growth. The business community support political candidates through local elections, especially those running for Mayor. Local government then satisfies its role by increasing local rates to fund development. Local businesses who gain from increased activity, including service industries, professionals such as lawyers, and the local newspapers, whose trade increases with growth, also become involved. Other groups take a smaller role such as universities, cultural groups, sports clubs and the self employed. Branch plant localities may also find their local managers have less interest in local growth.

Each local coalition maintains support through claims that it is creating jobs for its locality. Competition to attract limited investment into localities exists between the various local coalitions. Molotch (1976) concludes that the process does not in fact do this but inevitably redistributes jobs geographically. Two other weaknesses face the local growth, first it may become apparent that the benefits are unequally spread amongst the population while there are associated costs. Secondly, there may be an increasing tax burden on local residents as spending is required to overcome environmental and other problems associated with increasing industry .

Studies which have applied growth coalition theory to the UK have found that business-led growth has a weaker tradition here. Where the model has been applied, many of the details do not fit the UK experience (Lloyd & Newlands, 1988; Cooke, 1988; Harding, 1991; Lawless, 1994), but, it could be adapted to make it a more realistic model (Lloyd & Newlands, 1988). In terms of the major differences UK coalitions are not always led by land based business interest, and that the theory of local government is underdeveloped (Lloyd and Newlands, 1988). Cooke (1988) points out that most local growth politics in the UK has been associated more with local Labour government than the private sector. Furthermore, the growth coalition may be led by outside professionals as opposed to local politicians and may be triggered by local economic adversity (ibid.).

A concept which may be more appropriate to understanding local economic policy is partnerships. The important difference between the two concepts is arguably the more open acknowledgement of the players in the partnership model that their role is one of a partner whether or not the partnership is formal or informal in its structure.

2.5 The Partnership Approach.

Since, the partnership approach has been adopted as the primary organisational form for local economic policies (Erskine and Geddes 1994, Mackintosh 1992) this provides another useful mechanism for analysing local economic policies in the UK. According to Bailey (1993) the approach is now the most important challenge to traditional working practices in planning and local economic development. A main proponent of partnerships is Central Government. Local government keen to maintain a role accepts the move towards joint ventures; voluntary and community groups get monetary gains as does the private sector, particularly in the form of concessions and grants.

Partnership can describe both an organisational structure bringing together various agencies for policy making and a way to achieve objectives. In terms of the broad processes (identified in chapter one) which occur in local economic policy, the partnership approach is clearly very important for two of those three; policy formulation and policy implementation.

In terms of the third key process, funding, the issue is a little more blurred. Mackintosh (1992) argues that some researchers implicitly define partnerships as any scheme with funding or involvement from more than one agency. In fact where a scheme uses more than one source of funding, it is not necessarily a 'partnership', it could merely be a funding package. However, the role of partnerships in the economic development arena has been guaranteed by the availability of funding conditional on the presence of partnerships. This is particularly true in the case of funding which is allocated after a round of competitive bidding, e.g. the City Challenge initiative. Even the Department of the Environment was surprised by the enthusiastic response to the first two rounds of City Challenge (Bailey, 1993). Smaller competitive schemes, such as the Community Revival Strategies (run by the Welsh Office), also indicate that the success of bids will be dependent on joint working from both sectors. Guidelines for applicants to CRS state:

The Secretary of State will particularly favour proposals which :

- are supported by strong partnerships of local individuals and organisations (including where possible local or other businesses);
- set out clearly what each partner will contribute to achieving the success of the project;

(Welsh Office Circular 56/93).

There is obviously a strong link between the allocation of funding and the existence of certain partnerships. Yet, funding packages for certain projects have always been employed and do not necessarily imply a partnership.

Partnerships can be a tricky concept to define. Mackintosh's analysis of partnerships looked only at schemes where there was "*sustained joint working, rather than the one-off deal, and where there was some claimed additional "social" benefit which could not have been generated by a purely public or charitable project nor by a purely commercial project*" (Mackintosh 1992, p. 211). For the purpose of this study, I will adopt Bailey's tentative working definition that "*a partnership is the mobilisation of a coalition of interests drawn from more than one sector to prepare and oversee an agreed strategy for regeneration of a defined area*" (Bailey, 1993, p. 293).

Seven core processes frequently operate within partnerships and help explain what they do (Bailey, 1993):

1. Generating Synergy Through Mutual Benefit.

This is one of the main reasons why partnerships are proposed. It is hoped by the partners that each one will make gains from entering the partnership without making losses. For example commercial interests may enter projects which without public sector commitment would be considered too risky. The public sector would gain from projects which otherwise would not go ahead.

2. Transforming Ways Of Working.

This process acknowledges the fact that partnerships are dynamic and that through bargaining and negotiation partners can change and adapt objectives both of the partnership and of each other. Questions about the level of bargaining power of each partner are very relevant to how this process operates.

3. Increasing Budgets Through Leverage.

Since much funding is now directed towards partnerships this is a core reason for the existence of many joint ventures. In some cases commitment to the partnership is built up through sustained leverage from a third party. This has been referred to as leverage planning (Brindley, Rydin & Stoker, 1989).

4. Unlocking Land Development Opportunities.

Public sector incentives, such as City Grant or Derelict Land Grant, to developers are increasingly seen as a mechanism to promote development which would otherwise not be achieved. In contrast to the growth coalition model the main promoter of such development in the UK is usually the public sector (Harding, 1991; Bailey, 1993).

5. Marketing And Promoting Local Areas.

This is a process which is very much a reflection of the move towards entrepreneurial economic development which is already well documented in the USA (Goodman, 1979). Marketing partnerships can range from promotional brochures and videos to flagship projects such as leisure centre developments which are used as physical mascots for schemes.

6. Confidence Building & Minimising Risk.

This operation is seen as vital to the work of many partnerships as it encourages continued support and wider participation in schemes. For instance in the South Wales Valleys lack of confidence is argued to retard the regeneration process.

7. Co-ordination Of Infrastructure And Development.

This occurs where there is often felt to be a lack of an adequate co-ordinating body. So for instance partnerships have sprung up in the wake of the abolition of Metropolitan City Councils and between local authorities in order to overcome the absence of a regional tier of government.

The partnership approach has been adopted to achieve a number of aims. In order to understand better the way partnerships operate it is useful to classify them. It is possible to create a classification of partnerships according to their ultimate goals.

- Systematic partnerships. These combine strategic policy makers to solve meta-problems; situations where several linked problems combine to form a meta-problem therefore several solutions are required.
- Programmatic partnerships. Agents combine to tackle issues e.g. the implementation of urban regeneration.
- Technical partnerships. These are short term partnerships linked to a single objective. (Erskine and Geddes, 1994).

This is not the only typology of partnerships. Bailey (1993) sets out six categories based on a set of defining variables including their aim, area of coverage, range of partners and remit (see table 2.2). Bailey's classification of partnerships, while not necessarily comprehensive, is useful because it demonstrates the various situations in which partnerships are currently employed. It also shows the range of scales at which partnerships are formed and therefore shows the possibility of policies

overlapping in some areas. Furthermore, it shows that not all kinds of partnerships are involved in both strategy determination and implementation.

The strength of the partnership approach is its ability to mobilise a range of agencies with similar problems to ensure all operations are focused on a strategic set of objectives. *“Partnerships have the potential to generate an agenda which at best unites these concerns, and at the least recognises their complementary nature”* (Erskine and Geddes, 1994). Their weaknesses stem from the fact that not all agencies have equal access to resources, equal values, common long term objectives, the same culture and working practice. These differences may lead to power struggles and a false sense of consensus.

Table 2. 2 Typology of Partnership.

Type	Mobilisation	Area of Coverage	Range of partners	Remit	Examples
Development	locally	single site or small area, e.g. a town centre	private developer, housing assoc. plus LA.	Joint development to mutual advantage	retail or housing developments producing mutual benefits
Development trust	locally	neighbourhood	community-based with LA & other reps.	Community-based regeneration	Coin Street, North Kensington Amenity Trust, Woodlands Trust
Joint agreement/coalition/company	locally but may be in response to national policy	clearly defined area identified for regeneration	public, private, voluntary	preparation of formal/informal strategy; implementation often through third parties	City Challenge Greenwich Waterfront, B'ham Heartlands
Promotional	locally, e.g. by Chamber of Commerce	district or city-wide	private sector led. Sponsored by Ch. of Commerce or development agency.	Place marketing promotion of growth & investment	Newcastle Initiative, Glasgow Action, East London Partnership
Agency	nationally based on legislative powers	urban, sub-regional	public sector sponsored with private sector appointees	terms of reference from sponsoring agency	UDCs, TECs, LECs
Strategic	regional/ county/ local	sub-regional	all sectors	determining broad strategy for growth and development	few yet; North Kent, London Forum

Source: Bailey 1993

Peck and Tickell (1994) look one step further at the effects of partnerships working side by side on related issues. They argue the need for a critical assessment of the concept of the partnership approach which now dominates the sphere of local economic development. They analyse some of the successes and failures of the growing proliferation of partnerships. The creation of single purpose 'partnership' bodies like Training and Enterprise Councils (TECS), Urban Development Corporations (UDCs) and English Partnerships was, in part, "*to avoid the compromise which partnerships, joint ventures and consensus building inevitably require*" (Peck & Tickell, 1994, p. 253). However, they find, bids for the Single Regeneration Budget will be made by both partnerships and '*partnerships of partnerships*'. So, instead of seeing increasing strength in the locality, the growth has been in fragile, corporatist coalitions dependent on public funding for their survival. Furthermore, since local partnerships will be fighting other local partnerships for bids, they find central government has maintained a role for 'market forces' and the private sector.

Since partnerships are "*complex, sometimes messy, processes which take place over time...(and) their evolution affects the nature and objectives of the partners themselves*", Mackintosh finds, "*(they) are one, quite important, site where broader processes of social and economic change are fought out*" (Mackintosh, 1992 p.213).

CHAPTER THREE : RESEARCH QUESTIONS AND METHODOLOGY.

3.1 Research Questions.

There is little in the literature to show how broad or narrow a definition of local economic policy has been adopted. Yet, many authors state that local economic policies have been rising over the last decade (Eisenschitz and Gough, 1993; Campbell, 1990; Geddes and Bennington 1992; Murray, 1991). The concept, although loosely defined and poorly understood, is currently applied in many areas. This causes the problem that if local economic policy is not clearly defined then it is very hard to critically appraise.

There is also little in the literature which clearly states how, because of the myriad of initiatives, many policies can exist simultaneously for any one location, sector of industry or individual aim. These policies may or may not represent a co-ordinated approach to any problems. Often policies co-exist de facto, having been designed individually with little or no regard to each other. Without looking at all policies as they operate in a combined manner it is hard to say whether the result of this 'patchwork quilt' of policy is a combined synergy or merely duplication of effort.

There have been some moves away from analysing local development as though homogenous activities occur whenever and wherever local economic policies are employed. Moulaert et al (1994) argue that there is a danger in seeing local development as a 'password' for the solution of too many problems. They argue that "success stories" of high technology or industrial districts or tourist projects are the experiences of only a minority of local communities. Communities which suffer problems of disintegration show very few successes in overcoming their restructuring problems. Hypothesising that localities have particular histories of socio-economic disintegration which make a homogenous view on LEP impossible they have researched 'disintegrated' localities in eight member states of the EU. They proceed to classify localities according to their particular problems and indigenous institutional

framework. They hope this will provide a background by which models of local development can be developed which have more relevance to the location in which they are applied.

Geddes and Bennington (1992), by looking at local economic responses carried out within single sectors of industry, also avoid a blanket analysis of regeneration strategies. They identify two types of sectoral local economic policy. The first is directed ex-post to a particular sector of industry which is already dominant in a locality. The second, stronger form of sectoral policy is directed ex-ante to a sector which it is hoped will bring about new economic opportunities for an area. This latter form of policy requires decision makers to have knowledge about needs, trends, problems and benefits of various industrial sectors as well as a detailed local knowledge.

In order to fully evaluate the outcomes of local development policies in any area it is necessary to examine the combined, or net, effects of all regeneration projects in that area. To that effect it is important to understand the motives behind the policy-makers and the linkages between the policies in order to see whether the varied activities in operation are complementary or contradictory. These issues must also be considered in light of an area's specific social and economic characteristics and its institutional regime.

3.2 The aims of this study.

In this thesis I will examine some of the approaches taken by various organisations to local economic policy in the South Wales coalfield area and the extent of partnerships between the different actors. The two main aims of this thesis are :

- I. to discover how all the various policies fit together in terms of the inputs identified:
 - A. strategy development
 - B. funding
 - C. implementation
- II. to look in particular at the role of partnerships

3.3 The Case Study Area

This thesis looks in detail at the South Wales Valleys. This area is an interesting case study for several reasons. Coal mining areas offer a good example of one of the first places to suffer declining development as a result of external pressures. The effects of this decline are borne by the localities in which coal was mined. These areas all suffer similar problems, the nature of which stem from the characteristics of the industry itself. Fothergill uses the example of coal areas to look at how local economic policy has been co-ordinated in one industrial sector (Fothergill, 1992). HBy looking specifically at one industrial sector it is possible to avoid some of the problems of treating local economic policy as a uniform activity with uniform results. Although, in his analysis, he makes no reference to the differences in institutional, economic and social characteristics even between the various coal areas of the UK themselves (ibid.).

This is important as the institutional context in which policies are carried out can have as much significance on the outcomes of policy as the circumstances in which the need for policy arose. Within the context of deindustrialised coal areas there are many bodies operating varied activities under the broad banner of local economic policies. While these activities seem similar in terms of aims and approach the style of implementation is dependent on the ideology of the co-ordinating institution (Eisenschitz and Gough, 1993).

The Decline Of Coal And Its Affect On South Wales.

The international market for coal has been depressed, reflected in low prices for coal, a squeeze on profits worldwide and restructuring within the industry occurring in most coal producing countries. This is due to overproduction on a world scale in the absence of buoyant demand (Rutledge and Wright, 1993). This enables us to view the decline in the UK coal industry as part of a wider malaise in the industry as a whole.

There has been a substantial reduction in the aggregate demand for UK produced coal. In 1957 inland consumption of coal was 216 million tonnes, in 1980 this fell to 124 million tonnes and by 1993 stood at only 87 million tonnes. There has also been a change in the composition of demand for coal. In 1957,

although power stations were the primary buyer of UK produced coal, demand existed from a variety of end users (Robinson & Marshall, 1981). In 1993 the main consumer of coal was the electricity generating industry who made up 76% of demand (Digest of UK Energy Trends, 1994).

The coal industry had become increasingly dependent on the generating industry, who bought UK coal at a price above that offered in world coal markets. This was agreed by a series of fixed term contracts secured in favour of British Coal after intervention by the Secretary of State for Energy. The privatisation of the electricity generation industry at the end of the 1980s the generators were increasingly unwilling to maintain contracts for domestic coal at inflated prices. In 1992 the best deal British Coal could secure was for 40 million tonnes (MT.) of coal in 1993/4 and for 30 MT. in the two following years. In October 1992 BCC announced its intention to close a further 31 mines (DTI, 1993).

Another threat to coal is again related to the generating industry and the 'dash for gas'. There has been considerable investment in combined cycle gas turbine generating plants (CCGT) which claim lower costs and relative lack of pollution than coal fired generating plants. New entrants to generating industry can use these quick to build gas stations to enter the market, already dominated by National Power and Power Gen, (Fothergill, 1992). The estimates show less than 6% of the UK's electricity capacity will be from coal fired stations in 2020 compared with 66% now (Brown, 13.3.95).

Competition to the UK coal industry was heightened by the relaxation of restrictions on imported coal and consequent investment in deep-water port facilities. The relatively high sulphur content of UK coal compared to imported coal is another explanation for falling demand for UK coal. By switching to imports power stations can meet their targets for reduced sulphur pollution. Broadly speaking, the end results of these pressures are restructuring and rationalisation within the industry.

Much of the restructuring of the UK industry after the strike was carried out in anticipation of the privatisation of coal. The Government only formally announced its plans for privatisation in 1988 (DTI, 1993). Between December 1991 and March 1994 the number of collieries in operation fell from 65 to just 17. Privatisation began in September 1994. This was enabled by the Coal Industry Act 1994. The

industry was sold off on a regional basis. Five regional coal companies were formed and it was these together with seven care and maintenance collieries which were offered for sale by the Government. The table below outlines the post privatisation ownership of coal in the UK.

Table 3.1 The Current Ownership Of Coal Production In The UK.

Region/Colliery	Owner	Cost	Date of purchase
Central Coalfield South Central Coalfield North North East	R. J. Budge Mining	£815 million	30 December 1994
Scotland	Celtic Energy (Scotland) Limited And Mining	£39.4 million plus £5.7 million for coal stocks.	30 December 1994
South Wales	Celtic Energy Wales	£94.5 million	January 1995
Tower Colliery	Employee Buyout Team	-	December 22 1994

Source: Rothschild, 1994 and DTI Press Releases.

Threats to the UK coal industry continue into the 1990s despite the radical rationalisation since the mid 1980s and the Government's privatisation. Even now pressure still exists for the industry to continue restructuring. The reasons for this include those already discussed e.g. continuing falling demand, competition from imports and the switch to gas. An official source sums up some of the remaining pressures stating "*there is expected to be a greater reliance on imported coal as the coal contracts expire and some UK reserves are exhausted, but the outcome will be heavily influenced by the extent to which the newly privatised mines are able to improve their productivity*" (Brown, 13.3.95).

Coalmining areas have suffered heavy loss as a result of the contraction in the industry. All the coalfields have shared the employment losses since the miners strike. Coalmining areas in South Wales and Scotland both lost nine-tenths of their pre-strike workforce (Fothergill, 1992). In 1984 there were 34 operational pits in South Wales employing 22.5 thousand employees. By 1989/90 there were only four operational pits with 3.7 thousand employees (Welsh Office, 1990).

The only remaining operational deep mine in South Wales today is the Tower Colliery, Hirwaun, which is situated in the Cynon Valley, and currently is owned and worked by about 400 miners. The effects of the latest round of closures has been very deep psychologically. The coal industry was not only the focus for the economy but the focus for the culture and the community. The end of coal represents the end of a way of life.

