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City Deals in the Polycentric State: The spaces and politics of Metrophilia in the UK

Abstract

This paper draws attention to the burgeoning phenomenon of Metrophilia, the fashionable yet uncritical embrace of city-centric narratives of development in place-based policymaking. Within this narrative, City Deals have emerged as mechanisms that pit places in competition with each other through the promotion of local economic growth compacts. Despite being launched with great fanfare as localised victories, City Deals raise important questions regarding the shape of the UK state system and the objectives of spatial policy. Addressing these concerns, and focusing on the tripartite political arrangements in the UK’s devolved administrations nations, we argue that political tensions between nationalism and city-regionalism may be exacerbated through deal-making approaches.

1. Introduction

The territorial transformation of the UK state has been a key feature of British politics for at least the last four decades. Such transformation has been driven by various mechanisms and rationales along with competing political objectives and interests (Tewdwr-Jones and McNeill, 2000; Deas and Ward, 2000; Harrison, 2010). In the UK at present, arguments for decentralisation and devolution take multiple forms and appeal to different constituencies (Clarke and Cochrane, 2013). Reflecting the disorderly and asymmetrical process of devolution taking place, the concept of a “polycentric state” was posited a decade ago:

“A polycentric state is beginning to emerge in the UK, albeit in a tentative, uneven and contested fashion, and its clearest expressions are to be found in London and the Celtic nations, where devolved governments have been established. But that is not the end of the matter. Whatever their shortcomings, the debates about city-regionalism, new localism and double devolution suggest that the pressures to devolve power are far from exhausted, signalling that territorial politics will become more, rather than less, important in 21st century Britain.” (Morgan, 2007: 1247)

At present, there are two dominant dimensions to the polycentric state in the UK. First, national questions - as exemplified by the 2014 independence referendum in Scotland - often command most attention. National questions reflect long running historical tensions in the UK’s multi-national unitary state system (Keating and Laforest, 2018). Second, sub-national arrangements for city-regions have emerged as a new devolution narrative, and gained prominence and emphasis with the advent of the Conservative-Liberal Democrat coalition government in 2010. Reflecting a policy focus that first
gained attention in England (Harrison, 2007; 2012), we are living through a metropolitan moment because cities and city-regions, rather than being seen as sites of decay and disadvantage, are now deemed to be actual or latent sites of dynamism, innovation and productivity (Glaeser, 2011; Katz and Bradley, 2013). From this perspective, cities are the quintessential spaces where knowledge is generated and valorised because cities are the chief beneficiaries of agglomeration economies.

Capturing such narratives, Metrophilia can be defined as a pervasive and uncritical embrace of city-centric perspectives in spatial policymaking. There are three core pillars to Metrophilia; (1) society and the economy are seen to be increasingly bound to and determined by the city (akin to the “urban age thesis”); (2) cities are seen to present distinct opportunities for economic growth (Glaeser, 2011); and (3) sub-national public policy and governance needs to embrace and privilege cities to grasp the issues and challenges brought about by pillars 1 and 2. Though exhibiting national variations, Metrophilia has international currency as we see governments, supported by think tanks and travelling bands of consultants, championing the metropolitan narrative regardless of spatial context. The political resonance of the “agglomeration” logic (World Bank, 2008; also see Martin and Gardiner, 2018: 47) and related claims for cities as “engines of growth” (HM Government, 2011) has seen cities placed at the front of the queue in terms of the re-shaping of sub-national economic development policy (Gray et al., 2018). Such urban championing has happened despite empirical evidence in the UK shining an inconvenient light on the claim large urban areas will produce higher productivity and output (Martin et al., 2014). Indeed the apparent challenges of consistently realising pillar 2 have been brought into focus within recent conceptualisations of the New Urban Crisis (Florida, 2017: 199) where a fraught “winner takes all urbanism” sees some “superstar” cities claim a “disproportionate share of the spoils of innovation and economic growth”.

Our critique of metro-led policymaking in this paper is certainly not to claim, however, that all city or city-region policies are flawed or ill-conceived, nor do we necessarily object to the notion that cities be placed in the “very centre” of agendas for “economic prosperity” (Florida, 2017: 204). Rather, we simply point to the more sweeping tendency to posit cities as panaceas for a broad suite of economic and social challenges, and to seek to prioritise urban contexts through an optimistic veneer that may risk looking past the needs of marginalised strata within the city and of non-metropolitan places beyond the city. Although City Deals are part and parcel of the fashion of Metrophilia, we also take the view that certain City Deals, and the particular tools and approaches contained within them, can reflect positive responses to localised issues (Morgan, 2014).

England has arguably been in the vanguard of embracing city-centric policy in the UK context. However, city-regional narratives have been gaining traction in the devolved administrations also. In Scotland, where an urban dimension to social and economic life has always been present through the mixed fortunes of Aberdeen, Dundee, Edinburgh and Glasgow, a Scottish Cities Alliance – put in place by the Scottish National Party (SNP) administration - has been working over a number of years to promote urban interests (Maclennan et al., 2018). In Wales, the city-regional narrative represents a

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1 See Brenner and Schmid, 2014 for a critique.
sharper break because an “anti-urban bias” can be discerned in its mainstream political culture, reflecting the national myth that the nation is a patchwork of communities, towns and villages (Morgan, 2014: 311). Nevertheless, following the recommendations of the Haywood report, two city-regions have been identified for Swansea Bay and the Cardiff Capital Region (Welsh Government, 2012).