In all areas where coal mining was once an important backbone to the economy a transition is being made. The contraction of the coal industry has had a negative multiplier effect on the local economies. This is a result of the cutback in associated business e.g. contractors, road haulage, supply industries and as a result of reduced spending power. Most mining areas had high unemployment in the early 1980s before the restructuring, typically between 10-20 % . Even at the peak of the boom in the late 1980s most maintained unemployment levels above 10% (AEP, 1995).

There are common problems for most mining areas (CCC, 1992). All these communities show signs of economic distress such as high unemployment and low or rundown service provision. Common obstacles to regeneration include the fact that most mining areas were dominated by the coal industry or other manufacturing industries which have faced similar problems of decline. In general these areas lack a diverse economic base. Service sector industries such as high technology industries or banking are usually absent. Another result of the dominance of coal is the lack of entrepreneurial tradition in these areas. The skills developed in mining are not widely shared by other industries. The mining activities have tended to blight the environment leaving contaminated land, derelict sites and spoil heaps. The nature of the industry has meant that the damage often remains as visible pollution. This can be off putting to inward investors.

As in the inner cities the younger, better educated and most able members of the population have left in search of better opportunities elsewhere. The remaining population has a high concentration of older, retired, ill, unemployed, less educated and generally disadvantaged people. The mining areas tend to be divided into many small and dispersed communities, which historically centred on the pitheads. Often the

communication links for these areas are very weak. For these reasons the image of these areas is very poor and deters new investment.

Dicks, Waddington and Critcher (1993) have researched change in four mining communities in South Yorkshire. They rightly note that *“a pit closure ...far from catapulting a community into a sudden spiral of decline merely sets the seal on nearly a decade of quiet disintegration. Rather than focusing on the final moment of closure ...we...look instead at the decline...over a number of years - particularly those since the 1984/85 strike - in order to chart the actual process of social and community disintegration”* (Dicks, Waddington and Critcher 1993, p. 175).

Their findings include the fact that long term unemployment in the area increased; that other jobs available to ex-miners, such as security or delivery work, require them to accept lower pay and conditions; that those who had attended BCE or Government training schemes had little real prospect of using their newly acquired skills. Ex-mining families were often reliant on the woman's earning, often from part-time service sector jobs. Families in general had to accept a lower standard of living and frequently relied on benefits.

These effects have filtered through to the family, the community and affected social relations in general. Men are coping with long term unemployment, loss of workplace camaraderie, stress and depression. Women were suddenly the main wage earners while still bearing the brunt of housework and childcare. The youth, meanwhile, face general uncertainty about their future prospects. There has been a loss of *“the shared rhythms of work and social life”* replaced with *“a more ‘common’ community experience of unemployment, which is...increasingly isolating”* (Dicks, Waddington and Critcher 1993, p. 175). Petty crime increased in the study area and although not directly attributable to coal closures it is symptomatic of decline. One problem is that economic stagnation weakens local communities yet in many ways the problems it creates are being tackled using these local economic, social and political links (Eisenschitz and Gough, 1993).

So while the coal industry in Wales has all but disappeared its legacy remains. The problems common to all coal mining areas equally apply in the valleys. The South Wales Valleys, in particular, have a strong

economic, social and political history linked closely to the coal industry, which formed the backbone to their economies for much of the last century. Geographically, the Valleys are a readily identifiable area. The Welsh place a large amount of importance to their cultural identity. The map in appendix III shows the location of the Valleys as defined by the Welsh Office and the local authority boundaries for the area.

Table 3.2 Population Data for selected areas 1989-1992.

	1989	1990	1991	1992
Wales	2873	2881	2886	2899
Valleys	701	704	695	-
Mid Glamorgan	536	540	542	543
Cynon Valley	64.7	64.6	65.8	65.6

Source : Regional Trends 1990-1994 & Welsh Office 1993.

The population of the Valleys area is approximately a quarter of the population of Wales, with most of these people being resident in Mid Galmorgan (table 3.2).

The area provides a good example of how a crisis in the economy has led to the need for a local response to the problems. In terms of Gross Domestic Product (GDP) Wales remains one of the poorest regions of UK. Mid Glamorgan has particularly low levels of GDP. The gap between Mid Glamorgan and the UK has been increasing, revealing that this area has become relatively poorer between 1981 and 1991. This partly a result of the substitution of lower paid manufacturing and service jobs for mining jobs but also due to very low incomes in the area.

Table 3.3 Gross Domestic Product 1981, 1989 & 1991 - the UK, England, Wales and Mid Glamorgan comparisons.

Gross Domestic Product £ per head (UK = 100)	1981	1989	1991
UK	100	100	100
England	102	102.4	102
Wales	83.8	85.4	85.1
Mid Glamorgan	75.7	72.2	69.4

Source: AEP 1995 (p. 6)

Of the fifty most deprived wards in Wales forty-five are found in South Wales (Morgan & Price, 1992). The Valleys area has been variously described as the 'poorest of the poor' or the 'inner city of Wales' (ibid.). The economic activity rate, the proportion of working population in employment, training or registered unemployed, in the South of Wales was 71.9%, just below the Welsh rate of 72.2% and significantly below the GB rate of 77.4% (WDA, 1994). In terms of need for economic regeneration, therefore, the Valleys is a worthy case study.

It is true that, within the UK, it is only Scotland and Wales which have any degree of institutional devolution. A distinct institutional organisation from that in either England or Scotland operates in Wales. If the future of the European Union does lie in what has been termed a 'Europe of the Regions' it is important to look at these areas because they provide a glimpse of how a working model of regional government might operate in the UK. It is particularly important to see how the field of economic development operates in these areas as this has already been established as a legitimate concern of the new Committee of the Regions.

Finally, the South Wales Valleys seemed an area in which it would be possible to obtain a fairly accurate picture of the local economic policies given the resource constraints under which I was working.

3.4 Evaluation of local economic policy.

Ex post evaluation of local economic policies have been sparse, with few published results (Coulson, 1990). The reasons for this include the fact that evaluation is a tricky subject and all evaluation methodologies are uncertain and subjective. Evaluation is also difficult for political reasons. Those who invest in or implement projects have little reason "*to wash their dirty linen in public*" (Coulson, 1990, p. 174). Where they have occurred evaluations have concentrated on the results of individual policy mechanisms e.g. Enterprise zones, UDCs or on individual objectives e.g. small business start ups.

Evaluation is notoriously difficult. There are several issues which need to be considered in the undertaking of an evaluation. The situation which would have occurred without the policy in question

needs to be determined, i.e. the construction of the counterfactual situation. This process is not objective and depends on the assumptions made by the evaluator. Coulson argues that evaluators rarely ask what would have happened in the absence of the policy (1990).

Those carrying out ex post evaluations also have the benefit of hindsight, while the original decision maker was making judgements under conditions of imperfect knowledge, risk and uncertainty. This can affect the determination of whether a given outcome was a success or not. Another, often neglected, factor which also can affect the outcome of a project is the wider social and macroeconomic context in which the investment takes place (ibid.).

The evaluation methodologies adopted are often simplistic. For instance, they may assume a single objective or reduce other objectives to a single objective. This is invariably true. Usually there are multiple objectives and these are often conflicting (Coulson, 1990). In the case of partnerships this issue becomes even more difficult as different partners may have different objectives yet they may 'compromise' these and enter into partnership anyhow. Bailey argues that there is a need for the partnership mechanism employed in local regeneration strategies to be better understood. To quote :

One of the major research tasks involves identifying what it is partnerships are set up to do and how they go about doing it. This creates serious problems for the researcher in that organisational objectives may be vague and ill-defined at the beginning and are often obfuscated by promotional literature designed to suggest a consensus has been achieved merely by setting up the agency. Clear analysis is needed of how the partnership was formed and what processes are used to generate a strategy. In addition, objectives can evolve over time as new priorities and opportunities emerge. Internal processes of decision-making often have to be deduced from documentation or interview with key players. (Bailey, 1993 p. 297)

Key research questions surround the issue of partnerships including what these partnerships will achieve; could the same result have been achieved through traditional means; how partners are mobilised and strategies devised i.e. internal workings (Bailey, 1993). Evaluation of partnerships is important but difficult. The word itself conjures up positive principles of co-operation, mutuality, pulling together, pooling resources and getting things done. It then becomes hard to be critical of partnerships without appearing critical of these positive principles (Peck & Tickell, 1994). To distinguish between good and bad partnerships it is necessary to avoid the hype and to look at the institutional and political balance of

power behind various partnerships and to see what elements different partners bring to the table (ibid.). Still, there is the problem of discovering the character and objectives of the partners themselves, which may be in conflict.

Coulson calls for more evaluation work to be carried out both of specific projects and of the overall economic development work of councils. He also states the requirement that more qualitative analysis be undertaken as well as quantitative analysis.

Methodologies can be based on the 'rational model' or the 'action-research model' (Coulson, 1990). In the rational model it is assumed that objectives can be unambiguously defined before the policy is implemented. Evaluators then measure the success of a scheme against these original objectives. Under the action-research model the evaluator assumes that objectives are not fully defined from the start and that they change during the course of a programme. It is further assumed that the best course of action can only be discovered by experimentation so while objectives may change the experience gained is valuable. In this case, the evaluator must interpret past events to assess the value of what was achieved and to make recommendations for the future. This latter type of methodology would seem more appropriate for dealing with the problems identified above. The assumption that clear objectives are not always fully identified and can change with time was adopted during the course of the research.

3.5 Methodology.

The development of local economic policy in the South Wales Valleys was investigated by two means. An analysis was done of the strategic policy documents produced on economic development for the area. Any evaluations of the policies were also examined. Secondly, interviews were conducted with key figures in four organisations involved in the local economic process. Open, face to face interviews were held with representatives from the Welsh Office (Urban Affairs division), the Welsh Development Agency, Mid Glamorgan County Council and British Coal Enterprise. Telephone interviews were conducted with individuals from the Welsh Office (Regional Development Division), Mid Glamorgan County Council, Mid Glamorgan TEC and Cynon Valley Borough Council.

The input of the European Union (EU) was also examined, particularly the effect of the RECHAR programme in South Wales. This was possible as I had kindly been given access to data on the RECHAR programme by Arup Economics and Planning (AEP), for whom I have worked. During my time at AEP they carried out the evaluation of RECHAR for the European Commission.

Partnerships were examined by looking in detail at four case studies. These were chosen as a result of preliminary discussion with individuals in Wales. These provide a good cross section of the types of partnerships identified in Bailey's classification (Bailey, 1993, see chapter 2).

Inputs were examined in terms of resources and institutional inputs. The effects of the policies in terms of outputs was examined by looking at monitoring reports and target achievements of the interviewees. It was found that this was often difficult data to obtain as such results were not always accurately reported. A qualitative estimation of the effects was also made based on the case study interviews and a case study visit to the Cynon Valley.

CHAPTER FOUR : LOCAL ECONOMIC POLICY IN THE SOUTH WALES VALLEYS.

4.1 Introduction.

This chapter outlines the current local economic policies in operation in the South Wales Valleys. It does not attempt to be comprehensive as the full picture is highly complex and intricate. Instead the following discussion will draw out the main elements of policy and use certain issues or examples to highlight some of the complexities in the field of local economic policy.

The introduction continues with a brief outline to some of the various institutions involved in economic development. The state of development activity is then discussed in terms of the processes which have been identified as crucial to local economic policy. These are strategy formulation, funding and implementation. The consideration of implementation is continued in chapter five which looks at partnerships. Outcomes of the overall policy are considered briefly at the end of this chapter.

Central Government; The Welsh Office and the Secretary of State for Wales.

The Welsh Office is the central government presence in Wales and co-ordinates Government policy on regeneration for the country. The administrative system is distinct from the system in England. All government departments in Wales are housed under one roof - the Welsh office in Cardiff. In England Integrated Regional Offices were created during 1994/95 which now house the previously separate regional branches of the Department of Environment, Department of Employment, Department of Transport, and Department of Trade and Industry in one location. Significantly, in Wales, it is the Secretary of State for Wales (SOSW) who co-ordinates the various departments in Wales. In England it remains to be seen if new housing arrangements will improve networks between the departments.

Currently there is no equivalent to the Secretary of State for Wales, i.e. no-one with responsibility for all departments, in the English regions.

The Secretary of State for Wales has the opportunity to play a key role in the regeneration process. He has command over the activities of the Welsh Office and can therefore co-ordinate the various policies and funding regimes. There is also the scope for resources to be targeted spatially within the region.

There are three main roles for the Welsh Office in terms of economic regeneration. These are:

- to provide a framework within which local economic strategies can be formulated and adopted by the local authorities and WDA
- to provide funding for regeneration schemes.
- marketing Wales

The Welsh Office view is that there is a need to break into the cycle of deprivation in the valleys' region, which was identified as an economically challenged sub-region in Wales. This is in part what led Peter Walker to establish the Valleys Initiative in June 1988. It is also true that the initiative enabled him to leave his political mark on this peripheral area to which he had been posted by Mrs Thatcher. The Programme for the Valleys meets the first of the above aims and forms the framework within which local economic policy is formulated in industrial South Wales.

The Welsh Development Agency.

The Welsh Development Agency, a quasi autonomous non governmental organisation (QUANGO) was set up in 1976 under the Welsh Development Agency Act 1975. Its main aim is to encourage regeneration in the Welsh economy by promoting international competitiveness, maintaining and safeguarding employment and improving environmental conditions. It does this through a variety of mechanisms, ranging from derelict land conversions to the provision of loans and equity to other bodies.

In 1976/77 the WDA had a budget of £30 million. By 1993/94 this budget was £151.9 million of which 45.9% comes from the government (WDA, 1993/94). The pattern of expenditure by the WDA for 1993/94 is shown in the table below.

Table 4.1 Pattern of expenditure by the WDA 1993/94.

Development Projects	37.5%
Property	36.9%
Corporate Services	10.9%
Rural Development	5.0%
Marketing	5.6%
Business Services	4.5%
Taxation	1.4%

Source: WDA, 1993/94

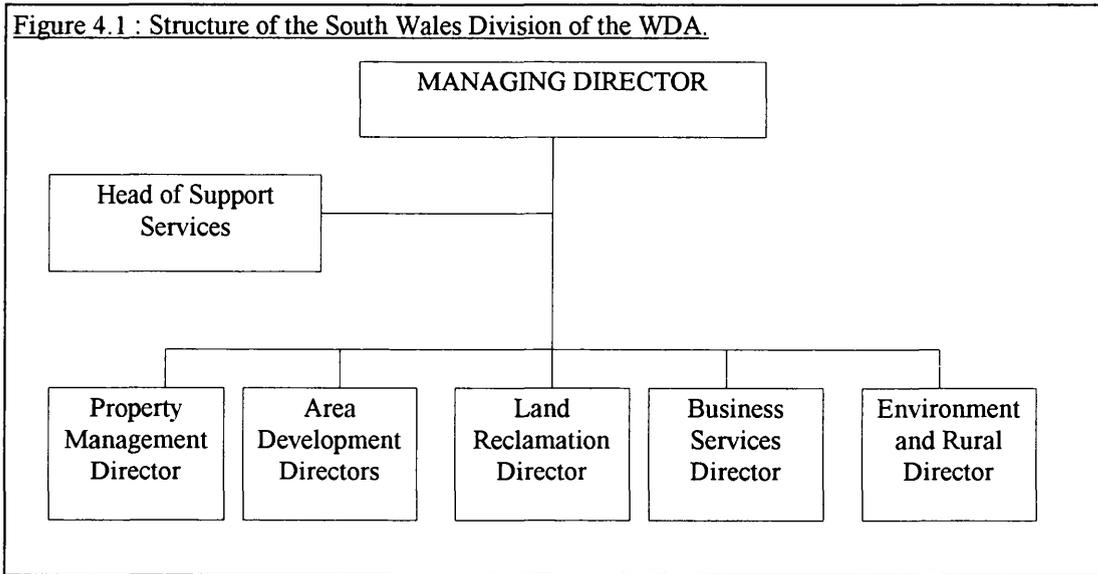
The WDA has received mixed comments about its role and function. Some have praised its ability to take a strategic role in development activity in Wales and praise its achievements for instance in attracting foreign direct investment. Others, including the House of Commons Public Accounts Committee, have voiced their concern over its operations. It has been said that “*the WDA is a government body out of control*” (Estates Gazette, 13.7.93) and that it has wasted public money and is incredibly slow in its actions.

The Public Accounts Committee made several criticisms and recommendations about the WDA in 1992 and these have resulted in a new management team and restructuring of the organisation. Operationally the WDA is now divided into three sub-regions: the South, the West and the North. A fourth region, Central Wales covering the Brecon Beacons is covered by the Development Board for Rural Wales (DBRW), a sister body of the WDA.

The South division covers the valleys area and as this is an area of high priority need this is where much of their activity is focused. In 1994 the South division itself was subdivided and offices moved out to their respective localities. It was felt this would provide a service closer to the ground. The valley area is

split into ten mini-regions by the WDA. Each is covered by an Area Development Director. This split has enabled the WDA to work more closely with other local agencies while still maintaining an overview of strategy in the entire South region by maintaining strong contacts with the Welsh Office.

Figure 4.1 : Structure of the South Wales Division of the WDA.



Source WDA 1995/96

The WDA adopts a holistic approach to regeneration activities. By this it means the WDA is involved in both the policy making and policy implementation arms of economic development. It realises that resources it has are limited and need to be focused. Broadly speaking the WDA is committed to investing in order to improve the quality of life in Wales and to create opportunity in both jobs and leisure.

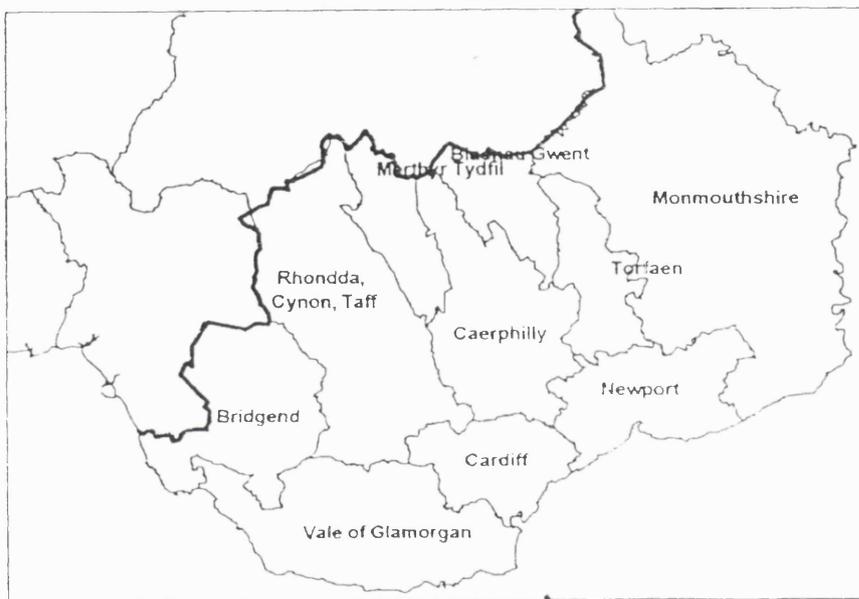
Local Government.

By 1991 all local authorities in Wales had an economic development division or officer (ADC, 1993). If councils plan to carry out economic development work they must produce an economic statement to comply with section 33 of the LGHA 1989.

Since the local government review it has been decided that the current system of county councils and district councils in Wales will be replaced by ten unitary authorities in April 1996. The future picture of local authority boundaries in South Wales is shown in figure 4.2.

In terms of examining the local government approach to economic development the activities of Mid Glamorgan County Council (MGCC) and Cynon Valley Borough Council (CVBC) will be considered as case studies. CVBC as a local authority district places a high priority on local economic regeneration work. Morgan (1995) argues that no other district in the Valleys area is the more committed to urban renewal.

Figure 4.2 The Unitary Local Authority Boundaries which will be introduced in 1996.



MGCC take a strategic view of economic development within their county. The economic development unit produces a strategy document, an annual action plan and regular newsletters. CVBC produce both an annual economic development strategy and work within a five year strategy plan which lasts from 1993-1998. These strategies will be considered later.

British Coal Enterprise.

British Coal Enterprise (BCE) is the job creation arm of British Coal Corporation (BCC). It was set up in October 1984 as a wholly owned subsidiary of British Coal. Its task was to offset job losses in coal mining regions of the UK. It faced a difficult start, being resented as a sweetener in the face of looming job losses in the industry.

Since it is a subsidiary of BCC, BCE is financed by its parent company. In fact, British Coal's contribution to BCE requires ministerial authorisation (Fothergill and Guy, 1994). BCC provided a fund for BCE activities which now stands at £65 million. The money from this fund is reused as loans are repaid. BCC also makes an annual grant to BCE. In 1993/94 this was £22 million. The cumulative grant from March 1984 to March 1994 was £119 million (Fothergill & Guy, 1994). It does also make use of other funds such as European grants. The future of BCE in the face of coal privatisation is uncertain and to some extent depends on the profitability of the organisation. Continued support for BCE, in its present form, exists only until March 1996.

BCE is divided into regional branches, of which South Wales is one division. Most of BCE's expenditure in South Wales is approved annually and met by British Coal. Some expenditure is met by revenue from the BCE owned properties and from the Grosvenor Careers Service which are the two profit-making arms of the South Wales division.

Mid Glamorgan Training and Enterprise Council (TEC).

Mid Glamorgan TEC was set up in 1990. The TEC covers the same administrative area as MGCC. Its aims are to encourage employers to train their employees, to manage the government's training and enterprise programmes and to achieve value for money in the provision of training and enterprise.

The TEC is really a partnership organisation with board members from various institutions in Mid Glamorgan. The majority of the members are from the private sector with the balance from educational institutions, councils and other public sector bodies including, for example, Mid Glamorgan Health Authority. Mid Glamorgan TEC has opened six offices ('opportunity shops'), in towns within the county,

to bring its services closer to the population. It is the only TEC in Wales to be organised in this manner; the others operating from one office.

Other organisations with a local economic policy role in the South Wales Valleys include the Coalfield Communities Campaign (CCC), the Land Authority for Wales, the Welsh Tourist Board, Groundwork Trust, Enterprise Agencies, Business in the Community, community groups, voluntary groups and various partnerships (see chapter five).

4.2 The Strategy Framework.

Several strategies operate in the Valleys area. These include the Programme for the Valleys (PFV), which has been developed by the Welsh Office, the economic strategies of local councils and the Single Programming Document, which is the region's strategy concerning the allocation of the EU's structure funds. Strategies which have not been formalised into any document have also been considered. These include those adopted by various institutions and the lobbying strategy adopted by the CCC.

The Programme for the Valleys (PFV).

The first PFV was initiated by the Secretary of State, Peter Walker, who intended it to last three years, from 1988 to 1991. It consisted of a £500 million expenditure package which covered the valleys area, incorporating a population of 700,000. As the document states the population within the area is "*not much smaller than Liverpool and larger than Sheffield*" (Welsh Office, 1988). The document acknowledged the different circumstances, problems and opportunities in each valley and maintained the need for a strong role for the sixteen district councils and five county councils.

The document sets out Walker's aim in creating the programme as:

to improve significantly the prosperity of the Valleys of South Wales, and the well being of the people who live in them: to give people a new confidence in the future of their Valleys as places in which to live and work and to instil in people elsewhere a new perception of the area as a place worth visiting and investing in. (Peter Walker, Welsh Office, 1988, p. 4)

The Programme document sets out a series of planned actions, under the following headings : the economy, education, training, tourism, transport, environment, voluntary effort, health and housing,

which would take place over three years. Each action is described as either 'Enhanced' or 'NEW'. Some of the new elements included :

- the Valleys Small Loans Scheme, the Valleys Enterprise Loan Scheme and the Community Enterprise Scheme all of which would be administered by the WDA
- a new Welsh Technology Development Fund to be set up
- Skills Audits to be carried out by the Training Commission
- two new trunk roads costing £31.5 million.

The Programme was extended by the next Secretary of State for Wales, David Hunt, until March 1993. This was announced in a document called *Partnership with the People*. Hunt also introduced a focus on implementation through partnerships. His statement reads :

In assessing the achievements so far, it has become clear over the life of the Programme that the key to its success has been the **partnerships** it has engendered, between central and local government, the public and private sectors, employers and unions. What I want to do now is to extend that approach to include the people of the Valleys themselves. (David Hunt, Welsh Office, 1993, p. 3)

The entire document stresses the need for partnerships. There are references to practical partnerships, partnerships in action, partnerships in community revival, partnership in service, in celebration, in training, in enterprise, in travel and in housing. The partnership concept is not clearly defined and seems to be applicable to any situation where people work together.

An evaluation of the first Programme was undertaken in 1993 by Victor Hausner Associates. The report states on page one that the breadth of the Programmes aims and objectives were so broad that they prohibited a definitive evaluation of their success. The failure of the first PFV to identify adequate strategic and operational objectives hindered the evaluation as the quality of monitoring information collected was neither very specific nor consistent. Despite this, it was found that, "*on balance the Programme has helped arrest the deterioration and decline of economic and social conditions in the South Wales Valleys*" (Hausner, 1993, p. iii).

The successes of the first programme have been declared as including the leverage in of nearly £700 million of additional private sector investment, 24,000 new and safeguarded jobs, the most successful of all the National Garden Festivals at Ebbw Vale, new arts facilities in the Valleys, the clearance of 2,000 acres of derelict land by the WDA, the improvement and refurbishment of 7,000 homes and 2.6 million square feet of new industrial workspace (Welsh Office, 1993). While it is true that most of the above has occurred in the Valleys it is not necessarily all due to the Programme for the Valleys.

The weaknesses identified by the evaluation, (Hausner, 1993), criticised the PFV for merely amalgamating a series of initiatives without outlining an overall vision for the area. This limited the overall effectiveness of the programme. There was also a lack of coordination between Welsh Office departments, government agencies and local authorities. Local authorities criticised central government for their lack of strategic guidance. Finally, little monitoring was carried out. This was due to a lack of clear objectives which could be monitored and a failure on the part of any organisation to collect the relevant data.

A second five year Programme for the Valleys was announced by Hunt on 1 March 1993 beginning on 1 April 1993 until 1998. This document crystallised five main aims behind the second Programme which *“will be achieved by straightening the partnership between Government, local councils and the private and voluntary sectors under local leadership; and by increased support for local community action”* (Welsh Office, 1993). These aims are:

1. to create more, better quality jobs;
2. to improve training, education and transport so that local people can benefit;
3. to improve the quality of the environment;
4. to improve the health of the local people;
5. to improve housing quality and choice of housing.

Responsibility for this PFV fell into the hands of the current Secretary of State for Wales, John Redwood.

It is too early to comment on the results of this programme.

Local Government Strategies.

MGCC’s strategy document covers the Council’s response to the massive structural changes which have occurred in the County. Its main aim is “*to create a strong and dynamic economy, in an attractive and sustainable environment, which offers a high quality of life and a wide range of opportunities for all citizens*”, (MGCC, 1993, p.12). The council has made attempts to bring its aims in line with those of the PFV (see table 4.2).

The strategy represents a three to five year rolling programme for the County. The economic development unit realise that situation in which they operate is changing. The strategy splits MGCC into three types of area: economic growth areas, economic regeneration areas, community development areas. Economic development priorities are different for each type of area based on the needs of each area. Economic growth areas, cover the three most southerly districts of the county, and have a relatively strong industrial base. It is hoped to build on the economic strengths of these areas and inward investment is strongly encouraged here. Economic regeneration areas, including the Cynon Valley, are areas which have experienced economic decline but offer prospects for economic growth in the short to medium term. In these areas efforts are concentrated on improving local infrastructure and facilities. Community development areas which includes the smaller districts which have little chance of developing an economic base and suffer severe social deprivation. Here efforts are less concerned with investment into private enterprise and more concerned with welfare issues of the residents. The strategy is really based on smaller localities and this allows it to be developed in close conjunction with the district councils.

Table 4.2 : Programme for the Valleys and Mid Glamorgan County Council Aims.

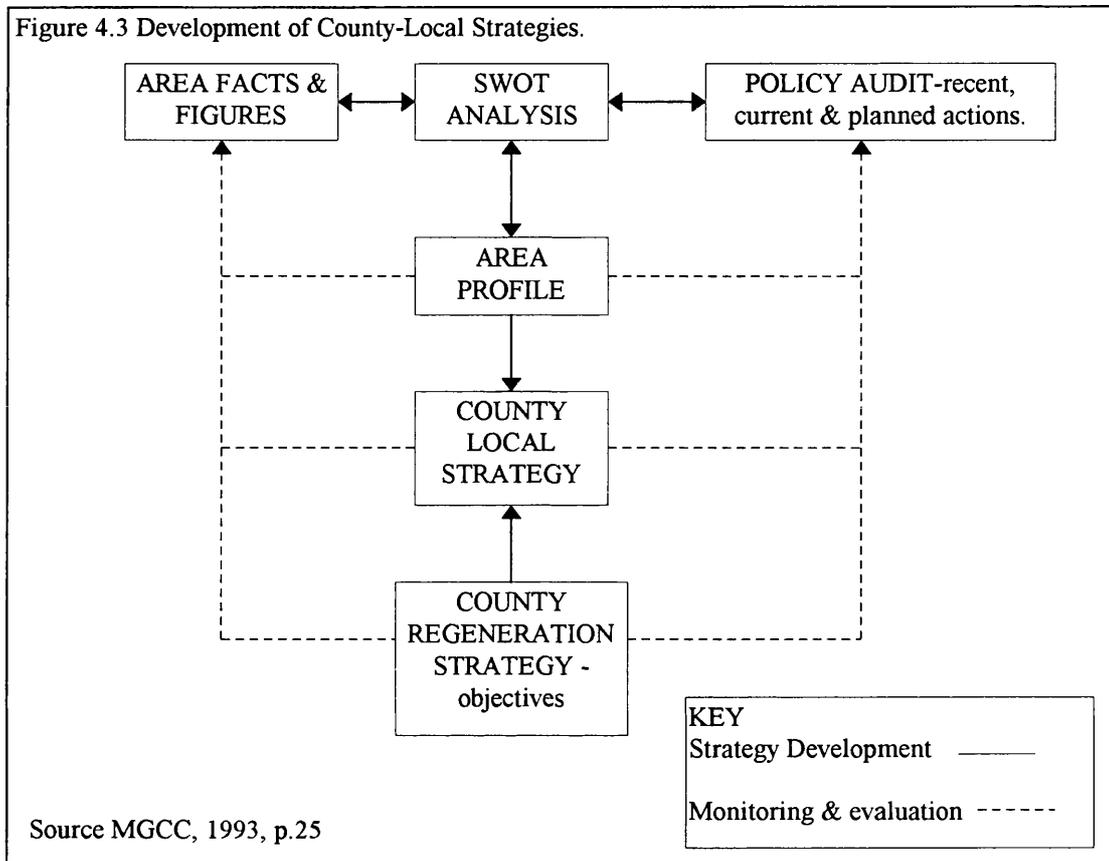
PROGRAMME FOR THE VALLEYS AIMS	CORRESPONDING MID GLAMORGAN COUNTY COUNCIL AIMS
<ul style="list-style-type: none"> • to create more, better quality jobs 	<ul style="list-style-type: none"> • to encourage inward investment • to develop local business

	<ul style="list-style-type: none"> • to promote the development of tourism
<ul style="list-style-type: none"> • to improve training, education, and transport so that local people can benefit 	<ul style="list-style-type: none"> • to improve transport facilities • to enhance skill levels of the workforce • to help Mid Glamorgan residents to secure jobs
<ul style="list-style-type: none"> • to improve the quality of the environment 	<ul style="list-style-type: none"> • to improve the physical appearance of town centres • to reclaim all derelict land • to protect and enhance important features of the natural and built environment
<ul style="list-style-type: none"> • to improve the health of local people 	<ul style="list-style-type: none"> • to ensure and enhance the well being of vulnerable groups in society
<ul style="list-style-type: none"> • to improve the quality and choice of housing 	<ul style="list-style-type: none"> • to improve the quality and choice of housing and residential areas
<ul style="list-style-type: none"> • to be achieved by 'strengthening the partnership between Government, agencies, local councils and the private and voluntary sectors under local leadership; and by increased support for local community action'. 	<ul style="list-style-type: none"> • To enhance the quality of community life • to encourage the personal, social and cultural development of individuals • corporate aims of the County Council

Source: Mid Glamorgan County Council, 1993.

MGCC's action plan 1994/95 was produced to meet the needs of LGHA 1989. MGCC claims the year on year economic development plan, the transport planning programme, structure plan, countryside strategy are all set within the context of their Regeneration Strategy.

The strategy formulation process undertaken by MGCC is shown in figure 4.3. A SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis was carried out by both MGCC and CVBC before the



preparation of their economic development strategies.

There are clear differences between council's economic development strategies and their economic statements. The economic statement tend to be an ad hoc response to the 1989 LGHA. By contrast the strategy documents are more likely to link a clear programme of action to defined overall objectives. These objectives have generally based on an understanding of the local economy, its needs and the practicalities of different policies.

In terms of linkages between the strategies there do not appear to be any major conflicts between MGCC's strategic view, that adopted by the district councils and the PFV. MGCC's economic strategy fits closely with the CVBC's five year plan. Both identify the weaknesses of the Valley to include unsatisfactory road access from the South, the low level of indigenous firms, the low skills level of the population and

the high unemployment rate. Both also identify similar priorities for action, including improving access roads, environmental improvements to Aberdare town centre and the diversion of the railway line in Mountain Ash. This correlation may be due to the close consultation between each authority and the fact that both have representatives on the Cynon Valley Urban Joint Venture Board, a regeneration partnership in the Valley.

People and Prosperity

Panasonic recently lamented the quality of the low-skilled workforce in Wales (Wood & Adburgham, 17.3.95). Worries about the level of training and skills in Wales combined with other similar complaints led Redwood to commission this document in 1995. It sets out the strategy which the Government has for vocational education and training in Wales. It was developed in consultation with a variety of people involved in training and enterprise including members of TECs, careers officers, civil servants in the education and industry and training departments of the Welsh Office, representatives from schools and colleges, the WDA and DBRW.

The document itself outlines clearly the Welsh Office's view on the roles that various bodies involved in training and development should take. It states that local authorities are to provide a framework within which local development can take place. The TECs are to be providers of training and business start up advice. The WDA and DBRW act as promoters of economic development opportunities in Wales and attractors of inward investment and in the case of the WDA to support the strategic plans of local authorities for economic regeneration and land reclamation. The TECs, WDA, DBRW, local authorities, local enterprise agencies and others are all working together to improve business advice and support enterprise (Welsh Office, 1995).

Clear targets are set for the level of education and training it is hoped will be achieved by individuals in Wales. There are strong suggestions, repeatedly made, for all the relevant organisations to communicate and work together. Evidence from my interviews suggested that communications between education bodies, the local authorities and the WDA were weak. Joint working between all parties tends only to

occur when direct investors looking to locate in Wales desire a package to be made available to them which incorporates regional assistance with a factory site and suitable trainees.

Mid Glamorgan TEC

Mid Glamorgan TECs strategy is to focus training and enterprise activities on four main areas; attitudes, skills, links between business and education and enterprise. This rather loose strategy is supplemented by several priority goals which include the co-ordination of enterprise support in Mid Glamorgan, to redress geographical imbalances. These aims are narrowed down to specific targets concerning the number of weeks training which will be provided, the number of firms which the TEC will encourage to join training schemes and the quantity of business advice which will be provided.

The TEC worked closely with the Welsh Office in the preparation of the People and Prosperity document and the concerns and views of central government are shared by the TEC. However, recent budget cuts faced by the TEC has meant a lowering of the number of training places they have been able to offer.

British Coal Enterprise.

BCE sees the biggest problem facing South Wales as the change in the economic base from large units in heavy industrial sectors to small industrial units and service based industries. BCE's published strategic objective is "*to provide practical and effective help to individuals and businesses in coalfield regions in order to stimulate job creation and economic development*" (BCE, 1994).

This is a nationally determined objective but the regional branches of BCE can determine local strategies to suit local need. Plans are carried out in consultation with other business support agencies, the TECs, the LECs, Enterprise Agencies, the WDA, the Welsh Office, British Steel Industries (the steel industry equivalent), and local authorities. BCE in Wales have been asked to comment on local plans, economic development strategies and the drafting groups for Objective 2 and RECHAR funds.

BCE's area of coverage was decided at the outset to include an area up to twenty miles from the pits. This was decided on the assumption that the average miner would travel ten miles to work so it would be

appropriate to fund businesses ten miles from the areas where miners lived. In South Wales this means BCE's assistance is available in Cardiff, Camarthen and Chepstow.