Exemplifying the urban turn in sub-national policy, City Deals – growth focused agreements that bind localities and the UK Government and devolved administrations into funding and delivery commitments over a 20-30 year period - are key mechanisms for advancing urban policy in the UK. Capturing the core ethos of City Deals, the former Deputy Prime Minister noted: “As major engines of growth, our cities have a crucial role to play. But to unlock their full potential we need a major shift in the powers available to local leaders and businesses to drive economic growth” (HM Government, 2011). However, the insertion of City Deals into the Celtic contexts of Wales and Scotland raises challenging and under-researched questions because of the potential conflict between two different devolution narratives, namely devolution to the Celtic nations (the national narrative) and devolution in those nations (the city-regional narrative).

In focusing on the Cardiff Capital Region City Deal, the contribution of this paper is to highlight how the polycentric state is being incrementally transformed through deal-making. Our argument is that territorial state transformation is produced by intersecting national and sub-national devolution agendas, and Metrophilia animates the latter. In doing this, the paper sets out how city dealing brings into focus the fuzzy – or “jagged edge” (Paun and Munro, 2015: 3) - devolution settlements present in the UK. We contribute to the emerging literature on City and Devolution Deals (O’Brien and Pike, 2015; Pike et al., 2016; Etherington and Jones, 2016; Tomaney, 2016; Waite et al., 2013; Waite, 2016) by focusing on how a tripartite political context shapes and complicates a City Deal process, and, through this narrative, we touch on issues pertinent to the links between devolution and economic growth (Pike et al., 2012; Rodríguez-Pose and Gill, 2005; Rodríguez-Pose and Ezcurra, 2011). As the international audience for deal-making grows (Australian Government, 2016; O’Neill, 2016), it becomes ever more important to understand how different institutional ensembles – which territorial state transformation ultimately hinges on - shape the design and development of urban policy (Bradford and Wolfe, 2013).

A comprehensive documentary repository, in the order of 80 items – collected over a period of over three years through to the end of 2017 - provides the evidence base for this paper. The repository is made up of policy and policy-related documents, including local authority notes and responses, and policy positions set out by the Welsh Government and UK governments. For example, all ten local authorities in the Cardiff city-region politically reported implications of the deal, noting the opportunities and risks, ahead of reaching agreement to participate. Additionally, key infrastructure projects within the deal, notably the Metro transport project (which we note later in this paper), have received extensive consideration and examination in and of themselves (from the broad idea and concept, to more recent issues relating to design and delivery). Adding to the documentary repository, furthermore, minutes of the governing Cabinet body (established by the City Deal), along with
associated papers presented for discussion, provide a window on how the deal is being operationalised, the governance arrangements emerging, and progress with respect to component projects within the deal investment. Reflecting the diversity of viewpoints concerning deal-making, beyond those of advocates, a Welsh Assembly committee enquiry into City Deals coupled with local media sources elucidate particular challenges, weakness and gaps that deal-making may be seen to engender. Systematic online searches in tandem with closely tracking web portals containing relevant documents were central to the discovery process.

Giving contextualisation, and recognising the evolution of deal-making from England to Wales, the paper references reports on City Deals from scrutiny bodies such as the National Audit Office and committees connected to the House of Commons. Reports by prominent UK policy think tanks also help to track shifting rationales for urban-focused devolution and chart the diffusion of deal-making across the UK. Finally, the authors’ participation in city-regional meetings and fora also shaped perspectives outlined in the paper. Notably, this included invitations to input to the work of the independent Growth and Competitiveness Commission – established, with the support of a consultation process, to provide an evidence review for the City Deal Cabinet - which reported in late 2016 (Growth and Competitiveness Commission, 2016).

Reflecting on the “neglect of documents” in a cognate discipline, Wright (2011: 361) notes that: "documents are universally underutilized and undervalued … and documents are subsumed in importance to interview data when reporting empirical findings". This paper illustrates that policy-related documents (from speeches to technical appraisals) - which are increasingly available due to an ethos of open government in the UK - provide a rich archive of public decision-making and serve to provide a range of perspectives on the political dynamics of deal-making. Given the extensive material consulted and analysed, which tracks the Cardiff Capital Region City Deal from initial idea to implementation, a fine-grained appreciation of deal-making re-working the polycentric state is given in this paper.

The paper proceeds as follows. Section 2 outlines the dimensions of territorial state transformation that are emerging in the context of Metrophilia, a term we use to signal the fashionable and uncritical embrace of city-centric spatial policy paradigms (Morgan, 2014). Section 3 explores the City Deal mechanisms and presents an overview of the deal recently agreed for the Cardiff Capital Region. Section 4 examines the political dynamics of city dealing, focusing on the highly contested local politics of the Cardiff Capital Region City Deal. Following a conceptual discussion which posits TPSN (Jessop et al., 2008) as a framing for how City Deals, advanced by a logic of Metrophilia, are reshaping the polycentric state, section 5 then concludes with reflections on the processes and structures brought about territorial state transformation.

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2 The authors of this paper were not Commissioners nor responsible for the findings and views expressed in the Commission’s report (Growth and Competitiveness Commission, 2016).
2. Territorial State Transformation

Debates about the decentralisation and devolution of powers to sub-national administrations, and the dynamics of intergovernmental relations, are a perennial feature of political debate in OECD countries (OECD, 2018; Pike et al., 2012; Rodríguez-Pose and Gill, 2003; Rodríguez-Pose and Ezcurra, 2010; Keating and Laforest, 2018). In the UK, the devolution debate revolves around the heavily centralised nature of the UK state system vis-à-vis most other OECD countries (Travers, 2015). From reaping an economic dividend (Pike et al., 2012) to reforming public services and adhering to notions of subsidiarity and legitimacy, policymakers attach a whole series of logics to devolution arrangements (House of Commons Communities and Local Government Committee, 2016).