The Coalfield Communities Campaign.

One of the big influences to regeneration affecting all coal areas, not just South Wales, has been the European input of funds in the form of the RECHAR initiative. RECHAR is an EU initiative which gives assistance to coalmining areas. The beginnings of RECHAR came not from the European Community alone but was aided by the lobbying force EUR-ACOM made up from the combined coal areas of Europe. EUR-ACOM came into existence partly through the efforts of the Coalfield Communities Campaign (CCC).

The Coalfield Communities Campaign (CCC) was formed in the UK in 1985 after the miners strike. It began as an alliance of 22 local authorities and was originally planned as a short term effort to publicise the needs of mining areas. It now comprises ninety nine councils covering almost all former and present coalmining areas of the UK. The CCC is entirely funded by subscriptions from the member authorities. Policies are determined at quarterly general meetings and through an Executive Committee. The organisation has now been in existence for a decade and has taken on a semi-permanent status. Now its main aims are "to promote the economic, social and environmental renewal of coal areas and to help protect the jobs that still remain in the coal industry" (CCC, 1994).

The CCC has moved on from its initial short term aim of publicising the needs of mining areas because it was perceived as a successful organisation. An evaluation of the CCC on the basis of its current main aims would undoubtedly reveal that its greatest successes in terms of direct results have been limited to aiding the renewal of coal areas.

The CCC maintains a role in UK energy policy matters by becoming involved in debates on nuclear power, gas fired power stations and on coal imports. However, even collective action on the part of the CCC has failed to halt the Governments restructuring and privatisation of the coal industry or the decision to switch to other fuels such as gas or orimulsion (a new bitumen-based fuel). The government had

already overcome the most powerful threat to its plans for restructuring the coal industry when the NUM lost the one year battle in the strike (Beynon, 1985).

The CCC's main success has been in securing regional aid from the European Community. In 1985 the CCC sent delegations to Brussels which, despite being heard, were not influencing policy. In 1988 the CCC made contacts with coalmining authorities on both regional and local levels from elsewhere in the European Community. At the same time MEPs (Members of the European Parliament) from mining areas within Europe set up an 'Inter-Group' to discuss coal related matters. In September 1988 both the Inter Group and representatives from European coalfield authorities met in Strasbourg. As a result of this co-operation EUR-ACOM (or the Association of European Coal Areas) was established, with the CCC as the Secretariat of the organisation. The reason for this new body was not so much the common thread of coal mining as the common thread of decline and associated problems in the coal industry. As explained earlier, it was not just the UK that suffered deindustrialisation but all countries with a coal industry have suffered as a result of the general malaise in the coal industry world-wide. In Europe's coal industry employment fell by one third in just four years, from 504,400 employees in 1984 to 336,800 in 1988 (Fothergill, 1992). In absolute terms the UK suffered the greatest losses but both Belgium and France lost about two-thirds of employment in their industries (ibid.).

The newly founded EUR-ACOM decided to lobby Europe for a programme of EC aid for coal areas to promote economic reconversion. The Secretariat drafted proposals for such a scheme and submitted them to the European Commission. In January 1989 Bruce Millan, a former UK labour MP, took over as European Commissioner with responsibility for EC regional policy. This was to prove a fortunate appointment for coal areas as Millan was sensitive to the problems they faced, having represented a shipbuilding constituency. He asked his officials to investigate the possibility of a coalfield programme.

In the space of a year the proposals had been drawn up, debated within the Commission and European Parliament and accepted. The UK government, realising it would be the main beneficiary, suddenly gave strong support. By December 1989 the Commission had given its formal approval to the coalfield programme, which was called RECHAR. The European Commission realised that "... *many coalmining*

areas are amongst the areas of the Community which have been or are likely to be hardest hit by problems of industrial restructuring, and have special difficulties in adjusting rapidly to changing economic circumstances.” (Quoted from the Official Journal 27.1.90 in CCC 1992)

The CCC has managed to overcome some of the problems faced by individual authorities by giving a voice to the collective concerns of coalfield areas. It is in the field of persuasion or lobbying of the EU that the CCC (as part of EUR-ACOM) has had much success. The impact of RECHAR will be examined in the next section.

The Single Programming Document.

The EU requested that regions produce a strategy document outlining how EU Structural Funds for 1994-1996 would be employed. In response to this several organisations in South Wales, including the European Affairs division of the Welsh Office, the WDA, the councils and South Glamorgan TEC came together in a standing conference whose aim it was to produce such a document. They developed the Industrial South Wales Regeneration Strategy, which then became the Single Programming Document.

This document outlines the overall strategic aim which all projects funded by Objective 2 money should meet. This is to :

maximise robust economic growth through the creation of a diversified industrial base, particularly within the SME sector, leading to a self-sustaining economy which takes full account of environmental considerations. (Single Programming Document, p.29).

The purpose of this document is to provide the EU with some advance knowledge of how its money will be spent. In the past there has been a low level of financial accountability to the EU. Since such a strategy has never previously been required it is too early to say if it will change the manner in which EU finances are used.

The recommendations of this document will be implemented by the Welsh Office as they act in their capacity to approve and administer EU structure funds. Hopefully, the existence of such a strategy will avoid enable more coordination between projects, particularly between projects suggested by the various agencies in ISW. In terms of an overall economic development strategy for the South Wales Valleys it is

hard to see how exactly this aim coincides with the aims of the PFV document. Indeed, the two strategies have been developed by two separate divisions of the Welsh Office.

4.3 The Funding Schemes.

The funding regime in Wales differs slightly from the English system (see table 4.3). Neither the Single Regeneration Budget, nor the City Challenge is in operation in Wales. Instead, there is the Strategic Development Scheme and the Community Revival Strategies both of which are funding mechanisms which are allocated on the basis of a competition. There are also a number of other grants and loans available which may have direct a comparable in the English system under different names.

Table 4.3 Similarities and Differences in initiatives and funding schemes between England and Wales.

England & Wales	England	Wales
Urban Programme	City Challenge	Strategic Development Scheme
Task Forces	English Partnerships (Derelict Land Grant, City Grant & English Estates)	Welsh Development Agency (factory building, Investment, Urban Development, Derelict Land Clearance, Environmental Improvements & Marketing)
Urban Development Corporations	Single Regeneration Budget	Community Regeneration Strategy

Some schemes and grants are the same as those in operation in England, for instance Task Forces, Urban Development Corporations, Assistance to Small Firms. Interestingly, the Cardiff Bay UDC is the only UDC which is not also a planning authority. In Wales the planning powers for the UDC area have remained in the hands of South Glamorgan County Council.

The following section will discuss some of the main trends in funding for LEP occurring in the South Wales Valleys.

Funding under the Programme for the Valleys.

The funding provided under the PFV is outlined in table 4.4 It shows the breakdown of money from a variety of existing sources, much of which would have been allocated to the Valleys area anyhow. Welsh

Office expenditure on support for industry, for example, is dependent on interest from investors looking to relocate in the area. In fact, this category of expenditure has decreased over the duration of the PFV as a result of the recession (Morgan, 1995).

Table 4.4 Five Year Expenditure of the PFV: 1988-1993.

Initiative	£ million
Urban Programme	92
Urban Development Programme	25
Roads Expenditure - Transport Grant Allocation to Local Authorities	81
Roads - Trunk Roads	12
Welsh Office Support for Industry - RDG	35
Welsh Office Support for Industry - RSA	55
Welsh Office Support for Industry - REG	1
WDA factory building	95
WDA Business Development	4
WDA Investment	7
WDA Urban Development	19
WDA Derelict Land Clearance	77
WDA Environmental Improvements	5
Employment department Programmes	243
Total for Programme elements	751

Source : Morgan 1995 p.205

Urban Programme funds in 1992/93 were directed towards communities which had short term strategies in place. Funds have also been directed towards the ten most deprived districts in Wales, including the Cynon, the Rhondda, Taff Ely, Rhymney Valleys, Merthyr Tydfil, Neath, Llanelli and Blana Gwent in the PFV area (Alden and Romaya, 1994). By 1993/94 UP funds were directed on the specific objectives of stimulating enterprise, bringing forward commercial and industrial schemes, training, education, the environment and community initiatives (ibid.).

There have been criticisms that the PFV was “old wine in new bottles”. In general the Programme did lead to a slightly enhanced financial package being available to the Valleys, although not as much as some people might interpret from the PFV literature. The main way it did this was by ‘bending’ funding from mainstream programmes, such as UP, transport and housing, from areas not covered by the Programme. What the PFV really achieved was not to increase funding but to concentrate people’s minds on the needs of the Valleys communities and possibly to better coordinate the use of funding.

Strategic Development Scheme (SDS).

The Strategic Development Scheme (SDS) was launched on June 11th 1993 and brings together former Urban Programme (UP), Rural Initiative Grants (RI), Projects of Regional and National Importance (PRNI) and Special Projects (SP) schemes. *“One of the main objectives of the SDS is to encourage the private sector to be involved in the regeneration process and develop new partnerships between the public and private sectors”* (SDS guidelines for 1995/96).

The SDS scheme is based on competition (like the Single Regeneration Budget) and proposals are required to be placed within a ‘local strategy’. For the purposes of SDS a local strategy is a document which sets out the needs of a specific area, a plan for the areas revitalisation set within a three to five year framework. Local authorities submit these strategies together with projects which fall within them. Local authorities are encouraged to design schemes, pool funding and share implementation with voluntary and community organisations, local businesses and the private sector. Projects are likely to be favoured if they incorporate local authority money and a high degree of leverage from the private sector.

The scheme covers the whole of Wales but strategies and projects in the Valleys Programme area are expected to address one or more of the five key aims of the Programme. In the first operational year of the SDS (1994/95) £55 million was available of which £21.2 million (38%) went on the Programme for the Valleys area. In 1995/96 the total sum was £57 million of which £22.4 million (40%) went to the valleys. This increase in resources being directed into the Valleys area may form part of a trend in Wales to ‘bend’ funding into this location.

Community Revival Strategies (CRS).

This is another source of funding also based on various proposals competing for approval from the Welsh Office. It is only available for projects covered by the 21 valleys local authorities. Funds cover up to £500,000 on capital expenditure over a maximum of two years. A further £30,000 revenue support is also available to cover staff costs for up to three years after completion of the capital works.

Local authorities submit all bids and are expected to meet 25 % of the cost of successful projects. Again, bids will be favoured if they demonstrate clear aims, objectives and targets; meet locally identified needs; are supported by strong partnerships and demonstrate long term effects.

In 1995/96 a total of 39 bids were received from 15 of the 21 eligible local authorities. Only five bids received funding for 1995/96. This highlights the high degree of competition for funding in the Valleys. This is particularly so in the case of projects from the voluntary or community sector.

The RECHAR Initiative.

RECHAR is the first of a new series of 'Community Initiatives' to follow the reform of the EC's Structural Funds in 1988. The reform introduced new arrangements for the pay out of regional aid. Now, 85% of the EC's regional budget is spent through mainstream spending programmes submitted by member states to cover the EC's designated assisted areas. The remaining 15% can be spent on Community Initiatives, which are determined by the Commission itself and may be targeted at particular areas (e.g. coal areas) or at particular activities (e.g. technology transfer). The funds are also divided according to areas' designation with Objective 1 regions (the most backward regions) receiving 80 % of the total aid and Objective 2 regions (older industrial regions in decline) receiving the remaining 20 %.

Most European coalfield areas, excluding those in Spain, are in Objective 2 areas. So, RECHAR draws mainly on Objective 2 areas 20% share of the 15% of total EC aid reserved for Community Initiatives i.e. ,

approximately 3% of the total regional aid budget. RECHAR is the first post Structure Fund reform initiative but it has similarities to two earlier initiatives: RESIDER (for steel areas) and RENAVAL (for shipbuilding areas). There are important differences as RESIDER and RENAVAL were introduced as sweeteners to accompany EC led moves to reduce steel and shipbuilding capacity. Local authority support for RECHAR was only forthcoming on condition that there was no associated EC sponsored round of colliery closures (Fothergill, 1992). RECHAR, RESIDER and RENAVAL all promote diversification of activity in industrial areas heavily dependent on sectors undergoing restructuring. The three initiatives were sufficiently similar in format to be assessed together for the Commission's interim evaluation initiated in 1994.

RECHAR draws on several EC funds, primarily the European Regional Development Fund (ERDF). Money is also made available from the European Social Fund (ESF) for training measures. The European Coal and Steel Community (ECSC) made funds available for 'readaption aids' such as retraining of redundant miners. The Commission also agreed to make loans available to businesses and local authorities via the European Investment Bank (EIB).

The ERDF and ESF grants were allocated in proportion to the number of coalmining jobs lost between January 1984 and December 1990. An additional allocation was made for announced future job losses and for jobs acknowledged as being at risk due to high production costs and geological conditions.

Between 1990 and 1993 there were eleven operational RECHAR programmes in the UK. These were allocated 174,854 MECU, made up of 148,486 MECU from the ERDF and 26,368 MECU from the ESF. A few UK mining areas failed to qualify for the ESF because their rates of unemployment were not high enough. These were North Staffordshire, North West Leicestershire and Kent.

The RECHAR programme contains ten eligible measures or sub-programmes. These are environmental improvement, social and economic infrastructure, provision of factory units, assistance to SMEs, promotion of tourism, economic conversion bodies, vocational training and employment, ECSC loans, redeployment aids and EIB loans. Absent from this list is explicit mention of either transport or housing

projects, two problems which mining areas undoubtedly face. In practice some transport and housing projects have been funded by RECHAR though possibly less than if they had been explicitly allowed. The economic and social infrastructure measure is a unique sub-programme which allows projects designed to improve the social fabric of coal communities, e.g. children's' nursery facilities, to be funded. Most importantly, however, is the fact that all RECHAR funds should focus solely on coalmining areas.

RECHAR funds in the UK were split according to eleven regional programmes. The largest regional programmes were South Yorkshire and South Wales who received 18.5 % and 17 % of the UK funds respectively. The majority of funds was spent on capital infrastructure projects.

RECHAR was never meant to be an entire solution to the problems of these areas. To highlight this the CCC calculated that £1,395,000,000 (at 1989 prices) expenditure would be required in coal areas in the UK (Fothergill, 1992). This figure was used during negotiations with the EC over RECHAR and represents an approximate estimate of the scale of funds needed to make a serious impact on the development of coal areas. The total RECHAR funds allocated to the UK represents approximately 10 % of this estimate¹.

South Wales received 29.7 MECU (£23.2 million) of the RECHAR monies. This represents 17 % of the UK total RECHAR funds. Table 4.5 shows the pattern of spend approved by the EC and the pattern of spend which occurred at the intermediate stage of the evaluation. The social and economic infrastructure sub-programme eventually received a greater allocation of grant than was planned (8.5 MECU compared to 5.5 MECU), as did the promotion of tourism. Factory unit provision and SME assistance have been reduced. The change in the balance of grants has enabled greater direction of funds away from more traditional policy responses towards the social economic and infrastructure measure which is a unique and innovatory aspect of the RECHAR programme.

Table 4.5 The pattern of spend of RECHAR in South Wales.

¹ This was calculated very crudely using an exchange rate of £1:1.28 ECU to compare the 1990 allocation of funds to the 1989 estimate of needs and without adjusting the figures to a base year.

Measure	Approval Stage		Intermediate Stage	
	ECU *	%	ECU **	%
1. Environmental improvement	6,774,000	23	6,818,000	23
2. Social & economic infrastructure	5,534,000	19	8,488,000	29
3. Provision of factory units	7,253,000	24	5,584,000	19
4. Assistance to SMEs	3,475,000	12	775,000	3
5. Promotion of Tourism	3,528,000	12	5,135,000	17
6. Economic Conversion Bodies	-	-	-	-
7. Vocational training & employment	3,173,000	11	2,892,000	10
8. Interest rebates on ECSC loans	-	-	-	-
9. Re-deployment aids	-	-	-	-
10. Other measures for EIB loans	-	-	-	-
TOTAL	29,736,000	100 %	29,693,000	100 %

Source: Arup Economics and Planning

* Constant Prices 1991, inflated until 1992

** £1:1.28 ECU

The total amount of money spent on these projects (RECHAR grant and matching funding) at the intermediate evaluation stage was 74,499,495 ECU and the total amount of grant was 29,693,000 ECU. This gives an average grant rate of 48% for the entire programme. The total number of projects in the South Wales programme was 237. These were primarily capital infrastructure projects. The average cost of projects was 451,512 ECU although the training projects (measure 7) tended to be smaller than average at only 79,130 ECU (AEP, 1995). 91% of the total grant came from the ERDF and 9% (which was spent entirely on vocational training and employment projects) came from the ESF.

Most of the projects in South Wales were sponsored by local authorities (165) although higher education establishments, the Welsh Development Agency and British Coal Enterprises were also participants in the programme (AEP, 1995). The South Wales programme was well underway by June 1994, when the evaluation took place, with 76% of projects completed and the remaining 24% underway.

Any structure fund money from the EU is supposed to be over and above any existing spending on economic development in the designated areas. This is termed financial additionality. In the UK additionality was not being achieved. This led to an 'argument' between the EC and the Government during which the EC withdrew RECHAR funds from the UK for a period of nineteen months from July 1990 until February 1992.

The Additionality Argument.

Additionality is in reality a complex financial concept that is interpreted differently by the EC and the UK Government. I will attempt to simplify the elements involved in the argument as the whole issue serves to demonstrate the basic motives behind the EC's financing of local regeneration activities in the assisted areas.

Additionality occurs where extra money leads to extra spending in the places that are designated to be assisted. The original ERDF regulations stated that "*...the Fund's assistance should not lead Member States to reduce their own regional development efforts but should complement these efforts*" (Commission of the European Communities, 1975 quoted from Thomas, 1992 page 294). The EC has always had a hard time proving that ERDF funds were giving an additional advantage as governments do not show what would have been spent in the regions in the absence of the ERDF (Thomas, 1992).

Following the review of the Structure Funds in 1988 the Commission strengthened the requirement for additionality. It was made clear they wanted the Funds firstly to support only programmes which would not otherwise have gone ahead (so resulting in extra expenditure by Member States as usually only 50% of project costs is met by the grant) and secondly to be spent specifically in those areas eligible for them (ibid.).

The UK government has always adopted the approach that these funds would be used by local authorities to reduce the amount of borrowing the authority might otherwise have to undertake. Each local authority has a centrally determined Basic Credit Approval (BCA) which limits their ability to borrow. However, the unused borrowing capacity of the authority created by the use of ERDF would not be made available

for other schemes. These Central Government regulations meant local authorities could not increase the total amount of infrastructure spending even if it was eligible for ERDF grant. The only real benefit to the authority (or any public bodies subject to government public expenditure controls) of receiving ERDF was the reduction in loan charges incurred on borrowing. While this could represent a substantial saving financially it did not allow extra capital infrastructure projects to be developed.

In the UK, ERDF is regarded as additional to the Member State and not to eligible regions. This situation means that additional value is not directed specifically at the geographical areas which the EC has decided need extra help. This is not what the EC intended especially in light of the clarification of their view during the Structure Fund reforms.

The EC was tied to its initial acceptance of the UK's position regarding mainstream ERDF funds (the 80% share). However, it had a stronger bargaining position in regard to the new Community Initiatives such as RECHAR. The Government set the 1990-1991 BCAs for local authorities in October 1989. Since RECHAR was agreed by the EC in December 1989, after this date, the EC argued the extra RECHAR money could not have been accounted for. The Treasury stated that assumptions had been made which allowed for the effect of RECHAR. There was no practical way this could be proven by the Government or, indeed, refuted by the EC. In July 1990 the Commission decided to withhold £109 million of RECHAR funds from the UK until the Government fell in line with their additionality requirements. The argument was resolved by the Kerr-Millan agreement in February 1992 when the Government, who were nearing a general election, finally conceded. From then on RECHAR funds would be treated as additional and from 1993/4 so would other ERDF spending.

The local authorities agreed in principle to the withholding of the money as did other lobby groups but it did mean that some projects were rushed due to the shorter operational period. Although the interim evaluation states that despite the delay the various Secretariats managed a high level of commitment (AEP, 1995).

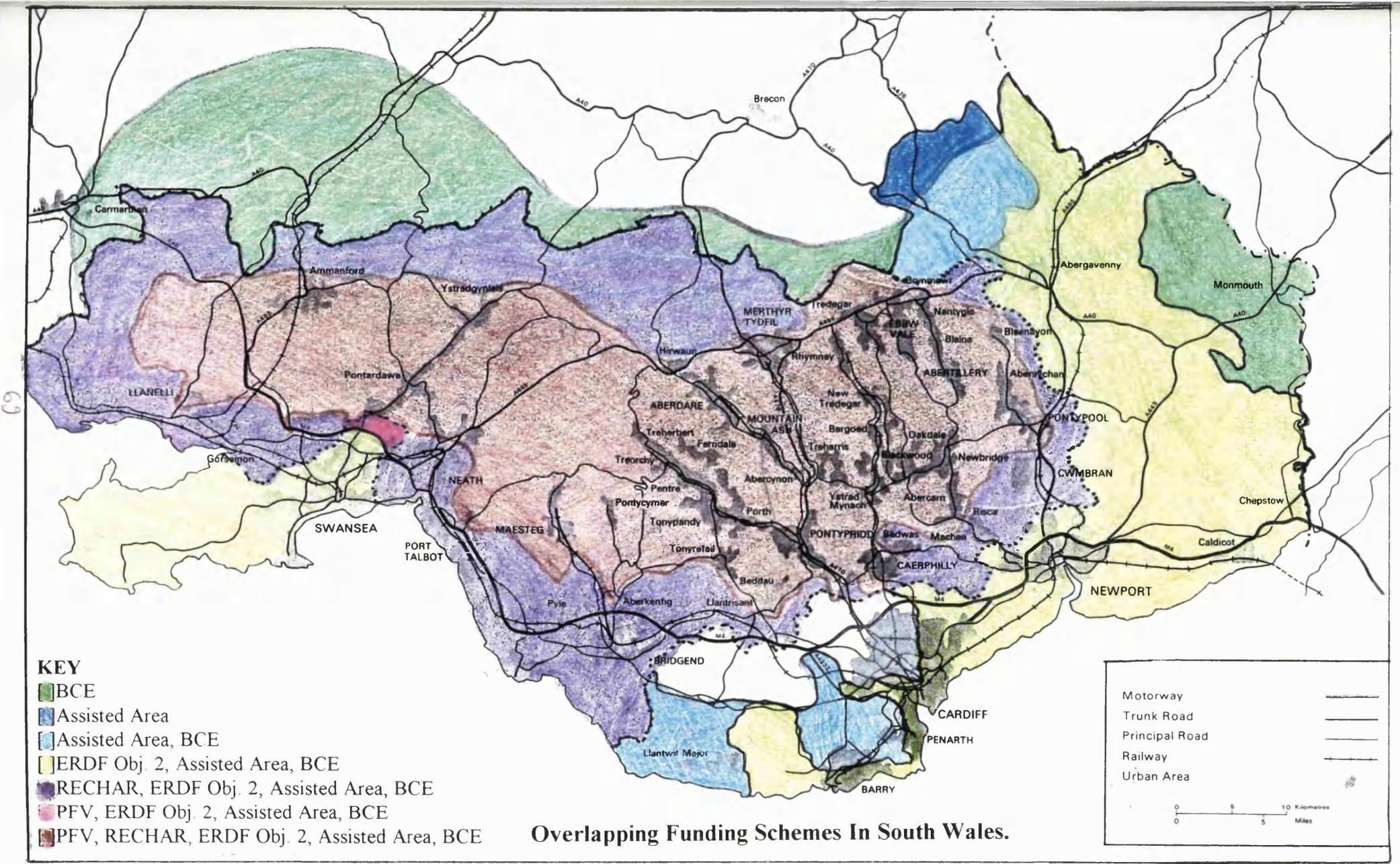
The additionality argument is an example which shows that the Commission's strategy is a long term one. By withholding RECHAR funds the benefit of the programme to the coal areas in the UK was in one sense

reduced. The operational time in which the money could be spent was cut down to just under two years which may have limited the effects of the programme. In another sense the EC and the local authorities both realised that unless the funds were truly additional the benefits would not accrue to the mining areas at all. The EC's main aim is the very long term one of European Union and it is within this context that it carries out regional policies. Therefore it was keen to ensure that its contribution to backward areas was additional to activity which would have taken place there anyway and was geographically targeted on those areas. The local authorities sided with the EC on this issue in order to ensure that future grants from Europe would give them the maximum possible benefit.

The co-ordination of funding schemes in the Valleys area.

It is very hard to see how the various funding schemes fit together within any one location. Many sources of funding are specifically targeted at a particular activity, for instance business funding. In terms of the balance of activities which are funded the majority of money seems to be directed at capital infrastructure projects or the attraction of inward investment.

One other way to examine the fit of funding schemes is to map the locations eligible for finance from various sources. The map on page 69 attempts to show the different boundaries of various funding initiatives directed at South Wales. These are PFV money, RECHAR funds, Objective 2 Structure Funds, UK Government's Assisted Area status and financial support from BCE. This analysis shows areas which most organisations providing financial support for LEP feel resources are needed. For example, the area shaded in brown shows localities eligible for funds from all these sources, while the area shaded dark green is only eligible to funds from BCE. Of course, the criteria which a body adopts as the basis for dishing out money will heavily influence the eligibility of certain localities. In South Wales it is possible to see that a lot of resources, from various sources, are being directed to the Valleys area.



Overlapping Funding Schemes In South Wales.

4.4 Implementation

This section will consider how LEP is implemented in the Valleys. It is intended that the examination of the role of partnerships in LEP in chapter five will supplement the following material.

The WDA.

The WDA's activities are split between various divisions. These mirror the organisation's structure which was shown in figure 4.1 There are strong links between the various departments of the WDA. Many development projects would require links between area development officers, property managers and the land reclamation division. An example would include the Cwm Cynon Business Centre which will be looked at in chapter five.

The Urban Development Wales programme within the Area Development division launched the Urban Joint Venture (UJV) scheme in 1990. UJVs are now one of the key mechanisms through which development is encouraged in Welsh towns. There are twenty eight planned UJVs, of which two are currently operational within the Programme for the Valleys area. In terms of resources the Urban Development division has committed £180 million to UJVs over the five years 1990 to 1995. The location of UJVs was strongly based on market criteria and not on needs based criteria. The aim of the UJV is to cut the cost of development by providing infrastructure, site improvements and environmental improvements to areas which would then become viable sites for developers and investors.

Source Wales is a project run by the Business Services Division which tries to encourage supply linkages between indigenous Welsh companies and inward investors and European businesses. This has been attempted through the creation of supplier associations which link firms in related sectors of industry. Ten of these are now in place. An example would be the Welsh Automotive Supplier Association which helps to develop links between firms such as Toyota and Rover and Welsh sub-contractors. In the Cynon Valley Source Wales has helped develop contractual links between a firm which makes the sets for the Welsh national opera and local carpentry firms.

The WDA has several strengths which enable it as an organisation to play a key role in the regeneration of South Wales. It has funding to carry out activities such as land reclamation and new development. It also has the ability to carry out marketing activities on a world-wide scale. The WDA also provides advice on strategy to the local authorities. The role of the WDA has been questioned following doubts over some of its actions. This is a point which will be considered again in the next chapter.

Local Government; Councils As 'Enablers'.

The role of local government is changing and so are their ways of working. The legislative changes which have occurred during the course of the Conservative Government has led to a high proportion of the work of local authorities being contracted out and has left a different role for local authorities. Contracting out of services such as provision of housing, education and social services have meant that the new role of local authorities has been described in various ways. Local government has been seen as a 'co-ordinator', an 'enabler' or as a 'manager' of service provision (Stewart & Stoker, 1995).

In local economic development terms the role and activities of local authorities have also been changing. The local economic development activities of councils have broadened over the last decade to include a far greater range of activities (ADC, 1993). At the same time, local authorities have seen many functions being carried out by other organisations. In Wales, in particular, QUANGOs take a dominant role in implementation activities (Morgan, 1995).

Before the 1989 LGHA there was no directive from central government controlling local economic activity so councils could be more creative. MGCC's response on being asked about how the 1989 LGHA had effected their operations was that the s.33 requirement to produce an economic development statement for the future year had formalised a process which they were already carrying out to some extent. The fact that they also produce a longer term strategy bears witness to this fact. However, the conditions laid down in section V of the act, which restrict the authorities abilities to enter into companies would restrict certain activities or ways in which the council could carry out its economic development

functions. For instance, before the 1989 act the Vale of Glamorgan Borough Council had developed a science park by taking a share of control of such a development company.

The roles of various institutions in economic development are not clearly defined. In some cases this may lead to duplication of effort, in other cases, each organisation finds its own niche within which to operate. Partnerships have become very important. Local councils sit as representatives on a wide variety of joint ventures. The role many councils take in the field of economic development is one of an administrative co-ordinator. Cynon Valley BC identifies its role in economic regeneration as one of “*orchestrating the activities of the wide range of organisations involved in the economic regeneration process*” (CVBC, 1993, p. 11).

British Coal Enterprise.

BCE's approach is based on three core activities; business funding; workshops and providing job shops for ex-British Coal employees.

The SME sector faces funding problems and BCE aims to help through its business funding activities. Approximately £1.7 million is available in the form of loans. This takes the form of 'gap' or 'soft' funding loans at favourable interest rates offered to small and medium sized enterprise for commercially viable projects which are unable to use other sources of money. Fast track loans are available up to £25,000 and repayment can be stretched over five years, larger loans are available up to £1,000,000. Currently, the interest rate charged by BCE is around 9%. Equity investment is also available up to a ceiling of £50,000 on ordinary shares and £250,000 on preference shares.

In 1994/95 BCE South Wales received 267 applications for soft loans of which 102 were given assistance. The interviewee was unwilling to give details on the type of firm assisted. Although, he revealed the bulk of the aid was unsecured (loans up to £25,000) and all funding was given on the basis of a full business appraisal. The most important thing to note about the loans and that is that for each £5,000 requested the applicant is required to create a new job over a three year period.

BCE is trying to increase number of applications it receives from SMEs by marketing its services to banks and accountants in order to raise its profile as a provider of loans. The officer I spoke with admits local firms are often confused about where to go for help because of the multiplicity of SME advisory sources. He said, "*the money is there, less than is really needed I know, yet take up can still be very low*".

BCE also has almost 100,00 square feet of low cost workspace units at four sites in South Wales - Britannia and Britannia II near Blackwood, Cwm Cynon in Mountain Ash, Lamby Way in Cardiff and Abernant in West Glamorgan. Commercial rates are charged but the units cater particularly for the needs of small firms, particularly start-ups. By making available small units new firms pay only for the space they require and the 'easy in - easy out' terms make it possible for the firm to expand quite easily when it reaches that stage. Cwm Cynon and Britannia II centres have different sized units available so firms can move but still keep the same address. Lamby Way offers larger factory premises for second stage businesses. In March 1995 BCE let out space to their one hundredth tenant (BCE press release 22.3.95).

No development land is owned by BCE, only managed properties. All capital spend has to be approved by BCC, which requires ministerial approval. When making property investments BCE will lever in other sources of aid e.g. both the Britannia II Centre and the Cwm Cynon Business Centre were in receipt of RECHAR funds, the latter project also had substantial aid from the WDA.

BCE's third main activity is in the provision of job shops. It took over responsibility for assisting redundant BCC employees from British Coal's Employee Relations Department in 1987 (Fothergill & Guy, 1994). It developed the Job and Career Change Scheme (JACCS) to provide this new service.

Jobs shops have been provided in the location of closing collieries, or support industries to help British Coal Corporation employees facing redundancy. There are four BCE job shop still operating in the South Wales area. The job shops provide free careers advice, skills training e.g. interview techniques and CV preparation advice on retraining and advice on financial matters e.g. pensions. Staff find out about local jobs, including those not openly advertised, and inform their 'clients'. BCE also meet the cost (or part of it) of any training course which BCC employees attend. In 1993 BCE also set up a revenue making

Careers Service called Grosvenor. This service provides tailor made careers and retraining programmes to employees of other companies making redundancies.

Monitoring is carried out annually by BCE and cumulative jobs assisted and cost per jobs figures published in their annual review. Table 4.6 shows the numbers of job opportunities arising from BCE's activities to date. The figures are commanding. They figures are calculated on the basis of jobs assisted in each sector of BCE's activities so includes the number of jobs firms state they expect to create on their application forms for loans (these jobs are monitored over three years), the number of employees working in firms housed in BCE's managed units and those employees who attended the job shops and have since found work.

Table 4. 6: BCE Jobs Assisted Statistics October 1984 - December 1994.

	South Wales	National
Business Funding	8,775	50,532
Workshops	2,834	14,821
JACCS	4,821	55,126
TOTAL	16,430	120,479

Source: British Coal Enterprise South Wales.

The "cost per job created" figures are also impressive. Table 4.7 shows the cumulative cost per job at the end of March 1994, as calculated by BCE.

Table 4.7: Cumulative Cost Per Job Created By BCE

Activity	Cost per job
Business funding	£1,294 - £1,567
Workspace	£437
Outplacement and retraining	£1,183

Source: BCE 1993/94

Turner looked at BCE activities at Carcroft near Doncaster (1992). He argues that, “*a weaker aspect of BCE’s activities is the absence of coherent evaluation of its job-creation strategies. A tighter evaluation would guide BCE towards more efficient job-creation activities....BCE appears to be overly secretive in relation to some of its activities: [for example] it refuses to reveal the budget accorded to particular Enterprise Parks*” (Turner, 1992, p. 7). His criticisms of BCE’s activities in Carcroft are equally applicable to the South Wales division. The BCE employee I interviewed could not give me details about the budget of his division and was unable to reveal which local firms had been assisted unless they had already taken part in publicity activities. Those firms were all at one time BCE’s ‘Business of the Month’ i.e. success stories.

One of the biggest criticisms levelled at BCE is about how it publishes its target achievement figures. The cost per job figure of £437 quoted above seems completely ridiculous when you consider that this sum is not enough to cover someone’s wages for more than a month. The fact that an investment of this amount could therefore ‘create’ a job must then be far from reality.

The reason for this is that BCE take no account of the concepts of deadweight and displacement when calculating their figures. Deadweight occurs when new jobs would have been created anyway, whether the grant was available or not. Displacement occurs in two ways: when one firm’s expansion leads to another firm’s contraction and when jobs are just moved from area to another. To highlight the point, when work previously done in someone’s shed is now done in a BCE factory unit, does that mean two jobs have been created ?

The CCC Commissioned an evaluation of BCE’s activities around the UK (Fothergill and Guy, 1994). Fothergill has previously accused BCE of being a part of central government ‘tokenism’ towards the plight of mining areas, i.e. more to do with appearing to be helpful than actually helping (Fothergill, 1992).

Fothergill and Guy (1994) try to calculate more accurate job creation and cost figures by accounting for dead-weight and displacement in their study. They also take a narrower geographical definition of

coalfield areas than BCE's own. They estimate that by March 1994 BCE had created 16,000 jobs in coalfield areas around the UK. They feel this is a creditable achievement considering BCE's resources. They calculate the cost per job at £4,000 - £6,000 per job through workspace provision and £16,000 per job through placement services.

Fothergill and Guy (1994) find that BCE's impact compares unfavourably to the scale of the problem. If their figures are used rather than BCE's the gap between coal jobs lost and BCE's contribution appears larger. The misleading portrait of jobs assisted by BCE gives some credibility to Fothergill's earlier view that part of the government's motive in setting up BCE was to make an appearance of concern over the plight of mining communities than really doing so. After all, in other government assessments of jobs created displacement and deadweight are incorporated. For instance Moore, Rhodes and Tyler (1986), in their assessment of urban regeneration initiatives, find in measures directed at assisting small firms the net cost per job ranges from £600 to £9000. It is true that the Government has very different attitudes and sympathies towards the problems in the inner cities than the problems in mining areas.

Despite this the CCC's report recommends BCE's support and public funding be maintained, even in light of the privatisation of its parent company, BCC (Fothergill and Guy, 1994). The work done by BCC is valuable and there are still many ex-miners facing hardship. To quote, "*BCE's activities undoubtedly improve the efficiency of coalfield labour markets and raise the level of economic activity in otherwise hard-pressed places. What BCE does not do - indeed cannot do, given the resources available to it - is to generate a large net increase in the stock of jobs in these areas*" (Fothergill and Guy, 1994, p.29). They do feel that in some areas BCE could improve its working relationship with the local authorities. In West Glamorgan and Dyfed, more peripheral counties, where the closures occurred between 1984 - 86, BCE's contribution has been falling off. In Mid Glamorgan the authorities have quite a close relationship with BCE as the closures were more recent and BCE has job shops and premises in the county.