The form of asymmetric devolution that now characterises territorial state transformation in the UK was triggered by the establishment of directly-elected devolved administrations in Edinburgh, Belfast, Cardiff and to a lesser extent in London in the late 90s (Keating, 1998). The roots of such moves stretch back further, and the Kilbrandon Report (1973) reflects a notable historical turning point in that devolved legislative assemblies were recommended for the first time in the postwar period. Following the independence vote in September 2014, the Scotland Act (2016) fundamentally alters the devolved package for Scotland. The Act places substantial revenue and spending powers, including welfare and taxation, at the disposal of the Scottish Parliament at Holyrood. Indeed, Scottish nationalism presents a force to further deepen powers for the parliament at Edinburgh, as Tierney (2015a) previously remarked: “The SNP will claim the political legitimacy to fight austerity, demand implementation of its own constitutional priorities … and reserve the right to reopen the issue of independence if these powers are not ceded” (Brexit, as discussed below, poses new dimensions).

Second, devolution for Wales – without the national institutional traditions and the widespread nationalist political movement in Scotland - has been much more modest, and some have observed a “tendency for Wales to play catch-up with Scotland” (Keating and Laforest, 2018: 9). Though the Silk Commission recommended a suite of functions be devolved to the Welsh Government, recent legislative steps to progress national devolution have been contested (Wyn Jones, 2016).

Running alongside this national devolution narrative has been a local or sub-national narrative. This points to the English question (Morgan, 2002), which concerns the perceived unfairness of devolution to the Celtic nations while little movement has been made in terms of the English regions (with the exception of Greater London). The West Lothian question – the perceived inequality between English constituent MPs having no vote over devolved matters in Wales and Scotland, but Welsh and Scottish MPs having a right to vote on matters that only concern England – provides a further institutional backcloth (Keating, 1998: 208). An interesting inflection, though, may be raised regarding the West Lothian question given the ad hoc deal-making that has emerged. In this regard, with health activities to be devolved to Manchester – as a result of successive devolution deals agreed between the locality

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3 Recent legislation – reflecting a policy of English Votes for English (EVEL) – has been installed to give English MPs a final vote, on certain aspects of legislation (deemed of English interest only), to try to counter this problem.
and the UK Government - some commentators have begun to question the scope of MPs from Greater Manchester having a say in UK-wide health matters. As Giovannini and Mycock (2015) remark: “… the anomalies associated with the ‘West Lothian question’ could be reproduced within England through what might be described as the ‘Manchester Withington question’.” This potential subnational analogue of the West Lothian question reflects the new asymmetries emerging through deal-based geographies; related issues have also been raised with respect to Greater London (Oliver, 2016; McCann, 2016: 488; Sandford, 2014).

English devolution politics have evolved through two processes. First, eight regional development agencies (RDAs) were established through legislation by the Labour Government (in the period known as New Labour). Not including the London Development Authority, the RDAs covered the geography of England and were launched in 1999. When these were abolished by the coalition government, city-regions became the preferred focus for sub-national economic development policy. With seeds sown by the Northern Way (Harrison, 2010: 21), the sub-national policy vacuum began to be filled by the English Core Cities lobby. Now supported by City Deals – and bolstered, in the English context, by multiple rounds of “growth” and “devolution” deals – the policy penchant for Metrophilia is exercising the behaviour of a wide range of policy actors in the UK.

In summary, two interweaving strands of devolution have emerged in the UK. First, national devolution led to the initial contours of the polycentric state in the UK. This has been followed, more recently, by a sub-national dimension with cities now in the political foreground. To illustrate the crossover between these two strands of devolution, it is useful to recall the final report of the RSA City Growth Commission (2014) which argued that metro-based devolution should run in parallel with the national arrangements being put in place for Scotland.\(^4\) Tit-for-tat policymaking is the order of the day - they are getting x therefore we want y - with territorial state transformation being produced by incremental interventions. Such a piecemeal approach to policymaking - in both national and sub national terms - is perhaps symptomatic of timidity concerning, and resistance to, a constitutional convention (House of Commons Political and Constitutional Reform Committee, 2013; The Labour Party, 2014) and this further reflects, perhaps, a prevailing sentiment in the UK of never being “terribly bothered” with coordination across the “UK’s component parts” (Jeffrey 2011). In Wales the interplay between the national an sub-national devolution agendas works through a complex tripartite politics, and the City Deal brings this into focus.

3. City Deals

We first outline some preliminary points about the character of City Deals - including who they involve and how they have evolved - before turning our attention to the tripartite complexities of deals in the

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* Mindful that the RSA City Growth Commission was reporting ahead of the independence referendum in Scotland.
devolved administrations. City and devolution deals reflect an evolving policy area, and there is a lively debate about their relative merits and pitfalls.

City Deals have emerged as part of the UK Government’s localism agenda (Clarke and Cochrane, 2013) and link to policy problematics such as the north-south divide (Martin, 2015). Sketching the broad deal-based landscape, over thirty City Deals have been signed as at June 2017. The deals, in the English context, reflect bilateral arrangements between localities (municipalities typically) and the UK Government. Such deals have now been augmented, in some places, by “growth deals” and “devolution deals” which encompass wider areas of policy and service delivery (O’Brien and Pike, 2015; Sandford, 2016). City Deals command attention for capital commitments around infrastructure funding, but typically include a suite of interventions covering welfare and labour market issues (Waite, 2016; Centre for Cities, 2014). Central to city dealing is a quid pro quo between HM Government and local bodies, where commitments to strengthen local accountability and governance are matched with medium to long-term funding commitments from central government (and in the case of Wales and Scotland, the devolved administrations also). City Deals present interesting strategic and political questions in the devolved administrations, as a number of the levers held for local economic development policy have been passed down through the devolved settlements (and there are differences here between Wales and Scotland).

City Deals have been regarded by some as an important step in urban policy (Centre for Cities, 2013: 8-9; Cheshire, Overman and Nathan, 2014: 176). Pointing to the limitations of centrally orchestrated, one size-fits-all approaches, City Deal advocates promote the bespoke, asymmetric and experimental nature of city-by-city bidding (Harrison B, 2015, Cox et al, 2014). Indeed City Deals reflect a positive innovation in terms of providing some scope for locally sensitised interventions, though the latitude afforded to localities is contested (Pike et al., 2016; O’Brien and Pike, 2018). Substantial cross-party political support has been given to City Deals, and proponents claim that local leaders are in the best place to take decisions concerning interventions in their localities (HM Government, 2011). A local entrepreneurial politics underpins City Deal negotiations, indeed. From UK Government Ministers demanding a deal that “can’t [be] refuse[d]” (Denholm-Hall, 2015), local politicians have been keen to emphasise the transformative economic development opportunity that deal-making provides. Allied to this is the role that waves of City Deals play in effectively pitting cities against each other. In essence, inter-city competitiveness infuses the political culture of city dealing (Bristow, 2005; 2010), and the message from the UK Government is that cities need to grasp the unique “opportunity”.

Table 1 - with reference to findings by the National Audit Office (2015) and the House of Commons Communities and Local Government Committee (2016), looking at the English context – presents

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5 Glasgow was the first city-region in the UK’s devolved administrations to receive a City Deal. This occurred in 2014, only a few months before the independence referendum in Scotland.

6 O’Brien and Pike (2018) contest such entrepreneurialism is balanced with continuing “managerialism”.

7 See Giovannini (2018) for a discussion of competitiveness shaping devolution deals.

8 City Deals have been hailed as “once in a generation” opportunities (HM Government, 2014; BBC News, 2015; Merthyr Tydfil County Borough Council, 2017)
some of the core advantages and disadvantages of City Deals to date.

**Table 1 – Summary of the pros and cons of City Deals**

[Table 1 about here]

City Deals are emerging in a fraught period for local economic development, given the substantial fiscal consolidation or austerity that has taken place. This raises questions (or the prospect) of policy “dumping” where extra powers are given to municipalities without sufficient resource to manage the new responsibilities (Waite et al., 2013: 773; Etherington and Jones, 2018). Whilst local authority revenue and capital budgets need to be distinguished here, capital and revenue budgets also interact (through the carrying costs of taking on debt used to fund up-front capital investments, for example). Moreover, as services within local authorities are whittled down, as a response to chastening grant settlements, personnel numbers also fall. This raises issues as to whether there is sufficient local capacity to manage and implement deals (National Audit Office, 2015). Risk is a key issue here, as a core part of agreeing a City Deal sees local authority leaders taking greater responsibility for the decisions and investments they make (with municipalities required to contribute capital). It seems somewhat striking, given this, that the episodic provision of funding through payment by results mechanisms – and what happens if targets are not realised – has received scant attention to date. With an EU exit vote, moreover, it is unclear as to how public finances, and thus local allocations, will be managed in the years ahead.

A radically different perspective on City Deals is the view that the sub-national mode of devolution represents a city-led “Magna Carta” (Core Cities, 2015). In this account, devolution needs to release the shackles of central government control, allowing leaders to take decisions that will drive local “prosperity”, “equality” and “democracy”. In such a narrative, devolution is an opportunity to be seized, noting national and sub-national devolution as part of a broader claim on the reform of central government: “We welcome devolution to Scotland, Wales and Northern Ireland, but what’s good enough for nations is good enough for cities, towns and counties, which should be afforded greater freedom, each according to their proven need and ability to deliver, across all the UK’s borders” (Core Cities, 2015).

An emerging body of academic work serves to situate deal-making within wider urban governance and urban politics literatures. There is a body of literature, for example, that is ultimately concerned with the processual nature of deal-making, pointing to the implications of informal governance (Ayres et al., 2017); the approaches taken toward public consultation (Prosser et al., 2017; Tomaney, 2016); the implications of contractual agreements (Sandford, 2016b); and the lingering central control apparent in deal-making (Pike et al., 2016; O’Brien and Pike, 2018). Additionally, other contributions to the deal-making literature frame the nature of central–local relationships conceived (O’Brien and Pike, 2018), with attention drawn to the prominence of growth objectives, the use of financialising
logics and the uneven funding allocations across cities (O’Brien and Pike, 2016; Beel et al., 2016). Others point to implications for the planning system (Colomb and Tomaney, 2016; Jones et al., 2017) and asymmetries and inconsistencies emerging in the UK’s governance system (Giovannini and Mycock, 2015; Giovannini, 2018).

Whatever the merits of individual deals, some of which contain positive policy innovation, they must be distinguished from the system of policymaking which spawns them (Maclennan et al., 2018). Consideration of parity and consistency in the latter is important, given City Deals are marked by more substantial policy and funding packages for some places over others (O’Brien and Pike, 2018; Pike et al., 2016; Beel et al., 2016). Aligning with the observations of O’Brien and Pike (2018), we argue that piecemeal negotiations concluded between HM Government and different localities may be leading to chaotic and potentially inequitable effects in the policy system (Pike et al., 2016). Mindful of this policy landscape, we now turn to focus on the Cardiff City Deal to illustrate incremental territorial state transformation.