My interview with a member of BCE revealed that there is concern over the future of BCE after March 1996. Ironically, it is the CCC's report which shows more clearly than BCE's own figures that BCE's task is far from done and that a role for BCE should be maintained.

Other organisations.

A wide variety of organisations become involved in the implementation of local economic policies. These include enterprise agencies, business support bodies, the Chamber of Commerce and voluntary groups. In the field of environmental improvements the Groundwork Trust plays a very important role. Their activities include small reclamation projects, tree planting schemes and urban design projects. Their activities are financed from a variety of sources many of which have been discussed above.

The TECs play a significant role in providing information and guidance to both individuals and employers on training as well as enterprise support to new businesses.

Tourism is another approach to economic development being adopted by some Valley's communities. The Rhondda Valley, for example, is selling itself as '*The Gem of the Valleys*' and is using the legacies of the coal industry, redundant pits and mining villages to 'sell' as tourist attractions. The Welsh Tourist Board, works closely with local authorities, and markets the industrial heritage of South Wales to the UK and overseas.

Chapter five will continue with an analysis of partnerships in the Valleys.

CHAPTER FIVE : ECONOMIC DEVELOPMENT PARTNERSHIPS IN THE VALLEYS.

5.1 Introduction.

This chapter sets out the role of partnerships in the local economic policies in South Wales. It does this by considering the various partnerships in terms of Bailey's classification, which was examined in chapter two. It then looks more closely at the operation of a number of partnerships chosen as case studies, to give a cross section of the different types of partnerships identified in the classification below. The case study partnerships are examined in terms of the seven processes common to partnerships which were also identified in chapter two.

5.2 A Classification Of Partnerships In South Wales.

A partnership was defined in chapter two as a coalition of interests drawn from more than one sector to prepare and oversee an agreed strategy for regeneration of a defined area. This definition together with the classification developed by Bailey proved useful tools for examining the various partnerships in the Valleys area. Although, most elements remain from the typology there are some changes to the original. The biggest divergence from the original classification is in the form of promotional partnerships in Wales.

One of the singularly most important strategies for local economic policy being adopted by partnerships in the Valleys is to attract new investment into the locality. It is Redwood's aim to attract one billion pounds worth of inward investment into the South Wales Valleys. In 1995 he initiated a high profile marketing campaign for the area based on an informal partnership between the relevant associations. He introduced the scheme saying,

In recent weeks I have met all the Valleys' local authorities. Together with the agencies - the WDA, the Land Authority for Wales, and the Training and Enterprise Councils - we have discussed their vision of the future. We have decided on land availability, transport and communications requirements, and best opportunities for housing, retail, industrial and commercial development. We have put together this portfolio of investment opportunities. (Welsh Office, 1995b).

The Secretary of State, himself, guided prospective inward investors to Wales around the Valleys. The Welsh Office received favourable responses from many firms about the infrastructure and opportunities on offer in Wales. However, no firm investment commitments had been made in the two months of the scheme.

The WDA is also adept at attracting major companies into Wales. It spent £8.5 million in 1993/94 on marketing alone. It often works in partnership with the councils. For instance, the New Valleys Partnership is a joint promotional venture between the WDA, Mid Glamorgan County Council and the district councils which promotes development opportunities in a telesales campaign. One of the firms brought in by the New Valleys Partnership is Flexicare Medical, which has located in the Cynon Valley. The WDA has termed the coming together of public bodies to attract inward investment "Team Wales".

The councils, also, concentrate some of their efforts on marketing their localities to inward investors. MGCC is involved in many different marketing campaigns. These include Redwood's new scheme, existing partnerships with the WDA marketing department, the Invest in Britain Bureau with the DTI. The economic development unit coordinates a marketing partnerships between the six district councils in Mid Glamorgan. This partnerships decides on key development sites in the County which are then marketed together to outside investors in a brochure entitled "*Development Opportunities in Mid Glamorgan*". The Cynon Valley BC also carries out its own promotional activities. It aims to attract 25 new businesses into the district during 1993-1998. Much of this promotional activity carried out by the councils is arguably a duplication of effort.

All these marketing partnerships make it clear to firms that considerable amounts of financial assistance are on offer to reduce the costs of development. These include derelict land grants, which are available to private investors wishing to bring land back into productive use; Urban Investment Grants (which are the Welsh equivalent of the City Grant), and are available for private sector projects which bring run-down or derelict buildings into use. Further, firms moving into assisted areas are eligible for Regional Selective Assistance, Regional Investment Grant and Regional Innovation Grant.

Between 1988 and 1990 Wales secured 18% of total UK inward investment despite having only 5% of the UK's population (Rees & Thomas, 1994). The availability of these financial packages and the strong marketing alone are not the only reasons why firms are attracted to Wales. The low wages in the area are another reason firms locate here. It might be argued that some of these promotional partnerships are superfluous and do not reap any extra rewards. On the other hand, given the high rates of foreign direct investment coming into the area, it could be argued that their combined advertising efforts have the effect of reinforcing Wales' profile in the minds of investors.

In Bailey's original typology these marketing partnerships were very strongly influenced by the private sector. In Wales most of the promotional partnerships lack a private sector input. This may be due to unique institutional conditions in Wales and the large marketing budget of the WDA.

Public-private sector partnerships fall predominately in the development partnerships category. Examples in Mid Glamorgan include Parc Nantgarw, a joint venture between the WDA and Spen Hill Properties plc located on the outskirts of Cardiff; Parc Eirin, a similar joint venture between the WDA and Brunswick Holdings plc; Hawtin Business and Industrial Park, where the site was serviced by the WDA and owned by Hawtin plc. In all these cases the WDA has become involved with any land reclamation which may have been necessary and the installation of site infrastructure, while the developer has then either built speculative units or sold the land. Another public-private sector partnership operates at Crossways Park, in the Rhymney Valley. This is a proposed mixed used development to be scheduled over three years, including a non-food retail park, offices, a hotel, public house, car showroom and petrol station. The site is being developed by the Japanese multinational AOKI Corporation and PMH Ltd. Public sector involvement is being made available in the form of support towards infrastructure costs, assistance towards attracting tenants and marketing of the development.

Community based partnerships in the Valleys tend to suffer from lack of resources. Apart from the five projects which receive CRS funding from the Welsh Office and two 'Pacemaker' projects which receive local authority support matched by funds from the Community Development Foundation (CDF) others rely heavily on charities, donations, sponsorship and goodwill. The opportunities and problems facing

this group have not been explored in any great detail. Evaluations of the progress of such partnerships are scarce. Hausner (1993) found the CDF projects suffered from a lack of clear objectives. In one case this led to the withdrawal of local authority support and finances after three years. CRS projects, on the other hand, have received more favourable comments. This may be due to the fact that their funding is guaranteed and is based on clearly defined project objectives from the start. Community partnerships have been successful in improving the environment, especially voluntary groups and the Groundwork Trust (Hausner, 1993). Resource allocation is, however, too small in relation to the environmental problems in the Valleys (ibid.).

Partnerships classified as being of the agency variety have a different flavour to them. Their existence tends to be directly due to top down decisions made from central government and their structure is more formal than that adopted by partnerships in other categories. A distinction perhaps needs to be drawn between partnership organisations and partnerships. This is especially true since the TEC as an organisation can be considered as both a partnership and a partner in other joint ventures.

Table 5. 1 Typology of Partnerships found in South Wales.

Type	Mobilisation	Area of Coverage	Range of partners	Remit	Examples
Development	locally	single site	1. WDA, Cynon Valley BC and BCE 2. WDA & Spen Hill Estates	Joint development to mutual advantage	1. Cwm Cynon Business Centre. 2. Parc Nantgarw
Community based	locally but in response to Welsh Office funding for projects in the Valleys	neighbourhood : Brycynon	Community-based with CVBC.	Community-based regeneration	3. Bryncynon. Community Revival; Scheme. £500,000 for community facilities.
Joint agreement/coalition/company	locally but may be in response to national policy	clearly defined area identified for regeneration	public sector led with private & voluntary sector involvement WDA, Cynon Valley BC, Groundwork Trust, others	preparation of formal/informal strategy and co-ordination of implementation.	4. Cynon Valley Business Partnership. 5. Cynon Valley Joint Venture
Promotional	national/regional	national/regional	public sector led aiming to attract inward investment; WO, WDA, Land Authority For Wales, TEC, Mid Glam. & Gwent CC & districts	Place marketing promotion of growth & investment through brochures, poster campaigns, telesales etc.	6. Investment Opportunities in the South Wales Valleys. 7. New Valleys Partnership.
Agency	nationally based on legislative powers	urban, sub-regional	public sector sponsored with private sector appointees	terms of reference from sponsoring agency	8. Cardiff Bay UDC, 9. Mid Glam. TEC
Strategic	regional/ county/ local	sub-regional	public sector led but consulting all sectors	determining broad strategy for growth and development	10. Programme for the Valleys.

After Bailey, 1993

Partnerships in the region are varied and operate at different scales. The problems faced by each partnership differ according to their ability to attract resources and their remit. In some cases, as in that of environmental problems, it may be that the approach is not suited to the problem. Bailey's classification has enabled a clearer picture to be given of the partnerships in the area than that provided, for instance, through the PFV.

5.3 The Case Studies.

Case study one : The Programme For The Valleys.

The PFV has already been discussed in terms of its strategy (see chapter 4), it will now be considered as a partnership. The PFV can be looked at on two dimensions. The first is a narrow outlook which considers the development of the Programme as an activity in itself which involves certain individuals or institutions. This is what will be considered here as the second dimension is very broad and considers the PFV to incorporate all the economic regeneration activity in the valleys area itself.

In terms of the development of the programme the first PFV was predominantly a 'top-down' response to the problems of the Valleys from the Welsh Office and Peter Walker. It was partly initiated to alleviate concerns that all attention was being focused on the Cardiff Bay UDC (Morgan, 1995). Another reason for its creation was that it was accepted that a co-ordinated approach was needed in the area which would link the different organisations, sources of finance and renewal activities. The PFV was developed in conjunction with the WDA, local authorities and other interested bodies.

David Hunt's extension of the PFV for a further two years stressed the importance of the partnership approach, yet in terms of the development of the PFV itself, it remained primarily a Welsh Office activity. The local authorities, TECs, and other bodies established the Valleys Forum, a loose organisation based on voluntary membership, whose purpose it was to share their experiences and offer an alternative view of the progress of the PFV to that of the Welsh Office. However, the Forum has no formal authority and the Welsh Office is not obliged to take on board its recommendations (Morgan, 1995). Both Hunt and Redwood have acknowledged the input of the Forum into the strategy development process. Still this

represents little more than consultation and, in reality, the Valleys Programme does more to establish the concept of partnerships than operate as a partnership itself.

In terms of the core processes which operate within partnerships the PFV is a good example of five of these processes. It is a partnership which aims to co-ordinate development strategies, to generate synergy and avoid repetition, to increase budgets through the bending of funds and leverage, to transform ways of working by encouraging the development of more partnerships and hopes to build confidence of those operating in the Valleys area.

Case study two : The Cynon Valley Urban Joint Venture.

The Cynon Valley has a Joint Venture which was initiated in 1991. The partnership is made with the WDA, the Cynon Valley Borough Council and Mid Glamorgan County Council, who sit on a joint-venture board. The CVUJV is both a strategy formulation partnership and a mode of policy implementation. It operates within a five year timescale and a carefully planned exit strategy will mark the final phase.

The joint-venture board meets whenever necessary, but at least monthly, to discuss progress. Decisions are taken by the board but have to be ratified by the individual Council committees within the local authorities and by other WDA departments. Within Cynon Valley Borough Council the recommendations of the board meetings are presented to both the Policy and Resources Committee and the full Council Committee for comment. A similar process is adopted by Mid Glamorgan County Council who must also have decisions ratified by the relevant council committee. So, for instance, decisions about access roads for a development site would go to the planning committee.

The strategy was developed following a study of the valley's potential for growth. This was carried out at the beginning of the Joint Venture by the accountants Coopers and Lybrandt. The main strategic elements of the programme are

- making available new development sites

- developments in the Valley's two main town centres; Aberdare and Mountain Ash
- improving communications
- land reclamation and environmental improvements
- training

(WDA, 1993). The strategy is supplemented by an annual business plan which lays out detailed plans which will be implemented over the coming year.

The assessment of the outputs of the joint venture is subjective. The following account is based primarily on interviews and visits to the locality. The CVUJV is comprised of several projects and physical improvements in the valley were highly visible. I will briefly discuss two main areas of improvements in the valley, Aberdare town centre and the area around Mountain Ash, where I felt the strategy employed had led to real benefits which were examples of synergy.

Key sites in Aberdare, which had previously been derelict, had been acquired by the joint-venture board. These had either been improved and made available as development sites, been landscaped or had been re-used, e.g. one former shop has been rebuilt as a youth centre. Tesco's has opened on an edge of town site in Aberdare providing a previously lacking food superstore to the local residents. Commercial Improvement Grants available help retailers cover 50% of the cost of improvements to their shop fronts improving the visual impact in the town. Town centre pedestrianisation and imaginative urban design has also helped to improve the image of the town, which is now a Conservation area. These individual projects had been identified by the Aberdare Conservation Area strategy which is a detailed urban design strategy for the town.

The CVUJV claim that without the Aberdare Conservation Strategy some improvements to the town would have occurred but not necessarily in any systematic way. The benefits have therefore been increased through the partnership. In the words of the WDA Projects Manager for the Valley "Aberdare has been moved up in the hierarchy of shopping towns...people no longer go to Cardiff to buy their

groceries and as a result they have started frequenting local shops again. The next stage would be to appoint a town centre manager to continue the work and for the CVUJV to now focus more attention on Mountain Ash”.

The second area of improvements have occurred further South in the valley, around Mountain Ash. Six sites have been reclaimed, covering around 567 acres, and at a cost of £1.5 million. Road improvements designed to straighten bends in the road are planned and this it is hoped will improve travel times to the new sites. Landscaping and environmental improvements also make the sites more attractive. The aim is to provide a variety of sites which will attract different end users. Housing in the valley has been upgraded through the use of Welsh office grants provided to the local Authorities. The WDA Project Manager argued that without the holistic approach provided by the CVUJV there would be a ‘pepper-potting’ of resources which may result in uncoordinated development.

There have been problems. From time to time conflicts of interest have arisen. Although no specific examples were discussed, it seemed that conflicts were generally resolved following lengthy debate, often resulting in a solution in which interests were ‘watered down’ to the lowest common denominator.

These findings are corroborated by Morgan (1995) who also looked at the Cynon Valley UJV. He found that :

the main teething troubles have stemmed from a clash of cultures: the WDA sets a high premium on working to strict commercial deadlines, while the local authorities tend to work at a slower pace, not least because, being publicly accountable, they have to win approval for their actions. Nevertheless, the general consensus seems to be that this is a creative tension in the sense that the WDA encourages the local authorities to be more innovative, while the latter seek to impress upon the WDA the virtues of community support. (Morgan, 1995, p. 210).

This indicates that the various partners in the CVUJV are seeking to influence each other and transform each others ways of working. Some of the difficulties which this can lead to will be considered below.

Other problems have also occurred, notably a recent scandal, in which the joint-venture was accused of favouring Tesco's food retailers over the Co-operative Wholesale Society in a controversial land deal in Aberdare in a report prepared by Grant Thornton. The Grant Thornton findings were investigated by the

House of Commons Public Accounts Committee (PAC) following the report made in December 1994 which found that the decision in the deal in question had failed to secure the best value for money. On April 5th 1995 the PAC questioned Mr Barry Hartop, chief executive of the WDA and Mr Michael Scholar, permanent secretary at the Welsh office. The case was instigated by the WDA's new management after the agency was restructured in the wake of previous criticism by the committee. Questions were asked as to why the rival developer, Landare (for Co-operative Wholesale Society), was frustrated by being unable to buy access land owned by two councils and the way in which Tesco was allowed to bid late (Adburgham, 6.4.95).

Current WDA board member Mr Malpas is a Tesco's director and former WDA chairman Dr Gwyn Jones is now also a Tesco's director. Mr Malpas's continued directorship at the WDA will be decided by Welsh Secretary, Mr Redwood, at the end of this year. One cross-examiner said that, "*any reasonable person would come to the conclusion...that Tesco had friends at court*", and another that, "*at the very least Tesco was on an inside track and it may be something more serious than that*" (ibid.). The case demonstrates the difficulties which can arise if decision makers are placed in situations where there is a clear conflict of interests. It may also highlight how power struggles based on relative information and power of partners can influence decisions made within partnerships.

On being questioned as to what lessons were to be learned from this incident Mr Scholar, Welsh Office Permanent Secretary, highlighted the importance of Welsh Office monitoring and control of non-departmental public bodies. Mr Hartop stated that the 'new look' WDA was attempting to be as transparent as possible.

In terms of evaluating what extra benefits the CVUJV brought to the area which would not have been available in the absence of the partnership a comprehensive answer is difficult. However, any such evaluation would suffer problems for the following reasons.

Firstly, there is always a certain amount of trust given to key figures in terms of the quality of information they supply. However, in this case. the information received has to be judged in light of the controversy

currently surrounding the CVUJV. Whether or not there has been corruption in some of the dealings of the joint venture is an issue for the PAC but the associated media attention and interest itself will have affected the quality of the data obtained. It was found that interviewees were hesitant or unwilling to answering questions about the Tesco site and about financial matters in general.

Without full financial data it was not transparent how much money had been invested by the partnership in the area. Without establishing a counterfactual it is hard to see what additional finances had been invested in the area e.g. over and above the main programmes. Similarly it was unclear how much individual partners or third parties had contributed to the joint venture. It is also hard to establish the influence of each partner on the success of the scheme.

The overall feeling from the interviews was that the CVUJV was in general achieving positive results. Often, the benefits were expressed in terms of quite intangible factors such as improved image, higher environmental quality and more positive public perceptions about the area. The reasons behind the success were attributed to the overall strategy, the role of key figures especially Cynon Valley BC's Chief Executive Tony Roberts. It was also felt by the partners that the good track record so far encouraged more private sector leverage and increased the likelihood of future success. All seven core processes of partnerships can be identified in the CVUJV.