**Cardiff Capital Region City Deal**

The cities agenda, buttressed by the pro-growth logic of Metrophilia, has been used to support claims for sub-national devolution in Wales. For example, focusing on what capacities localities have to raise revenues and determine expenditures, the Independent Commission on Local Government Finance in Wales (2016) recommended that business rates be devolved to city-region local authorities. The commission chair remarked: “We have suggested that business rates should become a local tax … City regions, such as those evolving in Cardiff and Swansea, would be given the power to raise an additional small rate to pay for projects such as better transport” (Travers, 2016). Deal-making is now the central instrument in supporting a shift to city-region policymaking in Wales, and, in March 2016 the Heads of Terms agreement for the Cardiff Capital Region City Deal was signed (the deal was then formally ratified, with a joint working agreement, in March, 2017) (Cardiff Capital Region City Deal, 2017). The deal takes a tripartite form, and outlines commitments from the UK Government, the Welsh Government and ten local authorities in south-east Wales.9 The tripartite partnership working model underpinning the deal is very different to the traditional model of corporatism in Wales - which involved the Welsh Office, CBI (Confederation of British Industry) and Wales TUC (Trades Union Congress) - because local authorities are the key interlocutors with the Welsh and UK Governments.

The contents of the City Deal were signalled in previous documentation (City of Cardiff Council, 2015), with emphasis placed on a £1.2 billion infrastructure fund which will benefit from HM Government funding (£500 million), Welsh Government contributions (£500 million), along with at

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9 The ten local authorities in the Cardiff city-region stretch from Bridgend in the west to Monmouthshire in the east, and from the coastal belt of Newport, Cardiff and the Vale of Glamorgan (in the south of the city-region) to the Heads of the Valleys including Blaenau Gwent and Merthyr Tydfil (in the north of the city-region). Other local authority areas included in the city-region are Rhondda Cynon Taf, Caerphilly and Torfaen.
least £120 million from local authorities over a 20-year period. The ambitions for the City Deal, are nothing if not bold:

“Over its lifetime, local partners expect the City Deal to deliver up to 25,000 new jobs and leverage an additional £4 billion of private sector investment. This City Deal will provide local partners with the powers and the resources to unlock significant economic growth across the Cardiff Capital Region.” (HM Government, 2016a)

The Metro transport project – which is based on a vision for an integrated multi-modal transport system connecting Cardiff and Newport with the regional hinterland - is situated at its core. Skills training activities and the establishment of an innovation centre, including a £50 million UK Government commitment to establish an innovation catapult (attached to Cardiff University), also feature in the City Deal (HM Government, 2016a).

As with earlier city deals, growth is unambiguously stated as the prime objective: “The next … tranche of funding will be unlocked if the UK and Welsh Governments are satisfied that the independent assessment shows the investments to have met key objectives and contributed to national growth” (HM Government, 2016a). The City Deal document also states that governance must be oriented toward growth: “… confidence and assurance [is] to [be given to] both the UK and Welsh Government that the local authority leaders are making decisions which will drive economic growth across the Capital Region” (HM Government, 2016a). Preliminary documentation further suggests economic growth will be a key indicator of success (City of Cardiff Council, 2015; HM Government, 2016b). As the tripartite arrangements progress, it will be important to scrutinise the precise fiscal and policy details within the Cardiff Capital Region City Deal. We should also consider the City Deal within the context of an evolving programme of decentralisation, where a process of learning-by-doing is perhaps underway for all parties (Marlow, 2015). With project prioritisation to take place and with the politics of project phasing to be worked through – which part of the Metro transport project gets built first, for example - the deal for the Cardiff city-region may evolve in unexpected ways.

The content of the Cardiff deal outlined above rests on agreement across the tripartite governance structure. The politics underpinning the trilateral arrangements are explored in the following section.

4. Deconstructing a City Deal – the politics of the Cardiff Capital Region

The Cardiff Capital Region City Deal brings into focus a bidding mechanism interfacing with a unique local political context. Such arrangements can be fragile, and it is apparent that through micro, city-region politics, dealing mechanisms can implode (as witnessed, recently, with the implosion of the

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10 More information and documentation on the Metro can be found at: https://beta.gov.wales/metro
devolution deal in the north-east of England (Halliday, 2016)). The complex actor configurations in south-east Wales are detailed in this section, and this presents a picture of a contorted socio-spatial politics.

Figure 1 maps the core political dimensions of deal-making relating to the Cardiff city-region City Deal. Key to interpreting the figure, in the first instance, is that the nodes may not in themselves be unified. The differences of opinion between local authorities in the Cardiff city-region are outlined further below, and it is also apparent that differences of thinking and emphasis may arise within the Welsh Government and the UK Government. Giving some substantive basis to this, it is instructive that the minister charged with the City Deal in the Welsh Government is different from the Minister originally responsible for the city-region agenda. Additionally, research is beginning to query the differences of opinion that exist between departments within the UK Government. Ayres (2016: 8) has noted, in the context of devolution deals, for example: “… stark differences in the enthusiasm for devolution across government departments was perceived by some to undermine a coherent approach to devolution in Whitehall”.

Second, a tradition of parochial intra-city-region politics is a long standing feature of the area. Cardiff’s predominance in the region has long been a source of friction for neighbouring authorities, whereby some local authorities have considered the growth of the capital city as a threat to their own economic bases, spawning a zero-sum political mentality (Morgan, 2006). The interdependence between Cardiff and its regional hinterland has historical potency, with the growth of Cardiff - centred on the port in the nineteenth century - strongly dependent on flows of resources from the coalfields in the south Wales Valleys; so much so that Cardiff earned the label “Coal Metropolis” (Daunton, 1977; Morgan, 2014). Decline in resource economies following World War I is widely documented, as is the precipitous economic decline of many Valleys communities. Flows to Cardiff have remained, however, though they now take the form of people commuting into Cardiff (and to a lesser extent, Newport).

Perhaps the most contentious issue for the non-metropolitan local authorities in Wales is the city-centric nature of deal-making to date and the extent to which benefits will accrue to remote parts of the nation. Though there is little evidence to support the grander claim, proponents have nevertheless asserted that the Cardiff City Deal will generate economic benefits for the whole of Wales (Morgan A, 2016). The distance-decay effects of city-regionalism, and complex considerations around additionality and displacement, would, in our view, seem to warrant caution about what benefits are claimed. Beyond the Cardiff city-region, nevertheless, other dealing arrangements are beginning to emerge, with a City Deal agreed for the Swansea city-region, whilst authorities in North Wales are seeking a Growth Deal (HM Government, 2017).

The Cardiff City Deal can be seen as a spur for cross-locality co-operation, and while functional links and inter-dependencies present a basis for collaboration, the mutual interest in raising growth by controlling a substantial capital funding pot is arguably the key convening force. By virtue of the deal, indeed, a pragmatic if fragile city-regional unity has been fashioned in order to (1) make an initial, unified bid to HM Government and the Welsh Government for a City Deal; and (2) sustain the
consequent investment programme (that has been agreed).¹¹ Intra-city-region politics nevertheless persist, and the leader of Plaid Cymru, the nationalist party in Wales, has commented: “In south east Wales we are pushing for the City Deal to include guaranteed investment in the former coalfield communities, and a specially designated role for Newport. We’ve said work should begin at those points further away from the centre ... We don’t back a City Deal which sucks people and even more traffic into Cardiff …” (Plaid Cymru, 2017a). Given this, City Deal leaders eagerly point to developments in wider parts of the city-region, beyond Cardiff itself, as early signs of the benefits that City Deal will provide. For example, the Chair of the City-region Cabinet noted regarding the location of the programme management office for the City Deal outside the centre of Cardiff: “The decision to locate … in Treforest is an important symbol of how this programme is about transforming and driving the economy of South Wales as a whole and not just Cardiff as the capital city” (Barry, 2017).

Moreover, such intra-city-region politics will come into sharp relief through the implementation of the City Deal, where, for example, the phasing of infrastructure programmes, notably the Metro transport project, will determine which areas will reap the advantages first and, perhaps inevitably, to a greater extent than others. While advocates point to a “win-win relationship between city and region” from a completed Metro (Cardiff News Room, 2017), other commentators have questioned which parts of the city-region will benefit (Lang, 2016). Such politics reflect the general challenge of city-regionalism; putting in balance individual local authority-based interests with pan-regional goals that require cooperation across local authority boundaries.

*Figure 1 – The tripartite politics of the Cardiff City Deal*

[Figure 1 about here]

Beyond the political tensions within the nodes in Figure 1, the relationships (or axes) illustrated in Figure 1 have proved difficult to develop and maintain in the past. In this respect, fractiousness between Cardiff Council and the Welsh Government has been commonplace due to personality clashes and radically different conceptions of devolution (Morgan, 2006), while the link between local authorities in Wales to the UK Government has been uniquely formed as a result of the bidding necessary for city dealing. The latter points to the unique nature of City Deals, where local authorities in Wales, who predominantly responded to the remit and responsibilities of the Welsh Government on economic development previously, are linking directly to the UK Government with capital investment propositions (Denholm-Hall, 2015).

With the admission of Cardiff Council to the Core Cities group - and Newport to the Key Cities group – metropolitan-based local authorities are attaching themselves to lobbying arrangements which

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¹¹ Following the 2017 local elections, the local authorities of Cardiff, Caerphilly, Newport, RCT and Torfaen in the city-region are led by the Labour party. Monmouthshire is led by the Conservative party, whilst Blaenau Gwent and Merthyr Tydfil (formerly led by Labour) are now led by independents. Conservatives are now the largest party in the Vale of Glamorgan (though with no overall control), whilst Labour remains the largest party in Bridgend (but with no overall control).
vigorously claim that local leaders need greater freedom to act on local issues. As the former leader, Bale, remarked: “It’s about the centre letting go of decision-making and passing power to the leaders of major urban areas to decide what is right for their areas, and with it, for them to carry the responsibility for those decisions” (Barry, 2014). Echoing such calls, Cllr Huw Thomas, the leader of Cardiff Council, has recently commented: “City-regional devolution is proceeding at speed in England, creating a powerful layer of urban governance that has the potential to drive our competitors forward … The Capital Region cannot be left behind … Let’s be honest - the City Deal is a good start, but no more than that” (Cardiff News Room, 2017). This points to a tension between local authorities in Wales and the Welsh Government in Figure 1, and hints at a centralising tendency of the Welsh Government. Here, it is suggested that the powers the Welsh Government have received through the national devolution settlement need to be devolved further to local levels (also see Magrini, 2017; Bale, 2014).