However, the future continuation of the CVUJV is in doubt for several reasons. The new unitary authority for the area would see a merger between the Cynon, the Rhondda and the Taff Ely Valleys. This new authority might not wish to continue with an UJV for the Cynon Valley alone. The Rhondda and Taff Ely Valley District Councils currently operate a far weaker economic development unit than the Cynon and the future organisation of economic development in the authority is undecided. Much would depend on the personalities of those who work in the new authority and the Departmental and Committee structure this body adopts.

Furthermore, many of the WDA's powers have recently been changed by the Welsh Office. Quite a lot of WDA power has been removed by Redwood. His ideology is to put Local Authorities back in the driving

seat of economic development. He wants to see community driven plans being organised through local government and assisted by the WDA. This is quite an ideological shift from the current situation where local authorities organise their plans according to WDA financing. Redwood, it appears, is not very confident in the ability of QUANGOs to lead regeneration in South Wales. This has not been assisted by incidents involving the WDA, such as the Grant Thornton issue. In response to the allegations made about the WDA Redwood has requested reorganisation of the body and has said,

the former management's conduct fell short of the standards we expect....the new management of the agency has been investigating [matters] which go back many years. These concern redundancy and pension payments, the underwriting of share issues, the engagement of consultants, procurement issues and breaches of delegated authority. Some of these instances of non-compliance continued until earlier this year. (Hansard, 12.12.1994, p. 515)

The future of the UJV as a mechanism to promote local economic policy is therefore very dependent on the future of local government and the WDA. As the future role of the partners is uncertain the future of the partnership is also uncertain. If it does continue to exist it will have to adapt to any new balance of power between the partners. It brings to the surface the strong external role of central government in this partnership, who exerts influence without being a directly involved partner.

Case study three : The Cwm Cynon Business Centre.

This is an example of a development partnership between the WDA, CVBC and BCE. The broad aim of the partnership is to help SMEs set up in the area and to increase employment opportunities. The scheme falls within the CVUJV. The Cwm Cynon site covers 25 hectares of reclaimed land. On this a business centre has been constructed which offers 2100m² of factory units and 800² of office space.

The land was originally colliery land owned by the National Coal Board. It was then bought and reclaimed by CVBC with the aid of WDA money in 1992. If the land is ever sold by the council 70% of the proceedings from sale will go to the WDA. Infrastructure was partly funded through RECHAR. The CVBC then built the business centre and twenty factory units, again using RECHAR funds. Building commenced in February 1993 and was completed in January 1994. The development (factory and office space) was leased to BCE for 99 years but the property is still managed by the borough council under a management agreement. BCE were involved in the design of the units and they were built with the need

of small businesses in mind. 28% of the profits accruing to BCE from letting units in the development are paid in rent to the council.

Due to the initial success a phase II development is underway to develop a further 800m² office space and 950m² of factory workshops. Funding for this phase has, again, been sought from third parties, primarily RECHAR II and the Welsh Office's Strategic Development Scheme. Building should start in September 1995. A private company, Flexicare Medical, has located alongside the business centre bringing an inward investment of £3.5 million and employing 250 people.

In this partnership it is quite easy to identify the various roles of the individual agents. These are summarised in table 5.2 below. The table clearly shows how various partners have a role in unlocking the development opportunity on the land. In an area such as the Cynon Valley, where the economy is not very buoyant, the partnership approach reduces the element of uncertainty in such a development.

Table 5. 2 The role of the partners in the Cwm Cynon Development.

Partner	WDA	CVBC	BCE	Europe
Role	Capital for land purchase and reclamation.	Acting freehold land owner and developers. Planning authority. Administrating RECHAR and SDS applications. Property managers.	Primary tenants holding long lease.	RECHAR funding.

The benefits of the scheme have fallen predominantly on the tenants of the centre. The tenants in August 1994 could be classified as follows:

- a) 8 new formations
- b) 2 relocations within Cynon Valley with no expansion in employment
- c) 10 relocations within Cynon Valley with expansion

d) 2 relocations and expansions from outside Cynon Valley.

In terms of outputs the centre now accommodates 150 jobs. Without detailed information it is hard to say how many of the jobs housed are new. It is likely that displacement has occurred in firms under category b and probably in firms under categories c and d as well. In terms of leverage it is estimated that the tenants have brought £100,000 worth of investment to the site.

This partnership demonstrates the concept of budget enlargement as it was completed by partners whose aim was to complete the development with the aid of funds, attracted from an outside party; in this case RECHAR funds from the EU. Two separate applications were made for RECHAR funds. The first for the infrastructure phase of development, including access roads (£200,000 grant), and the second for the construction of the business centre (£437,000 grant). Without the RECHAR aid, amounting to £637,000, the project would not have progressed beyond land reclamation.

Case Study four : Cynon Valley Business Partnership.

This is an informal partnership based on a grouping of interested bodies. The partners include local employers, the Welsh Development Agency, Business in the Community, various employment services, the Welsh Tourist Board, Groundwork Trust, Mid Glamorgan TEC and local schools. The current Chairman of the partnership is the Personnel Director of Sanking Gooding, an important local employer. The members meet quarterly to discuss future activities.

The broad aim of this partnership is to improve the perception of the Cynon Valley to outside investors and for local residents. In terms of resources to implement projects this partnership relies on donations of both time and money. Its main activities include lobbying the Welsh Office for local interests, organising voluntary projects and carrying out promotional activities. It is hoped that the activities undertaken will complement other projects and bring community groups and local residents into the economic development activities. Recent examples of activities include a campaign for improved transport links to Cardiff and a local environmental working with schoolchildren. Marketing is used at this local level too.

In one promotion successful “*Sons and Daughters of the Cynon Valley*”, who had left the area, were invited back to see the improvements which had been made over the years.

Evaluation of the impact of such an informal partnership is difficult. In terms of the core operations identified previously confidence building is the most relevant process carried out by this venture. This partnership demonstrates a broader range of partners than some more strategically important partnerships. Several key figures sit on both the Cynon Valley Joint Venture Board and the Business Partnership. It highlights the informal nature of much networking in the South Wales area as the partners can informally influence discussions in more strategic partnerships.

CHAPTER SIX : CONCLUSIONS.

6.1 The Aims Of The Thesis.

This thesis aimed to look at local economic policy in the South Wales Valleys in order to give a greater understanding of how all the various economic development policies operating in the area fit together strategically and to discover the role of partnerships as a mechanism for regeneration. I felt it was important to look at the links between inputs into local economic policy in order to determine whether resources were being used to maximum benefit or whether there was duplication of effort and a wasting of resources. This concluding chapter will analyse the linkages between the various inputs which have been examined.

6.2 Problems With The Research Methodology.

The methodology adopted was based on interviews with key individuals in the field of local economic policy and a critical review of the relevant strategy documents.

In many cases the 'true strategy' is not always entirely represented in publicly available documents but is supplemented by memorandums, letters etc. the content of which could not always be discovered. Face to face interviews were not always possible and in some cases telephone interviews were arranged to overcome this problem. However, telephone interviews provided a less comprehensive picture of an organisation's activities.

Interviewees were inclined to give a favourable view of their institutions role in local economic policy activities and were unwilling to give out certain information. It proved particularly hard to obtain an accurate financial picture of expenditure on local economic policy. Several reasons can be identified for any bias which may occur. There is, understandably, very little incentive for an individual or organisation to portray a less than positive self image of their work. One, quite common, aim of the interviewees organisations is to increase confidence and boost the local image. As partnerships have become a

dominant organisational mechanism this makes it hard for the researcher to identify the source of successes and failures within local economic policy. All organisations claim responsibility for key projects and policy successes while simultaneously denying that there may be problems within their organisation which could lead to failings in the overall policy. Several interviewees were reticent owing to the ongoing investigation into the Cynon Valley Urban Joint Venture by the Public Accounts Committee.

Despite these limitations substantial information was acquired, the analysis of which has enabled the following conclusions to be drawn.

6.3 Local Economic Policy In South Wales

Wales has a different institutional model from that operating in either England or Scotland. The Welsh Office combined with the Welsh Development Agency provide an influential and powerful coordinating role over local economic policy. The Secretary of State for Wales is in a very strong position to coordinate various Welsh Office activities in order to pursue local economic policies in Wales. It was Peter Walker who initially developed the Programme for the Valleys when he was Secretary of State. The WDA can offer substantial funding and incentives towards development, has the capability to market Wales on a worldwide scale and still maintains close contact with local agencies, Chief Executives and planners in councils and private sector representatives.

Scotland once had a Scottish Development Agency but it was abolished in 1990. It has been replaced by several regional enterprise and development agencies which now report to their parent company, Scottish Enterprise. Attracting inward investment into Scotland is now the concern of a separate company: Locate in Scotland. There is no equivalent to the WDA in England, although, in some areas the Commission for New Towns (CNT) plays a marketing role, attracting investors into the 21 New Towns. CNT owns 5% of development land in UK although it does not offer the levels of assistance or infrastructure which the WDA can. CNT will be wound up in 1998. English Partnerships has the potential to develop a strong agency role similar to that of the WDA. It already administers City Grant, Derelict Land Grant and the ex

English Estates direct development programme. It also enters into partnership schemes and joint ventures with other organisations to undertake development and encourage investment.

The overall structure of agencies in the Valleys which operate in the field of local economic development is very complex. It is possible to identify various actors including central government, central government's arms lengths agencies, local authority implementation agencies, local authority networks (e.g. the CCC), public-public partnerships, public-private partnerships, user organisations, self governing institutions (e.g. colleges of further education), community groups and voluntary bodies which all impact on local policy. This picture is further complicated by the creation of joint boards, committees and discussion forums. To add further to the intricacies, the interrelationships between the above organisations is never static but highly dynamic. For instance, in 1996 new unitary authorities will be introduced. This change alone is likely to promote a reorganisation of many of the activities carried out by the other groups.

The development of local economic policy in the South Wales Valleys has predominantly been a response to the problems associated with the run down of the coal and steel industries which once formed the backbone of the Valleys economy. Each institution was found to base its policies on an understanding of the needs of the area. For instance the Welsh Office, WDA and local authorities have all carried out SWOT analysis of the area which falls under their respective control and Mid Glamorgan TEC carries out an annual labour market assessment of the county.

The definition of local economic policy developed in chapter one provided a cognitive framework within which to analyse a very amorphous field of public policy. The definition assumed local economic policy consisted of three broad processes: policy formulation, developing and using appropriate funding mechanisms and policy implementation. Conclusions have be drawn about the key features of each of these processes.

Strategy Formulation.

The Programme for the Valleys represents a move to coordinate the various activities occurring on the social and economic front. Given, the strong co-ordinating role of the Welsh Office in developing the PFV, Morgan, (1995), doubts that an initiative on this scale would have been possible in the English regions.

The PFV incorporated innovatory principles of economic policy. These have included the idea that all public sector institutions should work together with the private sector to formulate a shared regeneration strategy, that partnerships should be adopted as the vehicle to deliver urban renewal and that finances and assistance should be directed to community activities. Some of these principles were adopted by the City Challenge Scheme in 1991.

In reality if the first PFV had clearer aims, rather than describing the overall picture in the Valleys, the first evaluation may well have been a more useful document. As it stands however the first evaluation has influenced the structure of the second PFV. This has now adopted five broad aims, in which it is hoped dramatic improvements will be seen. These are employment, the environment, the health of the population, housing and training and education.

Other strategies also operate within the Valleys area. Some of these show a high degree of coordination and linkage. Mid Glamorgan County Councils five year strategy fits within the broad aims of the PFV and links to other strategies which nest within it. These include the CVBC's economic development strategy and that of the CVUJV. Other strategies do not seem to combine so neatly. The Single Programming Document for South Wales, which concerns the use of EU structure funds, does not appear to have been developed closely with the PFV. It is the Welsh Office's aim that links between various sources of funding be improved, particularly where European money is concerned.

Weaker strategic links appear in certain activities e.g. business assistance. It was felt the wide variety of bodies offering business advice often deterred or prohibited the smaller investor from finding help. The Welsh Office invited various organisations to suggest ways to improve the delivery of assistance to SMEs.

The solution is to be a freephone advice line which will direct the caller to the relevant, existing business advice agency, depending on the nature of the enquiry. Called the Business Consortia, it will be based around nine regions and will be in operation soon.

In the case of marketing Wales there appears to be several coordinated schemes to attract inward investment. However, no coordination between these schemes was apparent. It is very difficult to say if this results in a duplication of effort or a critical mass of advertising which is beneficial to the area.

Funding of local economic policy.

The overall amount of funds available for local economic policy in the South Wales Valleys was hard to establish. In broad terms the Programme for the Valleys led to the expenditure of £751 million between 1988 and 1993. The RECHAR programme gave an added £23.2 million to the South Wales Valleys between 1990 and 1993. A second five year PFV is underway and RECHAR II further funding between 1994 and 1997.

A slightly different grant regime operates in Wales than in England or Scotland. Some of the similarities and differences were summarised in table 4.2. A competitive element seems likely to remain a feature of the financing of local economic policies. One reason for this is the current trend is towards competitive funding such as Strategic Development Scheme and Community revival Strategies in Wales and City Challenge in England. Even the allocation of Millennium Moneys to mark the move into the 21st Century is based on competitive bids. Furthermore, with the phasing out of Urban Programme in 1996/97 this will mark the end of automatic funding mechanisms (Harding & Garside, 1995).

Another trend which is becoming increasingly apparent in the field of financing local economic policy is that of bending local authority funds from mainstream programmes into specially designated priority areas. This has been seen in the case of local authorities who win City Challenge funds (Harding & Garside, 1995) and in the case of the Programme for the Valleys area.

This drift was hinted at, by one speaker, during a conference about progress in the valleys after PFV, who said, *“even now, in 1994, the notions of ‘bending’ Government/ local authority/ TEC...main programmes,*

and EC funding, in aid of a common regeneration purpose is only just entering the language of public policy” (Hausner, 1994). This is a rather worrying statement. On one hand, it would be hard to argue with the notion that when resources are limited it is necessary to focus expenditure in order to see real improvement in any locality, particularly for those regions which are lagging behind. On the other hand, it seems to be suggesting that even mainstream funding will be directed into some areas and not others. That ‘competition’ for funds, in its truest sense, will not just be left in the domain of regeneration funds but is also being extended to the main programmes of health, education, housing and transport. More research is required on the extent to which bending of funds is occurring and the implications of this activity for local authorities.

The source of funding and the delivery mechanisms behind resource allocation both affect the activities of those organisations wishing to obtain money. Central Government initiatives such as SDS, CRS and City Challenge either request partnerships to put forward bids or openly favour partnerships in allocating funds.

European finances are an important source of funding for local economic policy. This will continue to provide an even more significant amount of resources as by 1997 35% of the EU budget will be allocated to the Structure Funds (Armstrong, 1993). An example of the way in which the source of finances can affect the behaviour of institutions is the lobbying of Europe carried out by the Coalfield Communities Campaign in order to get money to invest in ex-mining areas as was discussed in chapter four. The eligibility rules for various funding initiatives, whether from Brussels or Westminster, have encouraged the formation of partnerships. In the UK the EU’s request that spending plans for Structure Funds be submitted by regions to the Commission has forced local authorities to form partnerships to develop these plans.

Implementation of local economic policy and partnerships.

Section 33 of the LGHA appeared to give local government a role in economic development for the first time ever. In fact, local authorities have been taking a role in local economic policy for longer than the

act has been in existence. There was an Industrial Development Council for South Wales and Monmouthshire, which was set up in 1932 to promote development in the area (Ward, 1990). Economic development activities carried out by local authorities have traditionally been closely linked to town planning activities. Sites were set aside in plans for industrial use and the local authority would then try and find a suitable industrial occupant for the site.

The current activities carried out by economic development units are very wide ranging, as are their dealings with other organisations. LGHA 1989 encourages councils to consult with a wide range of organisations in the development of their local economic plans. In the Valleys area both the CRS and SDS funding schemes have to be administered by the local authority although the money is directed at partnerships. Local authorities also tended to be the main sponsor of projects funded by the EU. In the case of the South Wales RECHAR programme 165 applications out of a total of 237 projects (69 %) were being administered by local authorities. All in all one can see a strong coordinating role being given to local authorities. Much of the impetus for this role being taken by councils is coming from the top-down. Central government sees local authorities as having only a small role in the implementation of LEP and has instead created various QUANGOs to carry out this work. The WDA, in Wales for example, having a greater role in strategic decision making and financial matters, despite being a non-elected body. Meanwhile, the democratically elected local authorities, while having input into the strategy formulation, see their role increasingly as one of coordinator.

In view of this, the local authorities who play the partnership game and develop a clear strategy can attract a greater share of the financial cake for their area. The economic development officer of CVBC stated that the CVUJV was a mechanism for implementation of local economic policy which enables certain sources of funding to be accessed by the local authority which might not otherwise be available. For WDA the UJV enables more holistic approach to development rather than sprinkling money about. The UJV approach has been cited to be one of the most innovative and successful forms of partnership adopted in the area (Hausner, 1993; Morgan, 1995), yet, a fuller consideration of the UJV has shown serious

underlying problems which may threaten any continued success. The joint ventures inability to influence the decisions of unelected QUANGOs limits their scope to have impact (Morgan, 1995).

Redwood would like to see local authorities given a stronger role in economic development activities and has openly criticised some of the past activities of the former managers of the WDA. The impression received during the course of the interviews was that local authorities under the new Unitary Authority system would coordinate economic policies formulated and implemented closer to the community. The WDA's role would be to assist in implementation, rather than direct formulation, of these plans.

The partnership approach has been widely adopted in the South Wales Valleys area. The reasons behind the partnership approach in this area reflect the need for a combined attack on the multi-faceted problems suffered in the Valleys. The approach has been encouraged by the Welsh Office through the Programme for the Valleys and through many of the funding mechanisms which direct resources specifically at partnerships.

Despite the use of partnerships as a mechanism to increase the variety of institutions working in economic development, there is a strong top-down direction behind the partnership approach. This comes partly as a result of pressures from the centre on local government which has led to the emasculation of many local government powers and has now forced councils to find new roles as partners. It also comes as a result of conditions attached to funding whether the source of the money is from the EU, central government or the WDA. The Welsh Office's influence increases in the partnerships as one moves down the typology (table 5.2). So smaller, local development partnerships are less likely to be shaped by Central government policies, while agency and strategic partnerships are more likely to be directed by central bodies.