The axis in Figure 1 most familiar to the wider public is the political antagonism between the Welsh Government and HM Government. The St David’s Day agreement picked up on certain recommendations made by the Silk Commission to strengthen the powers of the Welsh Government (HM Government, 2015), though thorny questions about income tax powers and impacts on Barnett funding arrangements remain in national devolution proposals. The Barnett formula determines funding for the Welsh Government from the UK Government, and Wales is regarded as receiving a weaker funding settlement compared with Scotland (Wyn Jones, 2015). Issues of funding parity will come into full glare once more as the implications of Brexit unfold. City dealing, given the requirement for tri-lateralism, ultimately layers over, or requires parties to look past, frictions between the Welsh and UK Governments.

The relationships expressed in Figure 1 underscore the contingent nature of city dealing, sustained, at present, by the vogue for Metrophilia (and the opportunity focused narrative of urban development). City Deals require co-operative working across different layers of government, and that is to be welcomed. Nevertheless, the tri-lateralism underpinning deal-making in the devolved administrations adds further complexity and institutional tensions compared with the bilateral arrangements in England (we point, however, to potential opportunities presented by tri-lateralism below).

Re-appraising the Polycentric State

The relationships exhibited in Figure 1 shine a light on the complex and varied socio-spatial processes that underpin urban policy in the polycentric state. In other words, city dealing comes from the meshing of processes reaching in from a distance (relational geographies), coupling with local political tendencies (territorial dynamics) (Harrison and Growe, 2014). As has been noted in the context of the polycentric state: “To overcome the debilitating binary division between territorial and relational geography one needs to recognize that political space is bounded and porous” (Morgan, 2007: 1248).
Reflecting on such socio-spatial complexities, we can frame the City Deal for Cardiff as a triggering mechanism within the polycentric state. Of note is the role of a capital funding pot, within the City Deal, that has served to strengthen and incentivise city-region arrangements. Prior to the City Deal, the UK Government, through transport policy, the Welsh Government, through innovation and sector policy (such as enterprise zones), and local authorities through various local place-based interventions, played roles in shaping the Cardiff city-region economy. Strategies for south-east Wales (the city-region area) did precede the deal in various guises, furthermore, and this included a city-region advisory board borne out of the recommendations of the Haywood Report (Welsh Government, 2012). The City Deal capital funding, however, ultimately placed an onus to agree a common investment and policy programme.

Considering the uneasy confluence of the three-sided motivations and incentives apparent in the Cardiff City Deal, conceptual perspectives based on TPSN (“territory”, “place”, “scale” and “networks”) - which set out the multiple geographic co-ordinates of socio-spatial arrangements - may be useful in framing governance change within the polycentric state (Jessop et al., 2008). Core to this conceptual architecture is recognising the need for “transcending one dimensionalism” in socio-spatial frameworks (Jessop et al., 2008: 396; Harrison, 2013; Macleod and Jones, 2007). In the context of appraising City Deals, indeed, one needs to consider “territory” which is expressed in terms of the spatial limit of interventions, “scales” of government and their hierarchical structures which bind actor relationships (intersecting UK Government, Welsh Government and local authority activities), and “networks” of knowledge and expertise that reach into the locality to inform and shape urban policy agendas (Allen and Cochrane, 2010). Moreover, following Paasi’s (2008: 408) conjecture that “ideology” may be a missing category in the framework, this perhaps provides the opening to consider the role of Metrophilia in incentivising socio-spatial relationships to be co-ordinated at city-region scales.

City dealing in the devolved administration context thus hinges on double-sided political negotiations for each actor - and perhaps three-sided if we consider tensions between local authorities - and ultimately points to an incremental re-organisation of local, national and central government relationships. Whilst emblematic of a vogue for Metrophilia at present, we have little sense as to whether City Deals will be enduring mechanisms that catalyse further devolution to subnational levels or whether political change will see them forsaken for the next new thing (as occurred with the RDAs in England and indeed the Welsh Development Agency).12

5. Conclusions and Implications

12 Harrison (2012: 1255) aptly remarked with respect to the English context: “city-regionalism in England remains more like a firework display than an illuminating policy panacea, each initiative being launched with a crescendo of noise, only to sparkle for a short time, before appearing to fizzle out and fall slowly back to earth.”
A lurch towards Metrophilia is shaping spatial policy interests and this is manifesting itself in a new suite of policy tools in the UK, notably through City Deals. Such tools are rationalised in terms of their potential to address sub-national economic development, reform public service delivery and empower local leaders. However, we can observe that City Deals have been rolled out unevenly, with different places receiving widely varying fiscal and policy settlements. This adds a further layer of territorial complexity to the polycentric state in the UK, where the tensions between two different devolution narratives – the national and the city-regional – have yet to be fully resolved.

Given the piecemeal and “ad hoc” nature of deal-based policymaking (McCann, 2016: 453; Pile et al., 2016), issues relating to territorial rivalry and consequent matters of territorial justice will become more acute should deal-making be maintained as the preferred mode for sub-national policy (Morgan, 2007; Tomaney, 2016). As has been remarked with regard to the polycentric state:

“A polycentric state raises in a particularly acute form the issue of territorial rivalry … an issue which is managed behind closed doors in a centralized state. If territorial rivalry is to be contained within tolerable limits, and if the UK is to preserve its geo-political shape as a multi-national state, a new and more robust system of territorial justice will have to be fashioned on the basis of social need” (Morgan, 2007: 1249).

In raising concerns over territorial justice, City Deals may be seen to reflect an increasingly unstable development in the territorial restructuring of the state system in the UK. As researchers at CURDS at the University of Newcastle have noted:

“As governance mechanisms, the City Deals are being used by actors to rework the role of the state internally at the national and local levels and through changed central-local and inter-local (city-regional) relations. Urban public policy and governance are being recast as asymmetrical and transactional ‘deal-making’ and negotiation [emerges] between … actors unequally endowed with information and resources leading to highly uneven social and spatial outcomes.” (CURDS, 2017)

The process consideration raised here, is that if bidding arrangements progress as the preferred mode for city and regional policy, “parity of treatment”, reflected in a concern for even-handedness in the deal-making process, alongside “parity of outcome”, may be usefully considered (Pike et al, 2016). The broad approach to sub-national policymaking underpinning City Deals in the UK also warrants reflection. Reflecting on classic regional policy texts, a balance between economic growth and socio-spatial need is invariably one of the dominant themes, and this refrain can be observed in the report of the Barlow Commission on the distribution of industry (1940) and McCrone’s celebrated account of regional policy (1969), for example. In the devolved administrations, such a balance was
conceived in policy terms in a singular institutional landscape, albeit with Welsh and Scottish Offices in place and development agencies emerging by the mid-1970s. The current inclination for deal-led policymaking, inserting into an incrementally evolving polycentric state and sanctified by a climate of opinion infused by Metrophilia, presents a very different approach to city and regional policy, with growth and competitiveness typically trumping other concerns.

As concerns the Cardiff City Deal, the Welsh Government’s role is of course apparent in the funding provided and the push for the Metro transport project; but its role in setting the terms for City Deals, and linking deal arrangements with existing policy strands (such as recent planning legislation) is less obvious or concretely set out at this point (see Lichfields (2017)). This may suggest an important and promising role for the Welsh Government – providing greater coherence in the deal-making process, by setting out a more structured, though not “one size fits all” approach, to deal formation and implementation. In this sense, the asymmetries in power and capacity between local authorities and the UK Government - which have been observed in the English deal-making context (O’Brien and Pike, 2015) - may be countered, to some degree, by a filter or co-ordination role played by the Welsh Government within the tripartite structure. Getting to such a position may contribute to the smoothing of some of the political tensions that Figure 1 sets out.

Questions also emerge in the tripartite context about the potentially competing outcomes sought from sub-national policy. City Deals embody a local growth logic, and whilst gestures have been made to acknowledge broader wellbeing-based considerations, growth remains the principal concern in most deal documents (Bevan Foundation and Joseph Rowntree Foundation, 2017). City-regions cohere on the basis of much wider logics than simply growth, and in Wales this is acknowledged through the Wellbeing of Future Generations Act (2015). Tripartite deal-making, therefore, raises important questions as to whether the imperative for growth will dominate or be tempered by approaches with a more explicit sustainability focus, an approach that is emerging in Wales as a result of the national devolution narrative.

Though the bidding and dealing remains somewhat unique in the Cardiff context, arguably such a tripartite basis moves urban policymaking in the devolved administrations of the UK closer to arrangements in federal countries such as Canada and Australia (the City Deals emerging in Australia bind municipal, state and federal governments (Australian Government, 2017)). This provides a useful window for future research to look at tripartite deal-making from a comparative perspective. Tripartite City Deals - through new central-local-devolved administration relationships which are incrementally re-shaping the polycentric state – add complexity to territorial state transformation, and insert into a fluid political landscape where some ponder the possible transition of the UK state to a quasi-federalist form (McCann, 2016; Torrance, 2014; Ganesh, 2015; Travers, 2015; Tierney, 2015).

Finally, Brexit has created new territorial dynamics in which the integrity of the national devolution settlements are being questioned (Welsh Government, 2017). This has raised concerns of a power grab by Whitehall and may make the Welsh and Scottish Governments more protective of their powers vis-à-vis the UK level and the sub-national level. In short, Brexit could exacerbate the latent
tension between the two devolution narratives and render it more visible and less manageable, triggering new threats to the territorial integrity of the UK’s multinational state system.

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**Table 1 – Summary of the pros and cons of City Deals**

<table>
<thead>
<tr>
<th>Pros</th>
<th>Cons</th>
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<tbody>
<tr>
<td>Aspiration for bespoke arrangements for places that seek to avoid one size fits all policymaking.</td>
<td>Piecemeal, ad hoc as a system of policymaking</td>
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<tr>
<td>Permits local voice to some degree (though the terms appear to be set out by the centre)</td>
<td>Capacity challenges in a time of austerity; locally managing the delivery and debt</td>
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<tr>
<td>Starting point in a wider process of working out where policy levers are best placed (leading onto “growth” and “devolution deals” perhaps)</td>
<td>Ambiguous evaluation process (up until recently)</td>
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Figure 1 – The tripartite politics of the Cardiff City Deal

- **UK Government**: Core focus on growth outcomes; ethos of promoting competition across localities; backdrop of localism agenda and problematic of north-south divide.

- **Welsh Government**: Joint commitment on infrastructure funding; backdrop of tensions relating to Barnett and austerity, and on positions on future devolution (including treatment vis-à-vis Scotland).

- **Local Authorities (LAs)**: Arguably sceptical of decentralisation to LAs; seeks to develop a Wellbeing focus in policy.

- **Local leaders’ entrepreneurial bidding and negotiations**: LAs seeking financial commitment, subject to Gateway reviews, in return for demonstrable local capacity in governance.

- **Metrophilia as an orientation in policymaking**: LAs seeking financial commitment, subject to Gateway reviews, and possibility of movement on areas of regulation and policy; backdrop of declining funding settlements for LAs.