Many of the partnerships in the Valleys are driven by the public sector. Evidence from this ranges from the Association of District Councils analysis of joint ventures in Wales (see table 2.1), and the fact that the driving force behind development in an area where the economy is suffering has to be the public sector. This would explain the strong public sector dominance in marketing partnerships in the area. Instead of seeing true public-private promotional partnerships the picture in Wales is dominated by a public sector

'seduction' of industry into the area. This is done through expensive promotional campaigns and the carrot of regional assistance. Harding (1991) found that most UK growth coalitions involved in development of property were led by the public sector. Similarly, in Wales, while there are many public-private partnerships involved in land development there are also as many public-public partnerships doing the same. One example of a public-public partnership is the Cwm Cynon Business Centre. Public-private partnerships are typically linked to development projects while public-public partnerships tend to be more diverse in terms of their remit.

The use of Bailey's classification of partnerships in one area has enabled some interesting conclusions to be drawn. The analysis shows the overlapping of partnerships for an area. In Bailey's typology examples of partnerships were drawn from all over the UK to show how broad the partnership approach was. By drawing all examples from one sub-region it is possible to reveal how the partnerships which are operating in the area strongly reflect the local institutional set-up. This might seem an obvious point but when partnerships are advocated it is not always considered.

There are several implications of this point. In terms of a benefit it could be argued that the presence of the WDA in many different partnerships enables vertical links to be made between the various types and scales of activity. However, since the WDA is not a democratically elected body questions about accountability need to be asked. Does this sort of partnership approach dilute democratic control? In light of the allegations made about the WDA the Welsh Office have instigated changes which attempt to redress the balance of power between the local authorities and the WDA in Wales. The direction is in favour of more control being given to councils. However, the future situation is very hard to predict given the imminent move towards a unitary authority system.

It seems that in order to get the partnerships 'right' it is necessary to get the institutions 'right'. If institutions have to change frequently within themselves then the partnerships will reflect this and it may threaten continuity. At the same time institutions are changing to reflect the feedback which comes as a result of partnerships i.e. a process of adaptation is operating in two directions.

This dynamism in the field of local economic policy in South Wales unfortunately seems to reveal a degree of fragility inherent in the partnership approach. The capricious nature of partnerships is reflected in

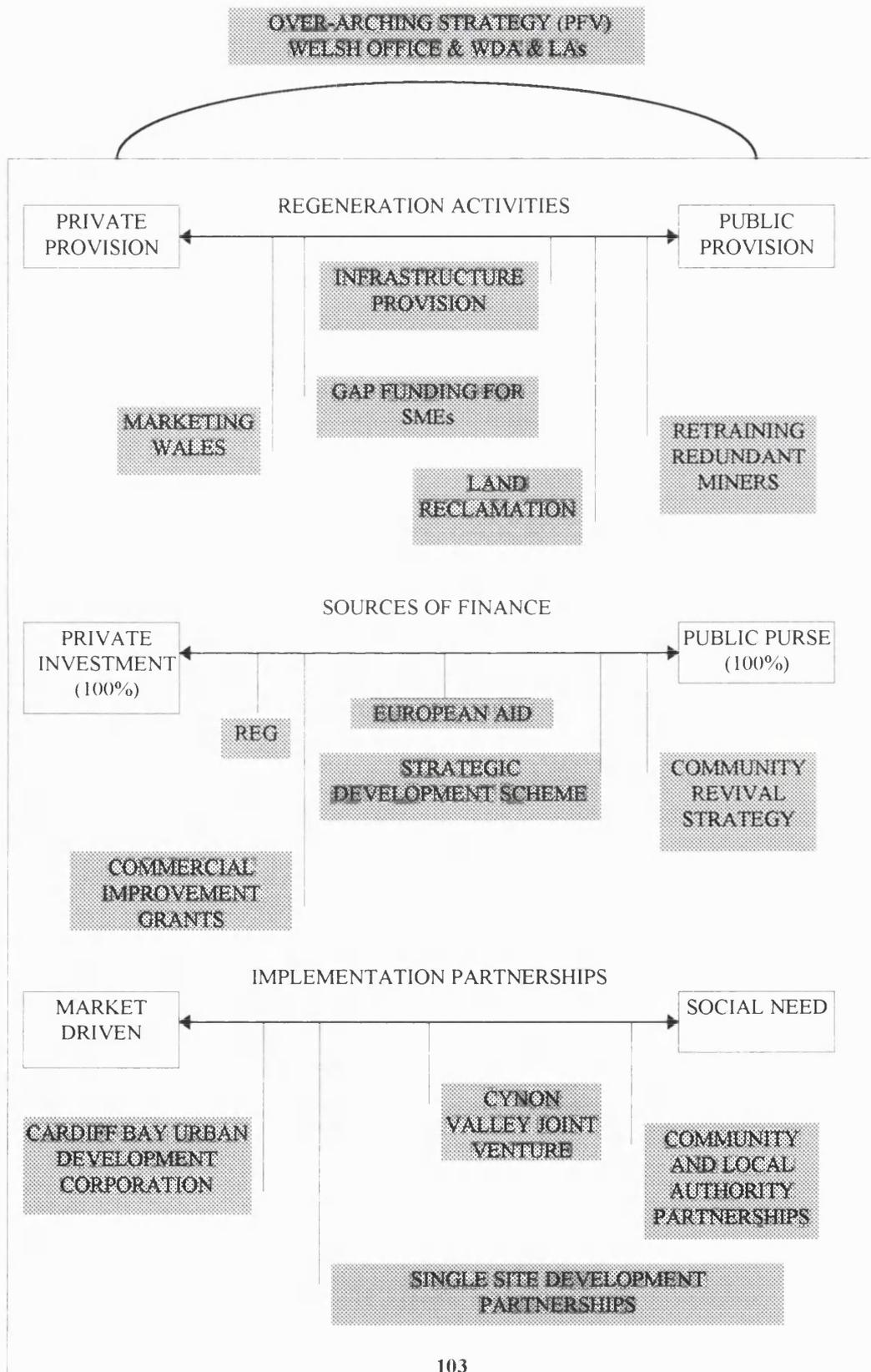
- the changing dynamics of the institutions which form the partners, especially the WDA and local government
- the dominance of public sector bodies in partnerships in the Valleys, without whom many partnerships would not exist
- the watering down of policy to those issues on which consensus can be obtained
- their frequent dependence on public funding

Mackintosh finds that “*what is 'going on' in partnerships is a version of the broader conflict over the future organisation and scope of the public sector*” (Mackintosh, 1992, p.221). This certainly seems apparent in the case of partnerships in the Valleys where the changes in many of the partnerships reflect changes in the institutional structures.

The Combined Effects Of Local Economic Policy In The Valleys.

The diagram in figure 6.1 shows one way in which it is possible to view the various elements of local economic policy. All the elements are contained within the overarching strategy framework which is the Programme for the Valleys. Economic regeneration activities are considered according to which sector of the economy is best suited to provide them. Sources of finance are considered according to the approximate share of the total project cost which the grant (or loan) will cover. Partnerships are considered according to the nature of the partners and their aims. These elements have been placed on a (non-numerical) scale which represents the public-private domain, (in the diagram the private sector is on the left and the public sector on the right). What the diagram highlights is the fact that, although, the strategy is an umbrella for all the various activities, funding mechanisms and partnerships, these

FIGURE 6.1 : ANALYSIS OF REGENERATION WITHIN THE PUBLIC - PRIVATE DOMAIN



elements all remain quite separate. The analysis is fairly simplistic but provides a useful starting point from which to look more closely at some of the interrelationships between the policy inputs.

The relationship between local economic strategies and funding mechanisms is, arguably quite weak. The CRS, Valleys Enterprise Loans Scheme, Valleys Small Loans Scheme are the only funding mechanisms directed specifically at the PFV. They represent only a small proportion of the total funding attributed to the PFV. The rest of the money came from main programmes and existing schemes in Wales. The overall view adopted by the UK government to the need to link strategies and funding schemes was to some extent highlighted by the analysis of the additionality argument. It was UK reluctance to strongly tie Structure Funds to the strategically determined objective and programme areas which led to the temporary suspension of RECHAR funds. The EC, on the hand, seems to be more willing to accept the need for stronger links between strategies and funding mechanisms. It is for reasons of enhanced synergy and greater accountability that the EC now requests regional strategies from those area wishing to benefit from Community Structural Funds.

Funding mechanisms have already been shown to encourage the development of partnerships. The attainment of European and other sources of funds, what is termed budget enlargement, is now a principal objective for many institutions and partnerships. Strategies also incorporate the partnership approach as the main delivery mechanism for local economic policy. There are problems associated with the partnership approach in terms of evaluation of the outcomes. Successes claimed by everyone while shortcomings are neglected by all. During the course of my face to face interviews, alone, each interviewee claimed credit for the successes of the Cwm Cynon Business Centre. At the same time, none of them were willing to comment about the issues surrounding the Tesco's land deal. Accountability is lost when several organisations combine. On a larger scale, the Welsh Offices claims of the successes of the PFV are exaggerated (see also Morgan, 1995).

The danger of exaggerating the success of policy are that it may lead one to falsely presume that the problem is being cured. This was highlighted by the analysis of the way in which BCE's achievements had been measured. Bovaird argues forcefully the need to "*sharpen up the identification of policy failure in local economic development*" (1994, p. 598). It is vital that decision makers have a clearer understanding of both policy successes and policy failures in different local economic programmes in order to formulate sound strategies. However, an evaluation of the full effects of the local economic policies in the Valleys is outside the scope of this thesis. Any evaluation of the impact of policy on socio-economic indicators would have to consider issues of the counter-factual, causality, displacement and deadweight. Furthermore, it would be very hard to disentangle the effect of the PFV from the effects of the recession of the late eighties and early nineties.

6.4 Questions For Future Research

Murray (1991) argues that the moves away from a Fordist economy, characterised by mass production and mass consumption, to a Post Fordist one, characterised by flexible methods of production and individual preference, should be accompanied by a move away from Fordist policies of attracting large firms (the mass producers). Instead policies should concentrate on encouraging flexible specialisation, local supply networks and avoid an industrial situation which result in over production. This need not result in one model of economic policy. On the contrary, he argues for government structures to acknowledge that all sorts of policies should be allowed to develop. Flexible specialisation could be achieved by policies which encourage innovation sharing amongst many small scale producers, e.g. as in the footwear industry of Emilia Romagna. Similarly, the development of local supply networks anchored by a few branch plants of multi-national companies could equally lead to economic success. This approach seems especially attractive for areas with little indigenous production specialities. For the Valleys area this would suggest that a greater concentration of efforts should go on initiatives such as Source Wales, which seek to increase the growth of indigenous industry. Further research would be required to examine the extent to which local economic policy can and does seek to solve the causes of local economic crisis.

It is important that local economic policies take account of the wider social and economic trends in the economy. The direction of some of Central Government's policies counteracts many of the aims of local economic policies. The reduction of mainstream funds to local authorities despite the increase in funds for inner city policies is one such case (Robson et al, 1994). The abolition of Urban Programme is another. The direction of future local economic policies is obviously an area of concern. Over the last ten years it appears there has been a move towards more focused policy in the case study area. Funding has become more focused through mechanisms such as UJVs, changed rules in Urban Programme and the initiation of the PFV (Alden & Romaya, 1994). Partnerships have been encouraged and attempts made towards a simplification of the system and greater coordination between initiatives. Yet, at the same time many changes occur which might disrupt the continuity of progress in the Valleys. These include local government reorganisation which will lead to a rethinking of the relative roles of various agencies in the economic regeneration process. It may be that the co-ordinating role adopted by the WDA is unnecessary when these larger councils are in place. Furthermore, it could be argued that funding mechanisms and schemes operate on too short term a basis to achieve long run benefits.

The PFV was criticised for its lack of an overall vision for the locality which undermined the strategic coordination of development (Hausner, 1993). The evaluation went on to suggest that the Programme would have benefited from greater central Government guidance. Morgan (1995) takes up the same point about lack of vision but instead comes to the conclusion that what is required, is instead, an elected Welsh Parliament. Obviously, this line of argument has been strongly informed by historic calls for democratic devolution in Wales. Others might argue that the solution lies in the establishment of regional government structures, which could coordinate various activities and would fall in line with the visions held by some for a 'Europe of the Regions'.

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APPENDIX I

LIST OF ABBREVIATIONS USED IN THIS THESIS

BCC	British Coal Corporation
BCE	British Coal Enterprise
CIG	Commercial Improvement Grant
CRS	Community Revival Strategy
CVBC	Cynon Valley Borough Council
COR	Committee of the Regions
DBRW	Development Board for Rural Wales
EC	European Commission
ERDF	European Regional Development Fund
ESF	European Social Fund
EU	European Union
FDI	Foreign Direct Investment
ISW	Industrial South Wales
LEP	Local Economic Policy
LAW	Land Authority for Wales
MGCC	Mid Glamorgan County Council
PFV	Programme for the Valleys
RDG	Regional Development Grant
REG	Regional Enterprise Grant
RIG	Regional Investment Grant
RSA	Regional Selective Assistance
SDS	Strategic Development Scheme
SME	Small and Medium Sized Enterprise
SWOT	Strengths, Weaknesses, Opportunities and Threats
TEC	Training and Enterprise Council
UDC	Urban Development Corporation
UDG	Urban Development Grant
UIG	Urban Investment Grant
UJV	Urban Joint Venture
UP	Urban Programme
VELS	Valleys Enterprise Loans Scheme
VSLs	Valleys Small Loans Scheme
WDA	Welsh Development Agency
WO	Welsh Office
WTB	Wales Tourist Board

APPENDIX II

LIST OF INTERVIEWEES.

A. Face to Face Interviews were conducted with:

Mr Gareth Hall, Welsh Development Agency, Projects Manager for Cynon Valley

Mr Steve Harford, British Coal Enterprise, South Wales Division

Mr Stephen Jones, Mid Glamorgan County Council, Economic Development Unit

Mr Richard Keveren, Welsh Office, Urban Affairs Division

B. Telephone interviews were conducted with:

Mr Chris Burns, Economic Development Officer, MGCC

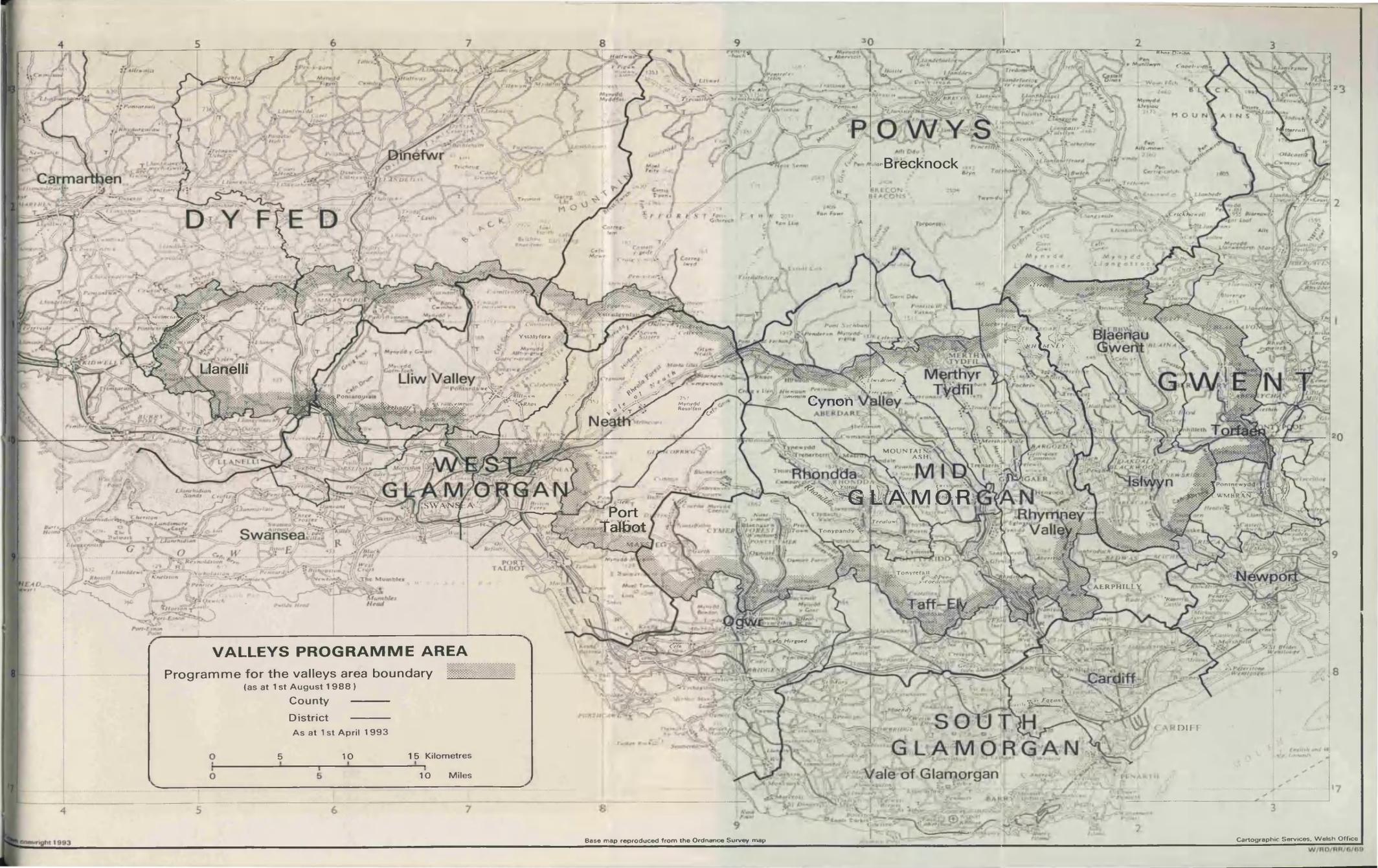
Mr John Holloman, Economic Development Officer, Cynon Valley BC

Ms Anne Jennick, Mid Glamorgan TEC

Mr Keith Moses, Welsh Office, Regional Development Division 1

APPENDIX III

MAP OF THE SOUTH WALES VALLEYS



VALLEYS PROGRAMME AREA

Programme for the valleys area boundary (as at 1st August 1988)

County County boundary

District District boundary

As at 1st April 1993

0 5 10 15 Kilometres

0 5 10 Miles

